SOLID IN TRANSFORMATION

CONSOLIDATED
ANNUAL
REPORT
2022

There is no change without commitment
Neither evolution without transformation

To evolve is to reinvent the present
To respect the future
It's learning from nature

On this journey of renewal
We rediscover our vision
We reinvent our mission

We affirm our solidity Secil,

SOLID IN TRANSFORMATION

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Consolidated Management Report

SOLID IN TRANSFORMATION

01

Message from the Chairman of the Board of Directors and CEO

RICARDO PIRES ___
Chairman of the Board
of Directors

Message from Ricardo Pires and Otmar Hübscher

We continued to invest in preparing Secil for future challenges,

accelerating the implementation of our emblematic decarbonisation project, CCL - Clean Cement Line

READ THE MESSAGE

___ **OTMAR HÜBSCHER**
CEO

2022 was a year of solid evolution

along the path we have outlined for the new strategic cycle we have called Ambition 2025.

Solid evolution

It was a year of global growth in Turnover of 21% to Euro 603 million,

with EBITDA maintaining at a good level of Euro 139 million, and a net profit of Euro 16 million affected by non-recurring tax and accounting variables.

2022 was a year of solid evolution along the path we have outlined for the new strategic cycle we have called "Ambition 2025 – Sustainable Growth", which will enable a stable growth to an EBITDA of over Euro 200 million in 2025, providing our customers with the best value proposition locally–through cement, aggregates and other complementary businesses–and ensuring a balanced exposure between mature and emerging markets. To do so, we will combine Secil's talent and best practices with a culture of safety, responsibility and autonomy for our people.

It was a year of global growth in Turnover of 21% to Euro 603 million, with EBITDA maintaining at a good level of Euro 139 million, and a net profit of Euro 16 million affected by non-recurring tax and accounting variables. Good performances in Portugal, Brazil and Angola offset the decline in results in Tunisia and, above all, Lebanon.

In the important area of Safety, we achieved our goal of ending the year without any fatalities and reduced the Accident Frequency Rate by 21%

We invested heavily in people, promoting an internal mobility policy that enabled an increasing number of employees to find opportunities for professional growth and development in new challenges in other Group companies

We continued to invest in preparing Secil for future challenges, accelerating the implementation of our emblematic decarbonisation project, CCL - Clean Cement Line, at the Secil-Outão plant in Portugal and launching the innovative Verdi Zero Concrete, the first carbon-neutral concrete in Portugal.

The CCL, Verdi Zero Concrete, our pioneering Low Carbon Clinker, new types of cement with a lower carbon footprint and the various research and development projects in which we are involved allow us to envisage an increasingly sustainable, harmonious and shared future, in line with the needs of the planet and the expectations of our stakeholders.

For 2023, we expect to continue this journey, with the expected macroeconomic constraints resulting from Russia's invasion of Ukraine, the energy crisis, inflationary pressures and high interest rates, which we will overcome with perseverance, motivation and team spirit.

Finally, we would like to share our success with our employees, customers, suppliers, investors and other stakeholders–only together can we make consolidate this evolution.

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CONSOLIDATED MANAGEMENT REPORT

Board of Directors

The organisational structure of the Secil Group consists of a Board of Directors and an Executive Committee, whose members contribute to Secil with their knowledge and commitment every day.

CHAIRMAN
Ricardo Pacheco Pires

DEPUTY CHAIRMAN
Otmar Hübscher

MEMBER
Carlos Medeiros Abreu

MEMBER
Carlos Correia de Barros

MEMBER
Sérgio António Alves Martins

MEMBER
Carlos Coelho Alves

MEMBER
Javier de Benito

MEMBER
Vítor Paranhos Pereira

Qualification of the members of the Executive Committee

The organisational structure of the Secil Group consists of a Board of Directors and an Executive Committee, **whose members contribute to Secil with their knowledge and commitment every day. Learn about its structure here.**

OTMAR HÜBSCHER

Deputy Chairman of the Board of Directors and Chief Executive Officer

Swiss national

Degree in Business Administration from the University of Saint Gallen HSG, Switzerland, complemented by further executive training.

He joined the Holcim Group in 1991, having held numerous positions from 1998 onwards in various Latin American countries, namely CFO in Ecuador, Chile and Argentina and CEO in Argentina and Brazil, being responsible for the integration of Holcim and Lafarge in Latin America in 2015-2016.

Since 2017 he has been CEO of Secil and a member of the Board of Directors of Supremo Cimentos in Brazil, Ciments de Sibline in Lebanon and SCG in Tunisia

At Secil, he holds the position of Executive Chairperson and is responsible for Auditing and Internal Control, Legal, Sustainability, Business Strategy Development, Corporate Communication and Human Resources.

CARLOS MEDEIROS ABREU

Member of the Board of Directors and Member of the Executive Committee

Portuguese national

Degree in Electrotechnical Engineering from the University of Lisbon Higher Technical Institute, complemented with Executive Education from the Portuguese Catholic University, Kellog University, and technical education

He joined Secil in 1981 and took office as a member of the Executive Committee in 2003.

He has been a member of the Board of Directors of SCG in Tunisia since 2000, Ciments de Sibline in Lebanon since 2012 and Supremo Cimentos in Brazil since 2013.

He represents Secil in Professional and Business Associations such as APIGCEE, ATIC and AISET.

At Secil, he leads the Group's Operational Performance, being responsible for the technical areas of Innovation, Product Development, Health & Safety, Procurement and Special Projects, namely the decarbonisation of cement.

Qualification of the members of the Executive Committee

CARLOS CORREIA DE BARROS

Member of the Board of Directors and Member of the Executive Committee

Portuguese national

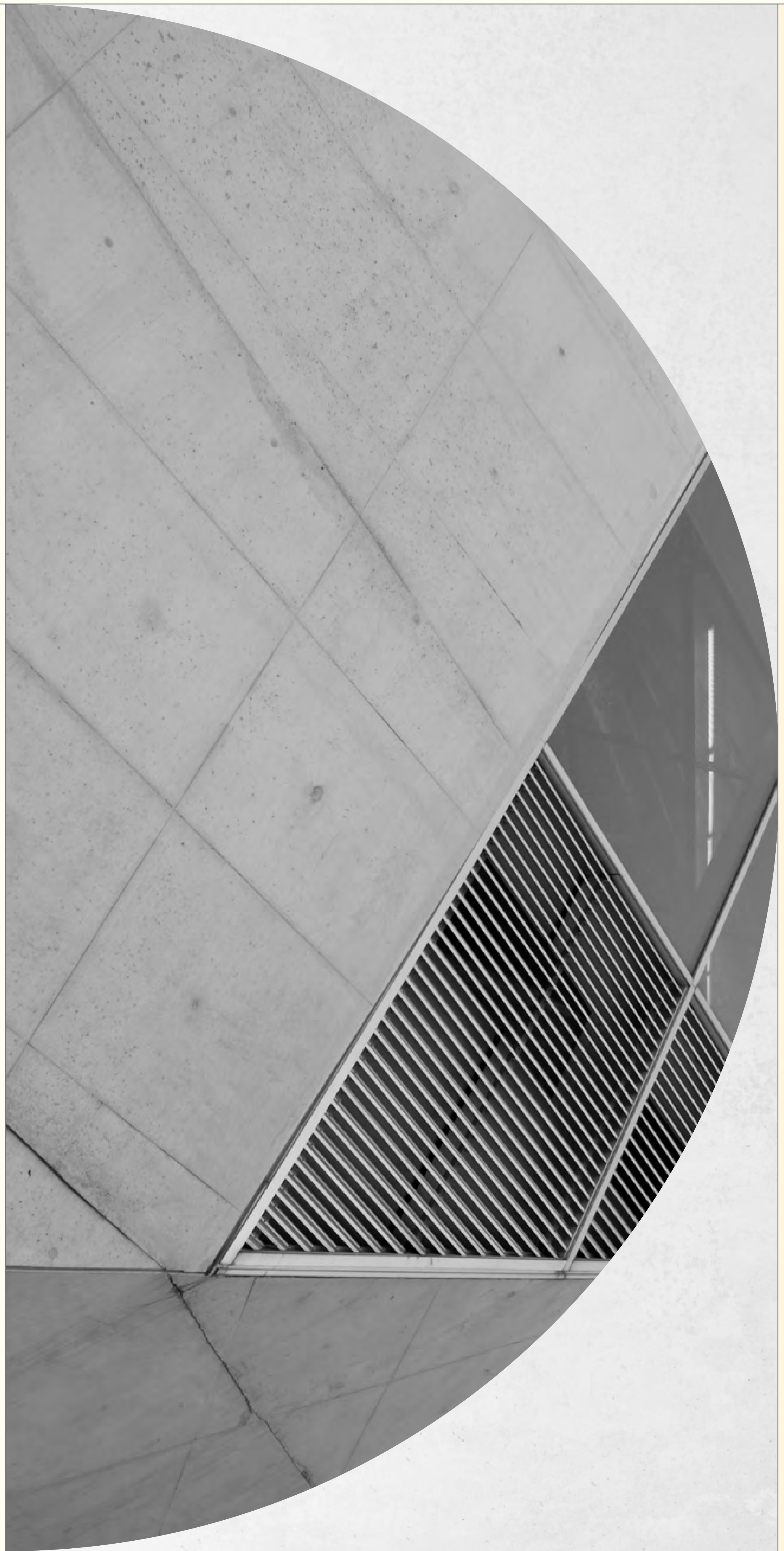
Degree in Mechanical Engineering from the University of Porto Faculty of Engineering, complemented by an MBA from INSEAD and further Executive Education at Wharton and MIT.

He worked at the Kaizen Institute between 2004 and 2007 and at Mckinsey & Company between 2008 and 2014.

He joined Secil in 2014 as Director of Strategy and Development.

Since 2020 he has been a member of the Board of Directors and a member of the Executive Committee of Secil, and is a member of the Board of Directors of Supremo Cimentos in Brazil, and of SCG in Tunisia.

Since 2021 he has been Financial Director with responsibility for the areas of Group Finance, Management Planning and Control, Accounting and Taxation and Information Systems.



02

Secil Group Profile and main indicators

Today, the Secil Group is an international group, with a significant part of its employees and turnover generated outside Portugal.

Secil is a business group whose activity is based on the production and sale of cement, ready-mixed concrete, aggregates, mortars, precast concrete and hydraulic lime. Additionally, it also integrates companies that operate in complementary areas such as the development of solutions in the field of environmental preservation and the use of waste as a source of energy.

The Secil group has consolidated itself in Portugal, where it comes from, and has expanded in the last two decades to other markets. It currently operates three cement plants in Portugal (Outão, Maceira and Cibra-Pataias) and is present abroad in Angola, Tunisia, Lebanon, Cape Verde, Holland, Spain and Brazil.

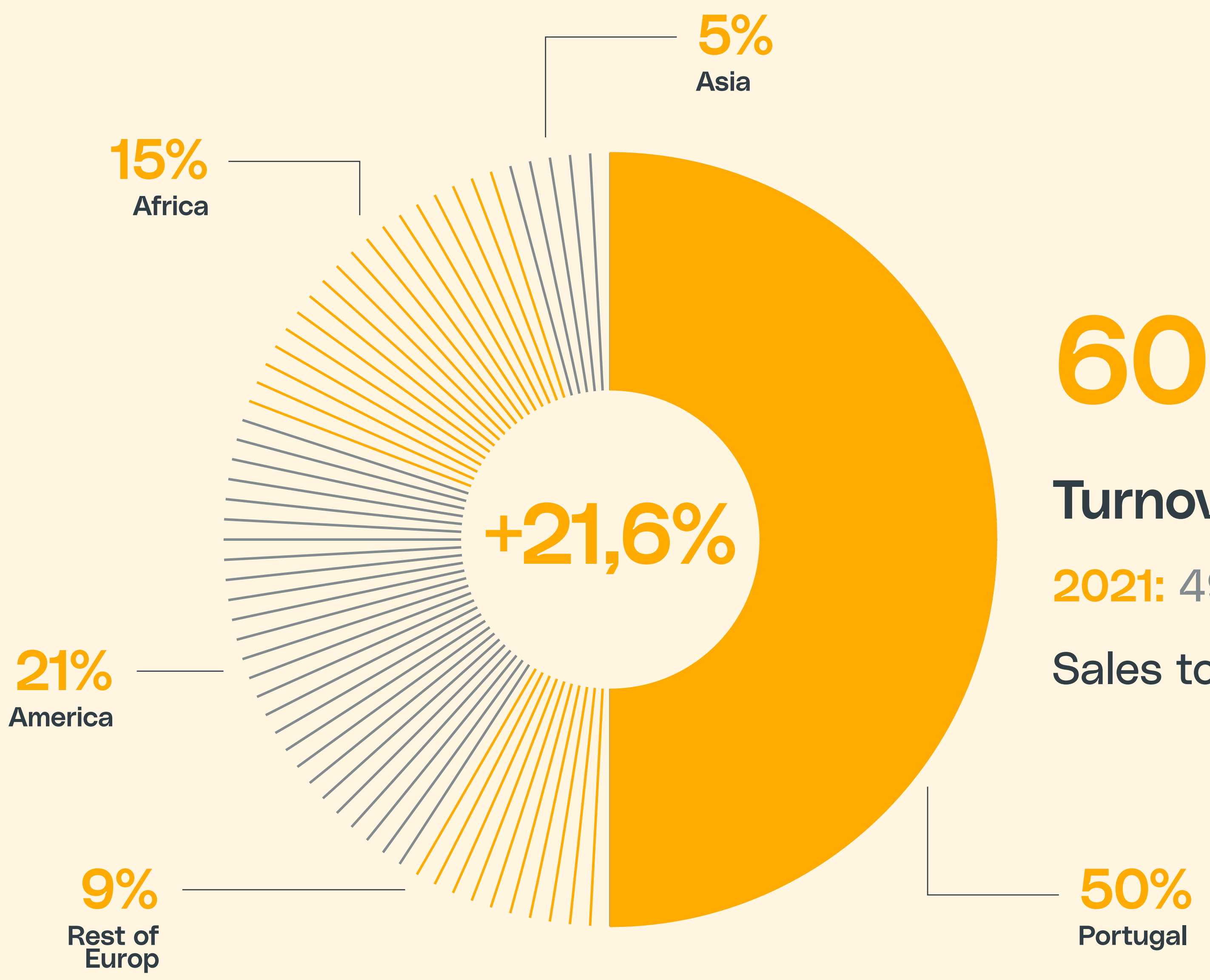
Through its eight cement plants and presence in eight countries and four continents, the Secil Group guarantees an annual cement production capacity of over nine million tons, both to satisfy its customers in the respective national markets and for different export destinations.

The Group's international presence allows it to take advantage of scale gains, share of industrial know-how and diversify risks associated with the economic cycles of the national construction markets in which the Group operates.

Today, the Secil Group is an international group, with a significant part of its employees and turnover generated outside Portugal.

Key Group Indicators

The Secil group has consolidated itself in Portugal, where it comes from, and has expanded in the last two decades to other markets.



603.0 M€

Turnover

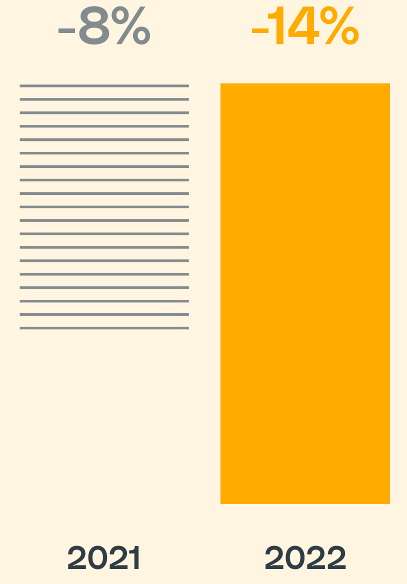
2021: 495.9 M€

Sales to 32 Countries

-14%

Kg CO₂ by t/cementitious

vs. 1990 emissions



-21%

Accident Frequency Rate

vs. 2021 frequency rate

9,75Mt

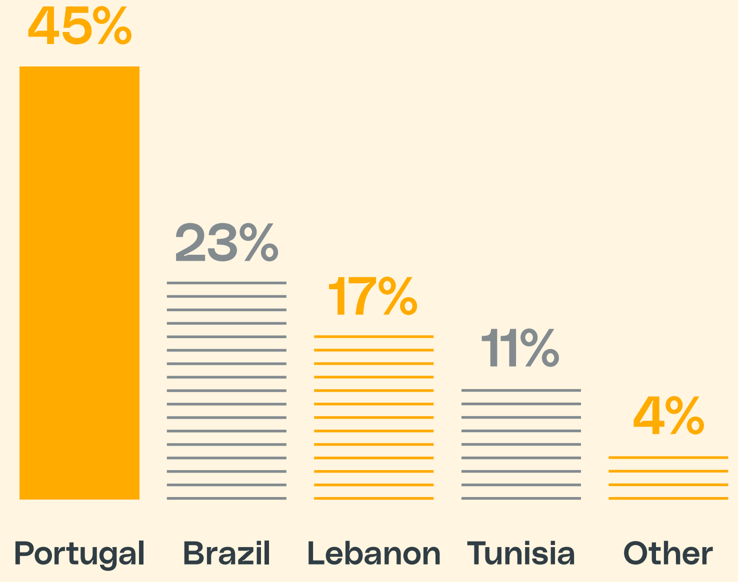
Cement production capacity

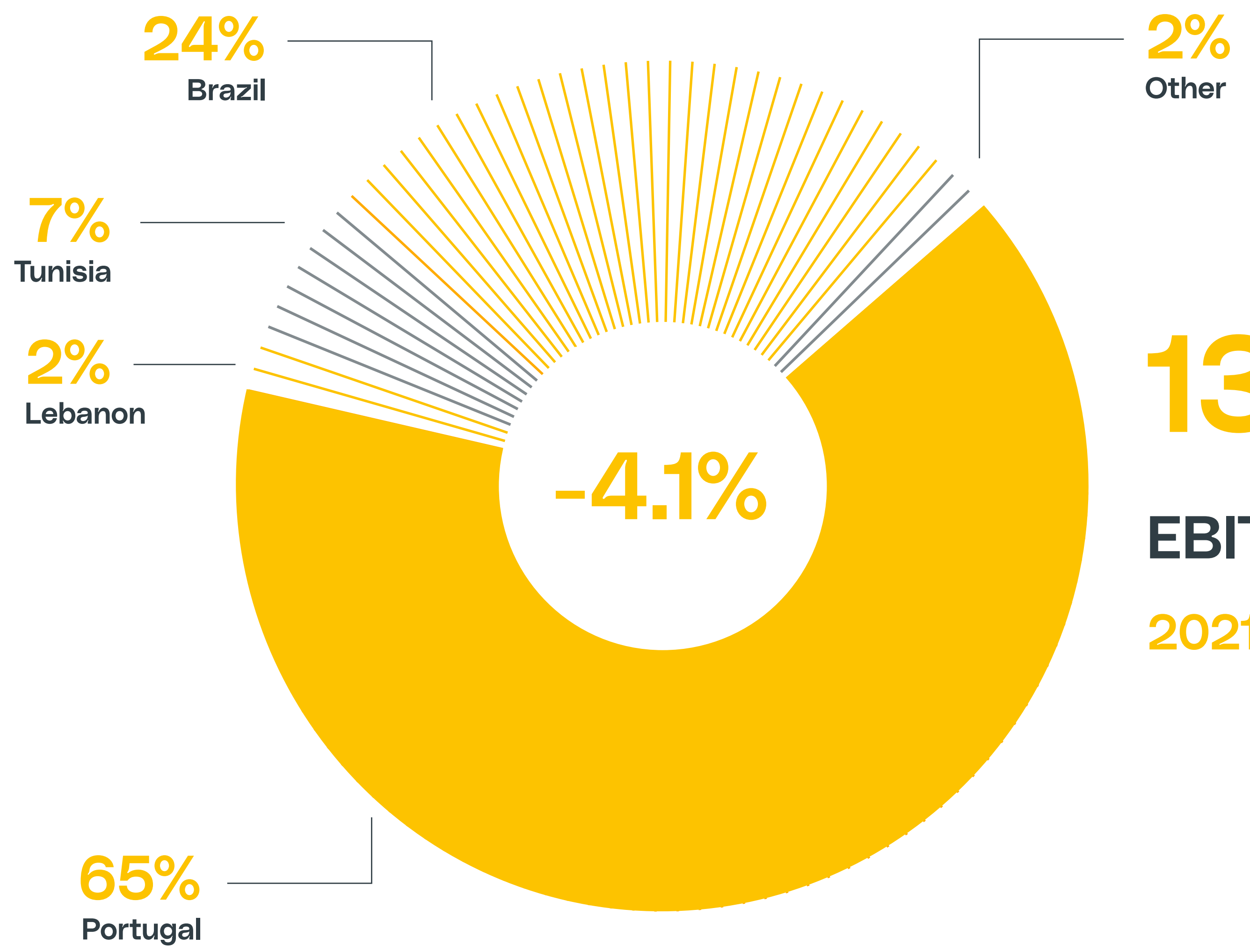
8 plants

2,388

Number of Employees

+42 compared to 2021

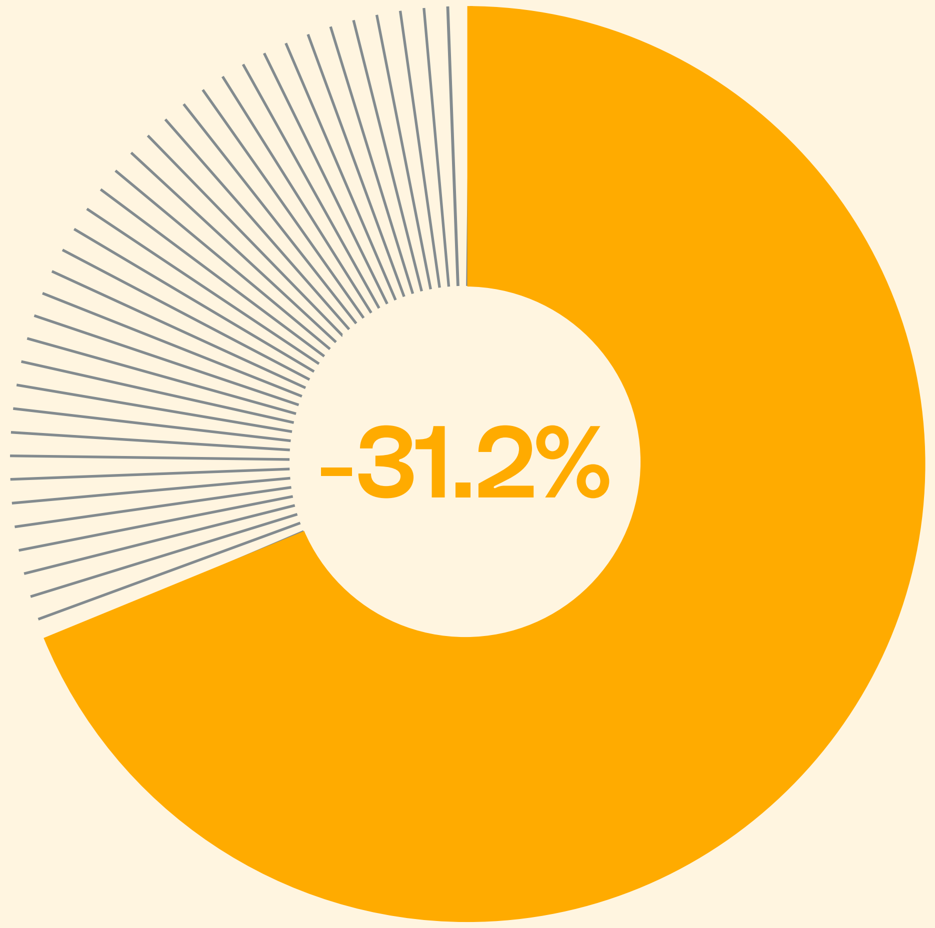




139.4 M€

EBITDA

2021: 145.4 M€



77.9 M€

Cash flow

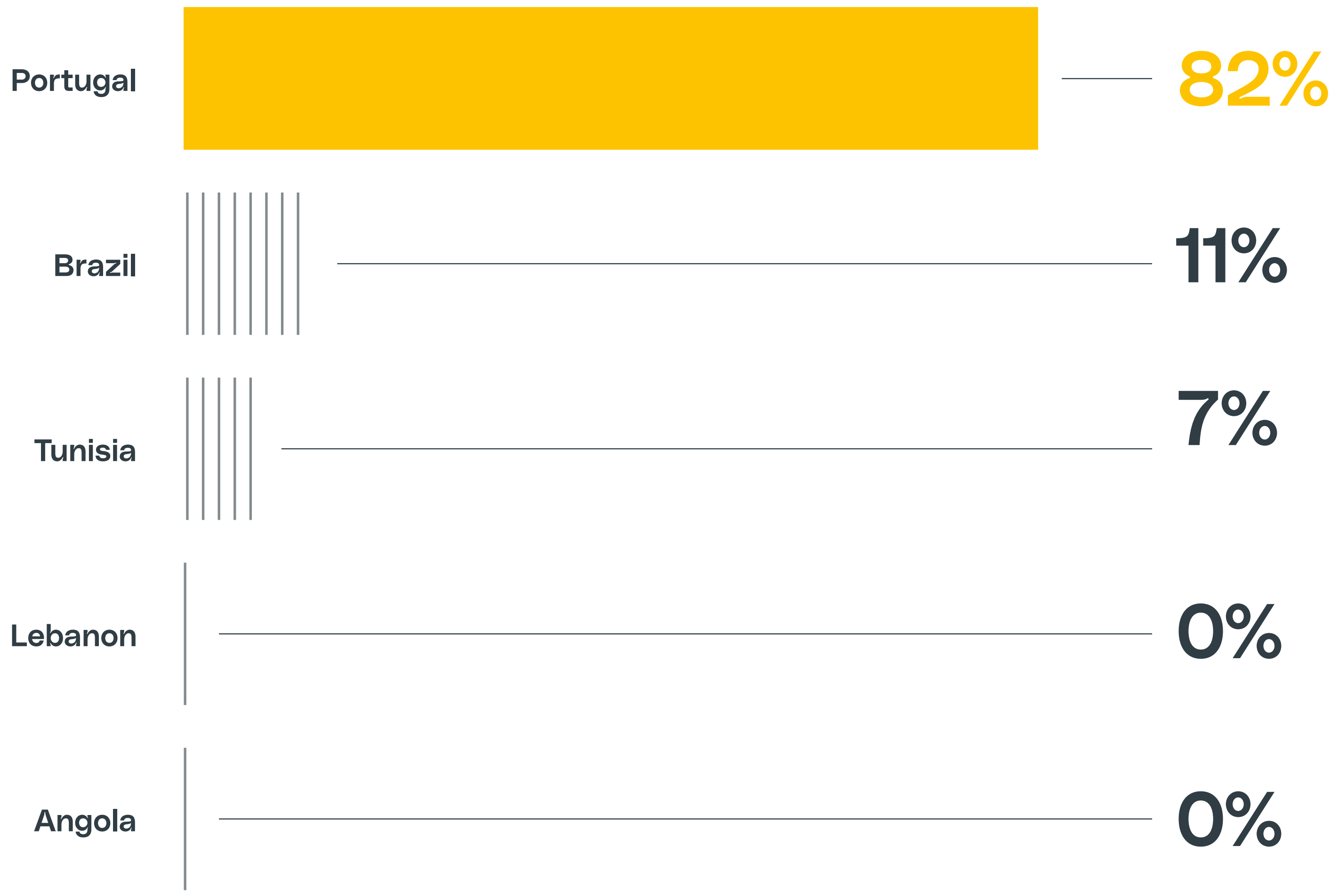
2021: 113.3 M€

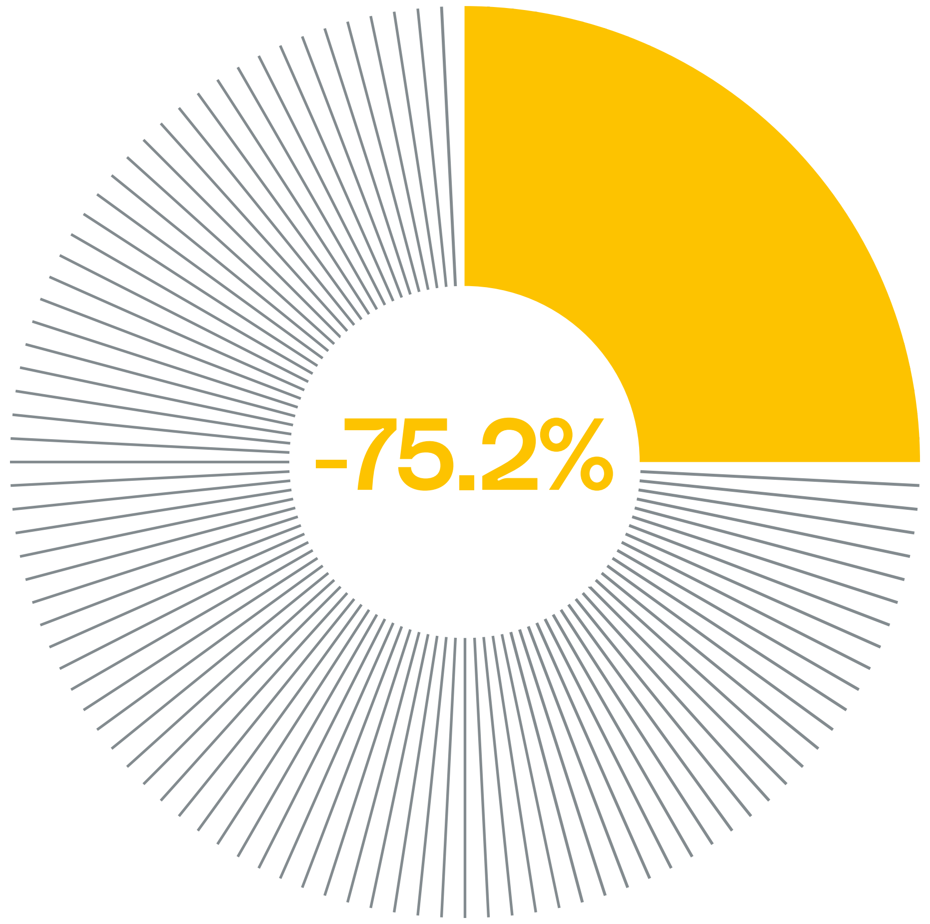
63.3 M€

Investment in Property, Plant and Equipment and Intangible Assets

2021: 43.3 M€

+46.2%



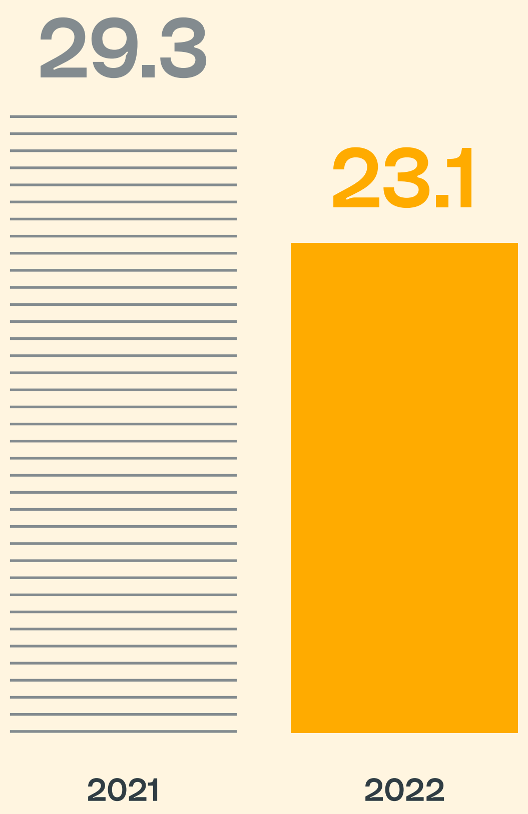


16.5 M€

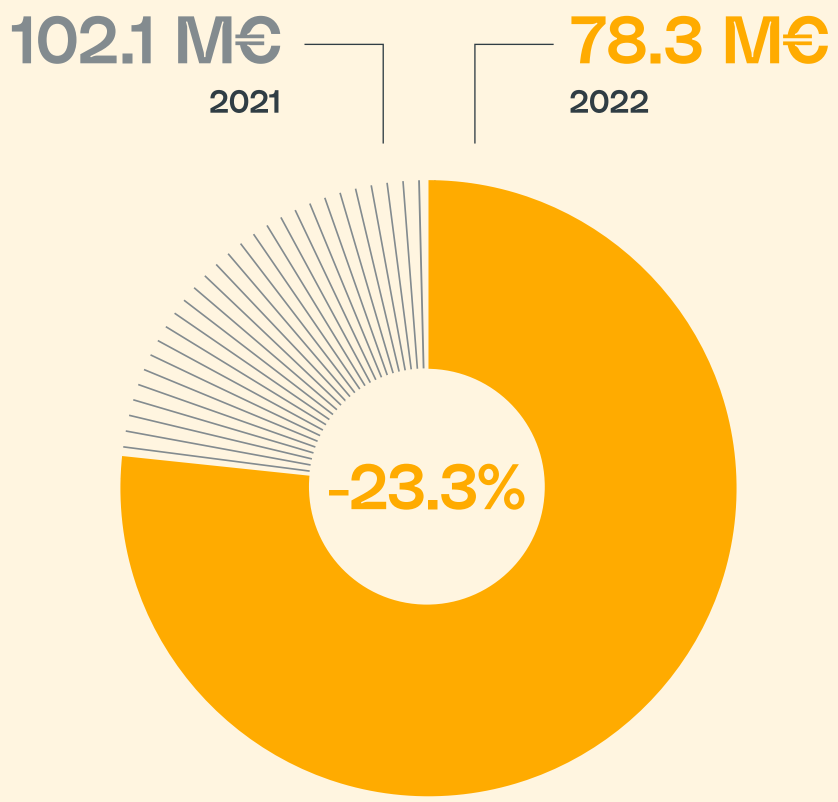
Net Profit Attributable to Shareholders

2021: 66.3 M€

EBITDA margin



EBIT



306.2 M€

Interest-bearing Net Debt

2021: 253.9 M€

+20.6%

344.2 M€

Interest-Bearing Net Debt + IFRS16

2021: 295.5 M€

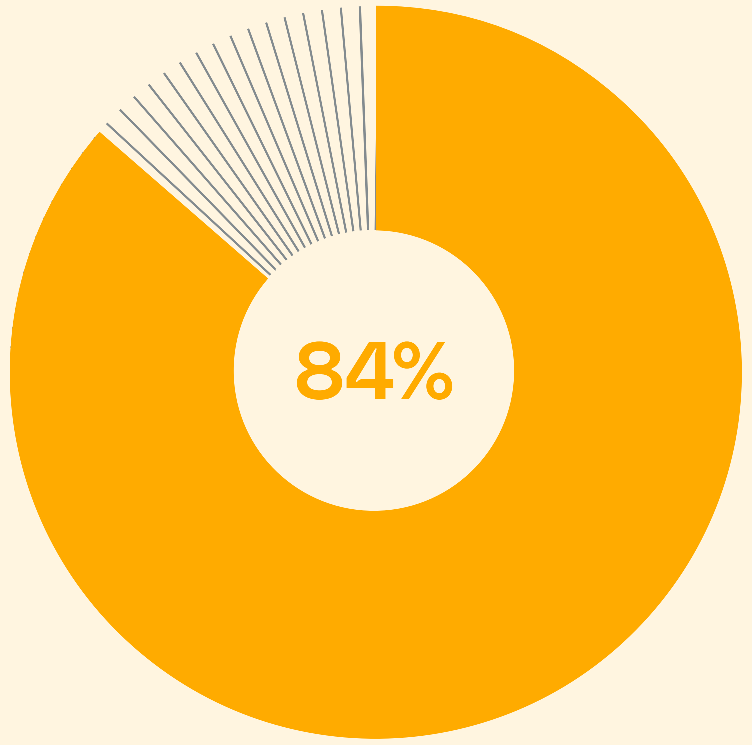
+16.5%

03

Our Mission, Vision and Values

MVV

The Secil Group's Mission, Vision and Values (MVV) were drawn up in 2018 for the entire Group.



Participação de colaboradores: "Vamos conversar?"

In 2022, by analysing the results of the internal diagnosis called **"Vamos conversar?"** (Let's talk?)–in which 84% of employees participated and which confirmed that the MVV are already perceived as the Group's culture–we defined our focus of action until 2025:

- Driving change with customer focus
- Promote collaboration to leverage synergies and agility
- Develop, empower and recognize our people

These cultural cornerstones are fully aligned with our MVV.

Secil's Code of Conduct is a fundamental cornerstone of the Group and its strategy.

The document brings together a set of principles and rules applicable to all employees, ensuring compliance with high standards of business ethics and personal integrity by all the people who make up the organisation and the Group itself in the exercise of its activities.

The operating principles include topics such as diligence, loyalty and collaboration, conflict of interest, offers, urbanity and integrity, harassment, non-discrimination, confidentiality and legality. The document also addresses the Secil Group's commitments to stakeholders and addresses the topics of sustainability, labour rights and equality, health, safety and the environment.

The Secil Group's mission is the reason for its existence:

"Shaping ideas by providing cement solutions to our customers, stimulating careers to our people, responsible citizenship to our communities and value to our shareholders".

The Secil Group's vision is its ambition for the next decade, what we see and what we want to achieve:

"We strive to be, in the communities we serve, the preferred cement solutions provider for our customers".

Secil Group's values

are our way of acting and leading, the behaviours adopted by all employees:

Integrity

It translates behaviours of honesty, righteousness, fairness, transparency and honesty. It is the way of being and acting of each person. Phrases that define this value:

- We show respect and value all individuals and ideas.
- We are honest and reliable in our relationships with other people.
- We adhere to the highest standards of ethics and safety.
- We acknowledge the best features in our colleagues and act accordingly.

Accountability

It is the individual quality of being responsible for your own actions. It implies understanding that the organisation's success or failure depends on individual acts and taking responsibility for them. Phrases that define this value:

- We are accountable for our actions and outcomes.
- We focus on finding solutions and achieving results.
- We apply sustainable practices in our business.
- We are committed to building a healthy and safe working environment.

People

Aligned and committed people determine the success of the organisation. It is the differentiating factor in companies. Phrases that define this value:

- We value other people's perspectives.
- We help people to do their best.
- We show empathy and listen before offering guidance.
- We work relentlessly to ensure safety for all.

Performance

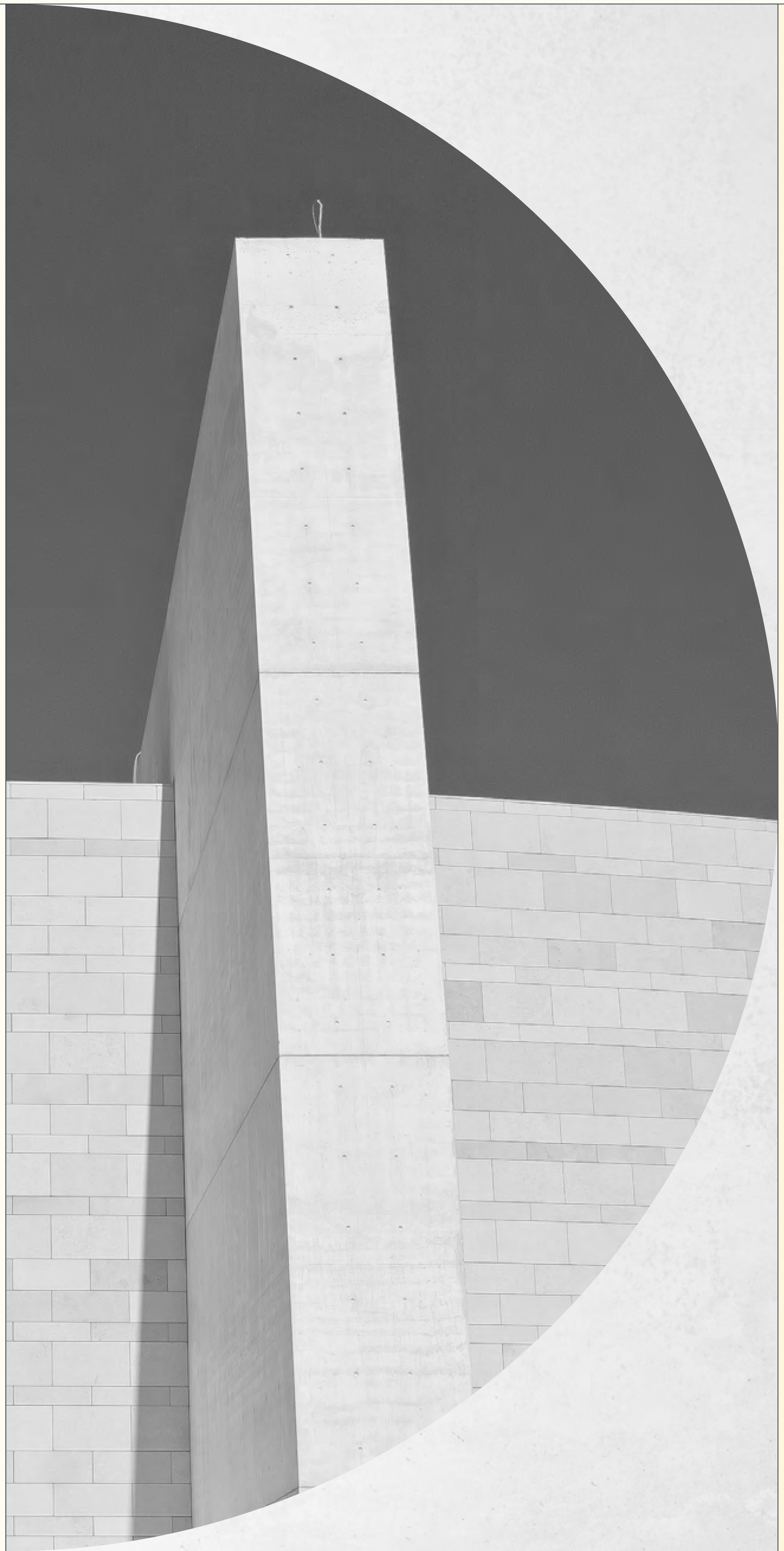
We constantly maintain high standards of productivity and face difficult challenges quickly, directly and effectively. Phrases that define this value:

- We are results-focused and deliver on our promises.
- We aim for continuous improvement of ourselves and our processes.
- We learn from mistakes and successes in equal measure.
- We foster candour to improve decision making.

Collaboration

Only if we work together, in total help and cooperation, can we guarantee the achievement of the objectives we set ourselves. Together we are stronger, and we can have results in a sustainable way. Phrases that define this value:

- Together, we are stronger and can contribute more.
- We believe that shared goals and mutual support lead to success.
- We celebrate our achievements collectively.
- We promote trust and caring with others as they enhance collaboration.



04

Our People

Creating value through People.

By 2025, we want to be the company of choice for the people we need to attract, develop and retain in order to operate and grow with excellence. Four People Management projects will help us along this path: Talent, Performance, Remuneration and Organisational Culture & Climate.

In 2022, these projects recorded the following achievements:

Performance Management

To ensure that strategic objectives are properly cascaded at all levels of the structure, we have created a pilot project, together with the CFO teams, to use of the "Strat to Action" framework for defining objectives, the Hoshin methodology and the monthly monitoring of KPIs, initiatives and defined success measures. By 2023, all top leaders will have their objectives defined using this methodology, ensuring the execution and follow-up of the strategy through annual, individual and team objectives. The process will be cascaded down the organisation as it is consolidated at higher levels.

Remuneration Management

In 2022, the job grading process, which started in 2021 with the first management lines, will be extended to all positions. With the input from the study, it was possible to carry out the analysis of internal equity and external competitiveness, which will be used as criteria for payroll reviews from 2023.

Talent Management

We implemented the annual calendar for monitoring Secil's talent, which has two major moments each year. At the beginning of the year, People Days are held, where managers have the opportunity to present the performance of their People to their peers and receive feedback. There is a mid-year Talent Review, where leaders analyse the talent in their teams and propose potential successors for leadership roles and critical functions. As part of the Talent Review, succession plans will be drawn up, with a focus on valuing talent, promoting internal mobility and defining individual development programmes to enable career advancement.

Talent Review

1. **9 BOXES**
The 9 boxes are presented according to the levels of the current structure (N1, N2...)

2. **Succession Pipeline**
The Leaders will present the people who are in the 3 quadrants "Talent Label" and "Prospect Pool" according to their level of readiness

3. **Succession plans**
Discussion and Validation
Leaders will present potential successors and discuss development actions (short-term IDP)

4. **Discussion**
The remaining Leaders provide direct feedback and may suggest other successors. They should challenge, support or promote development opportunities

5. **Agreed Plans**
After deciding on Succession Plans, readiness levels and development priorities for employees, the meeting is adjourned

Organisational Culture & Climate Management

Based on the cultural change priorities of People (develop, empower and recognise people), Collaboration (fostering collaboration to leverage synergies and agility) and the Customer (driving a customer-focused change), the Ambition 2025 core skills were defined in workshops with managers in 2022 to ensure focus on the behaviours we want to prioritise in the cultural change. The core skills defined were: develop others, foster teamwork, drive change, customer focus, lead for performance, and adapt & learn.

Cultural priorities

were worked on during 2022 with leaders across all geographies. .

The photo above shows a group activity at the 2022 Secil Meeting.

AMBITION
Sustainable Growth | 2025

CORE COMPETENCIES

1 Think the Business

- Strategic vision
- Analysis & problem solving
- Financial acumen
- Drive change

2 Results Leadership

- Manage execution
- Customer focus
- Leads for performance
- Foster teamwork

3 Personal Leadership

- Adapts & learns
- Establish trust
- Manage disagreements

4 People Leadership

- Comunication
- Influence others
- Build relationships & networks
- Develop others

① **Drive Change**
Creating new and better ways for the organization to be successful.

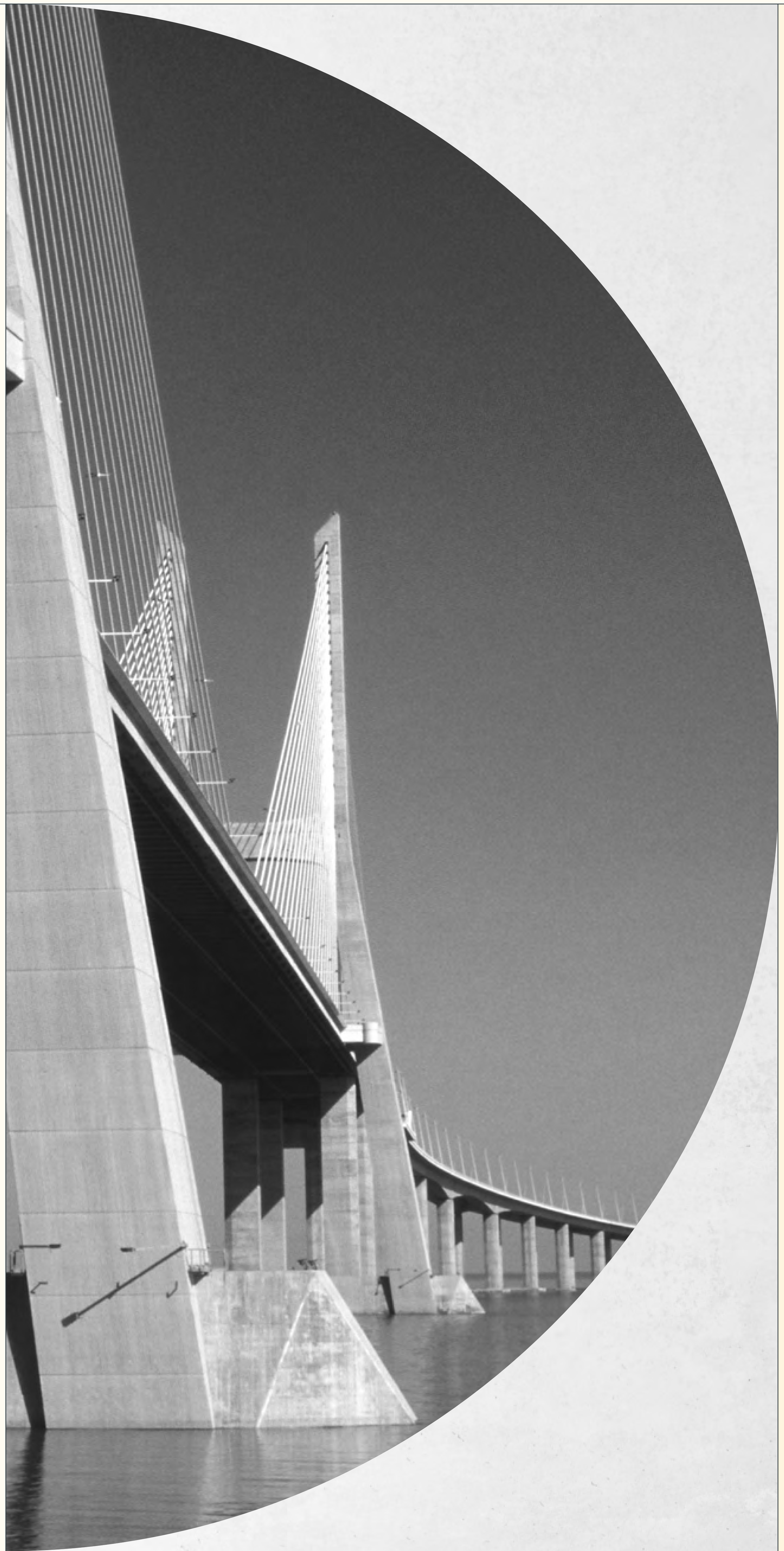
② **Customer Focus**
Builds strong internal/external customer relationships and delivers internal/external customer-centric solutions.

Lead for Performance
Holds self and others accountable to meet commitments. Creates a climate where people are motivated to do their best to help the Organization achieve its objectives, driving vision and purpose.

Foster Teamwork
Builds partnerships and works collaboratively with others to meet shared objectives.

③ **Adapts & Learns**
Actively learns through experimentation when dealing with new problems, new concepts and principles, drawing lessons from both successes and failures.

④ **Develop Others**
Self and people development to meet professional path, self and organizational goals, actively seeking new ways to grow and be challenged using both formal and informal development channels.



05

Secil's New Strategic Cycle: Ambition 2025

Ambition 2025, Sustainable Growth.

At the beginning of 2022, the Secil Group launched its new strategic cycle.

As the name suggests, Ambition 2025 translates the Group's aspirations and vision for the long term, until 2025, and aims to achieve sustainable growth, not only in terms of financial performance, but also by operating in accordance with ESG values.

The Strategy is to grow sustainably to an EBITDA of over Euro 200 million in 2025. We believe we can achieve this by clearly defining our scope and leveraging our external competitive advantage. In short, we want to offer our customers the best value proposition locally, through cement, aggregates and other complementary businesses, ensuring a balanced exposure between mature and emerging markets.

To achieve such an ambition, we need to leverage our internal competitive advantage: talent, best practices, safety culture, accountability and empowerment of our people.

Our Ambition 2025 strategy is supported by **7 key elements,** common to all our activities, with specific objectives:

7 key elements to Ambition 2025

Customer

To be the cement solutions provider of choice for customers in the markets in which we operate by 2025

People

STo be the company of choice for the people we want to attract, develop and retain to operate and grow with excellence

Operational Performance

Strive to be the best-in-class in terms of operational excellence, with improvements each year

Financial

Increase EBITDA and shareholder value by 2025

Sustainability

To be recognised as a responsible and sustainable company by 2025, committed to carbon neutrality by 2050

Scale/ Diversification

Have less than 50% cash flow exposure to Portugal by 2025, reducing exposure to countries with high political and currency risks

Innovation

Achieve an EBITDA of over Euro 10 million by 2025, with projects to be launched in the 2021-2025 period

Our Strategy

WHAT
Is our strategy

200 M€

Grow sustainably to an EBITDA in 2025.

Delivering leading local market propositions to our customers in attractive cement, aggregates and complementary downstream businesses across a balanced portfolio of mature and emerging markets.

Combining Secil Group's talent and distinctive practices with safety and ownership culture, empowering our people.

WHO
We share value with

- Customers
- Employees
- Communities
- Shareholders
- Suppliers

HOW
We do business

Our Ambition elements

People
Preferred employer for the people we need to attract, develop and retain, to operate and grow with excellence.

Sustainability/ESG+E
To be recognized as a sustainable and responsible company until 2025, committed to achieve carbon neutrality by 2050.

Operational Performance
We strive to be the best in operational performance (cost/efficiency) in our industry by benchmarking against others and improving year by year.

Scale/Diversification
<50% of Cash Flow exposure to Portugal by 2025, reducing relative exposure to countries with high political/currency risks.

Innovation
>10 Euro million in EBITDA coming from innovation projects launched in the 2021-2025 period.

Customer
Preferred cement-based solutions provider in the markets where we operate by 2025.

Financial
Increase EBITDA and Shareholder Value Creation until 2025.

WHY
Our reason to exist

Mission
To give shape to ideas, by providing our customers with cement-based solutions, our people with careers worth having, our communities with responsible citizenship and our shareholders with value.

Our vision to the next cycle

Vision
We strive to be the preferred cement-based solutions provider for our customers in the communities we serve.

Our values

- People
- Integrity
- Accounta-bility
- Performance
- Collaboration

Following the launch of Ambition 2025, we reached the end of the first year with around 31 projects already in the execution phase and 5 projects already implemented.

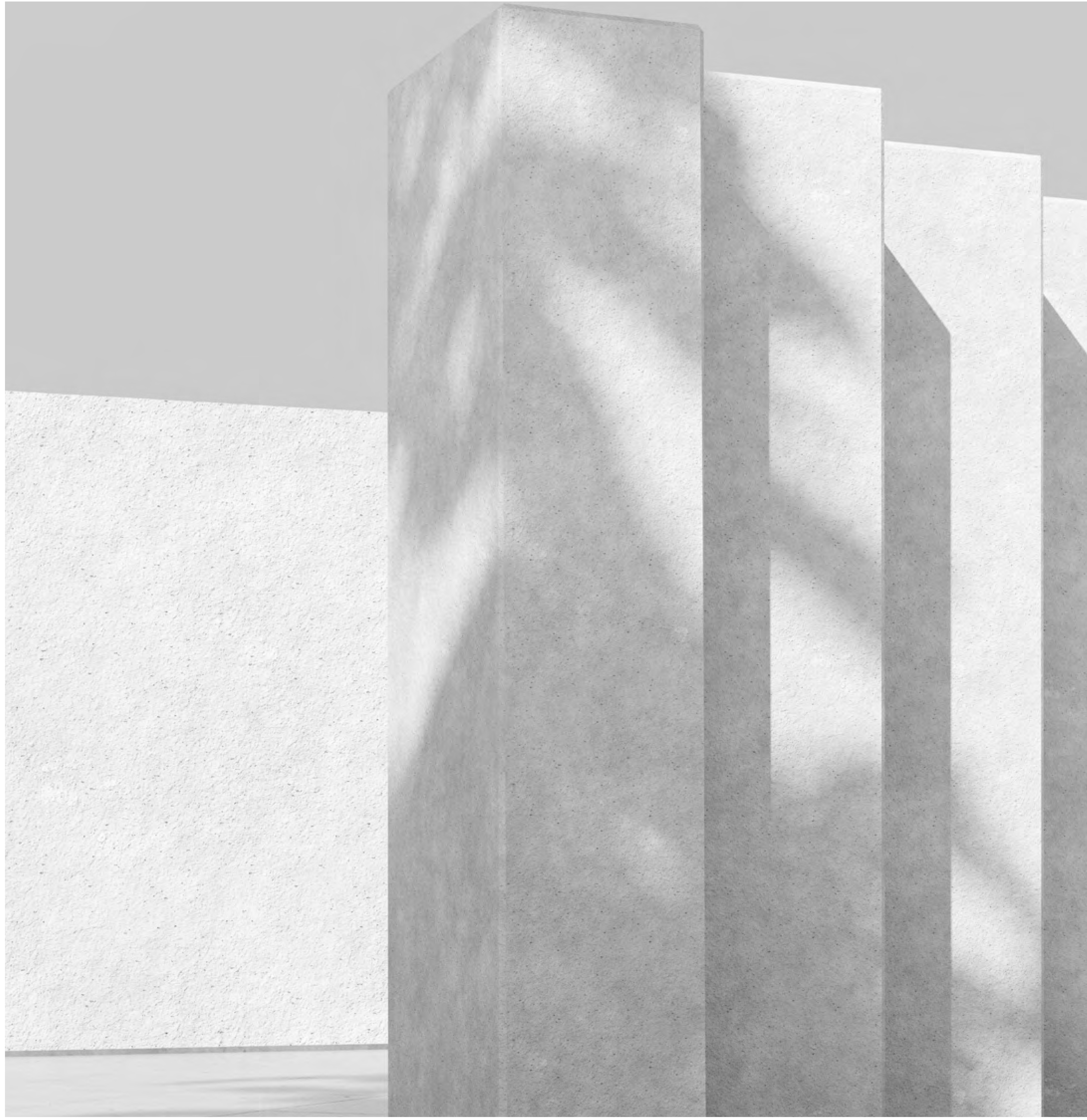
The elements act as cornerstones of the strategy, and execution is ensured by a pipeline of around 150 projects distributed across all Secil's operations around the world, in addition to cross-cutting projects–the Group Projects–which ensure transversality and best practices in all operations. " Commercial Excellence", " Digital Transformation", Secil Way, and " Culture and Climate" are some examples of the transversal projects within the Ambition 2025 programme.

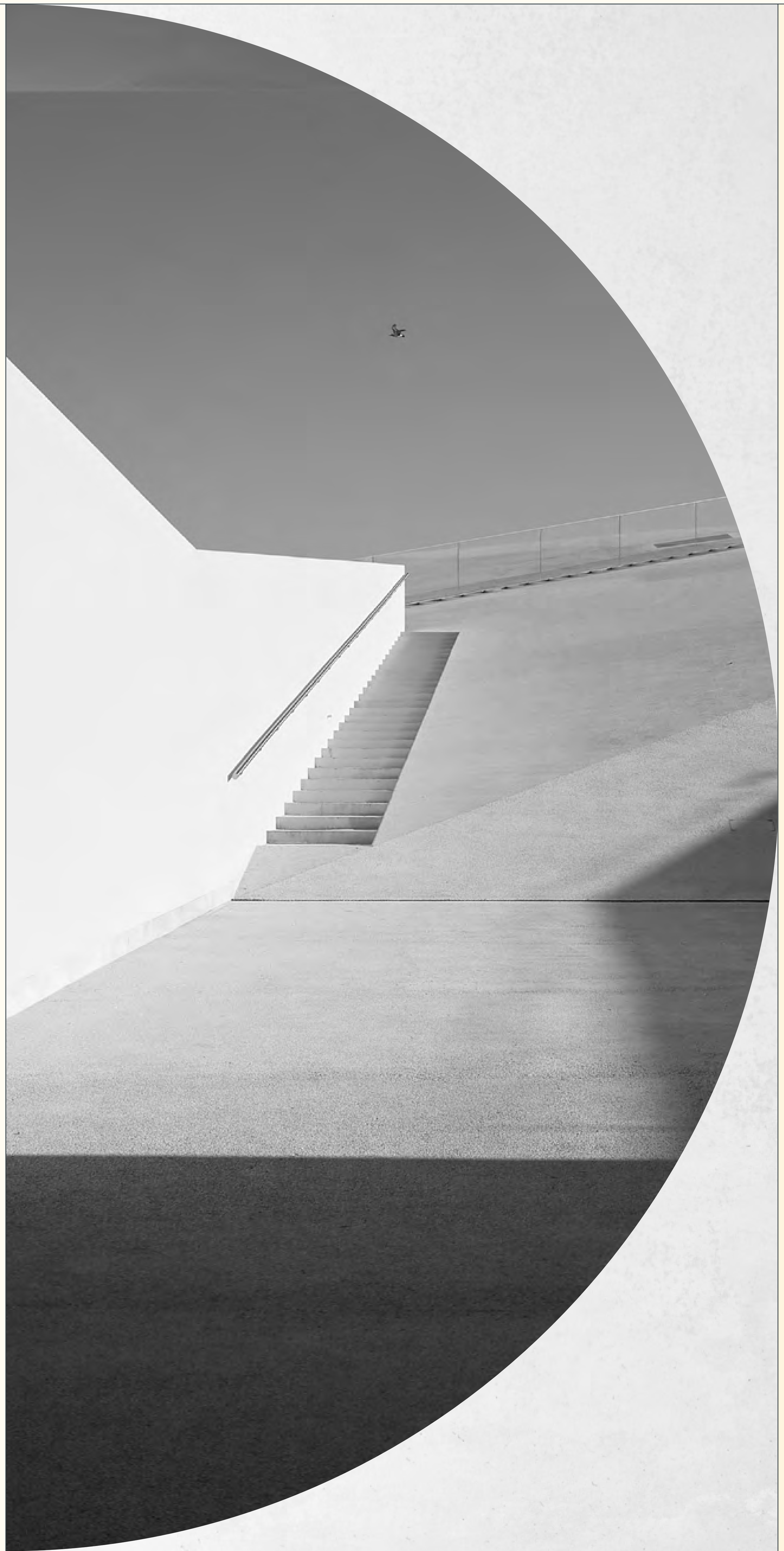
Following the launch of Ambition 2025, we reached the end of the first year with around 31 projects already in the execution phase and 5 projects already implemented, out of a total of 149 submitted.

We have also measured the impact of each of the projects already implemented in 2022. We estimate the current projects to have exceeded the expected EBITDA impact by 26% in 2022. This is due to a combination of different effects, but mainly from the successful execution of commercial projects in the different operations.

In 2023, we expect to continue the work carried out throughout 2022, focusing on follow-up of the execution of the most relevant projects in each operation in the different geographies. We also expect to start executing highly relevant projects, such as "Digital Transformation" and the completion of our largest project, the Clean Cement Line at the Outão plant.

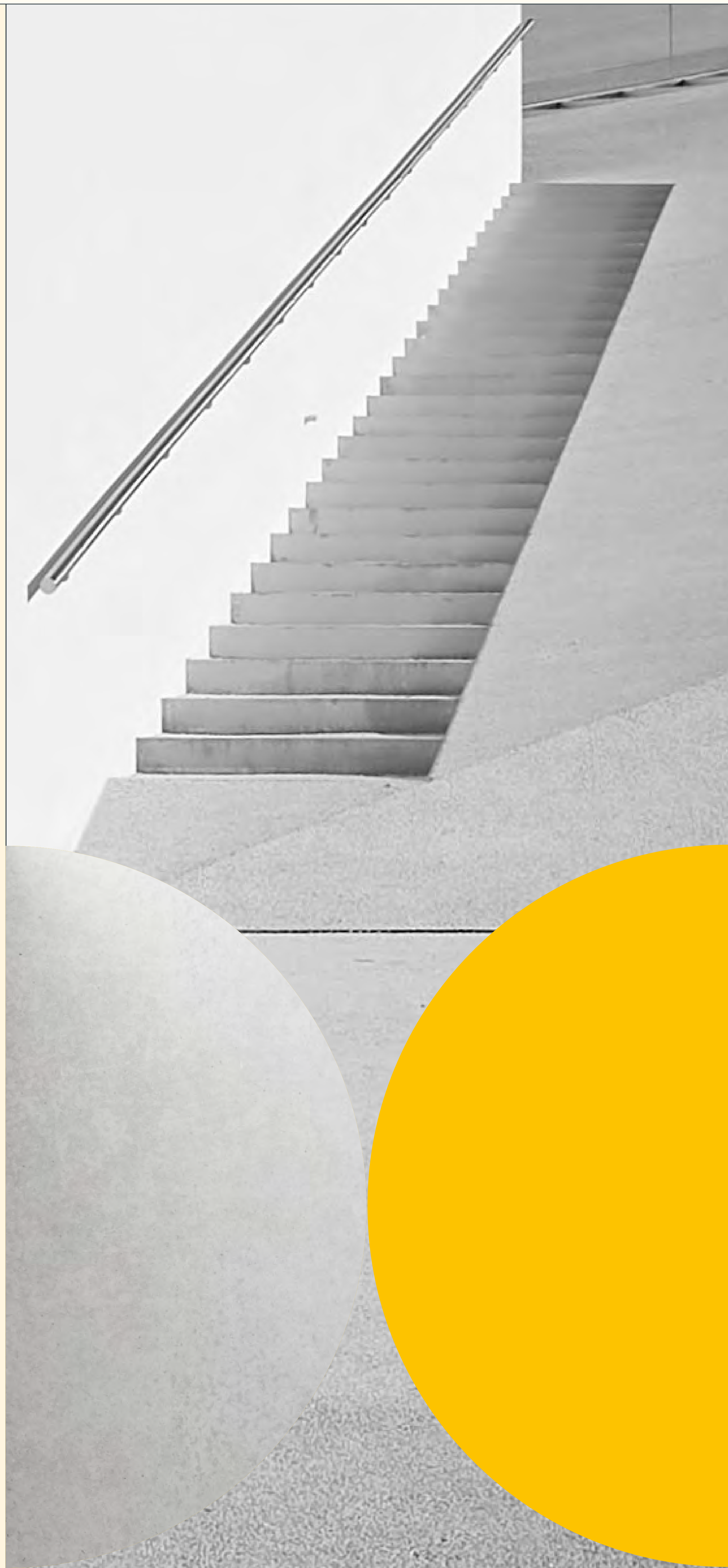
There will be many challenges ahead until we achieve our Ambition 20255, but we believe we have the right elements to succeed in this journey: empowered people, focused on collaboration and driving change, always customer focused. We are confident!





06

Performance



6.1 Highlights of the year

The year 2022 was marked by the launch of the new strategic cycle, "Ambition 2025, Sustainable Growth."

Below, we highlight some of the main events that occurred in the Secil Group during 2022

'22

1st QUARTER

GROUP

Completion of RETURN, in which the Group achieved its objectives, with a symbolic recognition action for all employees.

Launch of the new strategic cycle "Ambition 2025 – Crescimento Sustentável" in all regions where we operate.

Launch of the Group-wide “Canal de Integridade” (Integrity Channel) for employees to anonymously report cases of non-compliance.

PORTUGAL

Signature of the Protocol of Cooperation and Multi-Year Funding with the Maceira Parish Council.

TUNISIA

in the mortar business, Secil surpassed €2 million for the first time in sales, reaching 2.5 M€ in March.

BRAZIL

Online sales conference - Attitude On - with the entire sales team.

Start of wet ash use in cement production.

2nd QUARTER

GROUP

Launch of the Group's new institutional website (www.secil-group.com), highlighting three priorities: sustainability, innovation and people.

PORTUGAL

In order to reinforce its strength in the market and to communicate in a unified and transversal way, we rebranded the Unibetão and Secil Britas brands, which are now called Secil Betão and Secil Agregados respectively.

Attendance in Portugal’s largest building materials fair – Tektónica. The BeCharged project (a system for induction charging integrated into concrete structures) was the winner of the Tektónica Innovation Award 2022.

Launch of Secil Portugal's new commercial website, which positions the company as a supplier of different cement solutions, integrating its different products.

ANGOLA

In 2022, after a severe economic crisis, Angola began a period of recovery that allowed Secil Lobito to grow by 99% compared to the same period in 2021.

TUNISIA

Secil Tunisia obtained CE certification for all its products, allowing it to export 44 tonnes of cement to Europe.

BRAZIL

Implementation of "Custo de Servir" - improved visibility of costs and margin per customer, essential for strategic decisions.

Change in the model for the HR team to act as a Business Partner (BP).

Implementation of the Succession Retention Committee.

3° TRIMESTRE

GRUPO

Launch of Ambition Talks, webinars with sessions in English and Portuguese to deepen employees' knowledge of Ambition 2025. Three editions were held in 2022.

PORTUGAL

Launch of **Verdi Zero Concrete**, the first neutral concrete in Portugal—an innovative and sustainable product that contributes to achieving carbon neutrality in the cement industry by 2050.

SECIL's attendance as main sponsor of Archisummit 2022, the largest national architectural event in Portugal.

"Cimento que Vale Pontos" was the loyalty campaign aimed at Cimentos Madeira customers in 2022. Customers received points for orders placed over a 3-month period, which could be exchanged for prizes (fuel and shopping vouchers, etc.).

Donations to "Movimento Associativo Setubalense".

TUNISIA

In August, Secil Tunisia celebrated a year without days lost due to workplace injuries.

Attainment of ISO 45001 certificate and maintenance of ISO 9001 and 14001 certificates.

BRASIL

Implementation of the Pricing project - first stage of the project in pilot regions, using the Price Waterfall method developed by McKinsey.

Launch of the new recruitment and selection model at Supremo.

4th QUARTER

GROUP

In 2022, the Group has declared October the Month of Health and several activities have been carried out on this subject in all the countries where we operate, such as runs, walks, blood donations, check-ups, yoga, etc.

PORTUGAL

Attendance in Concreta, a trade fair for rehabilitation, construction, architecture and design, presenting the complementarity of our four businesses to the market.

As part of the Commercial Excellence project, SECIL continued to activate the Cement Customer Loyalty Programme ("Programa de Fidelização de Clientes de Cimento"), inviting some of its largest cement customers to Dubai.

ANGOLA

In October 2022, Secil Lobito celebrated three years without an accident.

TUNISIA

Completion of the Human Resources digitalisation project, which gave all employees access to the HR portal.

BRASIL

Strengthening of the Supremo brand at the point of sale, through the completion of storefront measures at customers located in key regions.

Conclusion of negotiations and signing of the contract with FLSmidth, which will be our main engineering and equipment supplier for the Adrianópolis revamp project.

Annual production record of 1,112 thousand tonnes of clinker in 2022.

In 2022, more than 6,000 people benefited from Supremo Secil Cimentos' various social and environmental programmes.

6.2 Framework in 2022

Key economic financial indicators

Millions of Euros	'22	'21	Var.
DEMONSTRAÇÃO DE RESULTADOS			
Turnover	603.0	495.9	22%
EBITDA	139.4	145.4	-4%
EBITDA margin (%)	23.1%	29.3%	-21%
EBIT	78.3	102.1	-23%
EBIT margin (%)	13.0%	20.6%	-37%
Net monetary position	1.0	7.2	-86%
Gain/losses of, associates and joint ventures	-33.5	-26.6	26%
Profit/(loss) for the period	16.9	70.0	-76%
Attributable to equity holders	16.5	66.3	-75%
CASH FLOW			
Cash-flow	77.9	113.3	-31%
INVESTMENTS			
Acquisitions of property, plant and equipment and intangible assets	63.3	43.3	47%
BALANCE SHEET			
Total Equity before InC	266.9	277.1	-4%
Total Equity	270.2	284.3	-5%
Interest-bearing net debt	306.2	253.9	21%
Interest-bearing net debt + IFRS 16	344.2	295.5	17%

EBITDA: Operating profit before Depreciation, amortisation and impairment losses on non-financial assets, Grants for greenhouse gas emissions allocated free of charge and Net provisions

EBIT: Operating profit

Cash flow: Net profit + Depreciation, amortisation and impairment losses on non-financial assets, Grants for greenhouse gas emissions allocated free of charge and Net provisions.

Key operational indicators

In 1.000 ton	'22	'21	Var.
Production capacity	9,750	9,750	0%
Clinker production	3,838	4,279	-10%
Cement production	4,979	5,189	-4%
Sales			
Cement and clinker	5,105	5,289	
Aggregates	4,665	5,083	-8%
Mortar	265	258	3%
Precast	11	125	-91%
Em 1.000m^3			
Ready-mixed concrete	1,986	1,960	1%

Note: Note net of inter-segment sales.

The year 2022 was marked by the Russian invasion of Ukraine and a series of related shocks at a time when the global economy was recovering from the effects of the severe pandemic crisis. It was a year particularly marked by uncertainty and volatility on the economic and financial fronts, with rising inflation and interest rates. The impacts of these events were felt in all the geographies and markets in which the Secil Group operates, although more or less intensely. The Group's results were adversely affected by the sharp depreciation of the lebanese pound, the significant increase in energy costs and the rise in interest rates, while benefiting from the appreciation of the Brazilian real and the increase in selling prices.

Turnover by country had the following evolution in 2022 compared to 2021:

Turnover (millions of Euros)	'22	'21	Var.
Portugal	364.5	323.5	13%
Tunisia	67.0	54.5	23%
Lebanon	29.1	24.4	20%
Brazil	126.9	88.5	43%
Others	15.5	5.0	210%
Consolidated total	**603.0**	**495.9**	**22%**

The Secil Group's turnover in 2022 amounted to Euro 603 million, 21.6% below that recorded in the same period of the previous year, which translated into a increase of Euro 107.1 million.

This increase was mainly due to the positive development of the Portuguese and Brazilian markets. The positive development in Lebanon results from the adjustment to the economy's current situation of hyperinflation, as volumes sold fell by around 45% compared with the same period of the previous year, with a more pronounced impact in the fourth quarter. The exchange rate variation of the currencies of the different countries (excluding Lebanon) had a positive impact of approximately Euro 24.5 million on the Group's turnover.

In **Portugal**, turnover increased by Euro 40.9 million, due to the positive evolution of cement sales volumes in the domestic market and in most building materials segments, with the exception of the prefabrication segment (as a result of the sale of this business by the Group in the last quarter of 2021), combined with the effect of the update of the respective average selling prices.

In the case of **Tunisia**, the Euro 12.5 million increase in sales was the result of an update of the average selling prices on the Tunisian market, as well as an increase in exports (in volume and at higher prices). The exchange rate effect was positive by only Euro 0.7 million, reflecting a certain stability of the Tunisian dinar.

In **Lebanon**, turnover increased by Euro 4.8 million, essentially explained by the recovery in the sale price in the domestic market, in contrast to the high effective currency devaluation of the Lebanese pound and the inflation verified in the local economy. Moreover, sales in the second half of the year were severely affected by the cut in the public power supply, which forced production to stop. These factors are a consequence of the economic, political and social crisis experienced in the country, accentuated since the last quarter of 2019.

In **Brazil**, turnover increased by Euro 38.4 million due to the positive evolution of prices in the cement market, and also benefited from the appreciation of the Brazilian real, which had a positive impact of Euro 18.6 million.

In **Angola**, turnover in Euro was positively impacted by the increase in quantities sold and the rise in the sale price of cement, with this increase representing Euro 8.2 million. In the same period there was a valuation of the Kwanza against the Euro, valued at Euro 5.1 million.

Consolidated EBITDA amounted to Euro 139.4 million, a decrease of Euro 6 million (-4.1%) compared to the same period of the previous year. This evolution reflects the negative impact of the increase in production costs, mainly energy costs, due to the sharp rise in fuel prices and the inflationary trend in all economies, as a result of the end of the global health crisis and the continuation of the war in Ukraine, offset by the average increase in selling prices and market growth in several countries.

EBITDA (millions of Euros)	'22	'21	Var.
Portugal	90.0	92.4	-3%
Lebanon	2.9	10.9	-74%
Tunisia	9.9	11.9	-17%
Brazil	33.4	29.4	14%
Others	3.2	0.7	355%
	139.4	**145.4**	**-4%**

The EBITDA of the activities developed from **Portugal** recorded a decrease of Euro 2.4 million compared to the same period of the previous year. The negative impact related to the overall increase in production costs, in particular at the level of fuel costs, as well as the decrease in sales of CO2 emission allowances (Euro -5.0 million), exceeded the positive impact of cement sales and the update of average selling prices.

The EBITDA generated by the activities in **Tunisia** fell by 16.9% compared with the previous year, i.e. a decrease of Euro 2.0 million. This development is the result of the successive falls in domestic demand for cement, which began in June 2021, and the significant increase in production energy costs, offset by a moderate evolution in selling prices. The increase in exports made it possible to avoid major losses. It should be noted that 2022 EBITDA was positively impacted by Euro 4.1 million of income related to the insurance compensation for the breakdown of the mill, compared with Euro 1.3 million in 2021.

In **Lebanon**, the 2022 EBITDA recorded a significant decrease of Euro 8.0 million compared to the same period of the previous year (-73.8%), aggravated by the negative impact of the devaluation of the Lebanese pound of Euro 1.2 million.

The cut in public power supply had a significant impact on the volumes of cement produced and sold. Despite the positive effect of the average price in local currency, stimulated by the inflationary environment, the continuous increase in variable costs (such as fuel on the international market) and the currency devaluation–reflected in the increase in the average price of imported goods and services in foreign currency (with an impact on the increase in fixed costs)–justify the weak results.

In **Brazil**, EBITDA increased by Euro 4.0 million compared to the same period of the previous year, benefiting from the favourable exchange rate effect (Euro 4.9 million). Excluding the exchange rate effect, EBITDA decreased by Euro 880 thousand. Despite the positive evolution of sales volumes (+4%) and selling price in local currency (+18%), this was not enough to offset the sharp increase in production costs, in particular energy costs.

In **Angola**, EBITDA improved by Euro 2.7 million compared with the same period of the previous year, largely due to the appreciation of the kwanza, but also to the positive evolution of sales volumes (+39.9%) and average selling prices in local currency (+6%), when compared to 2021.

6.3 Business development by segment

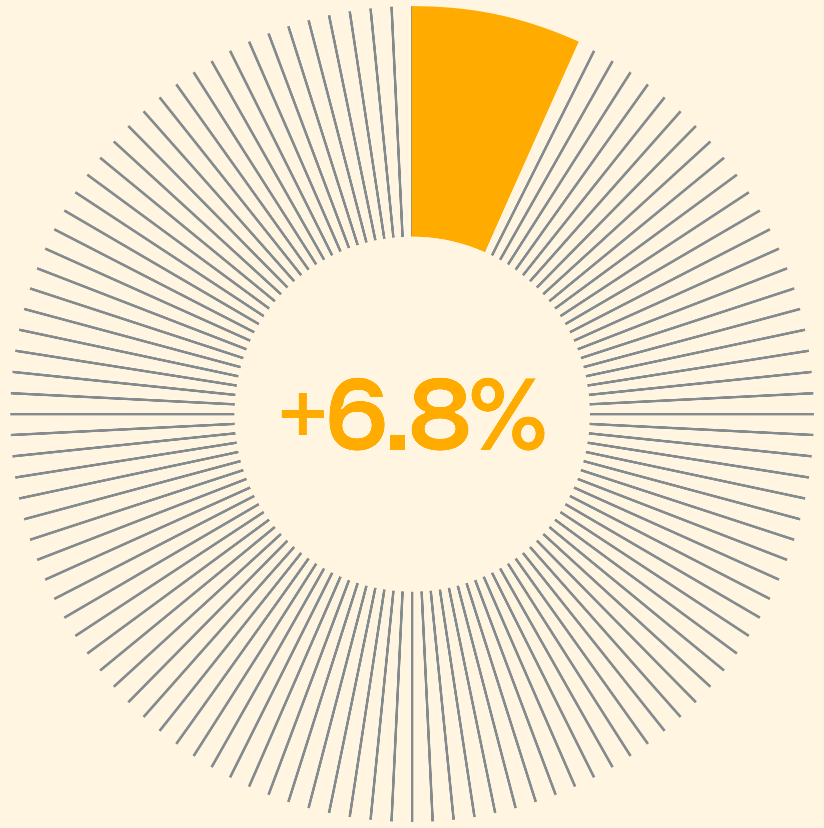
PORTUGAL

Key indicators

(millions of Euros)	Unit	'22	'21	Var.
Turnover	Euro million	364,5	323,5	13%
EBITDA	Euro million	90.0	92.4	-3%
EBITDA margin	%	24.7%	28.6%	-14%
Clinker production	1,000 t	1,628	1,787	-9%
Cement production	1,000 t	2,051	2,072	-1%
Cement and clinker sales				
Domestic market	1,000 t	1,606	1,585	1%
Foreign market	1000 t	440	487	-10%
Total	1,000 t	**2,046**	**2,072**	**-1%**
Concrete sales	1,000 m³	1,585	1,545	3%
Aggregates sales	1,000 t	4,665	5,083	-8%
Mortars sales	1,000 t	265	258	3%
Precast concrete sales	1,000 t	0	103	-100%

Banco de Portugal, forecasts in 2022

Portuguese economy to grow.



Banco de Portugal ("Projeções para a economia portuguesa" - December 2022) forecasts the Portuguese economy to grow by 6.8% in 2022.

As for the construction sector, the "Síntese de Conjuntura" - January 2023, from INE, published a positive homologous variation of 2.0% in 2022, compared to the 3.0% recorded in 2021.

In terms of the level of new housing permits, a growth of 5% was recorded, which is the highest record since 2008 ("Conjuntura da Construção - Informação Rápida", AICCOPN, February 2023)

It is estimated that cement consumption in Portugal in 2022 have recorded a slight decrease of around 0.1% compared to the same period of the previous year, very much affected by the weak activity in the last quarter.

In 2022, turnover of the overall operations developed in Portugal reached Euro 364.5 million, i.e., an increase of 12.6% compared to the same period of 2021.

In the **Cement** business unit in Portugal, turnover grew by 16,3% compared to the same period of the previous year (Euro +29 million) as a result of the combined effect of the increase in quantities sold to the domestic market and the increase in their average prices.

Export turnover, including the Group's terminals, showed a slight improvement over the same period of the previous year, with an increase of 0.7%, mainly due to higher average price, as quantities fell by 8.5%.

In the **remaining segments** with activities developed from Portugal (Ready-mix concrete, Aggregates, Mortar and Precast), turnover reached Euro 173 million, an increase of 9.2% over same period of the previous year, mainly due to the increase in average selling prices, as sales volumes showed an uneven trend.

The EBITDA of all activities in Portugal amounted to Euro 90.0 million, a decrease of 2.6% compared to 2021.

The **Cement** business unit reported EBITDA of Euro 92.9 million, an increase of Euro 5.9 million (+6.8%) over the same period of the previous year, positively influenced by the increase in volumes sold in the domestic market and the update of average selling prices. This positive effect was offset by the negative effect of the non-sale of CO2 emission allowances, which explain a reduction of Euro 5.0 million, as well as the increase in thermal energy costs as result of international fuel prices rising.

The **building materials** business units showed a reduction in their EBITDA of Euro 3.3 million (-16.7%). Despite the positive trend of sales volumes in the Concrete segment, market pressure on selling prices could not offset the increase in variable production costs, which contributed to the lower performance of this segment. On the other hand, the Aggregates segment showed a very positive growth of 7%.

Turnover in 2022

+12.6%

turnover of the overall operations developed

2021: +8 %

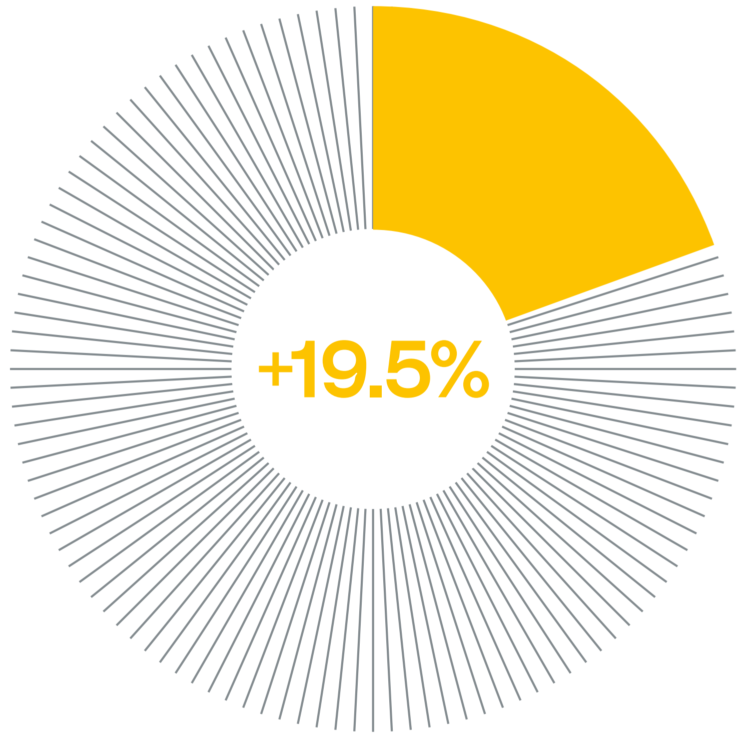
Lebanon is undergoing a serious economic, financial and social crisis. Despite the efforts undertaken by the political forces to stabilise the situation.

Lebanon

Key indicators

(millions of Euros)	Unit	'22	'21	Var.
Turnover	Euro million	29.1	24.4	20%
EBITDA	Euro million	2.9	10.9	-74%
EBITDA margin	%	9.8%	44.8%	-78%
Clinker production	1,000 t	165	561	-71%
Cement production	1,000 t	298	677	-56%
Cement and clinker sales				
Domestic market	1,000 t	370	670	-45%
External market	1000 t	0	0	-
Total	1,000 t	**370**	**670**	**-45%**
Concrete sales	1,000 m³	62	61	2%
Precast concrete sales	1,000 t	11	22	-48%

In this context, the turnover of the Lebanese operations still recorded an increase.



Lebanon is undergoing a serious economic, financial and social crisis. Despite the efforts undertaken by the political forces to stabilise the situation, the emergence of the COVID-19 pandemic, the August 2020 explosion in the port of Beirut, and more recently the conflict in Ukraine have further contributed to its worsening.

Additionally, the constant cuts in power supply in the last quarter had a negative impact on Secil's operations in that country.

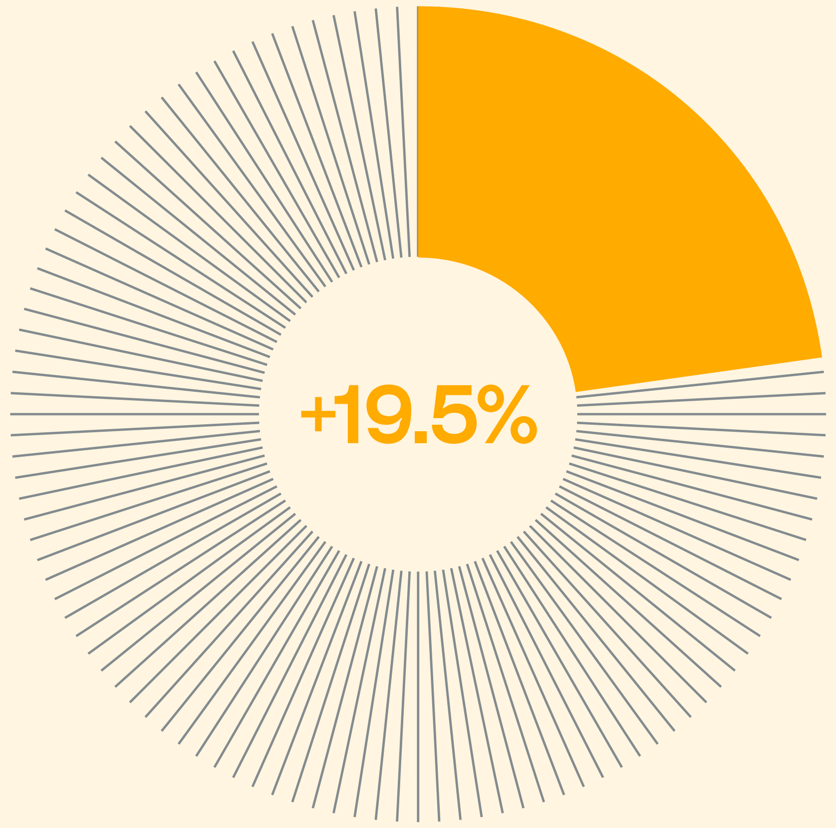
In this context, the turnover of the Lebanese operations still recorded an increase of 19.5% over the previous year, increasing from Euro 24.4 million to Euro 29.1 million. Turnover would have been Euro 12.6 million higher if the effect of the exchange rate devaluation were removed. It should be noted that the Lebanese pound ended 2022 at 44.9039 LBP/EUR, which compares with 31.3164 LBP/EUR at the end of the same period of the previous year.

Turnover in the **cement** segment grew by 17.9%, mainly due to the adjustment of selling prices in local currency to the hyperinflationary situation and the rapid devaluation of the currency, as the quantities of cement and clinker sold to the domestic market fell by 44.7% compared to the same period of the previous year, strongly affected by the cut in power supply. On the other hand, the Lebanese cement market is estimated to have grown by 2%.

On the other hand, the **Concrete** segment recorded an increase in turnover compared with the same period of the previous year (+97.1%), due to the increase in volumes sold (+1.6%), but mainly to the increase in the average selling price as a result of hyperinflation.

The EBITDA generated by the overall operations in Lebanon amounted to Euro 2.9 million, which represents a 73.8% decrease when compared with the same period of the previous year. This decrease is mainly due to the effect of the devaluation of the Lebanese pound (Euro -1.2 million), but mainly to the decrease in sales volumes, the increase in production costs, in particular thermal energy, and the increase in fixed costs (increase in inflation in the local economy).

The turnover of the set of operations performed in Tunisia showed a positive variation of 23% compared to the same period of the previous year.



Amounting of Euro 67.0 million.

The exchange rate impact being positive, at only Euro 721 thousand.

TUNISIA

Key indicators

(millions of Euros)	Unit	'22	'21	Var.
Turnover	Euro million	67.0	54.5	23%
EBITDA	Euro million	9.9	11.9	-17%
EBITDA margin	%	14.7%	21.8%	-32%
Clinker production	1,000 t	932	831	12%
Cement production	1,000 t	943	846	11%
Cement and clinker sales				
Domestic market	1,000 t	561	578	-3%
External market	1,000 t	474	404	17%
Total	1,000 t	**1,035**	**981**	**5%**
Concrete sales	1,000 m^3	127	127	0%
Precast concrete sales	1,000 t	0	0	0%

In this difficult context, the domestic cement market is estimated to have decreased approximately 7%, compared to the same period in 2021, continuing to be marked by very intense competition.

Tunisia continues to face significant challenges, including high external and fiscal deficits, increasing debt and insufficient growth to reduce unemployment. Social instability persists and may worsen, and there is pressure on trade union demands. The State deficit is reflected in public works and the real estate sector faces challenges due to financing difficulties (due to the fragility of the banking sector), with an impact on the volume of construction. The repercussions of the war in Ukraine and political instability further aggravated the situation.

In this difficult context, the domestic cement market is estimated to have decreased approximately 7% compared to the same period in 2021, continuing to be marked by very intense competition, due to the excess of installed capacity.

The turnover of the set of operations performed in Tunisia showed a positive variation of 23% compared to the same period of the previous year, amounting to a total of Euro 67.0 million, with the exchange rate impact being positive, at only Euro 721 thousand.

In the Tunisia Cement segment, sales rose by 23.9% to Euro 63.3 million, reflecting the increase in prices on the domestic market (+20.6%) and on the external market (+30.4%), as well as the increase in volumes sold on the external market (+17.5%), as sales on the domestic market fell by 3.0%.

In line with the cement business, concrete sales also rose by 12.5% compared with the same period of the previous year, mainly as a result of the 11.7% increase in selling prices.

EBITDA for the activities in Tunisia amounted to Euro 9.9 million, 16.9% lower than in the same period of 2021 (Euro 11.9 million), due to the decrease in sales volumes on the domestic market and higher energy costs, which were only partially offset by an increase in average selling prices and exports. It should be noted that 2022 EBITDA was positively impacted by Euro 4.1 million of income related to the insurance compensation for the breakdown of the mill, compared with Euro 1.3 million in 2021.

EBITDA of the activities in Brazil reached Euro 33.4 million

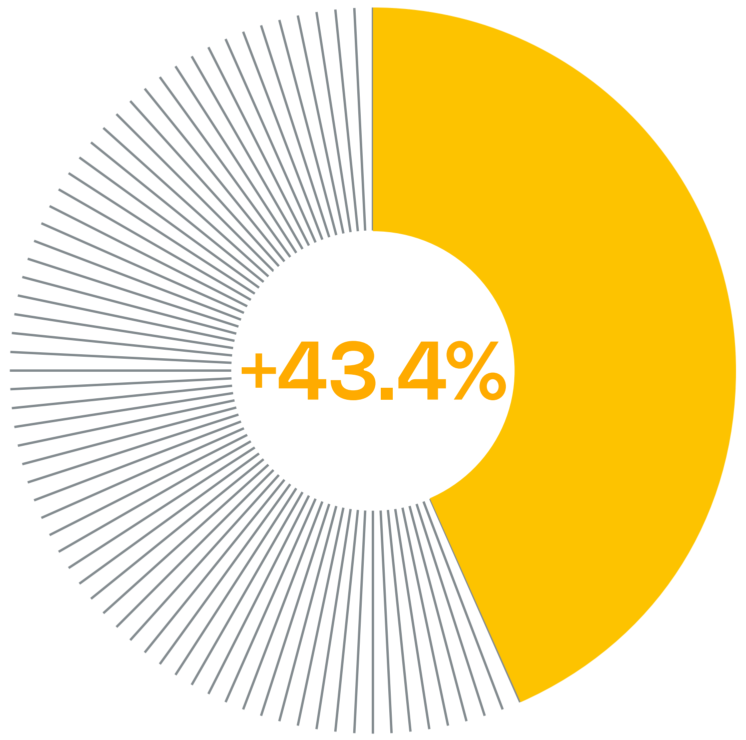
which, compared to Euro 29.4 million in the same period of the previous year, represents a growth of 13.7%.

BRAZIL

Key indicators

(millions of Euros)	Unit	'22	'21	Var.
Turnover	Euro million	126.9	88.5	43%
EBITDA	Euro million	33.4	29.4	14%
EBITDA margin	%	26.4%	33.2%	-21%
Clinker production	1,000 t	1,112	1,100	1%
Cement production	1,000 t	1,568	1,510	4%
Cement and clinker sales				
Domestic market	1,000 t	1,557	1,497	4%
External market	1,000 t	12	14	-11%
Total	1,000 t	**1,569**	**1,511**	**4%**
Concrete sales	1,000 m³	212	227	-6%

The turnover of the overall operations in this country reached Euro 126.9 million in 2022 a growth of 43.4%, compared to the previous same period of the previous year.



According to SNIC estimates (December 2022 Sector Report), cement consumption in **Brazil** will have fallen by 2.8% in 2022, when compared to the same period of the previous year, after three consecutive years of growth. The increase in interest and inflation rates, as well as the global geopolitical instability environment, which has had a negative impact on the real estate sector—which remains one of the main drivers of cement consumption—have contributed negatively to this development. In addition, above-average rainfall in 2022 had a negative impact on the construction schedule and consequently on cement sales.

The turnover of the overall operations in this country reached Euro 126.9 million in 2022, a growth of 43.4%, compared to the previous same period of the previous year. However, by discounting the effect of the exchange rate appreciation of the Real against the Euro—with a positive impact of approximately Euro 18.6 million—turnover would have grown by 22%.

Cement sales in quantity recorded an increase of 3.8% compared to the same period in the previous year, with average selling prices increasing by 40.3%. In local currency this growth was 17.9%.

EBITDA of the activities in Brazil reached Euro 33.4 million, which, compared to Euro 29.4 million in the same period of the previous year, represents a growth of 13.7%. If we exclude the favourable exchange rate effect (Euro +4.9 million), EBITDA would have decreased by 3.0%, reflecting the negative impact of the rise in variable production costs, mainly energy.

ANGOLA

Key indicators

(millions of Euros)	Unit	'22	'21	Var.
Turnover	Euro million	14.5	6.3	132%
EBITDA	Euro million	3.4	0.7	392%
EBITDA margin	%	23.1%	10.9%	112%
Cement production	1,000 t	119	84	42%
Cement and clinker sales	1,000 t	119	85	40%

+131.6%

Turnover above the previous year's figure.

2021: +16.6 %

According to available data, the Angolan cement market is estimated to have shown a positive variation of 30% compared to the same period in 2021.

The amount of cement sold by Secil grew by 39.9%. Secil Lobito has adopted a rigorous pricing policy that allows it to cope with the deterioration in costs in domestic currency. In these terms, the price of cement, in local currency, increased approximately 6% compared to the same period in 2021.

As a result, turnover amounted to Euro 14.5 million, that is, 131.6% above the previous year's figure, positively influenced by the average exchange rate appreciation of the Kwanza, which had a positive impact of Euro 5.1 million. Excluding the exchange rate effect, turnover would have been 50% higher.

In 2022, EBITDA was positive by Euro 3.4 million, which compared with Euro 681 thousand, recorded in the same period of the previous year, represents a significant improvement.

6.4 Financial performance

The Secil Group's net financial results decreased compared to the same period of the previous year, from Euro -26.6 million to Euro -33.5 million. This negative difference results from the increase in net financing costs in Brazil and Tunisia, mainly due to the rise of interest rates in these markets and the increase in net debt in Tunisia. Conversely, foreign exchange losses in Lebanon were lower compared to same period of the previous year. There was also a decrease in the results of associates due to the sale of UTIS at the end of 2021.

The consolidated net profit amounted to Euro 16.9 million, Euro -53.1 million less than in 2021. In addition to the above-mentioned differences in EBITDA and net financial results, the impairment of the Tunisian Cash-Generating Unit of Euro 17.9 million, the decrease in the net monetary position of Euro 6.2 million and the increase in income taxes of Euro 16.3 million also had a negative impact.

The Group's net debt in December 2021 amounted to Euro 344.2 million, which, compared to December 2021, represents an increase of Euro 48.8 million. The increase in the Secil Group's net debt was due to the repayment of additional capital contributions to the shareholder Semapa (Euro €40.5 million), CAPEX expenses of Euro 72.4 million (Euro 41.1 million related to the CCL project) and investments in Trade Working Capital (Euro 32.4 million).

It should be noted that the increase in investment in Trade Working Capital is essentially explained by the increase in accounts receivable from customers (due to the increase in sales volume) and the increase in inventory levels, as a result of the increase in the prices of fuel and other materials.

The Secil Group maintains very high liquidity, with contracted facilities with a global value above Euro 558 million. The financing facilities are spread over the several geographies according to the Group's needs, being in Portugalthe major financial slack. .

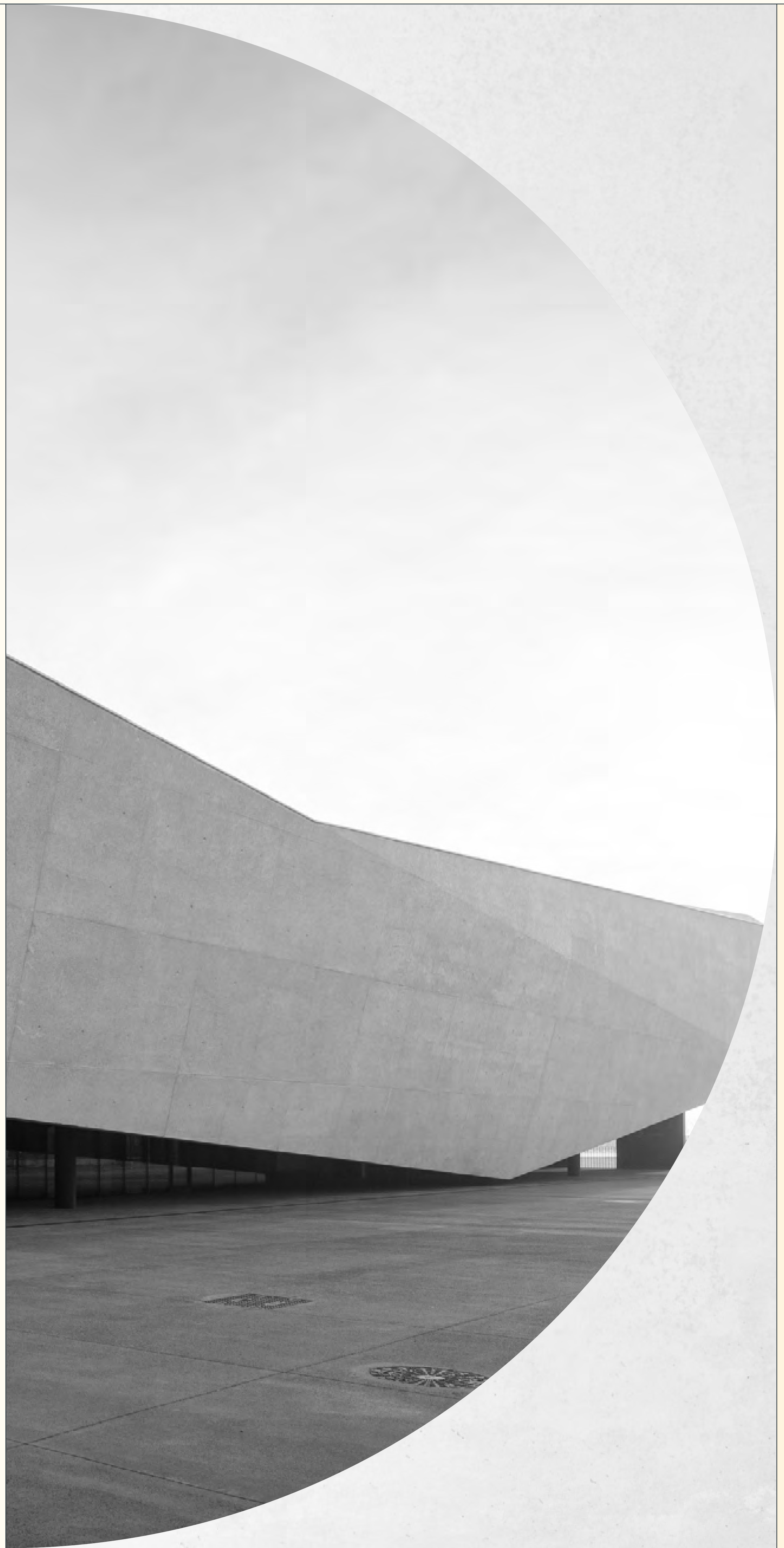
As of 31 December, the Secil Group had cash and cash equivalents in the amount of Euro 69.0 million, demonstrative of a strong liquidity situation.

6.5 Risk management

This chapter is detailed in the Notes to the Consolidated Financial Statements of the Secil Group.

6.6 Sustainability and European regulation on taxonomy

The Secil Group will separately disclose its sustainability report, which will include detailed information on the European regulation on the green taxonomy and other information related to the Group's sustainability aspects.



07

Outlook for 2023

The year 2022 was decisively marked by the Russian invasion of Ukraine and a series of related shocks.

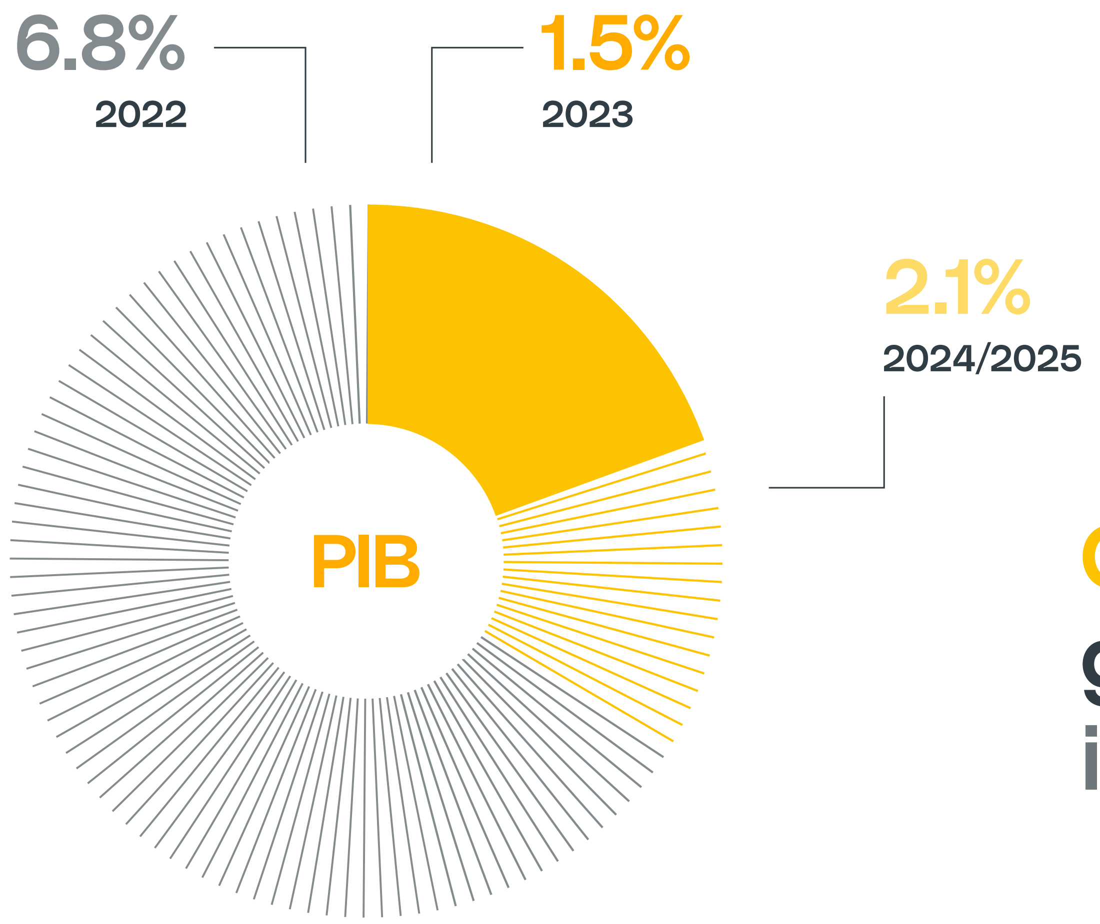
The year 2022 was decisively marked by the Russian invasion of Ukraine and a series of related shocks at a time when the global economy was recovering from the effects of the severe pandemic crisis. The year was particularly marked by uncertainty and volatility in the economic and financial environment. However, the most pessimistic scenarios presented by various international organizations at the end of the summer, and the possibility of a world recession, did not materialise, despite the slowdown in activity. The positive evolution of bottlenecks in global value chains since the summer and the more favourable evolution of energy prices, in particular gas and oil, have eased the supply constraints experienced by the international economy over the last two years.

The short-term global macroeconomic scenario is rather complex and highly uncertain, with several risk factors on the downside for activity and on the upside for inflation, including the response of the Chinese economy to various latent tensions (e.g. the end of the zero-COVID policy, the worsening of the housing market crisis), the evolution of the conflict in Ukraine (Europe and the least favoured countries are particularly vulnerable), the over-indebtedness of several economies, the persistence of inflation and geopolitical fragmentation. It should also be mentioned that one of the main sources of uncertainty arises from the development of the energy crisis in Europe, namely the possibility of gas shortages requiring a period of rationing and production cuts, leading to further increases in international prices of goods and services.

After several years of low inflation and low real interest rates, the sudden and persistent increase in inflation recorded since the second half of 2021 has led to a deterioration in monetary and financial conditions, with central banks raising interest rates from the minimum levels recorded in recent years. In 2023, low growth and persistent inflationary pressures will continue to pose significant challenges for the conduct of economic policy, and further increases in interest rates are expected.

In the latest projections of the World Economic Outlook Update (WEO), published in January 2023, the IMF forecasts a real increase in world GDP of 3.4% in 2022 and 2.9% in 2023, with the estimate for 2023 revised upwards by 0.2 percentage points (p.p.) compared to the forecasts published in October 2022.

For the Eurozone, the IMF expects GDP to increase by 3.5% in 2022 and by 0.7% in 2023 (upward revision of 0.2 p.p. compared to the October 2022 forecasts).



GDP for Portugal growth of 1.5% in 2023

Cements and other construction materials

The rise in the price of several production factors, especially the energy component, and the disruption in the supply of raw materials or international logistics chains, will influence the economic and may weaken its pace. Secil is implementing measures to manage supplies and their production costs in order to mitigate potential impacts.

Regarding **Portugal**, the IMF's World Economic Outlook (WEO), published in October 2022, forecasts GDP growth of 6.2% in 2022 and 0.7% in 2023. Banco de Portugal ("Projeções para a economia portuguesa" - December 2022) forecasts the Portuguese economy to grow by 6.8% in 2022, 1.5% in 2023 and 2% in 2024 and 2025.

8.1%

Inflation is forecasted to increase in 2022.

Inflation is forecasted to increase by 8.1% in 2022, gradually declining to 5.8% in 2023, 3.3% in 2024 and 2.1% in 2025.

In the first half of 2023, growth is estimated to be more subdued in a context of heightened global uncertainty and persistently high energy prices. From the second half of the year, activity is expected to accelerate, reflecting the expected easing of tensions in energy markets, the gradual recovery of real household income, improved external demand and the normalisation of global supply chains. Moreover, greater absorption of European funds will contribute positively to this development.

AICCOPN expects the favourable evolution to continue in 2023, taking into account the current level of demand in the real estate sector and the prospect of a significant increase in public investment. This association estimates real growth in the gross value of production in the construction and real estate sector of between 2.4% and 4.4%.

The Secil Group is assessing potential investment opportunities, with an emphasis on the decarbonization of its industrial processes and R&D on products and solutions in the sectors in which it operates. Moreover, its framework is under analysis within the scope of the Recovery and Resilience Plan. It is expected that the implementation of the Recovery and Resilience Plan will contribute positively to the economic recovery in Portugal.

In the first half of 2023, the investment in Secil's industrial plant in Outão, CCL - Clean Cement Line, will be completed, a pioneering combination of mature and innovative technologies that will allow a 20% reduction in CO2 emissions, a 20% increase in energy efficiency and the production of 30% of electricity through heat recovery from the process itself. The low carbon clinker that will result from this process will make it possible to respond competitively to market demands for "green procurement".

In July this year, Secil launched Verdi Zero Concrete, the first carbon neutral concrete in Portugal, a product based on a SECIL innovation at the product development level, which ensures a significant reduction in CO2 emissions from the beginning. Verdi Zero Concrete is therefore a concrete with a reduced carbon intensity that promotes the circular economy through the incorporation of recycled waste, which implies a reduced use of virgin raw materials. The remaining emissions are offset through a carbon offsetting programme certified by Climate Impact Partners, which has been awarded the CarbonNeutral® Product seal. This launch is another important step towards the decarbonisation of the SECIL Group, with the aim of achieving carbon neutrality by 2050, in line with the commitments made to reduce CO_2 emissions from our operations.

Regarding **Brazil**, the IMF's World Economic Outlook Update (WEO Update), published in January 2022, forecasts a recovery of the Brazilian economy of 2.8% in 2022 and 1.0% in 2023. Inflation forecast for 2022 (WEO October 2021) is 9.4%, falling to 4.7% in 2023. The rise in inflation and especially in interest rates may affect real estate financing and respective investments, which may be offset by public investments planned in infrastructure.

In **Lebanon**, the political and economic environment has been facing moments of great uncertainty since the last quarter of 2019, with the country involved in a serious economic and social crisis. The effects of the pandemic containment measure that virtually paralysed the country, and later the explosion in the port of Beirut, further aggravated the situation.

With an external debt that is among the highest in the world, the country announced in March 2020 its first payment default, after several months of decline in foreign currency reserves and a sharp depreciation of the Lebanese pound on the parallel market. The IMF's World Economic Outlook (WEO), published in October 2022 continues to not present any estimates due to the high degree of uncertainty.

In order to face the cut in the power supply, the Secil Group is evaluating other alternatives to restore normal operations.

Regarding **Tunisia**, in the latest data published by the IMF (World Economic Outlook, IMF October 2022), GDP is expected to grow by 2.2% in 2022 and 1.6% in 2023. Inflation is forecast at 8.1% for 2022, remaining at 8.5% in 2023.

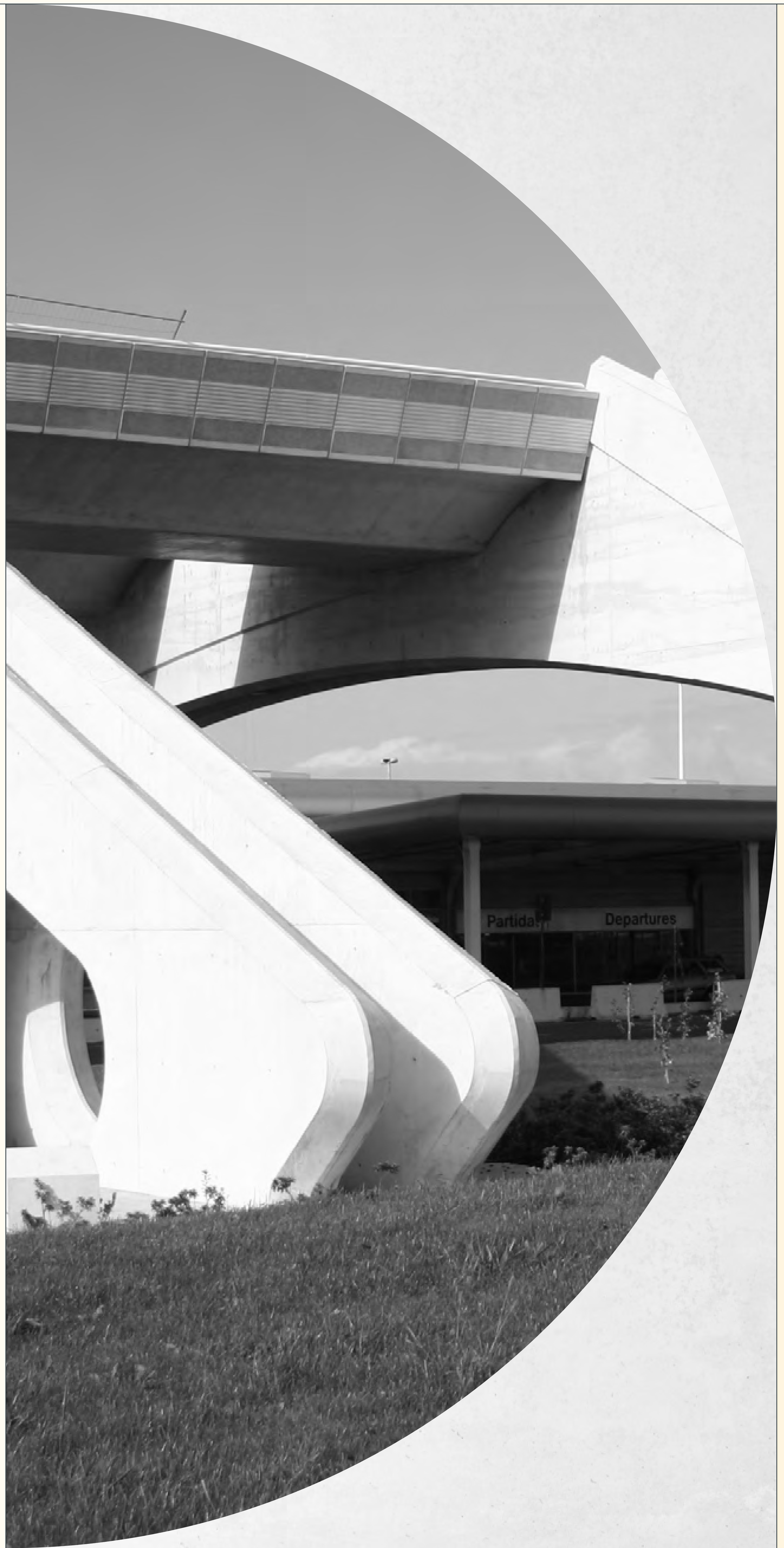
Tunisia was already in a difficult financial position, with great social instability due to the pandemic and political instability experienced since the second half of 2021 worsened in July with the resignation of the government, which only increased the degree of uncertainty around the country's evolution. The collateral effects of the war in Ukraine and the recent dissolution of parliament by the president have added to the climate of uncertainty.

Meanwhile, in view of the risk of default, negotiations with the International Monetary Fund have been resumed and a number of measures and reforms are needed to restore macroeconomic stability, improve the efficiency of state-owned enterprises and enhance the competitiveness of the Tunisian economy.

The outlook for Angola (World Economic Outlook, IMF October 2022) forecasts a contraction of 2.9% for 2022, followed by a recovery of 3.4% for 2023. Regarding inflation, the forecast is 21.7% and 11.8% for 2022 and 2023, respectively.

Subsequent events

This matter is detailed in the Notes to the Consolidated Financial Statements of the Secil Group.



08

Proposal for the Appropriation of Profits

The net profit for the period of Secil - Companhia Geral de Cal e Cimento, S.A. amounts to Euro 16,468,002. The Board of Directors proposes the following appropriation:

- **Other Reserves:** **Euro 16,468,002**

The Board of Directors,
29 March 2023

BOARD OF DIRECTORS

Ricardo Miguel dos Santos Pacheco Pires
Chairman

Carlos Alberto Medeiros Abreu
Member

Hugo Alexandre Lopes Pinto
Member

Otmar Hübscher
Deputy Chairman

Carlos Eduardo Coelho Alves
Member

Maria Isabel da Silva Marques Abranches Viegas
Member

Carlos Manuel Guimarães Correia de Barros
Member

Sérgio António Alves Martins
Member

Francisco Javier de Benito Fernandez
Member

Vítor Paulo Paranhos Pereira
Member

02

Consolidated Financial Statements

SOLID IN TRANSFORMATION

CONSOLIDATED INCOME STATEMENT

31 DECEMBER 2022

CONSOLIDATED INCOME STATEMENT

FOR 2022 AND 2021

Amounts in Euro	Note	'22	'21
Revenue	2.1	602,980,604	495,863,777
Other operating income	2.2	94,205,494	66,357,184
Costs of goods sold and materials consumed	4.1	(221,631,246)	(150,103,844)
Variation in production	4.1	9,687,461	3,313,990
External supplies and services	2.3	(187,638,327)	(157,576,119)
Payroll costs	7.1	(78,357,311)	(71,518,539)
Other operating expenses	2.4	(6,425,295)	(3,786,156)
Net provisions	9.1	(75,929,847)	(44,265,198)
Depreciation, amortisation and impairment losses on non-financial assets	3.7	(58,549,558)	(36,198,636)
Operating profit		**78,341,975**	**102,086,459**
Gains/ (losses) of associates and joint ventures	9.1 and 10.3	(1,227,649)	1,767,749
Financial income and gains	5.10	40,101,797	14,188,486
Financial expenses and losses	5.10	(72,366,244)	(42,550,399)
Net monetary position (gains/ (losses))	5.11	979,0,4	7,214,110
Profit before tax		**45,828,963**	**82,706,405**
Income tax	6.1	(28,941,773)	(12,688,696)
Net profit for the period		**16,887,190**	70,017,709
Attributable to Secil's Shareholders		16,468,002	66,305,752
Attributable to non-controlling interests	10.1	419,1,8	3,711,957
Earnings per share			
Basic earnings per share	5.5	0.338	1.361
Diluted earnings per share	5.5	0.338	1.361

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR 2022 AND 2021

Amounts in Euro	Note	'22	'21
Net profit for the period without non-controlling interests		**16,887,190**	**70,017,709**
Items that may be reclassified to the income statement			
Hedging derivate financial instruments			
Changes in fair value	8.2.1	5,620,450	846,9,1
Tax on items above		(1,545,624)	(232,9,0)
Currency translation differences		7,610,145	(25,968,970)
Items that may not be reclassified to the income statement			
remeasurements os post-employment benefits			
Remeasurements	7.2.5	(1,907,63)	351,253
Tax on items above	7.2.5	526,314	(93,931)
Hyperinflationary economies			
Lebanon	5.11	(441,356)	1,309,352
Tax on items above	5.11	36,418	(234,349)
Total other comprehensive income (net of taxes)		**9,898,674**	**(24,022,584)**
Total comprehensive income		**26,785,864**	**45,995,125**
Attributable to:			
Secil's shareholders		30,303,671	54,390,871
Non-controlling interests		(3,517,807)	(8,395,746)
		26,785,864	**45,995,125**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022 AND 2021

Amounts in Euro	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Goodwill	3.1	121,631,847	134,765,512
Intangible assets	3.2	183,753,886	89,437,689
Property, plant and equipment	3.3	432,174,474	400,570,737
Right-of-use assets	3.4	40,649,749	43,450,287
Investments properties	3.5	274,941	275,707
Investments in associates and joint ventures	10.3	549,997	629,077
Other finacial investments	8.3	429,190	378,651
Receivables and other non-current assets	4.2	3,071,482	3,105,590
Deferred tax assets	6.2	46,364,384	49,460,949
		828,899,950	**722,074,199**
Current assets			
Inventories	4.1	92,390,804	71,371,000
Receivables and other current assets	4.2	119,774,004	93,998,015
Income tax	6.1	12,813,609	13,798,134
Cash and cash equivalents	5.8	69,001,851	75,222,758
Non-current assets held for sale	3.6	1,008,000	4,162,459
		294,988,268	**258,552,366**
Total assets		**1,123,888,218**	**980,626,565**

Amounts in Euro	Note	31/12/2022	31/12/2021
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5.2	100,395,212	100,395,212
Other equity instruments	5.3	32,300,000	72,800,000
Currency exchange reserve	5.4	(247,150,489)	(258,502,377)
Fair value reserves	5.4	4,537,752	462,926
Legal reserve	5.4	20,079,044	20,079,044
Other reserves	5.4	312,125,117	247,203,690
Retained earnings	5.4	28,117,902	28,324,622
Net profit for the period	5.5	16,468,002	66,305,752
Equity attributable to Secil's shareholders		266,872,540	277,068,869
Non-controlling interests	10.1	3,320,329	7,214,604
Total Equity		**270,192,869**	**284,283,473**
Non-current liabilities			
Deferred tax liabilities	6.2	54,767,209	45,421,230
Liabilities for long-term employee benefits	7.2	2,053,280	409,146
Provisions	9.1	98,916,495	68,253,869
Obtained Financing	5.6	267,033,496	218,713,406
Lease liabilities	5.7	28,734,457	32,640,299
Non-current payable amounts	4.3	9,403,349	7,462,387
		460,908,286	**372,900,337**
Current liabilities			
Obtained Financing	5.6	108,193,715	110,367,613
Lease liabilities	5.7	9,262,605	8,965,972
Current payable amounts	4.3	260,917,925	195,559,024
Income Tax	6.1	14,412,818	8,550,146
		392,787,063	**323,442,755**
Total liabilities		**853,695,349**	**696,343,092**
Equity and Total Liabilities		**1,123,888,218**	**980,626,565**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD BETWEEN 1 JANUARY 2022 AND 31 DECEMBER 2022

Amounts in Euro	Note	Share capital	Equity instruments	Currency translation reserve	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2022		**100,395,212**	**72,800,000**	**(258,502,377)**	**462,926**	**20,079,044**	**247,203,690**	**28,324,622**	**66,305,752**	**277,068,869**	**7,214,604**	**284,283,473**
Net profit for the period		-	-	-	-	-	-	-	16,468,002	16,468,002	419,188	16,887,190
Other comprehensive income (net of taxes)		-	-	11,351,888	4,074,826	-	(1,384,325)	-	-	14,042,389	(3,738,777)	10,303,612
Other transaction - Hyperinflationary economies		-	-	-	-	-	-	(206,720)		(206,720)	(198,218)	(404,938)
Total comprehensive income for the period		**-**	**-**	**11,351,888**	**4,074,826**	**-**	**(1,384,325)**	**(206,720)**	**16,468,002**	**30,303,671**	**(3,517,807)**	**26,785,864**
Appropriation of 2021 profit:												
- Transfer to retained earnings and reserves	5.4	-	-	-	-	-	66,305,752	-	(66,305,752)	-	-	-
Repayment of additional capital contributions	5.3	-	(40,500,000)	-	-	-	-	-	-	(40,500,000)	-	(40,500,000)
Decreases in capital and other equity instruments	5.2	-	-	-	-	-	-	-	-	-	(35,052)	(35,052)
Dividends paid by subsidiaries to non-controlling interests	10.1	-	-	-	-	-	-	-	-	-	(341,416)	(341,416)
Total transactions with shareholders		**-**	**(40,500,000)**	**-**	**-**	**-**	**66,305,752**	**-**	**(66,305,752)**	**(40,500,000)**	**(376,468)**	**(40,876,468)**
Equity as at 31 December 2022		**100,395,212**	**32,300,000**	**(247,150,489)**	**4,537,752**	**20,079,044**	**312,125,117**	**28,117,902**	**16,468,002**	**266,872,540**	**3,320,329**	**270,192,869**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD BETWEEN 1 JANUARY 2021 AND 31 DECEMBER 2021

Amounts in Euro	Note	Share capital	Equity instruments	Currency translation reserve	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2021		**224,183,484**	**113,300,000**	**(245,167,554)**	**(151,135)**	**42,276,241**	**43,856,507**	**27,775,832**	**57,104,623**	**263,177,998**	**15,915,951**	**279,093,949**
Net profit for the period		-	-	-	-	-	-	-	66,305,752	66,305,752	3,711,957	70,017,709
Other comprehensive income (net of taxes)		-	-	(13,334,823)	614,061	-	257,091	-	-	(12,463,671)	(12,633,916)	(25,097,587)
Other transaction - Hyperinflationary economies		-	-	-	-	-	-	548,790	-	548,790	526,213	1,075,003
Total comprehensive income for the period		**-**	**-**	**(13,334,823)**	**614,061**	**-**	**257,091**	**548,790**	**66,305,752**	**54,390,871**	**(8,395,746)**	**45,995,125**
Appropriation of 2020 profit:												
- Transfer to retained earnings and reserves	5.4	-	-	-	-	2,560,457	54,544,166	-	(57,104,623)	-	-	-
Repayment of additional capital contributions	5.3	-	(40,500,000)	-	-	-	-	-	-	(40,500,000)	-	(40,500,000)
Decreases in capital and other equity instruments	5.2	(123,788,272)	-	-	-	(24,757,654)	148,545,926	-	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests	10.1	-	-	-	-	-	-	-	-	-	(305,601)	(305,601)
Total transactions with shareholders		**(123,788,272)**	**(40,500,000)**	**-**	**-**	**(22,197,197)**	**203,090,092**	**-**	**(57,104,623)**	**(40,500,000)**	**(305,601)**	**(40,805,601)**
Equity as at 31 December 2021		**100,395,212**	**72,800,000**	**(258,502,377)**	**462,926**	**20,079,044**	**247,203,690**	**28,324,622**	**66,305,752**	**277,068,869**	**7,214,604**	**284,283,473**

The Accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR 2022 AND 2021

Amounts in Euro	Note	31/12/2022	31/12/2021
OPERATING ACTIVITIES			
Receipts from customers		711,138,821	587,703,332
Payments to suppliers		(501,383,794)	(385,537,321)
Payments to employees		(50,777,118)	(42,572,162)
Cash flows from operations		158,977,909	159,593,849
Income tax received/ (paid)		(4,207,394)	(281,125)
Other receipts / (payments) relating to operating activities		(74,536,090)	(47,939,816)
Cash flows from operating activities (1)		**80,234,425**	**111,372,908**
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		754,850	3,516,020
Financial investments		4,125,000	5,776,164
Government grants	3.3	52,300	-
Dividends from associates and joint ventures		229,360	496,133
Other assets		32,026	-
		5,193,536	9,788,317
Outflows:			
Financial investments		(1,727,644)	-
Property, plant and equipment		(50,814,554)	(34,963,702)
		(52,542,198)	(34,963,702)
Cash flows from investing activities (2)		**(47,348,662)**	**(25,175,385)**

Amounts in Euro	Note	31/12/2022	31/12/2021
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.9	657,192,253	258,251,102
		657,192,253	258,251,102
Outflows:			
Interest-bearing liabilities	5.9	(633,277,924)	(328,804,235)
Amortisation of lease agreements	5.9	(14,386,573)	(10,413,050)
Interest and similar expenses		(17,814,568)	(17,417,098)
Dividends		(340,825)	(392,133)
Decreases in capital and other equity instruments		(40,500,000)	(40,500,000)
Other		(8,334,738)	-
		(714,654,628)	(397,526,516)
Cash flows from financing activities (3)		**(57,462,375)**	**(139,275,414)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(24,576,612)**	**(53,077,891)**
Effect of exchange rate differences		11,929,773	(97,943)
Effect of Hyperinflation on Cash and cash equivalents		(1,209,715)	(469,363)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.8	**75,000,230**	**127,455,986**
Effects of assets held for sale		-	-
Impairment losses from the application of IFRS 9		443,024	1,189,441
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.8	**61,586,700**	**75,000,230**

The Accompanying notes form an integral part of these consolidated financial statements.

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01

Introduction

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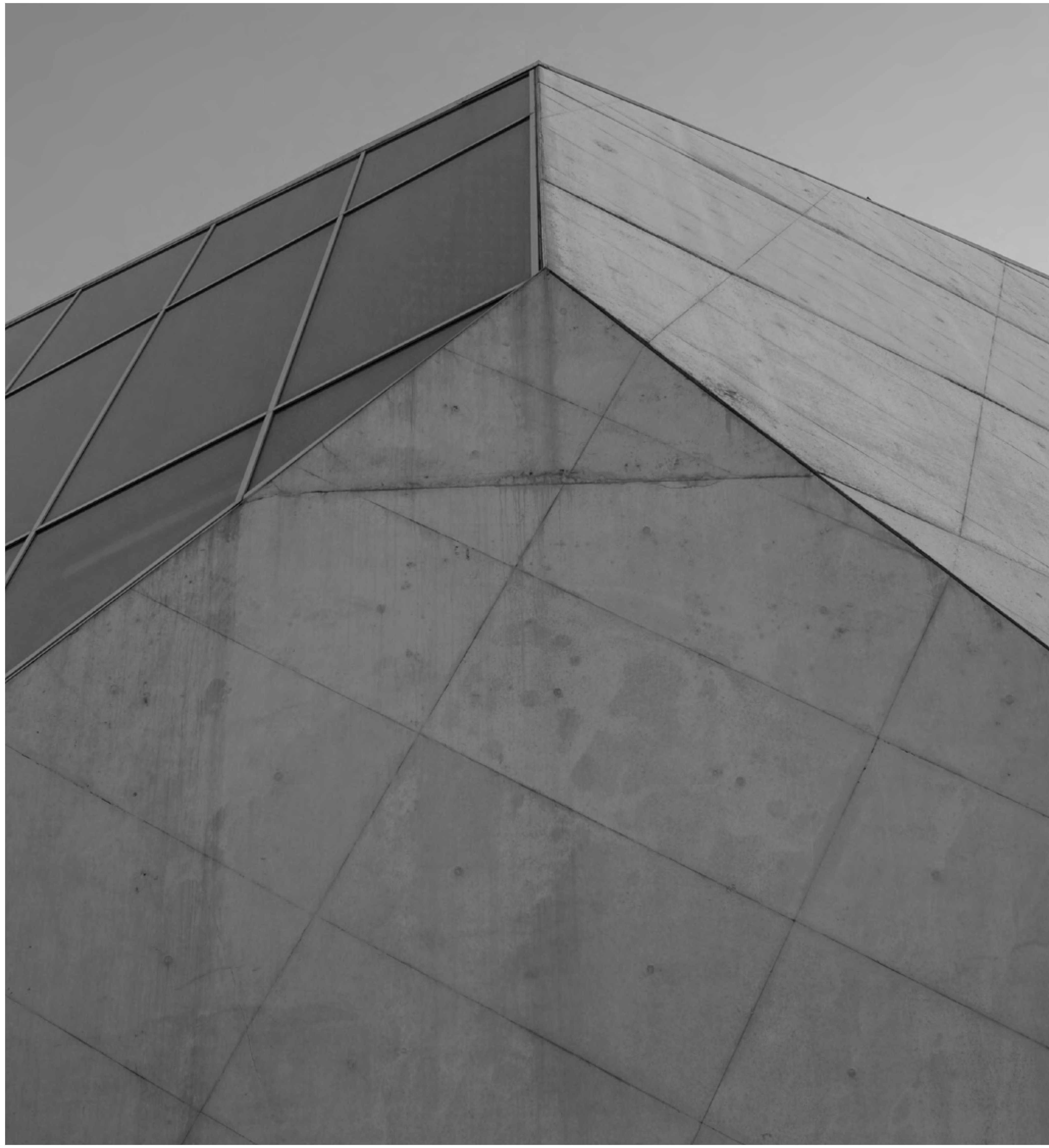
CONSOLIDATED FINANCIAL STATEMENTS

The Notes to the consolidated financial statements are organised in 11 blocks, aggregated according to the relevance of their joint reading for the understanding of the Company's performance, financial position, and movements in cash flows for the periods presented.

The relevant accounting policies and main judgements and estimates for each caption of the financial statements are disclosed at the beginning of the respective Note.

The following symbols are used in the presentation of the Notes to the financial statements:

!!	This symbol indicates the disclosure of management policies specifically applicable to the items in the respective Note.
≡	This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.
ϒ	This symbol indicates the disclosure of the estimates and/or judgments made regarding the items in the respective Note.
»	This symbol indicates a reference to another Note or another section of the Financial Statements where more information about the items disclosed is presented.



1.1 The Group

The SECIL Group (the Group) comprises Secil – Companhia Geral de Cal e Cimento, S.A. (the Company or Secil) and its subsidiaries. Secil, based in Outão, Setúbal, was incorporated on 27 June 1918 and its main activity is the manufacture and sale of cement, produced in its factories in Outão, Maceira and Pataias, and distributed by the various commercial warehouses located throughout the country.

Secil leads a business Group with operational activities in Portugal, Spain, Holland, Cape Verde, Tunisia, Angola, Lebanon and Brazil, of which we highlight the following: (i) cement production at factories located in Gabès (Tunisia), Lobito (Angola), Beirut (Lebanon), Pomerode (Brazil) and Adrianopolis (Brazil), (ii) the production and sale of concrete in Portugal, Spain, Tunisia, Lebanon and Brazil and (iii) the production of aggregates and the operation of quarries in Portugal and Cape Verde.

» A more detailed description of the Group activity in each business line is disclosed in **Note 2.1** – Revenue.

Secil is included in the consolidation perimeter of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A., the parent company, and of Sodim - SGPS, S.A., the ultimate controlling entity.

1.2 Relevant events of the period

Disposal of Investments in subsidiaries

In January 2022, the Secil Group acquired, through its subsidiary Ciments de Sibline, S.A.L., 100% of the share capital of Trancim, S.A.L..

In June 2022, Secil sold the shareholding in the subsidiary Silonor, S.A. which was 100% owned in the period ended 31 December 2021.

In December 2022, Secil sold its 50% shareholding in Allmicroalgae - Natural products, S.A..

The impacts of these acquisitions and sales are detailed in notes 10.2 and 10.3 respectively.

Invasion of Ukraine by Russia

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements.

In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents and, in some cases, Belarus. In turn, Russia also started retaliation with economic measures, especially affecting the operations of foreign companies located in Russia and with Russian counterparts.

The change in the European macroeconomic and geopolitical framework resulting from this conflict increased uncertainty and insecurity in global terms, witnessing: i) the suspension and/or disruption of business with entities based or originating in Russia and Ukraine; ii) increase in commodity prices, with emphasis on fossil fuels, metals and cereals; iii) increase in global economic uncertainty, with more volatility in exchange rates and interest rates and an increase in inflation rate. Possible energy supply risks, as well as disruptions in the supply of raw and subsidiary materials or in logistical means will continue to put pressure on the global economy and make it difficult for European industrial and transport operations to run smoothly.

Despite the general increase in costs, the Secil Group's agility in conducting its business policy was able to decisively offset this increase, thanks to a responsible price adjustment policy and an effective diversification strategy, as well as to increased productivity in its industrial assets and greater efficiency in the consumption of raw and subsidiary materials.

The Secil Group continues to analyse the potential impacts on its financial position, performance and cash flows of the Group resulting from this conflict, namely in what concerns relevant accounting estimates and judgements. No evidence of impairment resulted from this analysis.

1.3 Subsequent events

Between 1 January 2023 and 29 March 2023, no subsequent events occurred that provide additional information regarding conditions existing at the balance sheet date or that provide information on conditions that occurred after the balance sheet date.

1.4 Basis for preparation

Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors on 29 March 2023. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the Portuguese commercial legislation.

The Group's senior management, which are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in compliance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation scope.

Basis for accounting

The consolidated financial statements for the period ended 31 December 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Board (IASB) and interpretations issued by the International Financial Reporting Interpretations

Committee (IFRIC), effective 1 January 2022 and as adopted by the European Union.

Comparability

As presentes demonstrações financeiras são comparáveis em todos os seus aspetos materialmente relevantes com as do exercício anterior de 2021.

Basis for measurement

The notes to the consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation perimeter (Note 10.1) and based on historical cost, except for financial instruments measured at fair value through profit or loss or at fair value through equity (Note 8.3), in which derivative financial instruments are included (**Note 8.2**).

Basis for consolidation

Subsidiaries

Subsidiaries are all the entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, the variable returns generated as a result of its involvement with the entity and has the ability to affect those variable returns through the power it exercises over the entity's relevant activities.

Shareholder's equity and net profit/(loss) of these companies, corresponding to the third-party investment in such companies, are presented under the caption Non-controlling interests, respectively in the Consolidated Statement of Financial Position, in a separate component of shareholder's equity, and in the Consolidated Income Statement. Companies included in the consolidated financial statements are detailed in **Note 10.1**.

The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets transferred, the equity instruments issued, and liabilities incurred or assumed on the acquisition date.

The identifiable assets acquired, and the liabilities and contingent liabilities undertaken in a business combination are initially measured at fair value at acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost, regarding the fair value of the Group's share of identifiable assets and liabilities acquired, is recorded as Goodwill when the Group acquires control, as described in **Note 3.1**.

Subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity under the caption Retained earnings (**Note 5.4**).

When, at the date of acquisition of the control, the Group already holds a previously acquired interest, the fair value of such interest contributes to the determination of goodwill or badwill.

When the control acquired is less than 100%, in the application of the purchase method, non-controlling interests can be measured at fair value or at the ratio of the fair value of the assets and liabilities acquired, being that option defined according to each transaction.

In the case of disposals of interests, resulting in a loss of control over a subsidiary, any remaining interest is revalued to the market value at the date of sale, and the gain or loss resulting from such revaluation, is recorded against income, as well as the gain or loss resulting from such disposal.

Subsequent transactions in the disposal or acquisition of non-controlling interests, which do not imply a change in control, do not result in the recognition of gains, losses or Goodwill. Any difference between the transaction value and the book value is recognised in Equity, in Other equity instruments.

The acquisition cost is subsequently adjusted when the acquisition/attribution price is contingent upon the occurrence of specific events agreed with the seller/shareholder (e.g. fair value of acquired assets).

Any contingent payments to be made by the Group are recognised at fair value at the acquisition date. If the undertaken obligation constitutes a financial liability, subsequent changes in fair value are recognised in profit and loss. If the undertaken obligation constitutes an equity instrument, there is no change in the initial estimation.

The negative profit/ (loss) generated in each period by subsidiaries with non-controlling interests are allocated to the percentage held by them, regardless of whether they assume a negative balance.

If the acquisition cost is below the fair value of the net assets of the subsidiary acquired (Badwill), the difference is recognised directly in the Income statement, under the caption Other operating income. Transaction costs directly attributable are immediately recorded in the income statement.

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between Group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

Subsidiaries' accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group.

Associates

Associates are all the entities in which the Group exercises significant influence but do not have control, which is generally the case with investments representing between 20% and 50% of the voting rights. Investments in associates are equity accounted.

In accordance with the equity accounting method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' shareholders' equity (including net income/ loss) and by dividends received.

The difference between the acquisition cost and the fair value of the associate's identifiable assets, liabilities and contingent liabilities on the acquisition date, if positive, are recognised as Goodwill and recorded under the caption Investments in associates. If these differences are negative, they are recorded as income for the period under the caption Group share of (loss)/gains of associates. Transaction costs directly attributable are immediately recorded in the income statement.

An evaluation of investments occurs when there are signs that the asset could be impaired, and any identified impairment losses are recorded under the same caption. When the impairment losses recognised in prior periods no longer exist, they are reversed.

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name. Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

Associate's accounting policies are changed whenever necessary to ensure consistency with the policies adopted by the Group. Investments in associates are disclosed in **Note 10.3**.

Joint ventures

Joint ventures are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Joint ventures are accounted and measured using the equity method.

Joint operations are accounted in the Group's consolidated financial statements, based on the share of jointly held assets and liabilities, as well as the income from the joint operation, and expenses incurred jointly. Assets, liabilities, income and expenses should be accounted for in accordance with the applicable IFRS.

A jointly controlled entity is a joint venture involving the establishment of a company, partnership or other entity in which the Group has an interest.

Jointly controlled entities are included in the consolidated financial statements under the equity method, according to which financial investments are recorded at cost, adjusted by the amount corresponding to the Group's interest in changes in shareholders' equity (including net profit/(loss)) and dividends received.

When the share of loss attributable to the Group is equivalent or exceeds the value of the shareholding in joint ventures, the Group recognises additional losses if it has assumed obligations or if it has made payments for the joint ventures.

Unrealised gains and losses between the Group and its joint ventures are eliminated in proportion to the Group's interest in joint ventures. Unrealised losses are also eliminated unless the transaction gives additional evidence of impairment of the transferred asset.

The accounting policies of joint ventures are amended, when necessary, to ensure that they are applied consistently with those of the Group.

Presentation currency and transactions in a currency other than the presentation currency and hyperinflationary economies

The items included in the financial statements of each one of the Group's foreign entities are measured using the currency of the economic environment in which the entity operates (functional currency).

These consolidated financial statements are presented in Euro.

All the Group's assets and liabilities denominated in currencies other than the reporting currency have been translated to Euro using the exchange rates ruling at the date of the Statement of financial position (**Note 8.1.1**).

The currency differences arising from differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or at the date of the consolidated financial position, are recorded as income and expenses (**Notes 5.10**).

The income captions of foreign transactions are translated at the average rate for the period. The differences arising from the application of these rates, as compared with the balance prior to the conversion, are reflected under the Currency exchange reserve caption in shareholders' equity (**Note 5.4**). Whenever a foreign entity is sold, the accumulated exchange difference is recognised in the consolidated income statement as part of the gain or loss on the sale.

For foreign operations in hyperinflationary economies, the financial statements in local currency are restated in terms of the measuring unit current at the statement of financial position date to reflect the impact of inflation before translation into the Group's presentation currency. IAS 29 – Financial Reporting in Hyperinflationary Economies requires that amounts not yet expressed in terms of the measuring unit current at the financial position date are restated by applying a general price index, leading to a potential gain or loss on the monetary position. The standard also requires that all items in the statement of cash flows are expressed in terms of the measuring unit current at the balance sheet date.

When the Group's presentation currency is not hyperinflationary, IAS 21 – The Effects of Changes in Foreign Exchange Rates requires comparative amounts to be those that were presented in previous financial statements, with the gain or loss on the net monetary position relating to price changes in prior periods being recognised directly in Equity.

Furthermore, the Group assesses the carrying amount of non-current assets in accordance with IAS 36 – Impairment of Assets, so that the restated amount is reduced to the recoverable amount, ensuring that the carrying amount reflects the economic value of the assets.

The profit and loss and financial position of foreign operations in hyperinflationary economies are translated at the closing rate at the date of the financial position. In the case of Lebanon, the Group uses the exchange rate applicable to dividends and capital repatriation, because it is the rate at which, at the date of the financial position, the investment in the foreign operation will be recovered.

As at 31 December 2022 and 2021, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	31/12/2022	31/12/2021	Valuation / (devaluation)
TND (Tunisian dinar)			
Average exchange rate for the period	3.2535	3.2889	1.08%
Exchange rate at the end of the period	3.3342	3.2673	(2.05%)
LBP (Lebanese pound)			
Average exchange rate for the period	44,903.90	31,316.40	(43.39%)
Exchange rate at the end of the period	44,903.90	31,316.40	(43.39%)
USD (American dollar)			
Average exchange rate for the period	1.0534	1.1828	10.94%
Exchange rate at the end of the period	1.0666	1.1326	5.83%
BRL (Brazilian real)			
Average exchange rate for the period	5.4409	6.3773	14.68%
Exchange rate at the end of the period	5.5680	6.3199	11.90%
AOA (Angolan kwanza)			
Average exchange rate for the period	486.7246	751.3343	35.22%
Exchange rate at the end of the period	544.6434	632.4237	13.88%

1.5 IFRS adopted and to be adopted

Standards, amendments and interpretations adopted in 2021

Standards, amendments and interpretations adopted in 2021	
Reference to the Conceptual Framework (Amendments to IFRS 3)	In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)	In May 2020, the IASB issued Property, Plant and Equipment–Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss. The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.

Standards, amendments and interpretations adopted in 2021	
Onerous Contracts – Cost of Fulfilling a Contract	In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.
Annual Improvements to IFRS Standards 2018 – 2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs: (a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; (b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9); (c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and (d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41. The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The above standards, amendments and interpretations had no impact on the financial statements.

Standards, amendments and interpretations of mandatory application on or after 1 January 2022

Standard	Amendment	Date of application
No impact expected on the financial statements		
Standards and amendments endorsed by the European Union which Secil has opted not to apply early		
Amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2: Accounting policy disclosures	Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023 but may be applied earlier.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.	1 January 2023

Standard	Amendment	Date of application
No impact expected on the financial statements		
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations–transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligation. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.	1 January 2023
Standards and amendments not yet endorsed by the European Union		
Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	IASB issued on 23 January 2020 an amendment to IAS 1 – Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current. The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period. The amendments aim to: a. specify that an entity's right to defer settlement must exist at the end of the reporting period; b. clarify that ratios that the entity is required to meet after the balance sheet date (i.e. future covenants) do not affect the classification of a liability at the balance sheet date. However, when non-current liabilities are subject to future ratios, entities should disclose information that enables users to understand the risk that those liabilities will be repaid within 12 months after the balance sheet date; and c. clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments. This amendment is effective for periods starting on 1 January 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: • On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right-of-use it retains. A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The Amendments shall be applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

1.6 Significant estimates and judgements

The preparation of consolidated financial statements requires the use of estimates and judgements that affect the amounts of income, expenses, assets, liabilities and disclosures at the date of the consolidated financial position. To that end, the Group's Board of Directors estimates, and judgements are based on:

(i) the best information and knowledge of current events and in certain cases on the reports of independent experts; and

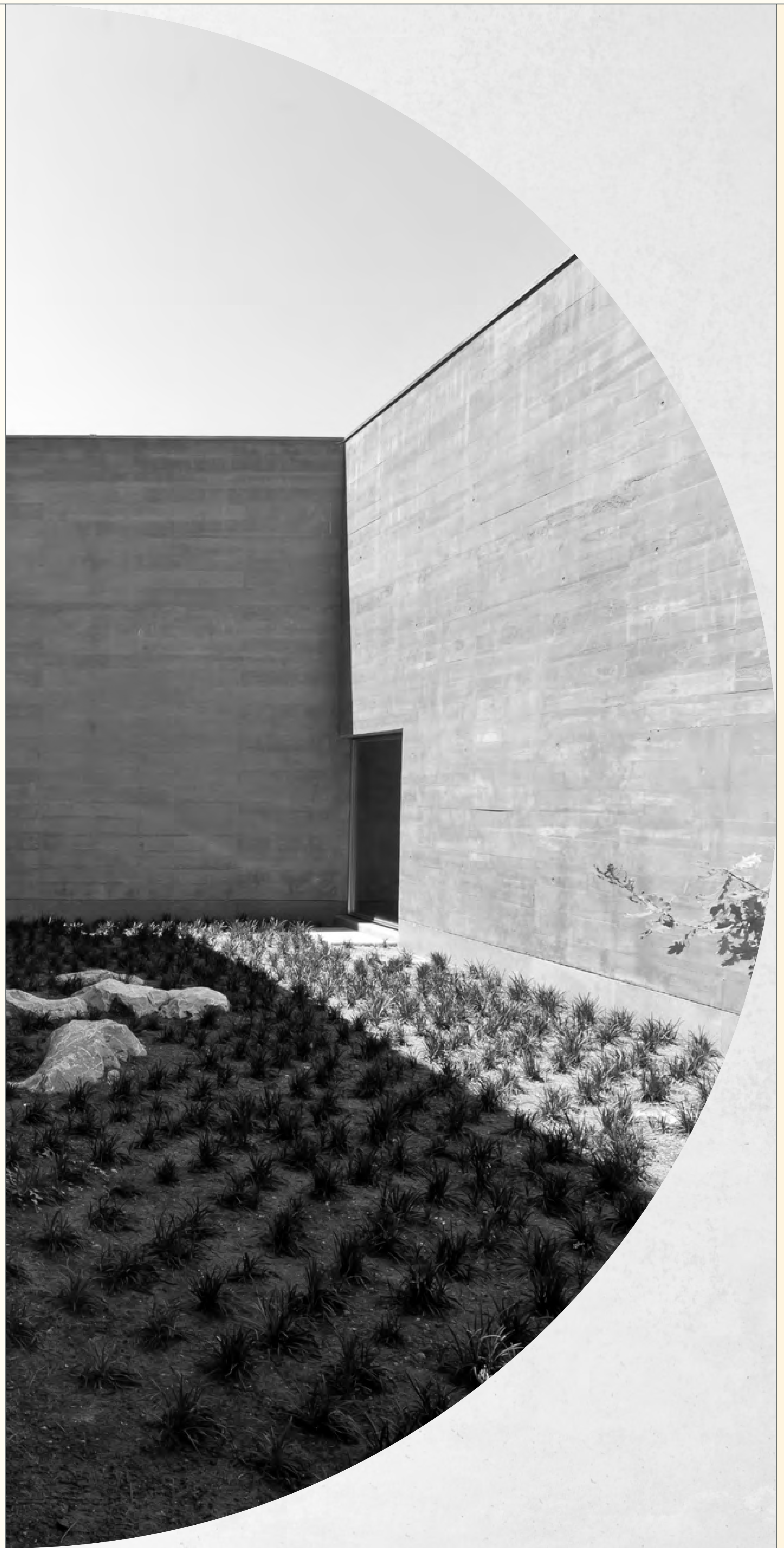
(ii)the actions that the Group considers it may have to take in the future.

On the date on which the operations are realised, the outcome could differ from those estimates.

Main estimates and judgements

The estimates and assumptions which present a significant risk of generating a material adjustment to the book value of assets and liabilities in the following period are presented below::

Estimates and judgements	Notes
Recoverability of goodwill and brands	3.1 – Goodwill 3.2 - Intangible assets
Uncertainty over the income tax treatment	6.1 – Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 – Employee benefits
Recognition of provisions	9.1 – Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment



02

Operational performance

2.1 Revenue

Business management policy

!! Business management policy

Secil's Executive Committee and the different subsidiaries are the main responsible for the Group's operational decisions, periodically and consistently analysing the reports on the financial and operating information of each geographical segment. The reports are used to monitor the operational performance of its business and to decide on the best allocation of resources to the segment, as well as the evaluation of its performance and strategic decision-making.

Five operating segments have been identified, based on the geographical areas from which the Group operates: Portugal, Lebanon, Tunisia, Brazil and Angola. It should be noted that the geography of Portugal includes Cape Verde, the Netherlands and Spain, as exports to these countries are made from Portugal and are monitored together with domestic sales.

Accounting policies

Revenue

The Group presents in this Note the revenue broken down by geographical area, based on the country of destination of the goods and services sold by the Group.

Amounts in Euro	Note	'22	'21
Revenue	2.1	602,980,604	495,863,777
Other operating income	2.2	94,205,494	66,357,184
		697,186,098	**562,220,961**
Cost of goods sold and materials consumed	4.1	(221,631,246)	(150,103,844)
Variation in production	4.1	9,687,461	3,313,990
External supplies and services	2.3	(187,638,327)	(157,576,119)
Payroll costs	7.1	(78,357,311)	(71,518,539)
Other operating expenses	2.4	(6,425,295)	(3,786,156)
		(484,364,718)	**(379,670,668)**
		212,821,380	**182,550,293**

Cement

A significant part of Secil Group revenue relates to the sale of grey cement, in bulk or bagged, in pallets or packets. The form of cement packaging and delivery point depends on the size of the customer and the product's end-use.

Secil Group's main customers are industrial companies in the area of concrete, prefabricated and civil construction and consortia associated with the construction of highly complex technical works such as dams and bridges. The sale of bagged cement to the end consumer is residual and is assured through local resellers.

Secil supplies its products in its factories and trading hubs and ensures transport to the customer's premises by subcontracting the transport, in which case there are two performance obligations, to which Secil allocates the transaction price based on the sales price.

The revenue recognised for the sale of cement in trading hubs results from the price lists in force adjusted by cash discounts and quantity discounts, granted to customers, depending on whether they are resellers or industrial customers, as described in the general terms and conditions of sale. For large customers and specific projects, the prices and discount conditions are fixed by contract, on an individual basis.

The discounts granted are a variable component of the price which is considered in determining the revenue recorded on the date of delivery of the product to the customer, which corresponds to the date of transfer of control of the products.

On the export side, the transfer of control of the products generally takes place when there is a transfer of control to the customer, according to the Incoterms negotiated.

Materials

The materials business line concerns cement "derivatives": ready-mixed concrete, aggregates, mortars and prefabricated concrete.

Revenue from materials is recognised on the date of delivery of the product to the customer, even if the contract involves phased deliveries, due to the different stages of the work and quantities to be moved.

Revenue is recognised by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced according to quantities sold, less quantity discounts (rappel) which are reliably estimated.

With regards to mortars, the rental of site equipment for the storage, mixing and application of mortars corresponds to a separate performance obligation with a stand-alone sales price less any discounts granted.

Prefabricated concrete essentially refers to the marketing of standard prefabricated materials, and there is no production of prefabricated materials at the specific request of customers. In this business area the Group recognises the revenue of all products with the delivery of the product to the customer.

Revenue by geographical segment, based on the country of destination of the goods and services by the Group

In 2022 and 2021, the Group's revenue, based on the destination of goods and services sold, is as follows:

Amounts in Euro	'22	'21
Portugal	300,923,948	270,073,035
Rest of Europe	53,324,022	40,838,204
America	126,998,735	90,554,519
Africa	92,542,694	69,877,919
Asia	29,191,206	24,520,101
	602,980,604	495,863,777

2.2 Other operating income

In 2022 and 2021, Other operating income is detailed as follows:

Amounts in Euro	'22	'21
Gains on the sale of non-current assets	5,271,229	4,918,510
Grants – CO_2 emission allowances	73,448,882	37,199,306
Disposal of CO_2 emission allowances (**Note 3.2**)	-	5,194,370
Income from waste management	1,220,385	1,049,311
Own work capitalised	2,840,893	2,994,607
Supplementary income	597,379	876,774
Operating grants	950,092	401,464
Compensations	4,620,245	-
REN - Power interruptubility	-	4,392,012
REN - Regulation Reserve Band	2,247,044	-
Compensatory interest (tax disputes)	942,264	3,052,898
Other operating income	2,067,081	6,277,932
	94,205,494	**66,357,184**

In 2022, the caption Gains on disposal of non-current assets mainly includes the gain on the sale of 100% of the shares in the subsidiary Silonor, S.A. by Secil. (Euro 1,993,480) and the sale of the 50% shareholding in the joint venture Allmicroalgae - Natural products, S.A. (Euro 1,910,180) as described in **notes 10.2 and 10.3.** In 2021, this caption mainly includes the gain from the sale by Secil of 100% of the shareholding in the subsidiary Secil Prebetão - Prefabricados de betão, S.A. (Euro 1,434,537) and the gain from the sale of assets of Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A. (Euro 2,420,099).

The amount presented in Grants – CO2 emission allowances, corresponds to the recognition in the income statement of the grant from the allowances allocated for free (as described in **Note 3.2**).

2.3 External supplies and services

In 2022 and 2021, External supplies and services are detailed as follows:

Amounts in Euro	'22	'21
Energy and fluids	42,962,297	39,026,799
Transport of goods	56,736,942	45,670,110
Specialised services	40,860,845	35,250,549
Maintenance and repair	26,047,600	20,044,946
Miscellaneous services	15,457,125	11,714,057
Fees	611.123	824.239
Insurance	4,239,012	3,779,154
Subcontracts	86.482	817.079
Other	636.901	449.186
	187,638,327	**157,576,119**

Audit fees

In 2022 and 2021, the fees invoiced and recognised in expenses are as follows:

	'22		'21	
Amounts in Euro	Expenses for the period	Fees invoiced	Expenses for the period	Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Statutory audit and audit services	296,443	278,492	300,084	261,353
Other reliability assurance services	74,549	22,200	30,760	26,574
Other services	10,000	10,000	-	-
	380,992	**310,692**	**330,844**	**287,927**

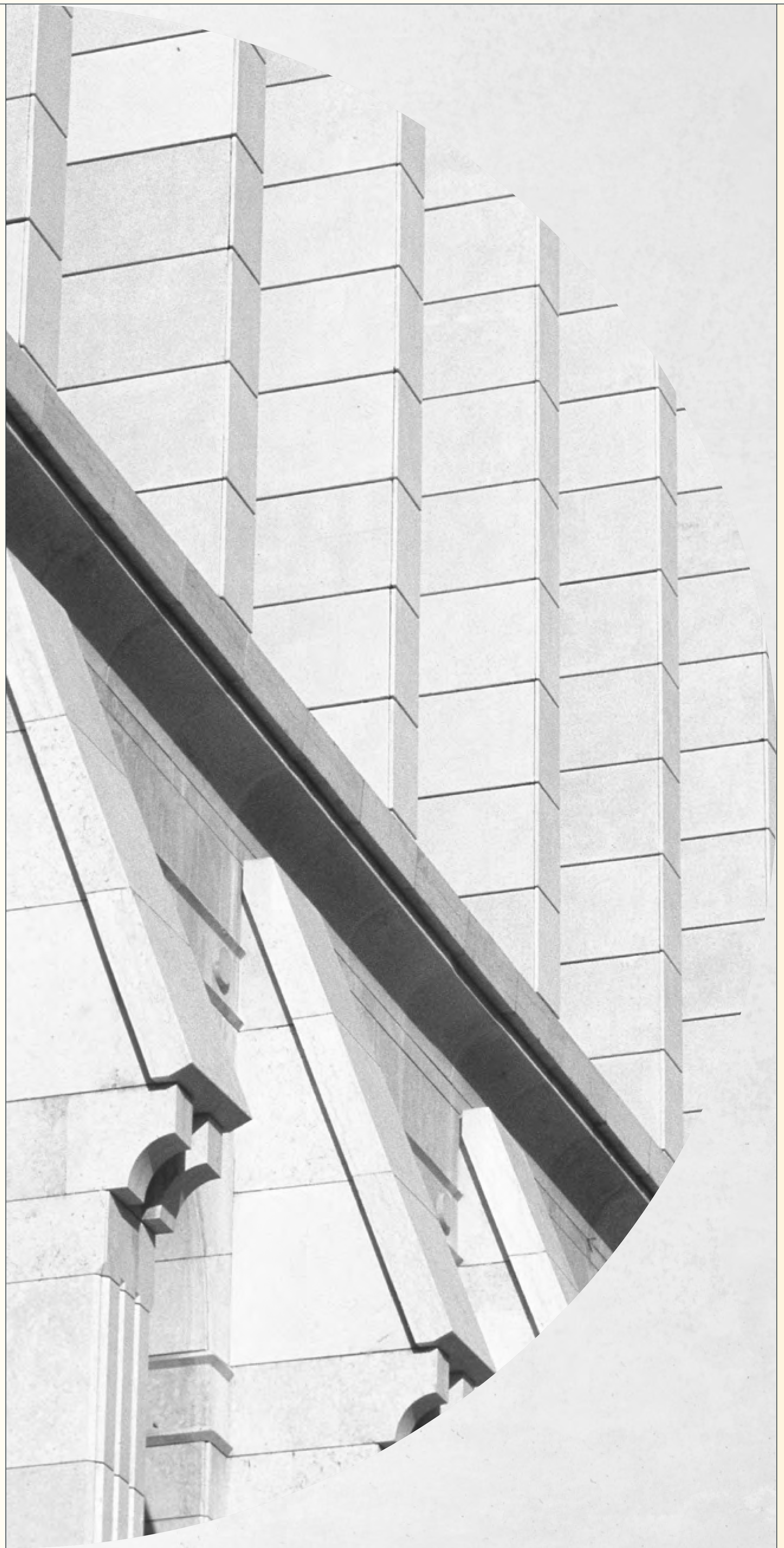
The services indicated as other reliability assurance services relate essentially to the issue of reports on financial information.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Audit Board process analysis of the work proposed and careful definition of the work to be performed by the auditors.

2.4 Other operating expenses

In 2022 and 2021, Other operating expenses are detailed as follows:

Amounts in Euro	'22	'21
Impairment of receivables (**Note 8.1.4**)	1,861,815	155,856
Impairment of inventories (**Note 4.1**)	(132,772)	(390,847)
Donations	565,173	539,554
Bank charges	703,146	539,478
Losses on the disposal of non-current assets	35,759	212,792
Indirect taxes	1,162,756	1,172,855
Levies	641,307	522,498
Fines and penalties	108,615	98,621
Other operating costs	1,479,496	935,349
	6,425,295	**3,786,156**



03

Investments

3.1 Goodwill

Accounting policies

Goodwill represents the difference between the fair value of the cost of acquisition and the fair value of identifiable assets, liabilities and contingent liabilities of the subsidiaries included in the consolidation, by the full method on the acquisition date and is allocated to each Cash Generating Unit (CGU) or to the lower group of CGUs to which it belongs.

Amortisation and impairment	Goodwill is not amortised. The Group annually carries out impairment tests to the goodwill, or where there are signs of impairment. Recoverable amounts of cash flow units are determined, based on the calculation of usage values and fair value less cost of sale. Impairment losses on goodwill cannot be reversed.
Disposals and loss of control	Gains or losses arising from the sale or loss of control over an entity or business to which Goodwill is allocated include the amount of the corresponding goodwill.
Acquisitions in a currency other than the presentation currency	Goodwill generated on the acquisition of a foreign entity is recorded in the functional currency of that entity and converted into the reporting currency of the Group (Euro), at the exchange rate prevailing at the balance sheet date. Exchange differences generated in this conversion are recorded under Currency exchange reserve (**Note 5.4**) as other comprehensive income.
Tax deductibility	Derived from the current tax legislation in Portugal, it is not expected that Goodwill generated or to be recognised will be tax deductible. In other geographies where the Group operates, a differentiated tax treatment is applied.

Amounts in Euro	Note	'22	'21
Statement of financial position			
ASSETS			
Goodwill	3.1	121,631,847	134,765,512
Intangible assets	3.2	183,753,886	89,437,689
Property, plant and equipment	3.3	432,174,474	400,570,737
Right-of-use assets	3.4	40,649,749	43,450,287
Investment properties	3.5	274,941	275,707
Non-current assets held for sale	3.6	1,008,000	4,162,459
		779,492,897	**672,662,391**
Income statement			
Depreciation, amortisation and impairment losses	3.7	(58,549,558)	(36,198,636)

Accounting estimates and judgements

Impairment tests

For impairment tests of CGUs, the recoverable amount was determined based on the value in use, according to the discounted cash flow method. The recoverable amount of CGUs is derived from assumptions related to the activity, namely sales volumes, average selling prices and variable costs, that in the projection periods result from a combination of economic forecasts for the regions and markets where the Group operates, industry forecasts, including changes in the markets derived from changes in installed capacity for each operational activity, internal management projections and historical performance.

These projections result from budgets for the following period and estimates of cash flows for a subsequent period of four years, reflected in the approved Medium/Long-Term Plans, approved by the Board of Directors.

In its analysis, the Group identifies primarily the cash-generating units, which is included in the geographies where it operates.

In the development of the asset recovery analysis tests, differentiated projection assumptions were considered according to the relevant geographies.

Assumptions on the basis of the business plans

Assumptions (CAGR 2023-2027)	Portugal	Tunisia	Lebanon	Brazil	Angola
Volume of sales (kt)					
Reference	Cement and clinker				
CAGR Volume of sales (kt)	-0.38%	3.03%	16.45%	2.01%	3.95%
Average sales price ML/t					
Reference	Grey cement on internal market				
CAGR Average sales price ML/t	3.25%	5.68%	39.93%	3.99%	7.47%

Assumptions (CAGR 2022-2026)					
Volume of sales (kt)					
Reference	Cement and clinker				
CAGR Volume of sales (kt)	-0.06%	3.49%	7.26%	2.94%	3.97%
Average sales price ML/t					
Reference	Grey cement on internal market				
CAGR Average sales price ML/t	1.35%	1.68%	24.35%	5.10%	7.94%

Macroeconomic and financial assumptions

The main assumptions considered at the macroeconomic level are projections of GDP growth rate and inflation in the markets where the Group operates. The sources of forecasts are the IMF and Banco de Portugal.

The perpetuity growth rate reflects the Boards of Directors' vision in the medium and long-term for the different CGUs, bearing in mind the macroeconomic assumptions.

	31/12/2022			31/12/2021		
Financial assumptions	WACC rate	Tax rate	Perpetuity growth rate	WACC rate	Tax rate	Perpetuity growth rate
Portugal (EUR)						
Explicit planning period	6.48%	27.50%	-	4.47%	27.50%	-
Perpetuity	6.48%	27.50%	1.85%	6.30%	27.50%	1.71%
Tunisia (TND)						
Explicit planning period	17.50%	15.00%	-	12.65%	15.00%	-
Perpetuity	14.66%	15.00%	4.80%	13.62%	15.00%	5.00%
Lebanon (LBP)						
Explicit planning period	51.55%	17.00%	-	30.60%	17.00%	-
Perpetuity	35.70%	17.00%	22.89%	18.62%	17.00%	8.68%
Brazil (BRL)						
Explicit planning period	9.33%	34.00%	-	8.33%	34.00%	-
Perpetuidade	9.21%	34.00%	3.03%	8.80%	34.00%	3.06%
Angola (AOA)						
Explicit planning period	18.71%	25.00%	-	18.16%	25.00%	-
Perpetuity	17.17%	25.00%	6.38%	16.24%	25.00%	6.78%

Impairment tests

As a result of the impairment tests performed in 2022, an impairment loss of Euro 17,875,953 was recognised on the goodwill allocated to the Tunisia CGU, while no impairment loss was identified in any of the other CGUs. No impairment losses related to goodwill have been identified for 2021.

The impairment loss recognised in 2022 for the Tunisia CGU is mainly the result of the economic, political and social context in the country and its impact on the activities and results of Secil Group's entities in this region in 2022, as well as forecasts for the coming years.

Tunisia faces significant challenges, including high external and fiscal deficits, increasing debt and insufficient growth in order to reduce unemployment. Social instability persists and may worsen, and there is pressure on trade union demands. These circumstances have led to a downgrade of Tunisia's sovereign debt rating and an increase in country risk.

Moreover, the State deficit is reflected in public works and the real estate sector faces challenges as a result of financing difficulties (due to the fragility of the banking sector), with an impact on the volume of construction.

In this difficult context, the domestic cement market is estimated to have grown approximately 7% compared to the same period in 2021, continuing to be marked by very intense competition, due to the excess of installed capacity.

Sensitivity analysis

A sensitivity analysis was performed to the key assumptions (independently for each assumption) identified as follows:

Change in Enterprise Value due to	31/12/2022	31/12/2021
PORTUGAL		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-13.69%	-13.50%
Result:	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-7.28%	-7.24%
Result:	No impairment	No impairment

Change in Enterprise Value due to	31/12/2022	31/12/2021
TUNISIA		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-6.80%	-7.45%
Result:	Impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-4.04%	-4.18%
Result;	Imparidade	No impairment
LEBANON		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-7.88%	-6.23%
Result:	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-5.34%	-3.87%
Result:	No impairment	No impairment
BRAZIL		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-14.64%	-11.76%
Result:	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-7.68%	-6.16%
Result:	No impairment	No impairment
ANGOLA		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-1.48%	-5.33%
Result:	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-0.47%	-3.41%
Result:	No impairment	Sem imparidade

Goodwill – net amount

Goodwill is attributed to the Group's cash generating units (CGU's) that correspond to the geographies where the Group operates, as follows:

Amounts in Euro	'22	'21
Portugal	82,293,103	82,293,103
Lebanon	148,819	-
Tunisia	1,036,879	18,858,561
Brazil	38,153,046	33,613,848
	121,631,847	**134,765,512**

Amounts in Euro	'22	'21
Net amount at the beginning of the period	134,765,512	134,347,420
Disposals	148,819	-
Impairment (**Note 3.7 and Note 6.1**)	(17,875,953)	-
Exchange rate adjustment	4,593,469	418,092
Net amount at the end of the period	**121,631,847**	**134,765,512**

3.2 Intangible assets

Accounting policies

Intangible assets are stated at cost of acquisition, deducted of accumulated amortisation and impairment losses. Depreciation is calculated using the straight-line method, over a period between 3 to 5 years.

Greenhouse gas emission allowances (CO_2)

Given the absence of accounting standards for the recognition and measurement of CO_2 allowances, the policy defined by the management is as follows:

Recognition and initial measurement	The CO2 emission allowances attributed to the Group within the scope of the EU Emissions Trading System (EU ETS) 2021-2030, at no cost, are recorded under the caption Intangible assets, at fair value at the date of attribution, against a grant, recognized under the caption Payables and other current liabilities (Note 4.3). CO2 emission allowances acquired for use are recorded at their acquisition cost under the caption Intangible assets.
Subsequent measurement and impairment	CO2 emission allowances are measured at fair value. When the market value of the emission allowances falls significantly below its book value and such decrease is considered permanent, an impairment loss is recognised for emission allowances which the Group will not use in its operations against Depreciation, amortisation and impairment losses on non-financial assets (Note 3.7).
Recognition in the income statement	For the CO2 emission made, the Group records an expense under Provisions against a liability under Provisions (Note 9.1). The emission of CO2 is measured at the book value of the allowances held, according to the FIFO cost formula. If the emissions are settled in the following period with allowances in the portfolio allocated free of charge, a gain is recognised under Other operating income (Note 2.2), by the recognition of the corresponding grant, against Payables and other current liabilities (Note 4.3). On the date of settlement of the emissions made, with the delivery of the CO2 emission allowances, intangible assets and the provision constituted (Note 9.1) are derecognised. The sale of CO2 emission allowances gives rise to a gain or loss, calculated between the realisation value and the respective acquisition cost, deducted from the corresponding grant, recorded under Other operating income (Note 2.2) or Other operating expenses (Note 2.4), respectively.
Brands	
Recognition and initial measurement	Whenever brands are identified in a business combination, the Group records them separately and these are measured at fair value on the acquisition date. The fair value of brands recognised at the acquisition date is deducted from amortisation and accumulated impairment losses until 31 December 2017, in accordance with generally accepted accounting principles in Portugal.
Subsequent measurement and impairment	At cost less impairment losses. Brands are not subject to amortisation as their useful life is indefinite. The Group annually carries out impairment tests to the brands, or where there are signs of impairment.

Intangible assets developed internally

Development expenses are only recognised as intangible assets to the extent that the technical capacity to complete the development of the asset is demonstrated and that it is available for own use or commercialisation. Expenses that do not meet these requirements, namely research expenses, are recorded as costs when incurred.

Estimates and judgements contabilísticos

Brands – Impairment Test

For the purpose of impairment tests to brands, annual evaluations are prepared by an independent entity based on the income-split method, an after-tax cash flow model associated with brand influence (difference between the net margin of the brand less marketing investments and the related net margin of the generic brand), discounted to the valuation date based on a specific discount rate, considering the different expected market dynamics.

'22

Brand	Market	Discount rate	Perpetuity growth rate	Tax rate
Supremo Cimentos	Brazil	9.21%	3.03%	34.00%

'21

Brand	Market	Discount rate	Perpetuity growth rate	Tax Tax rate a Imposto
Supremo Cimentos	Brazil	8.80%	3.06%	34.00%

Impairment tests

As a result of the evaluations made in 2022 and 2021, no impairment loss was identified for the Supremo Cimentos brand.

Sensitivity analysis

Sensitivity analyses were performed on the fundamental assumptions considered in the evaluations performed, namely: 1) reduction of the EVA indicator by 5%, compared to the base scenario; and 2) a 50 base point increase in the WACC rate in Euro used in the scenario base. These sensitivity analyses were performed independently for each assumption. If these assumptions had been adopted for the brands identified, this sensitivity analysis would not determine any impairment loss.

Movements in intangible assets

The movements occurred in Intangible assets in the periods ended 31 December 2022 and 2021, including amortisation and impairment losses, are as follows:

GROSS AMOUNT	Brands	Industrial property and other rights	CO_2 emission allowances	Other intangible assets	Intangible assets under construction	Advance payments	Total
Balance as at 1 January 2021	**14,455,023**	**302.225**	**55,027,602**	**-**	**2,417,353**	**-**	**72,202,202**
Acquisitions/Attributions	-	-	48,558,892	-	4,149,036	2,737,943	55,445,871
Disposals	-	-	(2,905,080)	-	-	-	(2,905,080)
Allowances returned to the Licensing Management Entity	-	-	(32,204,852)	-	-	-	(32,204,852)
Adjustments, transfers and write-offs	(8.049)	27.763	-	-	(19.714)	-	-
Exchange rate adjustment	130.071	-	-	-	-	-	130.071
Balance as at 31 December 2021	**14,577,045**	**329.987**	**68,476,563**	**-**	**6,546,675**	**2,737,943**	**92,668,213**
Changes in the perimeter	-	-	-	291.951	-	-	291.951
Acquisitions/Attributions	-	-	114,025,920	-	16,176,789	-	130,202,709
Disposals	-	-	(64.011)	-	-	-	(64.011)
Allowances returned to the Licensing Coordinating Entity	-	-	(37,588,566)	-	-	-	(37,588,566)
Adjustments, transfers and write-offs	-	-	-	-	1.094.080	(1.094.080)	-
Exchange rate adjustment	1.968.477	-	-	(88.346)	-	-	1.880.131
Balance as at 31 December 2022	**16.545.521**	**329.987**	**144.849.906**	**203.605**	**23.817.544**	**1.643.863**	**187.390.427**
Accumulated amortisation and impairment losses							
Balance as at 1 January 2021	(2.889.396)	(307.579)	-	-	-	-	(3.196.975)
Depreciation and mortisation for the period (**Note 3.7**)	-	(7.535)	-	-	-	-	(7.535)
Exchange rate adjustment	(26.014)	-	-	-	-	-	(26.014)
Balance as at 31 December 2020	(2.915.410)	(315.114)	-	-	-	-	(3.230.524)
Depreciation and mortisation for the period (**Note 3.7**)	-	(12.322)	-	-	-	-	(12.322)
Exchange rate adjustment	(393.695)	-	-	-	-	-	(393.695)
Balance as at 31 December 2022	**(3.309.105)**	**(327.436)**	**-**	**-**	**-**	**-**	**(3.636.541)**
Net amount as at 31 December 2021	11.661.635	14.873	68.476.563	-	6.546.675	2.737.943	89.437.689
Net amount as at 31 December 2022	**13.236.416**	**2.552**	**144.849.906**	**203.605**	**23.817.544**	**1.643.863**	**183.753.886**

Brands

As at 31 December 2022 and 2021, the net value of the brands is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Supremo (Brazil)	13,236,416	11,661,635
	13,236,416	11,661,635

Greenhouse gas emission allowances (CO_2))

As at 31 December 2022 and 2021, the Group held CO2 allowances recorded in accordance with the policy described above, as follows:

	31/12/2022	31/12/2021
CO_2 allowances (ton)	2,326,945	2,349,519
Average unit value	62.2	29.1
	144,849,906	68,476,563
Market quotation	81.3	53.7

Greenhouse gas emission allowances (CO_2) – movements in the period

In the periods ended 31 December 2022 and 2021, the movement in greenhouse gas emission allowances is as follows:

	'22		'21	
Amounts in Euro	Tons	Amount	Tons	Amount
Opening balance	2,349,519	68,476,563	2,423,234	55,027,602
Allowances granted free of charge	1,355,323	113,860,685	1,440,082	48,558,892
Allowances disposed	-	-	(129,000)	(2,905,080)
Allowances returned to the Licensing Management Entity	(1,377,897)	(37,487,342)	(1,384,797)	(32,204,852)
Closing balance	2,326,945	144,849,906	2,349,519	68,476,563

No CO_2 allowances were sold during the period ended 31 December 2022. In the period ended 31 December 2021, the Group sold 129,000 tons of CO_2 allowances, respectively, for the amount of Euro 5,194,370 (**Note 2.2**).

Intangible assets in progress

In the periods ended 31 December 2022 and 2021, the Group capitalised internal costs in the amounts of Euro 2,553,654 and Euro 2,724,356, respectively, under the CCL - Clean Cement Line project, a project for the technological upgrade of its production unit in Outão, which uses more efficient mature technologies and innovative technologies that will allow the reduction of carbon emissions and a more efficient electric and thermal energy consumption.

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CONSOLIDATED FINANCIAL STATEMENTS

3.3 Property, plant and equipment

Accounting policies

The Group's property, plant and equipment consists of the basic equipment used in the extraction of limestone and gravel (crushers) and in the production of clinker, cement (kilns, mills) and concrete (concrete plants and loaders).

<table>
<tr><td>Recognition and initial measurement</td><td>Property, plant and equipment acquired up to 1 January 2019 (date of transition to IFRS) are recorded at acquisition cost, or acquisition cost revaluated in accordance with accounting principles generally accepted in Portugal, up to that date, less depreciation and accumulated impairment losses.
Property, plant and equipment acquired after transition date are recorded at acquisition cost, less depreciation and impairment losses.</td></tr>
<tr><td>Depreciation and impairment</td><td>Depreciation is calculated, using the straight-line method, from the moment the asset is available for use, using the rates that best reflect its estimated useful life.
The depreciation of exploration lands results from the estimated average useful life of reserves, considering the period of extraction.
<table>
<tr><td rowspan="6">Average estimated useful life (years):</td><td>Land</td><td>14</td></tr>
<tr><td>Buildings and other constructions</td><td>7 – 50</td></tr>
<tr><td>Basic equipment</td><td></td></tr>
<tr><td>Transportation equipment</td><td>6 – 20</td></tr>
<tr><td>Administrative equipment</td><td>4 – 16</td></tr>
<tr><td>Other Property, plant and equipment</td><td>4 – 20</td></tr>
</table>
The residual values of the assets and respective useful lives are reviewed and adjusted, when necessary, at the date of the consolidated statement of financial position. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment loss is recorded (**Note 3.7**).</td></tr>
<tr><td>Subsequent costs</td><td>Subsequent costs are included in the cost of acquisition of property, plant and equipment or recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the enterprise and their cost can be measured reliably.
Other expenses with repairs and maintenance are recognised as an expense in the period in which they are incurred.</td></tr>
<tr><td>Spare parts</td><td>Spare parts are considered strategic when the use of which is not intended for consumption in the production process and the use of which is expected to extend over more than one financial year, and maintenance parts considered as "critical replacement parts", are recognised in non-current assets as Property, plant and equipment. Respecting this classification, spare parts are depreciated from the moment they become available for use and are assigned a useful life that follows the nature of the equipment, where they are expected to be integrated, not exceeding the remaining useful life of these.
Maintenance parts of amounts considered intangible, and whose intended use is for less than one year, are classified as inventories.</td></tr>
<tr><td>Borrowing costs</td><td>Borrowing costs directly related to the acquisition or construction of property, plant and equipment are capitalised when their construction period exceeds one year, and form part of the asset's cost.
During the periods reported, no financial charges for loans directly related to the acquisition or construction of property, plant and equipment were capitalised.</td></tr>
<tr><td>Write-offs and disposals</td><td>Gains or losses arising from write-offs or disposals are determined by the difference between the proceeds from the disposals when applicable less transaction costs and the carrying amount of the asset and are recognised in the income statement as Other operating income (**Note 2.2**) or Other operating expenses (**Note 2.4**).</td></tr>
<tr><td>Government grants - Initial recognition and in the income statement</td><td>Government grants received to compensate the Group for investments made in Property, plant and equipment, are recorded as a deduction from assets and are recognised in income over the estimated useful life of the respective subsidised assets, deducted from the depreciation of the period, for presentation purposes.</td></tr>
</table>

Accounting estimates and judgements

Recoverability of Property, plant and equipment

The recoverability of property, plant and equipment requires the definition of estimates and assumptions by the Management, namely, when applicable, to the determination of the value in use to be considered in the impairment tests to the Group's cash generating units.

Useful life and depreciation

Property, plant and equipment present the most significant component of the Group's total assets. These assets are subject to systematic depreciation for the period that is determined to be their economic useful life. The determination of assets useful lives and the depreciation method to be applied is essential to determine the amount of depreciation to be recognised in the consolidated income statement of each period.

These two parameters are defined according to the best judgement of the Board of Directors for the assets and businesses in question, also considering the practices adopted by companies of the sector at the international level and the development of the economic conditions in which the Group operates.

The presence of production units located in countries with relevant political risk, including geographies with risk of/or effective conflict, requires greater monitoring and follow-up in the development of regular impairment testing.

Movements in property, plant and equipment

The movements occurred in Property, plant and equipment in the periods ended 31 December 2022 and 2021, including depreciation and impairment losses, are as follows:

Amounts in Euro	Land and natural resources	Landscape recovery	Buildings and other constructions	Equipment and other assets	Assets under construction	Advance payments	Investment grants	Total
ACQUISITION COST								
Balance as at 1 January 2021	**207,451,574**	**16,057,894**	**410,116,223**	**1,330,009,934**	**10,345,646**	**943,536**	**-**	**1,974,924,808**
Changes in the perimeter	(1,106,923)	-	(2,643,111)	(13,865,415)	-	-	-	(17,615,449)
Acquisitions	-	-	70,294	1,174,517	26,319,575	6,862,989	-	34,427,375
Disposals	(467,295)	-	(3,184,006)	(12,312,323)	(4,208)	-	-	(15,967,831)
Adjustments, transfers and write-offs	520,168	491,045	(1,469,709)	(5,143,691)	(12,113,691)	(940,237)	-	(18,656,116)
Hyperinflationary Economies (Lebanon)	17,423,483	142,797	4,883,434	49,324,921	566,288	18,524	-	72,359,447
Exchange rate adjustment	(13,394,043)	(133,327)	(8,079,722)	(48,609,656)	(205,825)	(117,145)	-	(70,539,718)
Balance as at 31 December 2021	**210,426,964**	**16,558,409**	**399,693,402**	**1,300,578,288**	**24,907,785**	**6,767,668**	**-**	**1,958,932,515**
Changes in the perimeter	-	-	(6,509,309)	(6,703,628)	(25,000)	-	-	(13,237,937)
Acquisitions	-	-	43,477	1,406,600	45,715,291	942,877	-	48,108,245
Disposals	(175,344)	-	(746,469)	(33,164,928)	-	-	-	(34,086,741)
Adjustments, transfers and write-offs	504,176	450,633	2,301,778	22,931,718	(18,468,501)	(5,080,751)	-	2,639,053
Hyperinflationary Economies (Lebanon)	2,561,401	196,318	25,476,858	83,674,472	261,606	(33,637)	-	112,137,018
Exchange rate adjustment	(2,819,309)	(63,003)	5,012,598	(7,647,111)	129,585	(17,420)	-	(5,404,660)
Balance as at 31 December 2022	**210,497,888**	**17,142,357**	**425,272,335**	**1,361,075,411**	**52,520,766**	**2,578,736**	**-**	**2,069,087,493**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Balance as at 1 January 2021	**(57,870,705)**	**(4,630,034)**	**(329,979,808)**	**(1,181,046,579)**	**1,809,596**	**(267,500)**	**(473,785)**	**(1,572,458,814)**
Changes in the perimeter	-	-	2,091,190	13,233,240	-	-	-	15,324,430
Depreciation for the period (**Note 3.7**)	(2,859,724)	(3,311,673)	(5,515,223)	(17,811,357)	-	-	118,516	(29,379,461)

Amounts in Euro	Land and natural resources	Landscape recovery	Buildings and other constructions	Equipment and other assets	Assets under construction	Advance payments	Investment grants	Total
Disposals	10,898	-	3,130,383	10,684,393	-	-	-	13,825,674
Impairment losses (**Note 3.7**)	1,614,061	-	-	1,010,731	-	-	-	2,624,792
Reversals of impairment losses (**Note 3.7**)	-	-	(592,583)	(429,384)	-	-	-	(1,021,966)
Adjustments, transfers and write-offs	52,754	88,675	7,327,020	16,212,377	-	-	-	23,680,826
Hyperinflationary economies (Lebanon)	(6,165,694)	(12,889)	(3,351,201)	(52,561,336)	-	-	-	(62,091,120)
Exchange rate adjustment	3,990,395	5,333	5,423,545	41,714,662	-	-	(74)	51,133,861
Balance as at 31 December 2021	**(61,228,014)**	**(7,860,588)**	**(321,466,678)**	**(1,168,993,252)**	**1,809,596**	**(267,500)**	**(355,343)**	**(1,558,361,778)**
Changes in the perimeter	-	-	5,656,139	5,683,105	-	-	-	11,339,244
Depreciation for the period (**Note 3.7**)	(2,988,552)	(2,978,343)	(5,984,996)	(19,388,016)	-	-	159,484	(31,180,423)
Grants received in the period	-	-	-	-	-	-	(52,300)	(52,300)
Disposals	701	-	694,992	17,789,285	-	-	-	18,484,978
Impairment losses (**Note 3.7**)	-	-	-	6,226,680	-	-	-	6,226,680
Reversals of impairment losses (**Note 3.7**)	-	-	-	(5,947,694)	-	-	-	(5,947,694)
Adjustments, transfers and write-offs	5,504	402	279,583	10,542,854	-	-	-	10,828,342
Hyperinflationary economies (Lebanon)	3,860,775	(28,564)	(15,504,277)	(97,846,221)	-	-	-	(109,518,287)
Exchange rate adjustment	2,429,701	5,040	787,496	18,045,860	-	-	124	21,268,220
Balance as at 31 December 2022	**(57,919,885)**	**(10,862,052)**	**(335,537,742)**	**(1,233,887,400)**	**1,809,596**	**(267,500)**	**(248,035)**	**(1,636,913,019)**
Net amount as at 31 December 2021	149,198,950	8,697,821	78,226,724	131,585,035	26,717,381	6,500,168	(355,343)	400,570,737
Net amount as at 31 December 2022	**152,578,002**	**6,280,305**	**89,734,593**	**127,188,011**	**54,330,362**	**2,311,236**	**(248,035)**	**432,174,474**

In the period ended 31 December 2022, industrial equipment acquired in 2016, which is fully impaired (**Note 3.6**), continues to be recognised as non-current assets held for sale.

In 2022 and 2021, the caption Adjustments, transfers and write-offs refer essentially to the transfer of investments in progress to the remaining captions of property, plant and equipment, made effective at the time they were available for the intended use.

» The commitments assumed by the Group for the acquisition of property, plant and equipment are detailed in **Note 9.2** – Commitments.

3.4 Right-of-use assets

Accounting policies

Recognition and initial measurement	At the date the lease enters into force, the Group recognises a right-of-use asset at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease incentives received; and iii) initial direct costs incurred. To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or its location may be added, when required by the lease agreement.
Depreciations, remeasurement and impairment	The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability. The useful life considered for each class of right-of-use assets is equal to the useful life of Property, plant and equipment (**Note 3.3**) in the same class when there is a call option, and the Group expects to exercise it.

Movements in right-of-use assets

In the periods ended 31 December 2022 and 2021, the movement in right-of-use assets and the related depreciation is as follows:

Amounts in Euro	Industrial property and other rights	Land and natural resources	Buildings and other constructions	Equipment and other assets	Total
ACQUISITION COST					
Balance as at 1 January 2021	**833,798**	**11,526,343**	**3,756,224**	**20,397,004**	**36,513,369**
Acquisitions (**Note 5.9**)	-	9,113,386	1,348,592	17,375,629	27,837,607
Adjustments, transfers and write-offs	(215)	(1,888,455)	(384,346)	(2,509,205)	(4,782,221)
Exchange rate adjustment	(0)	(55,559)	(141,418)	(16,445)	(213,423)
Balance as at 31 December 2021	**833,583**	**18,695,716**	**4,579,051**	**35,246,983**	**59,355,333**
Changes in the perimeter	-	(984,268)	-	-	(984,268)
Acquisitions (**Note 5.9**)	-	534,494	636,395	7,028,336	8,199,225
Adjustments, transfers and write-offs	-	(155,823)	(685,240)	(3,465,516)	(4,306,579)
Exchange rate adjustment	-	14,168	34,834	201,655	250,656
Balance as at 31 December 2022	**833,583**	**18,104,286**	**4,565,040**	**39,011,458**	**62,514,367**
ACCUMULATED AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES					
Balance as at 1 January 2021	**(140,517)**	**(2,816,104)**	**(1,644,412)**	**(5,615,432)**	**(10,216,466)**
Depreciation (**Note 3.7**)	(69,279)	(1,416,624)	(1,025,636)	(6,967,303)	(9,478,843)
Adjustments, transfers and write-offs	-	1,706,474	222,447	1,663,885	3,592,805
Exchange rate adjustment	-	31,329	145,397	20,731	197,458
Balance as at 31 December 2021	**(209,796)**	**(2,494,926)**	**(2,302,204)**	**(10,898,119)**	**(15,905,046)**
Changes in the perimeter	-	207,517	-	-	207,517
Depreciation (**Note 3.7**)	(69,435)	(1,398,874)	(1,021,873)	(8,535,137)	(11,025,320)
Adjustments, transfers and write-offs	-	72,729	429,521	4,500,202	5,002,451
Exchange rate adjustment	-	643	11,684	(156,548)	(144,221)
Balance as at 31 December 2022	**(279,231)**	**(3,612,911)**	**(2,882,873)**	**(15,089,603)**	**(21,864,618)**
Net amount as at 31 December 2021	623,787	16,200,790	2,276,847	24,348,864	43,450,287
Net amount as at 31 December 20212	554,352	14,491,375	1,682,167	23,921,855	40,649,749

3.5 Investment properties

Accounting policies

The Group classifies the assets held for the purpose of capital appreciation and/or the generation of rental income as investments properties in the consolidated financial statements.

Measurement	An investment property is initially measured by its acquisition or production cost, including the transaction costs that are directly attributable to it. After initial recognition, investment properties are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it is probable that it will result in future economic benefits to the entity comparing to those considered in initial recognition.

Movement in investment properties

The movements occurred in Investment properties in the periods ended 31 December 2022 and 2021, including amortisation, are as follows:

Amounts in Euro	Land	Buildings	Total
Gross amount			
Balance as at 1 January 2021	246,596	38,304	284,900
Balance as at 31 December 2021	246,596	38,304	284,900
Balance as at 31 December 2022	**246,596**	**38,304**	**284,900**
Accumulated amortisation and impairment losses			
Balance as at 1 January 2021	-	(8,428)	(8,428)
Amortisation and impairment losses (**Note 3.7**)	-	(766)	(766)
Balance as at 31 December 2021	-	(9,194)	(9,194)
Amortisation and impairment losses (**Note 3.7**)	-	(766)	(766)
Balance as at 31 December 2022	**-**	**(9,960)**	**(9,960)**
Net amount as at 31 December 2021	246,596	29,110	275,707
Net amount as at 31 December 2022	**246,596**	**28,344**	**274,941**

These assets consist essentially of land and buildings held for rental and/or capital valuation purposes and are not related to the Group's operating activity nor do they have any future use determined.

3.6 Non-current assets held for sale

Accounting policies

Non-current assets (or discontinued operations) are classified as held for sale if its value is realisable through a sale transaction rather than through its continuing use.

This is considered to be the case only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition, (ii) the Group has assumed a commitment to sell, and (iii) it is expected that the sale will take place within a period of 12 months.

Measurement and presentation	From the moment property, plant and equipment is classified as non-current assets held for sale, they are measured at the lower of book value or at fair value less costs to sell and their depreciation ceases. When the fair value less costs to sell is lower than the book value, the difference is recognised in the income statement under "Depreciation, amortisation and impairment losses on non-financial assets" (**Note 3.7**).
Disposals	Gains or losses on disposals of non-current assets, determined by the difference between the sale price and the respective net book value, are recognised in the income statement as Other operating income (**Note 2.2**) or Other operating expenses (**Note 2.4**).

Composition of Assets held for sale

As at 31 December 2022 and 2021, Assets held for sale are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Industrial equipment		
Gross amount	4,800,000	15,136,213
Accumulated impairment losses	(4,800,000)	(15,136,213)
Deferred tax assets	1,008,000	4,162,459
Assets held for sale	**1,008,000**	**4,162,459**

In 31 December 2022 and 2021, the assets disclosed as non-current assets held for sale correspond to the industrial equipment acquired to Insolvency Mass of CNE – Cimentos Nacionais ou Estrangeiros, S.A..

3.7 Depreciation, amortisation and impairment losses

In the periods ended 31 December 2022 and 2021, Depreciation, amortisation and impairment losses are detailed as follows:

Amounts in Euro	'22	'21
Depreciation of property, plant and equipment for the period	31,339,906	29,497,977
Use of investment grants	(159,484)	(118,516)
Depreciation of property, plant and equipment, net of grants used (Note 3.3)	**31,180,423**	**29,379,461**
PIS and COFINS on depreciation	(1,266,240)	(1,065,143)
Impairment of property, plant and equipment for the period (**Note 3.3**)	(278,985)	(1,602,826)
Impairment of goodwill (**Note 3.1**)	17,875,953	-
Amortisation of intangible assets for the period (**Note 3.2**)	12,322	7,535
Depreciation of right-of-use assets for the period (**Note 3.4**)	11,025,320	9,478,843
Depreciation of investment property (**Note 3.5**)	766	766
	58,549,558	**36,198,636**

04

Working capital

4.1 Inventories

Accounting policies

Goods and Raw Materials	
Initial measurement	The acquisition cost, which includes the expenses incurred until storage.
Subsequent measurement	At the lower of acquisition cost and net realisable value. The difference between cost and net realisable value, if lower, is recorded under "Inventory impairment".
Cost	Weighted average cost.
Finished and intermediate products and work in progress	
Valorização	At the lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) or their net realisable value. The net realisable value corresponds to the estimated selling price, after deducting estimated completion and selling costs. The difference between cost and net realisable value, if lower, is recorded under "Inventory impairment".
Custeio	Weighted average cost.

Amounts in Euro	Note	31/12/2022	31/12/2021
Statement of financial position			
ASSETS			
Inventories	4.1	92,390,804	71,371,000
Receivables and other non-current receivables	4.2	3,071,482	3,105,590
Receivables and other current receivables	4.2	119,774,003	93,998,015
LIABILITIES			
Payables and other non-current payables	4.3	9,403,349	7,462,387
Payables and other current payables	4.3	260,917,925	195,559,024
		485,557,563	**371,496,015**
Income statement			
Cost of goods sold and materials consumed	4.1	(221,631,246)	(150,103,844)
Impairment losses of inventories	4.1	(132,772)	(390,847)
Variation in production	4.1	9,687,461	3,313,990

Inventories - detail by nature

As at 31 December 2022 and 2021, inventories net of impairment losses are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Raw materials	49,471,382	42,524,965
Goods	16,531,565	10,487,262
Subtotal	66,002,947	53,012,227
Finished and intermediate products	24,947,257	17,228,029
Products and work in progress	1,435,766	1,126,487
Subtotal	26,383,023	18,354,516
Advance payment for purchases	4,834	4,257
Total	**92,390,804**	**71,371,000**

As at 31 December 2022 and 2021, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

Cost of goods sold and materials consumed in the period

The cost of goods sold and materials consumed recognised in the periods ended as at 31 December 2022 and 2021 is detailed as follow:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	53,012,227	42,906,482
Purchases	234,621,966	160,209,589
Closing balance	66,002,947	53,012,227
Custo das mercadorias vendidas e matérias consumidas	**(221,631,246)**	**(150,103,844)**

Variation in production in the period

The variation in production recognised in the periods ended 31 December 2022 and 2021 is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	(18,354,516)	(15,779,336)
Adjustments	1,390,153	412,083
Exchange rate adjustment	268,801	326,727
Closing balance	26,383,023	18,354,516
Variation in production	**9,687,461**	**3,313,990**

Movements in impairment losses on inventories

The movements in impairment losses on inventories during the periods ended 31 December 2022 and 2021, were as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	7,261,175	8,355,148
Increases	824,551	329,024
Reversals	(957,323)	(719,871)
Impact on profit for the period (Note 2.4)	(132,772)	(390,847)
Perimeter changes	-	(254,933)
Charge-off	(74,094)	72,552
Hyperinflationary economies	(2,359)	-
Exchange rate adjustment	(150,570)	(520,745)
Closing balance	**6,901,380**	**7,261,175**

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4.2 Receivables and other current assets

Accounting policies

Trade and other receivables	
Classification	Trade receivables result from the Group's main activities and the business model followed is "hold to collect", although sometimes the Group uses confirming. Balances from other debtors are typically from the "hold to collect" model.
Initial measurement	At fair value.
Subsequent measurement	At amortised cost, net of impairment losses.
Impairment from trade receivables	Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. The expected losses are determined on the basis of the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk (see **Note 8.1.4**).
Impairment of other receivables	Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9 (see **Note 8.1.4**).

Receivables and other current assets - detail

As at 31 December 2022 and 2021, Receivables and other current assets, net of accumulated impairment losses, are detailed as follows:

	31/12/2022			31/12/2021		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Trade receivables	-	70,135,124	70,135,124	-	56,370,752	56,370,752
Receivables - related parties (Note 10.4)	-	806,858	806,858	-	736,759	736,759
State	-	16,600,833	16,600,833	-	12,067,190	12,067,190
Advance payments to suppliers	-	4,111,064	4,111,064	-	6,047,344	6,047,344
Advance payments to investment suppliers	-	-	-	-	-	-
Accrued income	-	4,873,716	4,873,716	-	1,814,744	1,814,744
Accrued income - related parties (Note 10.4)	-	-	-	-	-	-
Deferred expenses	-	2,105,364	2,105,364	-	2,055,282	2,055,282
Derivative financial instruments (Note 8.2.2)	-	6,258,968	6,258,968	-	1,435,707	1,435,707
Securities provided to third parties	1,682,052	-	1,682,052	1,645,762	-	1,645,762
Deposit (collateral)	577,118	-	577,118	229,935	-	229,935
Lease assets	794,433	815,754	1,610,186	1,127,602	537,469	1,665,072
Pledge on deposits	-	4,815,516	4,815,516	-	4,693,095	4,693,095
Other	17,879	9,250,805	9,268,684	102,290	8,239,673	8,341,963
	3,071,482	**119,774.003**	**122,845.485**	**3,105,590**	**93,998,015**	**97,103,605**

» The amounts above are net of accumulated impairment losses. Analysis of impairment for Receivables and other current assets is presented in **Note 8.1.4** - Credit risk.

State - detail

As at 31 December 2022 and 2021, State is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Value Added Tax (VAT)	7,258,354	2,054,629
Tax on Circulation of Goods and Services ((ICMS):		
Programa Paraná Competitivo	1,474,947	1,477,913
ICMS – Other	418,413	720,250
PIS and COFINS on property, plant and equipment	7,423,957	7,725,406
Other taxes	25,162	88,991
	16,600,833	**12,067,190**

The Paraná Competitivo Programme, granted by the Paraná State Government to the subsidiary Margem - Companhia de Mineração, SA, refers to a tax incentive that has the following benefits: a) incremental Tax on goods and services (ICMS) instalment payment; b) deferral of ICMS payment for electric power and natural gas for a period of 96 months, starting in August 2015; c) instalment payment, until maturity, of the ICMS declared, in the event of judicial reorganisation; and d) granting of a presumed credit due to the performance of infrastructure work in Paraná.

In the period ended 31 December 2022 and 2021, the caption "PIS and COFINS under property, plant and equipment", in the amount of Euro 7,423,957 and Euro 7,725,406, respectively refers to the PIS and COFINS credit estimate of the subsidiaries Supremo Cimentos, SA and Margem Companhia de Mineração, SA, over specific items of property, plant and equipment as provided in Law 10,673/2002 (PIS) and Law 10,833/2003 (COFINS), which is being recovered at the same rate as the depreciation of the respective assets.

Accrued income - detail

As at 31 December 2022 and 2021, Accrued income is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Accrued income		
Interest receivable	23,909	13,758
Discounts on purchases	366,100	382,582
Grant receivable	78,363	-
Compensations receivable	4,062,997	1,363,452
REN remuneration - Regulation Reserve Band	187,856	-
Other	154,492	54,951
	4,873,716	**1,814,744**

Deferred expenses - detail

As at 31 December 2022 and 2021, Deferred expenses are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Deferred expenses		
Rentals	64,185	74,502
Insurance	1,610,177	1,578,799
Other	431,002	401,981
	2,105,364	**2,055,282**

4.3 Payables and other current liabilities

Accounting policies

Financial liabilities at amortised cost	
Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest on other financial liabilities at amortised cost" (Note 5.10).

Payables and other current liabilities - detail

Payables and other current liabilities as at 31 December 2022 and 2021 are detailed as follows:

Amounts in Euro	31/12/2022 Non-current	Current	Total
Trade payables - current account	-	86,147,534	86,147,534
Trade payables - related parties (Note 10.4)	-	7,688,892	7,688,892
State	-	47,965,743	47,965,743
Trade payables - investments - current account	-	6,722,815	6,722,815
Advance payments to customers	-	1,381,405	1,381,405
Other creditors	-	2,940,627	2,940,627
Accrued expenses	-	26,692,084	26,692,084
Accrued expenses - related parties (Note 10.4)	-	-	-
Deferred income	9,403,349	74,302,138	83,705,487
Derivative financial instruments (Note 8.2.2)	-	7,076,688	7,076,688
	9,403,349	260,917,925	270,321,274

Amounts in Euro	31/12/2021 Non-current	Current	Total
Trade payables - current account	-	86,834,852	86,834,852
Trade payables - related parties (Note 10.4)	-	5,024,373	5,024,373
State	-	34,463,337	34,463,337
Trade payables - investments - current account	-	4,487,617	4,487,617
Advance payments to customers	-	2,013,941	2,013,941
Other creditors	-	3,085,102	3,085,102
Accrued expenses	-	23,916,032	23,916,032
Accrued expenses - related parties (Note 10.4)	-	401,821	401,821
Deferred income	7,462,387	33,650,667	41,113,054
Derivative financial instruments (Note 8.2.2)	-	1,681,283	1,681,283
	7,462,387	195,559,024	203,021,411

State - detail

As at 31 December 2022 and 2021, State is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Withholding Income Tax	1,011,791	970,800
Value Added Tax	5,990,804	4,265,583
Contributions to Social Security	1,829,247	1,651,211
ICMS - Tax on the Movement of Goods and Services:		
Programa de Desenvolvimento da Empresa Catarinense (PRODEC)	781,096	653,577
Programa Paraná Competitivo	36,370,666	25,598,165
ICMS - Other	1,246,835	570,096
Other	735,304	753,905
	47,965,743	34,463,337

The amount presented as at 31 December 2022 and 2021 under the caption "Programa de Desenvolvimento da Empresa Catarinense (PRODEC)", in the amount of Euro 781,096 and Euro 653,577, respectively refers to a tax benefit attributed to the subsidiary Supremo Cimentos S.A., which consists of the deferral of the payment term of ICMS due on sales revenue. Payment will be made on the 10th day of the 48th month following the end of the ICMS calculation period (March 2010 to February 2025). The amounts presented are discounted to their present value.

Paraná Competitive Program, granted by the State Government of Paraná to the subsidiary Margem – Companhia de Mineração, refers to a tax incentive with the following benefits:

a) Instalment of incremental ICMS;

b) Deferred payment of ICMS regarding electric energy and natural gas for a period of 96 months, beginning on August 2015;

c) Instalment, until maturity, of the declared ICMS, in the case of judicial claim; and

d) Granting of deemed credit as per the execution of the infrastructure project in Paraná territory.

Accrued expenses - detail

As at 31 December 2022 and 2021, Accrued expenses are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Accrued expenses		
Payroll costs	12,304,519	11,304,654
Interest payable	1,773,396	2,603,188
Advisory	1,410,978	866,072
Electricity expenses	2,633,071	1,863,217
Other	8,570,120	7,278,900
	26,692,084	**23,916,032**

Deferred income - detail

As at 31 December 2022 and 2021, Deferred income is detailed as follows:

	31/12/2022		31/12/2021	
Amounts in Euro	Non-current	Current	Non-current	Current
Deferred income				
CO_2 emissions allowances	-	71,343,238	-	31,001,180
Waste management	-	2,403,668	-	1,623,479
Governments grants	9,403,349	507,422	7,462,387	758,879
Other	-	47,810	-	267,129
	9,403,349	**74,302,138**	**7,462,387**	**33,650,667**

Within the framework of the Portugal 2020 European funding and support programme, the Group signed an investment contract of a financial nature with Agência para o Investimento e Comércio Externo de Portugal, E.P.E. ("AICEP") to support the investment to be made by Secil, S.A., called "Clean Cement Line", for the development and demonstration of a new cement production technology, to be implemented at the Outão plant, which will allow the production of a low carbon clinker and, consequently, the creation of a range of cements with a low environmental footprint. The total forecasted investment amounts to Euro 86,339,792, with a maximum grant of euro 14,924,773, of which approximately Euro 11,443,580 is non-repayable. An amount of Euro 9,403,348 euros had already been received by 31 December 2022.

05

Capital structure

Amounts in Euro	Note	31/12/2022	31/12/2021
Statement of Financial Position			
Equity			
Share capital	5.2	100,395,212	100,395,212
Other equity instruments	5.3	32,300,000	72,800,000
Reserves	5.4	89,591,424	9,243,283
Retained earnigs	5.4	28,117,902	28,324,622
Profit for the period	5.5	16,468,002	66,305,752
		266,872,540	**277,068,869**
Liabilities			
Interest-bearing liabilities	5.6	375,227,211	329,081,019
Lease liabilities	5.7	37,997,062	41,606,271
Cash and cash equivalents	5.8	(69,001,851)	(75,222,758)
		344,222,422	**295,464,532**
Statement of Cash Flows			
Cash flows from financing activities	5.9	15,122,398	(139,275,414)
Income Statement			
Financial income and expenses	5.10	(32,264,447)	(28,361,913)

5.1 Capital management

Capital management policy

For capital management purposes, Equity and Net Debt raised by the Group from third parties are considered.

The Group's capital management policy aims to optimise the capital structure in order to:

a) Maintain adequate levels of financing for the operation and development of each business unit;

b) Reduce the cost of capital by minimising costs and boosting the Group's results

c) Provide shareholder return and timely compliance with creditors

d) Ensure the Group's liquidity and solvency.

O Grupo monitoriza o seu nível de endividamento essencialmente através do rácio de Dívida Líquida/EBITDA e do rácio de Autonomia Financeira.

The Group monitors its level of indebtedness essentially through the Net Debt/EBITDA ratio and the Financial Autonomy ratio.

The Group's policy is to contract local financing in order to maintain balanced financing structures in each geography, to foster relationships with the local financial market and to ensure natural hedging of exchange risk.

It is also the Secil Group's policy to renegotiate/renew financing before maturity in order to maintain an adequate level of available credit lines and debt maturities fixed for the medium/long term.

5.2 Share capital and theasury shares

Accounting policies

Share capital	
Recognition	Subscribed and unpaid capital is recorded under "Receivables and other current assets".
Issue of new shares	Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the amount received. The cost directly attributable to the issue of new shares options for a business acquisition are included in the acquisition cost, as part of the purchase price.
Own shares	
Recognition	At acquisition value, as a reduction of equity.
Acquisitions by Group company	When any Group company acquires shares of the parent company, the payment, which includes directly-associated incremental costs, is deducted from the shareholders' equity attributable to the holders of the parent company's capital until the shares are cancelled, redeemed or sold.
Disposal of treasury shares	When shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under Other reserves (**Note 5.4**).
Extinction of treasury shares	The extinction of treasury shares is reflected in the consolidated financial statements, as a reduction of share capital and in the caption Treasury shares at its nominal and acquisition cost, respectively. The differential between those amounts is recorded in Other reserves.

Secil's shareholdersl

The Company s share capital is fully subscribed and paid up, represented by 48,735,540 shares with a unit nominal value of Euro 2.06.

The Company's share capital as at 31 December 2022 and 2021 is held by the following legal entities:

	31/12/2022		31/12/2021	
Name	No. of shares	%	No. of shares	%
Shares with a nominal of Euro 4,60				
Semapa, S.G.P.S., S.A.	48,734,540	100.00%	48,734,540	100,00%
CIMO - Gestão de participações, SGPS, S.A.	1,000	0.00%	1,000	0.00%
	48,735,540	100.00%	48,735,540	100.00%

Share capital decrease

Following the deliberation approved in the Shareholder s meeting held on 30 June 2021, the share capital was reduced in the amount of Euro 123,788,271.60 as follows:

- Decrease of the nominal value of 48,735,540 shares by Euro 2.54, used to reinforce the caption "Other reserves" in the amount of Euro 123,788,271.60 (**Note 5.4**).

As a result of the above mentioned operation, as at 31 December 2021, the company s share capital is represented by 48,735,540 shares with a unit nominal value of Euro 2.06 (previously Euro 4.60), being fully subscribed and paid up.

5.3 Other equity instruments

In the periods ended 31 December 2022 and 2021, the movement under Other equity instruments is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	72,800,000	113,300,000
Repayment of additional capital contributions	(40,500,000)	(40,500,000)
Closing balance	**32,300,000**	**72,800,000**

The amounts recorded under this caption refer to additional capital contributions made by the shareholder Semapa-Sociedade de Investimentos e Gestão, SGPS, S.A..

According to the Company s by-laws, these additional capital contributions can only be repaid to the shareholders provided that the equity doesn’t become less than the sum of the share capital and the legal reserve.

5.4 Reserves and retained earnings

Accounting policies

Currency exchange reserve	
Recognition	The Foreign exchange reserve corresponds to the accumulated amount related to the Group's appropriation of exchange differences resulting from the translation of the financial statements of subsidiaries and associates (goodwill, **Note 3.1**) and loans that qualify as extensions of net investment) operating outside the Eurozone, mainly in Brazil, Tunisia, Lebanon and Angola.
Fair value reserves	
Recognition	Refers to the accumulated change in fair value of derivative financial instruments classified as hedging instruments (**Note 8.2**), and financial investments measured at fair value through other comprehensive income (**Note 8.3**), net of deferred taxes.
Legal reserve	
Recognition	Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve until this is equal to at least 20% of the share capital. This reserve cannot be distributed unless the Company is liquidated. It may, however, be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.
Revaluation reserve	
Recognition	It corresponds to the revaluation of property, plant and equipment and investment property, carried out in accordance with the applicable legislation, which has not yet been performed. This reserve is not available for distribution to the Group's shareholders.
Other reserves	
Recognition	This caption corresponds to reserves available for distribution to shareholders that were constituted through the appropriation of prior period’s profit and other movements.

Reserves - detail

As at 31 December 2022 and 2021, Reserves are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Currency translation reserve	(247,150,489)	(258,502,377)
Fair value reserve	4,537,752	462,926
Legal reserve	20,079,044	20,079,044
Other reserves	312,125,117	247,203,690
	89,591,424	**9,243,283**

Currency exchange reserve

In the periods ended 31 December 2022 and 2021, the movement in Currency exchange reserve is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	**(258,502.377)**	**(245,167.554)**
Brazilian real	15,294.474	1,000.947
Tunisian dinar	(596,766)	365,640
Lebanese pound	(3,219.620)	(14,496.061)
American dollar	1,179.969	1,455.638
Angolan kwanza	(1,306.169)	(1,660.987)
Opening balance	**(247,150.489)**	**(258,502.377)**

Fair value reserves

In the periods ended 31 December 2022 and 2021, the movement in Fair value reserves is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	462,926	(151,135)
Fair value increases (**Note 8.2.1**)	5,620,450	846,981
Tax effect	(1,545,624)	(232,920)
Opening balance	**4,537,752**	**462,926**

Legal reserve

In the periods ended 31 December 2022 and 2021, the movement in Legal reserve is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	20,079,044	42,276,241
Application of prior period's profit	-	2,560,457
Capital reductions	-	(24,757,654)
Opening balance	**20,079,044**	**20,079,044**

Due to the capital decrease occurred during 2021 (Note 5.2) the surplus of legal reserve in the amount of Euro 24,757,654 was transferred to "Other reserves".

Other reserves

In the periods ended 31 December 2022 and 2021, the movement in Other reserves is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	247,203,690	43,856,507
Application of prior period's profit	66,305,752	54,544,166
Remeasurement of post-employment benefits		
Remeasurement	(1,910,668)	350,982
Tax effect	526,343	(93,891)
Capital reductions (**Note 5.2**)	-	148,545,926
Closing balance	**312,125,117**	**247,203,690**

Other reserves includes as at 31 December 2022 and 2021 Revaluation reserves in the amount of Euro 539,168.

Retained earnings - movements

In the periods ended 31 December 2022 and 2021, the movement in Retained earnings is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	28,324,622	27,775,832
Hyperinflationary economies	(206,720)	548,790
Closing balance	**28,117,902**	**28,324,622**

5.5 Earnings per share

Accounting policies

Recognition	The basic earnings per share are determined based on the division of profits or losses attributable to the ordinary shareholders of Secil by the weighted average number of common shares outstanding during the period. For the purpose of calculating diluted earnings per share, Secil adjusts the profits or losses attributable to ordinary equity holders, as well as the weighted average number of outstanding shares for the purposes of all potential dilutive common shares.

In the periods ended 31 December 2022 and 2021, earnings per share are analysed as follows:

Amounts in Euro	'22	'21
Net profit attributable to Secil's Shareholders	16,468,002	66,305,752
Weighted average number of shares (Note 5.2)	48,735,540	48,735,540
Basic earnings per share	0.338	1.361
Diluted earnings per share	0.338	1,.361

There are no convertible financial instruments relating to Secil shares, and consequently no dilution of earnings.

5.6 Interest-bearing liabilities

Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.

Accounting policies

Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the Income Statement over the debt period under "Interest expense on other interest-bearing liabilities" in **Note 5.10** – Net financial results.
Fair value	The book value of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to their fair value. The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in **Note 8.4** - **Financial assets and liabilities**.
Introduction	In current liabilities, unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

Commercial paper

The Group has several commercial paper programmes negotiated; agreements with which issues with contractual maturity below one year and with a revolving nature are often made. Where the Group expects to extend these loans (roll over), it classifies them as non-current liabilities.

Interest-bearing liabilities - detail

As at 31 December 2022 and 2021, Interest-bearing liabilities are detailed as follows:

	31/12/2022			31/12/2021		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond loans	110,000,000	45,714,286	155,714,286	155,714,286	20,000,000	175,714,286
Commercial paper	70,000,000	-	70,000,000	-	8,000,000	8,000,000
Bank loans	87,493,747	55,901,501	143,395,248	63,701,569	83,007,395	146,708,964
Loan issuing charges	(460,251)	(837,223)	(1,297,474)	(702,449)	(862,310)	(1,564,759)
Interest-bearing bank debt	**267,033,496**	**100,778,564**	**367,812,060**	**218,713,406**	**110,145,085**	**328,858,491**
Bank overdrafts	-	7,415,151	7,415,151	-	222,528	222,528
Other interest-bearing liabilities	**-**	**7,415,151**	**7,415,151**	**-**	**222,528**	**222,528**
Total interest-bearing liabilities	**267,033,496**	**108,193,715**	**375,227,211**	**218,713,406**	**110,367,613**	**329,081,019**

Bond loans

As at 31 December 2022 and 2021, Bond loans are detailed as follows:

Amounts in Euro	**31/12/2022**	**31/12/2021**	**Vencimento**	**Taxa de Juro**
Secil 2017/2022	-	20,000,000	2022	Fixa
Secil 2016/2023	25,714,286	25,714,286	2023	Fixa
Secil 2018/2023	20,000,000	20,000,000	2023	Fixa
Secil 2019/2026	60,000,000	60,000,000	2026	Fixa
Secil 2020/2027	50,000,000	50,000,000	2027	Fixa
	155,714,286	**175,714,286**		

Commercial paper

As at 31 December 2022, the amounts of Commercial paper contracted and used are detailed as follows:

	Amount used				
Contracted amount	Non-current	Current	Total	Maturity date	Interest rate
20,000,000	20,000,000	-	20,000,000	2027	Indexed at Euribor 6M
50,000,000	-	-	-	2026	Indexed at Euribor 6M
50,000,000	50,000,000	-	50,000,000	2027	Indexed at Euribor 6M
75,000,000	-	-	-	2026	Indexed at Euribor 6M
195,000,000	**70,000,000**	**-**	**70,000,000**		

As at 31 December 2021, the amounts of Commercial paper contracted and used are detailed as follows:

	Amount used				
Contracted amount	Non-current	Current	Total	Maturity date	Interest rate
20,000,000	-	-	-	2022	Indexed at Euribor 6M
50,000,000	-	-	-	2023	Indexed at Euribor 6M
75,000,000	-	-	-	2023	Indexed at Euribor 6M
50,000,000	-	8,000,000	8,000,000	2026	Indexed at Euribor 6M
195,000,000	**-**	**8,000,000**	**8,000,000**		

Bank loans

As at 31 December 2022 and 2021, the amounts of Bank loans contracted at fixed rate, variable rate and associated index are detailed as follows:

	31/12/2022			31/12/2021		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Variable rate	87,493,749	55,901,502	143,395,251	63,701,569	82,993,985	146,695,554
Fixed rate	-	-	-	-	13,410	13,410
	87,493,749	**55,901,502**	**143,395,251**	**63,701,569**	**83,007,395**	**146,708,964**

	31/12/2022			31/12/2021		
Index	Non-current	Current	Total	Non-current	Current	Total
Interbank Deposit Rate (CDI)	63,031,593	32,691,763	34,394,362	34,394,362	48,019,243	82,413,605
TMM	12,334,523	16,803,868	29,138,391	13,412,572	12,444,940	25,857,512
Fixed rate	-	-	-	-	13.410	13.410
Other	12,127,631	6,405,870	18,533,501	15,894,635	22,529,802	38,424,437
	87,493,747	**55,901,501**	**143,395,248**	**63,701,569**	**83,007,395**	**146,708,964**

Loan repayment periods

The portion classified as non-current as at 31 December 2022 and 2021 has the following specified repayment plan:

Amounts in Euro	31/12/2022	31/12/2021
1 a 2 years	31,391,843	77,606,800
2 a 3 years	42,512,768	13,843,354
3 a 4 years	65,393,155	6,109,450
4 a 5 years	125,004,587	64,464,780
More than 5 years	2,731,143	56,689,022
Total	**267,033,496**	**218,713,406**

Financial Covenants in forcer

For certain types of financing operations, there are commitments to maintain certain financial ratios within previously negotiated limits. The existing covenants are clauses of Cross default, Pari Passu, Negative pledge, Ownership-clause, clauses related to Group's activities maintenance, financial ratios, mainly Net Debt/EBITDA, Interest coverage, Indebtedness and Financial autonomy and fulfilment of regular financial contracts' obligations (operational, legal and tax obligations), common in loan agreements and fully known in the market even considering the impact of the adoption of IFRS 16.

Additionally, as at 31 December 2022 and 2021, the Group comply with the financial ratios limits imposed under its financing contracts.

5.7 Lease liabilities

Accounting policies

Initial measurement	At the start date of the lease, the Group recognises lease liabilities measured at the present value of future lease payments, which include fixed payments less any lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the exercise price of call or renewal options reasonably certain to be exercised by the Group or lease termination penalty payments if the lease term reflects the Group's option to terminate the agreement. In calculating the present value of future lease payments, the Group uses its incremental financing rate if the implied interest rate on the lease transaction is not easily determinable.
Subsequent measurement	Subsequently, the value of the lease liabilities is increased by the interest amount (**Note 5.10** - Net Financial Results) and decreased by the lease payments (rents).

As at 31 December 2022 and 2021, "Lease liabilities" relate to the following rights of use by geographic segment:

» Analysis of lease liabilities by maturity is presented in **Note 8.1.3** - Liquidity risk

Amounts in Euro	31/12/2022			31/12/2021		
	Non-current	Current	Total	Non-current	Current	Total
Angola	-	7,149	7,149	-	6,008	6,008
Brazil	-	1,673,611	1,673,611	-	998,145	998,145
Lebanon	-	1,997	1,997	-	3,771	3,771
Portugal	28,725,912	7,579,847	36,305,759	32,594,157	7,958,048	40,552,204
Tunisia	8,545	-	8,545	46,142	-	46,142
	28,734,457	**9,262,605**	**37,997,062**	**32,640,299**	**8,965,972**	**41,606,271**

5.8 Cash and cash equivalents

Accounting policies

Recognition	Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations.
Introduction	For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the consolidated statement of financial position as a current liability, under the caption Interest-bearing liabilities (**Note 5.6**).

As at 31 December 2022 and 2021, the balances of "Cash and cash equivalents" are as follows:

Amounts in Euro	31/12/2022	31/12/2021
Cash	871,467	839,626
Short-term bank deposits	68,686,267	75,382,038
Cash and cash equivalents – gross amount	**69,557,734**	**76,221,664**
Impairment from the IFRS 9 adoption (**Note 8.1.4**)	(555,883)	(998,906)
Cash and cash equivalents – net amount	**69,001,851**	**75,222,758**
Bank overdrafts (**Note 5.6**)	(7,415,151)	(222,528)
Cash and cash equivalents in the consolidated statement of cash flows	**61,586,700**	**75,000,230**

As at 31 December 2022 and 2021, there are no significant balances in "Cash and cash equivalents" that are subject to restrictions on use by the Group.

» The balances relating to bank deposits over which there are pledges are included in **Note 4.2** – Receivables and other current assets.

5.9 Cash flows from financing activities

The movements occurred in liabilities for the Group's financing activities in the periods ended 31 December 2022 and 2021, are as follows:

			Transactions not affecting cash and cash equivalents				
Amounts in Euro	**01/01/2022**	Cash flows from financing activities	Lease recognition	Amortisation of charges	Accrued interest	Exchange differences	**31/12/2022**
Interest-bearing liabilities (**Note 5.6**)							
Bond loans	175,714,286	(20,000,000)	-	-	-	-	155,714,286
Commercial paper	8,000,000	62,000,000	-	-	-	-	70,000,000
Bank loans	146,708,964	(18,085,672)	-	-	-	14,771,956	143,395,248
Loan issuing charges	(1,564,759)	(1,706,481)	-	2,018,309	-	(44,543)	(1,297,474)
Other interest-bearing liabilities	222,528	7,301,124	-	-	-	(108,501)	7,415,151
Lease liabilities (**Note 5.7**)	41,606,271	(14,386,573)	8,199,225	-	2,456,189	121,949	37,997,062
Total	**370,687,290**	**15,122,398**	**8,199,225**	**2,018,309**	**2,456,189**	**14,740,861**	**413,224,273**

			Transactions not affecting cash and cash equivalents				
Amounts in Euro	**01/01/2021**	Cash flows from financing activities	Lease recognition	Amortisation of charges	Accrued interest	Exchange differences	**31/12/2021**
Interest-bearing liabilities (**Note 5.6**)							
Bond loans	251,714,286	(76,000,000)	-	-	-	-	175,714,286
Commercial paper	15,000,000	(7,000,000)	-	-	-	-	8,000,000
Bank loans	135,833,744	15,341,027	-	-	-	(4,465,807)	146,708,964
Loan issuing charges	(2,315,591)	(2,236,414)	-	2,989,905	-	(2,659)	(1,564,759)
Other interest-bearing liabilities	3,183,744	(2,894,159)	-	-	-	(67,056)	222,528
Lease liabilities (**Note 5.7**)	24,966,278	(10,413,050)	25,864,494	-	1,205,427	(16,878)	41,606,271
Total	**428,382,461**	**(83,202,596)**	**25,864,494**	**2,989,905**	**1,205,427**	**(4,552,401)**	**370,687,290**

5.10 Net financial results

Accounting policies

Introduction	The Group classifies as "Net financial results": • income and gains resulting from cash-flow management activities such as: i) interest earned on surplus cash; and ii) changes in the fair value of derivative financial instruments negotiated to hedge interest and exchange rate risks on loans, irrespective of the formal designation of the hedge.

As at 31 December 2022 and 2021, the detail of Net financial results is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Interest paid on debt securities and bank debt	(15,429,965)	(13,231,085)
Interest paid on other interest-bearing liabilities	-	(3,752)
Interest on other financial liabilities at amortised cost	(2,104,670)	(2,183,481)
Interest paid through the effective interest method	**(17,534,635)**	**(15,418,318)**
Commissions on loans and expenses with credit facilities	(2,018,309)	(2,989,905)
Unfavourable exchange differences on interest-bearing liabilities and lease liabilities	8,073,417	(131,077)
Interest expense on lease liabilities	(1,297,739)	(1,103,557)
Financial expenses related to the Group's capital structure	**4,757,369**	**(4,224,539)**
Financial discount on provisions (**Note 9.1**)	(117,714)	(59,257)
Other unfavourable exchange differences	(26,574,824)	(10,204,454)
Losses on trading derivatives (**Note 8.2.1**)	(6,706,507)	(4,226,247)
Interest incurred with derivative instruments	(25,237,565)	(7,293,545)
Other financial expenses and losses	(952,368)	(1,124,039)
Financial expenses and losses	**(72,366,244)**	**(42,550,399)**
Interest earned on financial assets at amortised cost	15,615,741	11,229,612
Favourable exchange differences	24,486,056	2,958,874
Financial income and gains	**40,101,797**	**14,188,486**
Financial results	**(32,264,447)**	**(28,361,913)**

In 2022 and 2021, Other financial expenses includes Euro (395,837) and Euro (616,942) resulting from the (recognition) / reversal of impairments arising from the application of IFRS 9 on Cash and cash equivalents balances.

5.11 Hyperinflationary economies | Lebanon

In the last quarter of 2020, Lebanon was considered a hyperinflationary economy, under the terms of IAS 29 – Financial Reporting in Hyperinflationary Economies, based on the inflation recorded over the last three years. In fact, as at 31 December 2022 and 2021, the accumulated inflation rate over the last three years continues to exceed 100%, which is an objective quantitative condition that leads to consider, in addition to the existence of other conditions laid down in IAS 29, that Lebanon is a hyperinflationary economy.

In 2022 and 2021, the following price levels and inflation have been verified in Lebanon:

	CPI	Inflation rate
31 December 2021	3.2439	224.4%
31 December 2022[a]	2.1339	113.4%
Average in 2022	2.8448	184.5%

[a] Estimated CPI since the actual CPI as at 31-12-2021 was not available on the date of preparation of the accounts. The estimated monthly inflation for December 2021 was 5.7%, with the actual inflation later published at 16.5%.

IAS 29 applies to the separate financial statements and consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy and is applicable from the beginning of the reporting period in which the entity identifies its currency as hyperinflationary.

In accordance with this standard, the non-monetary assets and liabilities of the Lebanese subsidiaries were restated by applying a general price index reflecting changes in the general purchasing power in Lebanon since the date of acquisition of the assets. The restated amount of a non-monetary item has been reduced when it exceeds its recoverable amount. Monetary items of Lebanon subsidiaries are not restated because they are already expressed in terms of the currency unit current at the balance sheet date.

The change in the net monetary position arising from the price changes in 2022 and 2021 was recognised in the income statement under the caption Gains or losses on net monetary position, representing gains of Euro 979,084 and Euro 7,214,110, respectively.

Income statement items relating to the Lebanese subsidiaries have been restated by applying the change in the general price index from the dates the items of income and expenses were recorded in the financial statements. The impact of this restatement is recognised in Retained earnings and amounted in 2022 to Euro (441,356) (2021: Euro 1,309,352), less the tax effect of Euro 36,418 (2021: Euro 234,349).

As at 31 December 2022, the net value of the assets and liabilities of the foreign operation in Lebanon in the Group's consolidated financial statements amounts to Euro 13.8 million (2021: Euro 20.6 million).

06

Income tax

6.1 Income tax for the period

Accounting policies

Recognition of liabilities and assets	The current tax of the period and of previous periods is, to the extent that it is not paid, recognised as a liability, under "Income tax". If the amount already paid for the period and prior periods exceeds the amount due for that period, the excess is recognised as an asset, under "Income tax".
Measurement	Current tax liabilities (assets) for the period and prior periods are measured at the amount expected to be paid (recovered) to the tax authorities using the tax rates (and tax laws) that have been enacted
Recognition in the income statement	Current income tax is calculates based on the net profit for the period of the various entities included in the consolidation perimeter, adjusted in accordance with the respective tax legislation in force at the consolidated statement of financial position date. Taxable income differs from accounting income since it excludes various expenses and income that will only be deductible or taxable in other periods. Taxable income also excludes expenses and income that will never be deductible or taxable.
Special Regime for Taxation of Corporate Groups (RETGS)	Since 1 January 2014, Secil and some of its subsidiaries have been part of a Tax Group, of which Semapa, SGPS, S.A. is the dominant company, and are taxed according to the Special Regime for Taxation of Corporate Groups (RETGS), which is constituted by the companies that have a participation rate equal to or greater than 75% and that meet the conditions laid down in Article 69 et seq. of the Corporate Income Tax Code. Companies within the scope of the Tax Group regime calculate their income tax obligation on an individual basis. The tax assessed, payable or receivable, is recognised as a liability or asset under "Income tax", however it is payable or refunded to the dominant company in the tax group, currently Semapa, SGPS, S.A. (Note 10), which is responsible for the overall calculation and self-assessment of the tax.

Amounts in Euro	Note	31/12/2022	31/12/2021
Statement of financial position			
Assets			
Income tax	6,1	12,813,609	13,798,134
Deferred tax assets	6,2	46,364,384	49,460,949
Liabilities			
Income tax	6,1	14,412,818	8,550,146
Deferred tax liabilities	6,2	54,767,209	45,421,230
Income statement			
Current tax	6,1	6,829,607	4,507,974
Change in uncertain tax positions in the period	6,1	7,486,061	578,976
Deferred tax	6,1	14,626,105	7,601,746
		28,941,773	**12,688,696**

Estimates and judgements

Liabilities for additional settlements

The Group recognises liabilities for additional tax assessments that may result from reviews by the tax authorities of the different countries where the Group operates. When the final result of these situations is different from the amounts initially recorded, the differences will have an impact on income tax in the period in which they occur.

In Portugal, annual income tax returns are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented, these may be subject to review by the tax authorities for a period of up to 6 years. In other countries in which the Group operates, these periods are different, and in most cases, higher.

The Board of Directors considers that any potential adjustments to those tax returns as a result of reviews/inspections by the tax authorities will not have a significant impact in the consolidated financial statements as at 31 December 2022. However, the companies that comprise the Semapa tax Group have already been reviewed by the Portuguese Tax Authority for the periods up to and including 2020.

Uncertain tax positions

The amount of estimated assets and liabilities recorded for tax proceedings arises from an assessment made by the Group, with reference to the date of the Consolidated Statement of Financial Position, regarding potential differences of understanding with the Tax Authorities, considering the developments in tax matters.

When measuring uncertain tax positions, the Group considers the provisions of IFRIC 23 - "Uncertainty over Income Tax Treatments", namely the measurement of risks and uncertainties in the definition of the best estimate of the expense required to settle the obligation, by weighing all the possible results that are controlled by them and their associated probabilities.

Income tax recognised in the consolidated income statement

As at 31 December 2022 and 2021, Income tax is detailed as follows:

Amounts in Euro	'22	'21
Current tax	6,829,607	4,507,974
Change in uncertain tax positions in the period	7,486,061	578,976
Deferred tax (**Note 6.2**)	14,626,105	7,601,746
	28,941,773	**12,688,696**

Nominal tax rate in the main geographies where the Group operates

	'22	'21
Portugal		
nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge – on taxable profit between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge – on taxable profit between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge – on taxable profit above Euro 35,000,000	9.0%	9.0%
Other countries		
Brazil – nominal rate	34.0%	34.0%
Tunisia – nominal rate	15.0%	15.0%
Lebanon – nominal rate	17.0%	17.0%
Angola – nominal rate	25.0%	25.0%

Reconciliation of the effective income tax rate for the period

Amounts in Euro	2022	2021
Profit before Tax	**45,828,963**	**82,706,405**
Expected tax at nominal rate (22,5%)	10,311,517	18,608,941
State surcharge (5,0%)	2,291,448	4,135,320
Tax resulting from the applicable rate	**12,602,965**	**22,744,261**
Differences [a]	5,041,311	(3,843,923)
Tax relating to prior periods	(293,796)	(2,384,339)
Recoverable tax losses	(760,082)	(374,894)
Non-recoverable tax losses	2,931,715	2,012,976
Repayments settled in previous periods	7,486,061	578,976
Effect of different tax rates	(636,747)	(365)
Withholding outright	-	13,198
Tax benefits	4,661,039	5,442,753
Hyperinflationary economies	(196,523)	(1,257,598)
Other adjustments to taxable amount [b]	(1,894,170)	(10,242,349)
	28,941,773	**12,688,696**
Effective tax rate	**63.15%**	**15.34%**

[a] This amount mainly relates to:	2022	2021
Effect of the application of the equity method (Notes 9,1 e 10,3)	1,227,648	(1,767,749)
Tax gains/ (losses)	(285,897)	(12,644)
Accounting gains/ (losses)	(4,749,768)	(2,322,740)
Taxed impairment and provisions	759,624	2,448,509
Tax benefits	(292,969)	(1,773,456)
Reduction of taxed impairment and provisions	(513,407)	(4,250,993)
Intra-group profit subject to tax	1,298,252	1,615,729
Equity changes - Interest on Equity	(1,597,065)	-
Goodwill amortisation and impairment losses (Note 3,1)	17,936,757	-
Other	4,548,864	(7,914,557)
	18,332,039	**(13,977,901)**
Tax effect (27,5%)	**5,041,311**	**(3,843,923)**

(b) The amount shown under "Other adjustments to taxable amount" relates essentially to Tax Benefits, namely SIFIDE.

Tax recognised in the consolidated statement of financial position

As at 31 December 2022 and 2021, Income tax is detailed as follows:

Amounts in Euro	2022	2021
ASSETS		
Income tax	12,813,609	13,798,134
	12,813,609	**13,798,134**
LIABILITIES		
Income tax	875,624	2,269,867
Additional tax liabilities	13,537,194	6,280,279
	14,412,818	**8,550,146**

Breakdown of Income Tax

Amounts in Euro	2022	2021
Income tax		
Income tax for the period	3,252,880	2,953,915
Exchange rate adjustment	(43,353)	14,617
Payments on account, special and additional payments on account	(1,695,334)	(1,489,942)
Withholding tax recoverable	(1,666,264)	(1,224,890)
Income tax from prior periods	(1,530,630)	(2,860,417)
	(1,682,701)	**(2,606,717)**
Income tax - Semapa tax business group		
Income tax for the period	3,870,522	3,917,938
Payments on account, special and additional payments on account	(13,822,106)	(12,537,505)
Withholding tax recoverable	(242,007)	(301,983)
Income tax from prior periods	(61,693)	-
	(10,255,284)	**(8,921,550)**
	(11,937,985)	**(11,528,267)**

Uncertain tax positions - liabilities

Amounts in Euro	'22	'21
Balance at the beginning of the period	**6,280,279**	**5,838,258**
Increases	8,205,748	1,631,913
Reversals	(719,687)	(1,052,937)
Changes in the perimeter	10,682	-
Transfers	1,422,554	544,504
Charge-off	(1,596,012)	(572,063)
Exchange rate adjustment	(66,370)	(109,396)
Balance at the end of the period	**13,537,194**	**6,280,279**
Amount recognised in the income statement – (gain)/loss	**7,486,061**	**578,976**

6.2 Deferred taxess

Accounting policies

Recognition of liabilities and assets	Deferred tax is calculated based on the liability of the consolidated financial position on the temporary differences between the book values of the assets and liabilities and their respective tax base. Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset.
Measurement	To determine the deferred tax, the tax rate expected to be in force in the period in which the temporary differences will be reversed is used.
Recognition in the income statement	Deferred taxes are recorded as an income or expense for the period, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.

Estimates and judgements

Deferred taxes recognised relating to unused tax losses

As at 31 December 2022, the deferred tax assets recorded in respect of unused tax losses relate to the Group's subsidiaries in Portugal, Florimar, SGPS, Lda. and Unibetão - Indústrias de Betão Preparado, S.A., and to Margem Companhia de Mineração, S.A., a subsidiary of the Group in Brazil. In accordance with Portuguese tax legislation, and in particular with the changes to the Corporate Income Tax Code regarding the recoverability of tax losses introduced by the State Budget Law of 2023 (Law No. 24-D/2022), there is no longer a time limit for the deduction of tax losses. In this sense, management is convinced that, according to the medium-term business plan, companies will generate taxable profits which will be offset against the tax losses accumulated and not expiring before 31 December 2022.

As regards the subsidiary Margem Companhia de Mineração, S.A., it owns the new cement plant built by the Group in Adrianópolis, State of Paraná, which became operational in the second half of 2015. As the current Brazilian tax legislation does not impose any time limit for its use against future taxable profits, management is convinced that, in accordance with the medium-term business plan, the project will generate taxable profits that will be offset by the tax losses accumulated in these first years of start-up.

As at 31 December 2021, the deferred tax assets recorded in relation to unused tax losses are entirely related to the subsidiary Margem Companhia de Mineração, S.A..

Moreover, it should be noted that the tax depreciation of Margem Companhia de Mineração, S.A., is more accelerated than the economic depreciation, generating a significant negative impact on the tax result of that subsidiary.

Deferred taxes recognised relating to unused tax credits

The deferred tax assets recorded in respect of unused tax credits as at 31 December 2022 relate to Secil and the subsidiaries located in Portugal that obtained tax credits arising from expenditure on research and development.

According to the medium term business plan, Secil and the above-mentioned subsidiaries generate taxable income and consequently sufficient tax credits to be used.

Movements in deferred taxes

The movements occurred in deferred tax assets and liabilities in the periods ended 31 December 2022 and 2021, are as follows:

			Income statement						
			Income tax						
Amounts in Euro	As at 1 January 2022	Exchange rate adjustment	Increases	Decreases	Net monetary position	Equity	Reclassification to assets held for sale	Changes in the perimeter	As at 31 December 2022
Temporary differences giving rise to deferred tax assets									
Tax losses carried forward	59,428,537	8,058,639	4,453,758	-	-	-	-	-	71,940,934
Provisions for environmental and landscape remediation	4,133,614	1,062	(209,222)	(90,067)	-	-	-	-	3,835,387
Taxed impairment and provisions	19,380,777	52,780	7,501,929	(9,119,942)	-	-	-	9,085	17,824,629
Post-employment and other long-term benefits	3,087,303	(2,792)	30,343	(398,790)	-	(122,031)	-	-	2,594,033
Deferred accounting gains ou intra-group transactions	2,569,589	-	755,571	(207,254)	-	-	-	-	3,117,906
Fair value calculated on business combinations	87,991	(26,625)	-	-	-	-	-	-	61,366
Amortisation of intangible assets	52,209,124	(8,040)	3,475,000	(6,964,472)	-	-	-	-	48,711,612
Impairment of property, plant and equipment	2,512,581	-	232,028	(10,400,025)	-	-	10,336,213	-	2,680,797
Other temporary differences	7,175,833	139,464	1,620,577	(3,502,495)	-	638,518	-	-	6,071,897
	150,585,349	**8,214,488**	**17,859,984**	**(30,683,045)**	**-**	**516,487**	**10,336,213**	**9,085**	**156,838,561**
Temporary differences giving rise to deferred tax liabilities									
Revaluation of property, plant and equipment	(31,666,399)	(4,066,439)	-	498,317	-	-	-	-	(35,234,521)
Financial instruments	1,820,140	103,611	-	6,228,594	-	(6,258,968)	-	-	1,893,377
Deferral of Capital Gains Tax	(444,302)	-	-	5,683	-	-	-	-	(438,619)
Accrued depreciation	(48,280,255)	(4,702,272)	(5,782,207)	(1,141,438)	-	-	-	-	(59,906,172)
Fair value calculated on business combinations	(55,358,645)	(726,627)	-	1,640,573	-	-	-	(1,113,928)	(55,558,627)
Pension fund surplus	(2,065,797)	-	770	-	-	2,035,518	-	-	(29,509)
Hyperinflationary Economies	-	5,246,735	(777,752)	-	(1,179,620)	214,226	-	-	3,503,589
Other temporary differences	(291,667)	(21,955)	(21,531,539)	1,511,638	-	-	-	-	(20,333,523)
	(136,286,925)	**(4,166,947)**	**(28,090,728)**	**8,743,367**	**(1,179,620)**	**(4,009,224)**	**-**	**(1,113,928)**	**(166,104,005)**
Deferred tax assets	**49,460,949**	**2,908,041**	**4,217,756**	**(13,521,819)**	**-**	**143,454**	**3,154,459**	**1,544**	**46,364,384**
Deferred tax liabilities	**(45,421,230)**	**(2,507,688)**	**(8,004,549)**	**2,682,507**	**(200,535)**	**(1,126,346)**	**-**	**(189,368)**	**(54,767,209)**

			Income statement						
			Income tax						
Amounts in Euro	As at 1 January 2021	Exchange rate adjustment	Increases	Decreases	Net monetary position	Equity	Reclassification to assets held for sale	Changes in the perimeter	As at 31 December 2021
Temporary differences giving rise to deferred tax assets									
Tax losses carried forward	60,109,268	530,184	(1,210,915)	-	-	-	-	-	59,428,537
Provisions for environmental and landscape remediation	6,684,143	(3,251)	61,396	(2,608,674)	-	-	-	-	4,133,614
Taxed impairment and provisions	15,517,290	(626,172)	6,379,745	(1,868,083)	-	-	-	(22,003)	19,380,777
Post-employment and other long-term benefits	3,477,648	5,735	136,179	(414,838)	-	(117,421)	-	-	3,087,303
Deferred accounting gains ou intra-group transactions	1,113,145	-	1,517,424	(60,980)	-	-	-	-	2,569,589
Fair value calculated on business combinations	267,331	(179,340)	-	-	-	-	-	-	87,991
Amortisation of intangible assets	55,803,030	(97,593)	3,475,000	(6,971,313)	-	-	-	-	52,209,124
Impairment of property, plant and equipment	2,826,744	-	-	(314,163)	-	-	-	-	2,512,581
Other temporary differences	11,154,975	(1,205,951)	1,924,408	(3,448,086)	-	(1,249,513)	-	-	7,175,833
	156,953,574	**(1,576,388)**	**12,283,237**	**(15,686,137)**	**-**	**(1,366,934)**	**-**	**(22,003)**	**150,585,349**
Temporary differences giving rise to deferred tax liabilities									
Revaluation of property, plant and equipment	(31,862,821)	(268,117)	-	452,834	-	-	-	11,705	(31,666,399)
Financial instruments	(966,562)	16,458	-	2,770,244	-	-	-	-	1,820,140
Deferral of Capital Gains Tax	(456,751)	-	-	(13,871)	-	-	-	26,320	(444,302)
Accrued depreciation	(41,521,765)	(135,490)	(5,086,489)	(1,536,511)	-	-	-	-	(48,280,255)
Fair value calculated on business combinations	(57,563,572)	655,296	(18,559)	724,823	-	-	-	843,367	(55,358,645)
Pension fund surplus	(1,812,170)	-	(20,910)	1,044	-	(233,761)	-	-	(2,065,797)
Hyperinflationary Economies	-	14,858,050	(114,796)	-	(8,958,759)	(975,987)	-	-	4,808,508
Other temporary differences	(577,885)	(1,446)	279,702	7,962	-	-	-	-	(291,667)
	(134,761,526)	**15,124,751**	**(4,961,052)**	**2,406,525**	**(8,958,759)**	**(1,209,748)**	**-**	**881,392**	**(131,478,417)**
Deferred tax assets	**56,842,985**	**(170,510)**	**8,658,349**	**(15,534,038)**	**-**	**(330,886)**	**-**	**(4,951)**	**49,460,949**
Deferred tax liabilities	**(45,597,461)**	**2,457,276**	**(1,678,326)**	**952,269**	**(1,522,989)**	**(230,313)**	**-**	**198,314**	**(45,421,230)**

Unused tax losses without recognised deferred taxes

Tax losses that the Group considers, at this date, cannot be offset against future taxable profits, and as such do not warrant recognition as a deferred tax asset, are shown by year of expiration as follows:

							31/12/2022
Amounts in Euro	Total	2023	2024	2025	2026	2027	2027 and beyond
Not taxed by RETGS							
ALLMA - Microalgas, Lda.	162,851	-	-	-	-	-	162,851
Madebritas - Sociedade de Britas da Madeira, Lda.	17,558	-	-	-	-	-	17,558
Secil Angola, SARL	1,227,694	629,147	598,547	-	-	-	-
Secil - Companhia de Cimento do Lobito, S.A.	6,356,982	-	2,309,455	2,844,042	1,203,485	-	-
Soime, S.A.L.	27,452	27,452	-	-	-	-	-
Zarzis Béton	61,085	-	-	-	-	-	61,085
Secil Brazil Participações, S.A.	6,427,424	-	-	-	-	-	6,427,424
Supremo Cimentos, S.A.	51,250,983	-	-	-	-	-	51,250,983
	65,532,029	**656,599**	**2,908,002**	**2,844,042**	**1,203,485**	**-**	**57,919,901**
Taxed by RETGS							
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	337,368	-	-	-	-	-	337,368
Beto Madeira - Betões e Britas da Madeira, S.A.	373,149	-	-	-	-	-	373,149
Cimentos Madeira, Lda.	291,967	-	-	-	-	-	291,967
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	41,033,405	-	-	-	-	-	41,033,405
BETOTRANS II - Unipessoal, Lda.	1,630,599	-	-	-	-	-	1,630,599
Florimar- Gestão e Participações, S.G.P.S., Lda.	295,718	-	-	-	-	-	295,718
Unibetão - Indústrias de Betão Preparado, S.A.	3,183,779	-	-	-	-	-	3,183,779
	47,145,984	**-**	**-**	**-**	**-**	**-**	**47,145,984**
	112,678,013	**656,599**	**2,908,002**	**2,844,042**	**1,203,485**	**-**	**105,065,886**

31/12/2021

Amounts in Euro	Total	2022	2023	2024	2025	2026	2026 and beyond
Not taxed by RETGS							
ALLMA - Microalgas, Lda.	162,851	-	-	300	20,401	78	142,072
Florimar- Gestão e Participações, S.G.P.S., Lda.	1,312,242	-	-	-	-	48,192	1,264,049
Madebritas - Sociedade de Britas da Madeira, Lda.	15,678	-	-	1,905	1,905	1,905	9,963
Secil Angola, SARL	1,156,152	592,485	563,668	-	-	-	-
Secil - Companhia de Cimento do Lobito, S.A.	6,330,878	82,715	584,580	2,177,853	2,449,289	1,036,441	-
Silonor, S.A.	15,329,323	-	-	-	-	-	15,329,323
Soime, S.A.L.	39,363	39,363	-	-	-	-	-
Zarzis Béton	62,336	-	-	-	-	-	62,336
Secil Brazil Participações, S.A.	5,671,637	-	-	-	-	-	5,671,637
Supremo Cimentos, S.A.	38,290,197	-	-	-	-	-	38,290,197
	68,370,657	**714,563**	**1,148,247**	**2,180,058**	**2,471,595**	**1,086,616**	**60,769,577**
Taxed by RETGS							
Beto Madeira - Betões e Britas da Madeira, S.A.	334,172	-	-	43,975	99,849	190,349	-
Cimentos Madeira, Lda.	264,284	-	-	4,953	257,615	1,716	-
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	40,961,227	7,214,482	6,586,938	627,316	17,784,292	589,513	8,158,686
BETOTRANS II - Unipessoal, Lda.	1,293,315	871,318	17,247	5,324	130,501	268,925	-
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda.	210,688	-	-	-	-	70,743	139,945
Unibetão - Indústrias de Betão Preparado, S.A.	4,732,024	-	-	-	-	1,943,460	2,788,563
	47,795,710	**8,085,800**	**6,604,185**	**681,567**	**18,272,256**	**3,064,706**	**11,087,195**
	116,166,367	**8,800,363**	**7,752,432**	**2,861,625**	**20,743,851**	**4,151,322**	**71,856,772**

07

Payroll

7.1 Payroll costs

Accounting policies

Short-term benefits	These liabilities are recorded in the year in which the employees acquire the respective right, against the income statement, irrespective of the date of payment, and the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities. **Holidays and holiday allowance** In accordance with current legislation, employees are entitled to 22 working days leave, annually, as well as to a holiday allowance, entitlement to which is acquired in the year preceding its payment. **Variable remuneration** According to the current Performance Management System (Sistema de Gestão de Desempenho), employees have the right to a variable remuneration, based on annually-defined objectives. The entitlement to this bonus is usually acquired in the year preceding its payment.
Benefits arising from termination of employment	The benefits arising from termination of employment are recognised when the Group can no longer withdraw the offer of such benefits or in which the Group recognises the cost of restructuring under the provisions recording. Benefits due over 12 months after the end of the reporting period are discounted to their present value.

Amounts in Euro	Note	31/12/2022	31/12/2021
Statement of financial position			
Liabilities			
Liabilities for long-term employee benefits	7.2	2,053,280	409,146
Income statement			
Payroll costs	7.1	78,357,311	71,518,539

As at 31 December 2022 and 2021, Payroll costs are detailed as follows:

Amounts in Euro	'22	'21
Remuneration of Corporate Bodies (**Note 7.3**)	3,625,246	4,240,287
Remuneration of employees	49,678,769	46,467,092
Post-employment benefits (**Note 7.2.4**)	1,543,238	1,485,893
Other long-term benefits (**Note 7.2.4**)	(28,391)	46,004
Compensation	103,446	105,120
Social Security and similar contributions	12,616,392	11,824,413
Insurance	643,354	493,147
Social action expenses	5,976,663	5,235,384
Other payroll costs	4,198,593	1,621,199
Payroll costs	**78,357,311**	**71,518,539**

Number of employees at the end of the period

	31/12/2022	31/12/2021	Var. 22/21
Portugal	1,082	1,035	47
Lebanon	403	394	9
Tunisia	259	266	(7)
Angola	96	98	(2)
Brazil	548	553	(5)
	2,388	2,346	42

7.2 Employee benefits

The Group attributes to its employees several post-employment benefits (defined benefit and defined contribution) and other long-term benefits (long-service awards and death subsidy).

Risk management policy associated with defined benefit plans

Across the Group, exposure to risk is limited to the number of existing beneficiaries and will tend to decrease, since there are no defined benefit plans available to new employees in the Group.

The most significant risks to which the Group is exposed through defined benefit plans include:

a) Risk of change in longevity of participants;

b) Market rate risk - rate changes affects the rate used to discount liabilities (technical interest rate) which is based on yield curves of highly rated bonds with maturities similar to the maturity dates of the liabilities and the rate of return on assets;

c) Risk of change in the rate of growth of wages and pensions;

d) Risk of changes in social security legislation - in Portugal, the Group's Defined Benefit plans provide a supplement to the Social Security pension, so that the change in the rules will have an impact on the value of the liabilities

The financing level of the fund may vary depending on the risks listed and on the profitability of the fund's financial assets. Despite the fund's conservative profile and diversification, the verification of the aforementioned risks may lead to the need for additional contributions to the fund considering the nature of the defined benefit.

The Group maintains at least the coverage level of the liabilities calculated with the assumptions defined by the Portuguese Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões*).

Accounting policies

POST-EMPLOYMENT BENEFITS	
Defined benefit plans	Secil and some of the Group's subsidiaries have assumed the commitment to make payments to their Employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans. The Group has set up autonomous Pension Funds as a means of funding part of its liabilities. The majority of the companies operating in Portugal became part of the Pension Fund of Secil Group, which resulted from the amendment to the Secil Pension Fund Agreement, fully superseding the previous contracts and taking effect on 1 January 2010. This Fund is the financial support for the payment of the benefits foreseen in the Pension Plans of each associate (now jointly managed). Based on the projected credit unit method, the Group recognises the costs with the attribution of these benefits as the services are provided by the employees. Accordingly, the Group's total liability is estimated at the date of the annual financial statements, for each plan separately by an independent and specialised entity. The calculated liability is presented in the Consolidated statement of financial position, after deducting the fair value of the funds set up, under the caption Pensions and other post-employment benefits. Actuarial deviations resulting from changes in the value of estimated liabilities, as a consequence of changes in the financial and demographic assumptions used and experience gains, added to the differential between the actual return on fund assets and the estimated share of net interest, are designated as remeasurements and recorded directly in the Statement of comprehensive income, under retained earnings. The net interest corresponds to the application of the discount rate to the value of net liabilities (value of the liabilities deducted of fund asset's fair value) and is recognised under the caption Payroll costs. The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement for the period when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees. Costs for past liabilities resulting from the implementation of a new plan or increases in benefits attributed are recognised immediately in profit or loss for the period.

POST-EMPLOYMENT BENEFITS

Defined contribution plans	Secil and some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide a supplement to retirement, disability and survivors' pensions. For this purpose, Pension Funds were set up to capitalise those contributions, to which employees may still make voluntary contributions, which in this case will be increased by an incentive contribution made by the company, applicable to one of the Defined Contribution Pension Plans corresponding to a percentage of the latter subject to a maximum amount. The Group does not assume any additional contribution liabilities or a pre-fixed return. Thus, the contributions made are recorded as expenses of the period in which they are recognised, regardless of the time of their settlement.

Retirement and survivors' pension supplement (Group's responsibility)

Classification	Defined benefit.
Employer/Beneficiary Employees	The liabilities of Secil's retired employees in 31 December 1987 (date of incorporation of the Pension Fund) are guaranteed directly by Secil. Similarly, the liability assumed by Secil Martingança, S.A. are guaranteed directly by this entity. These plans are also valued every six months by specialised and independent entities, using the method for calculating capital coverage corresponding to single premiums of the immediate life annuities, in the valuation of the liabilities to current pensioners and the projected unit credit method for valuing liabilities relating to current employees.
Benefit granted	Retirement and survivors' pension supplement.

Retirement and survivors' pension supplement (with Fund managed by a Third party)

Classification	Defined benefit.
Employer/Beneficiary Employees	**Secil and CMP** - All employees hired until 31 December 2009, with an open-ended contract, who did not opt for the transition to the Defined Contribution Plan and the retirees and pensioners at that date. **Unibetão** - All employees covered by the CLA signed between the APEB and FEVICCOM, with an open-ended contract, and retirees and pensioners as at 31 December 2009. **Beto Madeira** - All employees covered by the CLA signed between the APEB and FEVICCOM, with an open-ended contract, and retirees and pensioners as at 31 December 2010. **Cimentos Madeira** - The retirees and pensioners as at 31 December 2011.
Benefit granted	Supplement to retirement pensions, disability, early retirement and survivors' pensions.
Fund set up	Secil Group Pension Fund.

Retirement and disability allowance

Classification	Defined benefit.
Employer/Beneficiary Employees	SCG – Active employees.

Retirement and disability allowance

Benefit granted	Payment of a retirement and disability allowance based on the General Labour Agreement, Article 52.
Fund set up	Insurance policy.
Employer/Beneficiary Employees	Secil Lobito – Active employees.
Benefit granted	Payment of a retirement allowance.

Healthcare

Classification	Defined benefit.
Employer/Beneficiary Employees	Cimentos Madeira - Applicable only to retired employees at the date the insurance policy is started.
Benefit granted	Healthcare scheme which supplements the official health services, for retired employees.
Fund set up	Health insurance.

Pension Plan

Classification	Defined contribution.
Employer/Beneficiary Employees	**Secil** - All employees who as at 31 December 2009 opted for the Defined Contribution Plan and all employees hired after that date. It is also applicable to members of the Board of Directors. **Unibetão** - All active employees as at 31 December 2009 and hired after this date, except the employees covered by the CLA celebrated between APEB and FEVICCOM. It is also applicable to members of the Board of Directors. **Beto Madeira** - All active employees as at 31 December 2010 and hired after this date, except the employees covered by the CLA celebrated between APEB and FEVICCOM. **Secil Britas** - All active employees as at 31 December 2009 and hired after that date. It is also applicable to members of the Board of Directors. **Brimade** - All active employees as at 1 July 2012 and hired after that date. **Cimentos Madeir**a - All active employees as at 1 January 2012 and hired after that date. It is also applicable to members of the Board of Directors.

LONG-TERM BENEFITS

Recognition and measurement	Secil agreed to pay long-service awards and death subsidy to their employees, and the liability is recognised in the balance sheet against Payroll Costs, corresponding to the present value of the obligation of these benefits, determined according to the actuarial valuations at each annual reporting date. Actuarial gains and losses and all costs of past services are immediately recognised as income and expense for the period.

Death subsidy	
Classification	Long-Term Benefits.
Employer/Beneficiary Employees	Secil - Active employees, who have been hired until 1 January 2012. Secil Lobito – All active employees.
Benefit granted	Death subsidy.
Long-service award	
Classification	Long-Term Benefits.
Employer/Beneficiary Employees	Secil – Active employees. Cimentos Madeira – Active employees.
Benefit granted	**Secil – Award paid to workers who:** (i) reach 25 years of service in the company. (ii) in 2011 have a service of more than 25 years and less than 35 years and reach 35 years of service of the company. **Cimentos Madeira – Award paid to workers who:** (i) reach 20 years of service in the company. (ii) reach 35 years of service in the company.

Estimates and judgements

Actuarial assumptions

The Group considered the following actuarial assumptions, associated with economic and demographic indicators, in the evaluation of defined benefit liabilities:

	31/12/2022	31/12/2021
Social Security Benefits Formula	Decree-Law no. 187/2007 of 10 May	
Disability tables	EKV 80	EKV 80
Mortality tables	TV 88/90	TV 88/90
Salary growth rate	2.00%	1.00%
Technical interest rate	2.50%	1.25%
Pension growth rate	1.35%	0.45%
Health insurance premium growth rate	4.60%	4.60%

Changes to these assumptions may, in some cases, have a relevant impact on the calculation of the liabilities.

Sensitivity analysis

The Group considers the technical interest rate and the expected wage growth rate as the most significant variables in the calculation of liabilities for defined benefit plans. Below is a sensitivity analysis of the change in the technical interest rate and the wage growth rate:

	31/12/2022	31/12/2021
0.5% decrease in the technical interest rate		
Increase in liabilities assumed	525,419	612,066
0.5% increase in the wage growth rate		
Increase in liabilities assumed	674,029	49,878

7.2.1 Net liabilities

As at 31 December 2022 and 2021, net liabilities reflected in the consolidated statement of financial position and the number of beneficiaries of the retirement and survivor benefit plans in force in the Group are detailed as follows:

	31/12/2022		31/12/2021	
Amounts in Euro	No. of Benef.	Amount	No. of Benef.	Amount
Group liabilites for past services				
Active employees (**Note 7.2.2**)	39	167,889	52	4,918
Retired employees (**Note 7.2.2**)	456	12,071,912	482	13,811,173
Market value of pension funds (**Note 7.2.3**)		(12,184,420)		(15,866,510)
Retirement grants – Insured capital (**Note 7.2.2**)	66	185,458	75	187,856
Insurance policies (**Note 7.2.3**)		(108,062)		(108,746)
Reserve account*		(548,482)		(613,826)
Pension liabilites - funded	561	(415,705)	609	(2,585,135)
Retired employees (Note 7,2.2)	109	1,908,066	130	2,413,507
Pension liabilites - unfunded	**109**	**1,908,066**	**130**	**2,413,507**
Pension liabilites - net	**670**	**1,492,361**	**739**	**(171,628)**
Other unfunded liabilities				
Health insurance (**Note 7.2.2**)	5	43,457	5	39,915
Retirement grants (**Note 7.2.2**)	66	94,874	75	78,654
Total post-employment liabilities	**741**	**1,630,692**	**819**	**(53,059)**
Other long-term benefits				
Death grants (**Note 7.2.2**)	366	57,103	392	67,525
Long-service awards (**Note 7.2.2**)	377	365,485	405	394,680
Total other long-term benefits	**377**	**422,588**	**405**	**462,205**
Total net liabilities	**741**	**2,053,280**	**819**	**409,146**

* Excess funds in the transition to DC and balances of employees who have left the Company not entitled to the full amount of the contributions made by the Company.

Historical information - last five years

Over the last five years, liabilities and the fair value of assets and reserve account have changed as follows:

Amounts in Euro	2018	2019	2020	2021	2022
Present value of obligations	21,595,971	20,688,459	18,920,796	16,998,228	14,894,244
Fair value of assets and reserve account	19,258,338	18,790,086	17,873,880	16,589,082	12,840,964
(Surplus)/deficit	**2,337,633**	**1,898,374**	**1,046,916**	**409,146**	**2,053,280**
Remeasurements	**(1,079,410)**	**(90,858)**	**422,747**	**351,253**	**(1,907,673)**

7.2.2

7.2.2 Pension and other post-employment and long-term benefits liabilities

In 2022 and 2021, liabilities with pensions and other post-employment and long-term benefits changed as follows:

'22

Amounts in Euro	Opening balance	Exchange rate changes	Current services cost	Net interest	Actuarial deviations	Payments made	Closing balance
Group pensions (**Note 7.2.1**)	2,413,507	-	-	27,831	(210,337)	(322,935)	1,908,066
Autonomous pension fund (**Note 7.2.1**)	13,816,091	-	140	162,383	(193,722)	(1,545,091)	12,239,801
Retirement grants – Insured capital (**Note 7.2.1**)	187,856	(3,804)	6,842	16,679	(17,359)	(4,756)	185,458
Health insurance (**Note 7.2.1**)	39,915	-	-	480	6,429	(3,367)	43,457
Retirement grants (**Note 7.2.1**)	78,654	3,991	10,848	12,205	(7,537)	(3,287)	94,874
Total liabilities – Post-employment benefits	**16,536,023**	**187**	**17,830**	**219,578**	**(422,526)**	**(1,879,436)**	**14,471,656**
Death grants (**Note 7.2.1**)	67,525	-	3,300	885	(14,607)	-	57,103
Long-service awards (**Note 7.2.1**)	394,680	-	28,442	5,208	(51,619)	(11,226)	365,485
Total liabilities – Other long-term benefits	**462,205**	**-**	**31,742**	**6,093**	**(66,226)**	**(11,226)**	**422,588**
Total liabilities	**16,998,228**	**187**	**49,572**	**225,671**	**(488,752)**	**(1,890,662)**	**14,894,244**

'21

Amounts in Euro	Opening balance	Exchange rate changes	Current services cost	Net interest	Actuarial deviations	Payments made	Closing balance
Group pensions (**Note 7.2.1**)	2,860,016	-	-	32,991	(94,420)	(385,080)	2,413,507
Autonomous pension fund (**Note 7.2.1**)	15,331,104	-	923	180,635	(11,654)	(1,684,917)	13,816,091
Retirement grants – Insured capital (**Note 7.2.1**)	208,970	1,172	7,445	18,010	(25,756)	(21,985)	187,856
Health insurance (**Note 7.2.1**)	44,217	-	-	640	(2,095)	(2,847)	39,915
Retirement grants (**Note 7.2.1**)	33,376	5,313	37,672	4,190	(1,897)	-	78,654
Total liabilities – Post-employment benefits	**18,477,683**	**6,485**	**46,040**	**236,466**	**(135,822)**	**(2,094,829)**	**16,536,023**
Death grants (**Note 7.2.1**)	71,906	-	(2,505)	868	(2,744)	-	67,525
Long-service awards (**Note 7.2.1**)	371,207	-	57,855	5,194	(12,664)	(26,912)	394,680
Total liabilities – Other long-term benefits	**443,113**	**-**	**55,350**	**6,062**	**(15,408)**	**(26,912)**	**462,205**
Total liabilities	**18,920,796**	**6,485**	**101,390**	**242,528**	**(151,230)**	**(2,121,741)**	**16,998,228**

The average expected duration of the benefit obligations of the Secil Group Pension Fund is 7 years.

7.2.3 Funds

Funds allocated to defined benefit pension plans - evolution

In 2022 and 2021, funds allocated to defined benefit pension plans record the following evolution:

Amounts in Euro	'22 Autonomous fund	'22 Insured capital	'21 Autonomous fund	'21 Insured capital
Opening balance	15,866,510	108,746	17,128,207	125,955
Exchange rate changes	-	(2,216)	-	673
Contribution for the period	3,015	-	-	-
Interest	186,361	10,115	201,346	10,541
Expected return of plan assets	(2,326,373)	(3,826)	221,870	(6,439)
Pensions paid	(1,545,093)	(4,757)	(1,684,913)	(21,984)
Closing balance (Note 7.2.1)	**12,184,420**	**108,062**	**15,866,510**	**108,746**

Funds allocated to defined benefit plan - estimated contributions in the following period

The contributions expected for the next annual reporting period depend, among other factors, on the correlation between the return on fund assets and the technical interest rate.

Funds allocated to defined benefit plans - composition of the assets

As at 31 December 2022 and 2021, the composition of the fund's assets was as follows:

Amounts in Euro	'22	%	'21	%
Securities listed in active market				
Bonds	7,778,534	63,8%	10,046,597	63,3%
Shares	2,453,942	20,1%	3,366,523	21,2%
Other investments	1,830,100	15,0%	2,334,304	14,7%
Unlisted securities				
Liquidity	121,844	1,0%	119,086	0,8%
	12,184,420	**100%**	**15,866,510**	**100%**

The amounts shown, with the exception of Liquidity, refer to the fair values of these assets, fully determined based on observable prices in active net (regulated) markets at the date of the Consolidated Statement of Financial Position.

7.2.4 Expenses incurred with post-employment and long-term benefit plans

The expenses incurred with post-employment benefit plans in the periods ended 31 December 2022 and 2021 were as follows:

Amounts in Euro	'22 Current services cost	Net interest	Actuarial deviations	CD plans – Contributions for the period	Impact on net profit (Note 7.1)
Pensions assumed by the Group	-	27,831	-	-	27,831
Pension with Autonomous fund	140	(23,978)	-	-	(23,838)
Insurance policies	6,842	6,564	-	-	13,406
Retirement grants	10,848	12,205	-	-	23,053
Health insurance	-	480	-	-	480
Contributions to defined contribution plans	-	-	-	1,502,306	1,502,306
Post-employment benefits	17,830	23,102	-	1,502,306	1,543,238
Death grants	3,300	885	(14,607)	-	(10,422)
Long-service awards	28,442	5,208	(51,619)	-	(17,969)
Other long-term benefits	**31,742**	**6,093**	**(66,226)**	**-**	**(28,391)**
	49,572	**29,195**	**(66,226)**	**1,502,306**	**1,514,848**

					'21
Amounts in Euro	Current services cost	Net interest	Actuarial deviations	CD plans – Contributions for the period	Impact on net profit (Note 7,1)
Pensions assumed by the Group	-	32,991	-	-	32,991
Pension with Autonomous fund	923	(20,711)	-	-	(19,788)
Insurance policies	7,445	7,469	-	-	14,914
Retirement grants	37,672	4,190	-	-	41,862
Health insurance	-	640	-	-	640
Contributions to defined contribution plans	-	-	-	1,415,274	1,415,274
Post-employment benefits	46,040	24,579	-	1,415,274	1,485,893
Death grants	(2,505)	868	(2,744)	-	(4,381)
Long-service awards	57,855	5,194	(12,664)	-	50,385
Other long-term benefits	**55,350**	**6,062**	**(15,408)**	**-**	**46,004**
	101,390	**30,641**	**(15,408)**	**1,415.274**	**1,531.897**

7.2.5 Remeasurement recognised directly in other comprehensive income

Remeasurements recognised directly in other comprehensive income in the periods ended 31 December 2022 and 2021 are as follows:

					'22
Amounts in Euro	Gains and losses	Return on plan assets	Gross amount	Deferred tax	Impact on Equity
Post-employment benefits					
Pensions assumed by the Group	210,337	-	210,337	(57,869)	152,468
Pension with Autonomous fund	211,081	(2,330,199)	(2,119,118)	583,058	(1,536,060)
Retirement grants	7,537	-	7,537	(258)	7,279
Health insurance	(6,429)	-	(6,429)	1,383	(5,046)
	422,526	**(2,330,199)**	**(1,907,673)**	**526,314**	**(1,381,359)**

					'21
Amounts in Euro	Gains and losses	Return on plan assets	Gross amount	Deferred tax	Impact on Equity
Post-employment benefits					
Pensions assumed by the Group	94,420	-	94,420	(25,966)	68,454
Pension with Autonomous fund	37,410	215,431	252,841	(67,242)	185,599
Retirement grants	1,897	-	1,897	(273)	1,624
Health insurance	2,095	-	2,095	(450)	1,645
	135,822	**215,431**	**351,253**	**(93,931)**	**257,322**

7.3 Remuneration of corporate bodies

In the periods ended 31 December 2022 and 2021, the remuneration of Corporate Bodies is as follows:

Amounts in Euro	**31/12/2022**	**31/12/2021**
Secil's Corporate Bodies		
Board of Directors	2,854,775	3,446,700
Supervisory Board	54,579	54,579
Corporate bodies from other group companies	770,471	793,587
Total	**3,679,825**	**4,294,866**

Remuneration of the Members of the Board of Directors

As at 31 December 2022 and 2021, for the members of the Board of Directors of Secil, there were no (i) any additional liabilities related to post-employment benefits, (ii) termination benefits, (iii) share-based payments nor, (iv) any outstanding balances.

08

Financial instruments

8.1 Financial risk management

The Secil Group has defined a financial risk management policy that sets out guidelines across the Group to identify, measure and manage the different risks to which it is exposed.

This management policy covers, among others, exchange rate, interest rate, liquidity and credit risks.

Risk management is conducted by the Group's Finance Department, which regularly analyses the evolution of financial markets, monitors the degree of the Group's exposure to the different risks identified, adopts measures to manage them and hedges them using financial instruments whenever deemed appropriate.

8.1.1 Currency risk

Foreign currency risk management policy

The Group's foreign exchange exposure arises mainly from the investments held in several countries outside the Eurozone, as the Group prepares its consolidated financial statements in Euro. The main currencies to which the Group is exposed, in terms of currency translation, are the BRL (Brazilian real), the TND (Tunisian dinar), the LBP (Lebanese pound), the AOA (Angolan kwanza) and the USD (US dollar).

The Group also has exchange rate exposure to operating flows, mainly in USD, namely those related to fuel purchases and freight ships.

The Group seeks to mitigate the foreign exchange exposure of its assets in the various geographies in which it operates by contracting local loans, issued in the same currency as the respective assets.

Furthermore, and in order to protect the risk of foreign currency flows, the Group's policy is to maximise the natural hedging potential of its foreign exchange exposure by offsetting currency flows, particularly withing the Group. The Group's foreign exchange exposure is controlled in an integrated manner taking into account global flows.

Use of derivative financial instruments

Occasionally, when considered appropriate, the Group uses derivative financial instruments to manage exchange rate risk, in accordance with a defined policy.

In the periods presented, the Group holds derivatives that are hedging the exchange rate risk of future operations in currencies other than the presentation currency (see **Note 8.2** - Derivative financial instruments).

Exposure of financial assets and liabilities to exchange rate risk and sensitivity analysis

As at 31 December 2022 and 2021, the Group's exposure to exchange rate risk, based on the amounts of financial assets and liabilities, translated to Euro, based on the exchange rates at that date, is as follows:

	'22					
	American dollar	Brazilian real	Lebanese Libras	Tunisian dinar	Angolan kwanza	Total (Euro)
Exchange rate at the end of the period	1,0666	5,5680	44,9039	3,3342	544,6434	
Valuation/(devaluation) compared to the previous year	5,83%	11,90%	(43,39%)	(2,05%)	13,88%	
Average exchange rate for the period	1,0534	5,4409	44,9039	3,2535	486,7246	
Valuation/(devaluation) compared to the previous year	10,94%	14,68%	(43,39%)	1,08%	35,22%	
Amounts in foreign currency						
Cash and cash equivalents	10,930,155	200,689,277	35,277,945	9,188,351	199,214,219	50,198,185
Receivables and other current liabilities	6,130,205	42,990,334	10,456,180	41,533,126	213,256,184	26,549,500
Total financial assets	**17,060,361**	**243,679,611**	**45,734,125**	**50,721,477**	**412,470,404**	**76,747,685**
Interest-bearing liabilities	(56,508,439)	(209,076,285)	-	(110,959,947)	-	(123,808,924)
Payables and other current liabilities	(8,681,563)	(309,937,974)	(123,624,248)	(45,894,250)	(397,337,690)	(81,050,940)
Total financial liabilities	**(65,190,002)**	**(519,014,258)**	**(123,624,248)**	**(156,854,197)**	**(397,337,690)**	**(204,859,865)**
Financial net position in foreign currency	(48,129,642)	(275,334,647)	(77,890,124)	(106,132,720)	15,132,714	
Financial net position in Euro	(45,124,359)	(49,449,470)	(1,734,596)	(31,831,540)	27,785	(128,112,180)
Impact of +10% change in exchange rate	(4,512,436)	(4,944,947)	(173,460)	(3,183,154)	2,778	(12,811,218)
Impact of -10% change in exchange rate	4,512,436	4,944,947	173,460	3,183,154	(2,778)	12,811,218
Impact of +10% change in all exchange rates on profit for the period						**652,105**
Impact of -10% change in all exchange rates on profit for the period						**(797,017)**

						'21
	American dollar	Brazilian real	Lebanese Libras	Tunisian dinar	Angolan kwanza	Total (Euro)
Exchange rate at the end of the period	1,1326	6,3199	31,3164	3,2673	632,4237	
Valuation/(devaluation) compared to the previous year	7,70%	0,89%	(203,82%)	0,63%	23,10%	
Average exchange rate for the period	1,1828	6,3773	31,3164	3,2889	751,3343	
Valuation/(devaluation) compared to the previous year	(3,55%)	(8,13%)	(203,82%)	(2,78%)	(8,91%)	
Amounts in foreign currency						
Cash and cash equivalents	596,278	236,507,513	104,796,938	8,840,005	96,270,753	44,153,351
Receivables and other current liabilities	7,364,155	50,165,931	30,599,464	30,979,214	(440,049,608)	24,202,651
Total financial assets	**7,960,433**	**286,673,444**	**135,396,402**	**39,819,219**	**(343,778,855)**	**68,356,002**
Interest-bearing liabilities	(47,819,676)	(307,237,219)	(916,248)	(85,099,325)	-	(116,910,426)
Payables and other current liabilities	(13,894,219)	(249,408,855)	(113,265,268)	(35,054,215)	(791,822,896)	(67,329,244)
Total financial liabilities	**(61,713,894)**	**(556,646,074)**	**(114,181,516)**	**(120,153,541)**	**(791,822,896)**	**(184,239,670)**
Financial net position in foreign currency	(53,753,462)	(269,972,630)	21,214,886	(80,334,322)	(1,135,601,750)	
Financial net position in Euro	(47,460,235)	(42,717,864)	677,437	(24,587,372)	(1,795,634)	(115,883,669)
Impact of +10% change in exchange rate	(4,746,023)	(4,271,786)	67,744	(2,458,737)	(179,563)	(11,588,367)
Impact of -10% change in exchange rate	4,746,023	4,271,786	(67,744)	2,458,737	179,563	11,588,367
Impact of +10% change in all exchange rates on profit for the period						652,105
Impact of -10% change in all exchange rates on profit for the period						(797,017)

8.1.2 Interest rate risk

Interest rate risk management policy

The Group's exposure to interest rate risk is associated with the net interest-bearing debt contracted by the Group, and the objective of interest rate risk management is to reduce the volatility of financial costs in the income statement.

The interest rate risk management strategy is reviewed on an annual basis, depending on the expectations of the evolution of rates in each market where the Group is present. Currently, the interest rate risk management strategy involves contracting part of the fixed rate debt.

Use of derivative financial instruments

Where the Board considers appropriate, the Group relies on the use of derivative financial instruments (**Note 8.2**), to manage the interest rate risk. The purpose of these instruments is to set the interest rate on loans obtained within certain parameters considered appropriate by the Group's risk management policies.

Estimates and judgements

Sensitivity analysis

The Group uses the sensitivity analysis technique to measure the estimated impacts on the income statement and equity from an immediate increase or decrease in market interest rates, with all other variables held constant. This analysis is for illustrative purposes only since changes in market rates rarely occur separately.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;
- Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;
- Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured discounting future cash flows from net present values, with market interest rates at year end.

Under these assumptions, the impact of an increase of 0.5% in interest rates, for all loans or derivative financial instruments contracted as at 31 December 2022 and 2021, is as follows:

Amounts in Euro	31/12/2022	31/12/2021
0.5% increase in market interest rates		
Impact on income before tax – increase/(decrease)	(794,969)	(357,153)

Exposure to interest rate risk

The fixed rate (which does not expose the Company to interest rate risk) and variable rate (which expose the Company to interest rate risk) financial assets and liabilities are detailed as follows:

31/12/2022

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ de 5 years	Total
ASSETS						
Non-current						
Financial instruments (**Note 8,2.2**)	-	-	-	-	-	-
Current						
Cash and cash equivalents (**Note 5,8**)	68,686,267	-	-	-	-	68,686,267
Total financial assets	**68,686,267**	**-**	**-**	**-**	**-**	**68,686,267**
LIABILITIES						
Non-current						
Interest-bearing liabilities (**Note 5,6**)	-	20,000,000	50,000,000	194,762,606	2,731,141	267,493,747
Current						
Interest-bearing liabilities (**Note 5,6**)	44,875,920	18,440,732	45,714,286	-	-	109,030,938
Derivative financial instruments (**Note 8,2.1**)	-	-	7,076,688	-	-	7,076,688
Total financial liabilities	**44,875,920**	**38,440,732**	**102,790,974**	**194,762,606**	**2,731,141**	**383,601,373**
Net financial position	**23,810,347**	**(38,440,732)**	**(102,790,974)**	**(194,762,606)**	**(2,731,141)**	**(314,915,106)**

31/12/2021

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ de 5 years	Total
ASSETS						
Non-current						
Financial instruments (**Note 8,2.2**)	797,189	-	-	-	-	797,189
Current						
Cash and cash equivalents (**Note 5,8**)	75,382,038	-	-	-	-	75,382,038
Total financial assets	**76,179,227**	**-**	**-**	**-**	**-**	**76,179,227**
LIABILITIES						
Non-current						
Interest-bearing liabilities (**Note 5,6**)	-	-	-	162,618,187	56,797,668	219,415,855
Current						
Interest-bearing liabilities (**Note 5,6**)	84,216,582	7,013,341	20,000,000	-	-	111,229,923
Derivative financial instruments (**Note 8,2.1**)	-	-	1,681,283	-	-	1,681,283
Total financial liabilities	**84,216,582**	**7,013,341**	**21,681,283**	**162,618,187**	**56,797,668**	**332,327,061**
Net financial position	**(8,037,355)**	**(7,013,341)**	**(21,681,283)**	**(162,618,187)**	**(56,797,668)**	**(256,147,834)**

8.1.3 Liquidity risk

Liquidity risk management policy

The Group manages the liquidity risk in two ways:

- by ensuring that its financial debt has a high medium- and long-term component with maturities appropriate to the characteristics of the industries where it operates, and
- through the contracting with financial institutions of credit facilities available at all times, for an amount that guarantees adequate liquidity.

The projection of cash flows is performed by the Group's operating entities and aggregated annually by the Group's Finance Department in the compilation of the annual budget. The Group's Finance Department is charged with monitoring the Group's liquidity requirements so as to ensure the maintenance of a proper level of available funds for each operating unit.

The Group's Financing Plans define the objectives for each geography, with regard to the amounts and terms of financing to be ensured and the compliance with financial policies and debt ratios.

Contractual maturity of financial liabilities (undiscounted flows, including interest)

As at 31 December 2022 and 2021, the liquidity of the contracted financial liabilities will give rise to the following undiscounted cash flows, including interest, based on the remaining period to contractual maturity:al:

The contractual maturity of interest-bearing liabilities requires the compliance with financial covenants, as detailed in **Note 5.6** – Interest-bearing liabilities.

31/12/2022

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ de 5 years	Total
Interest-bearing liabilities (Note 5,6)						
Bond loans	533,750	26,055,000	21,481,339	116,378,333	-	164,448,422
Commercial paper	12,211	328,750	340,961	50,000,000	20,000,000	70,681,922
Bank loans	41,277,901	20,753,295	-	92,134,270	3,021,514	157,186,981
Other interest-bearing liabilities	7,703,504	-	-	-	-	7,703,504
Lease liabilities (**Note 5,7**)	168,329	337,332	9,993,034	19,601,409	14,347,932	44,448,035
Payables and other current liabilities (**Note 4,3**)						
Derivative financial instruments (**Note 8,2.2**)	-	-	7,076,688	-	-	7,076,688
Other financial liabilities	-	-	253,841,237	-	-	253,841,237
Total liabilities	**49,695,695**	**47,474,377**	**292,733,258**	**278,114,012**	**37,369,446**	**705,386,789**

31/12/2021

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ de 5 years	Total
Interest-bearing liabilities (Note 5,6)						
Bond loans	-	340,714	22,216,456	114,575,461	50,463,614	187,596,245
Commercial paper	8,000,000	-	-	-	-	8,000,000
Bank loans	16,658,936	4,381,641	66,518,525	62,104,964	8,245,364	157,909,430
Other interest-bearing liabilities	21,847	-	232,207	-	-	254,054
Lease liabilities (**Note 5,7**)	155,646	311,293	9,566,404	21,259,353	16,537,133	47,829,830
Payables and other current liabilities (**Note 4,3**)						
Derivative financial instruments (**Note 8,2.2**)	-	-	1,681,283	-	-	1,681,283
Other financial liabilities	-	-	201,340,128	-	-	201,340,128
Total liabilities	**24,836,429**	**5,033,648**	**301,555,003**	**197,939,778**	**75,246,111**	**604,610,969**

Available and undrawn credit facilities

As at 31 December 2022 and 2021, the Company has available and undrawn credit facilities as follows:

Amounts in Euro	31/12/2022	31/12/2021
Undrawn credit facilities		
Commercial paper	125,000,000	187,000,000
Other credit facilities	33,190,566	43,369,674
	158,190,566	**230,369,674**

8.1.4 Credit risk

Credit risk management policy

The Group is exposed to credit risk on balances receivable from Trade and other receivables and has adopted a policy of managing risk coverage within certain levels through credit insurance with specialised independent company and/or by obtaining bank guarantees in favour of the Group.

The Group in Portugal has adopted a credit insurance policy in the area of materials for most trade receivables. Accordingly, the Group's effective exposure to credit risk is considered to be mitigated at acceptable levels with respect to sales.

However, a deterioration in global economic conditions or adversities affecting only local economies may result in a deterioration in the ability of the Company's customers to meet their obligations. This causes credit insurers to significantly reduce the amount of coverage they provide to these customers, which may result in an increase in the percentage of uninsured sales.

Cash equivalents

The Group has a strict policy of approving its financial counterparties, limiting its exposure according to an individual risk analysis and previously approved ceilings.

The analysis of the credit risk quality of counterparties is based on their rating wherever possible.

Accounting policies

Expected credit losses	The Group assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost as detailed in **Note 8.4.1** - Categories of financial instruments of the Group.
Recognition of impairments	Impairment losses on trade receivables are recorded based on the simplified model established in IFRS 9, recognising the expected losses up to maturity. The expected losses are determined on the basis of the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk. The model adopted for the impairment assessment in accordance with IFRS 9 is as follows: 1. Determine the customers' payment profile, by setting buckets of receipt frequency; 2. Based on 1 above, estimate the probability of default (i.e., the amount of bad debts calculated at 1 compared to the balance of outstanding sales in each bucket calculated at 2); 3. Adjust the percentages of future projections obtained in 3; 4. Apply the default percentages as calculated in 4. to the balances of customers outstanding at the reporting date. The Group also recognises impairment on a case-by-case basis, based on specific balances and specific past events, considering the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets.
Asset derecognition	Financial assets are derecognised when there is no real expectation of recovery and are considered uncollectible. Despite being derecognised, the Company continues to take steps to recover the amounts due. In cases of success with the recovery of amounts, such amounts are recognised in the results of the period.

Maximum exposure to credit risk

The Group's maximum exposure to the credit risk of financial assets corresponds to their net value, as follows:

Amounts in Euro	31/12/2022	31/12/2021
Non-current		
Other financial investments (**Note 8.3**)	429,190	378,651
Receivables and other current assets (**Note 4.2**)	3,071,482	3,105,590
Current		
Receivables and other current assets (**Note 4.2**)	96,914,202	80,495,117
Derivative financial instruments (**Note 8.2**)	6,258,968	1,435,707
Cash and cash equivalents (**Note 5.8**)	68,130,384	74,383,132
	174,804,227	**159,798,198**

Ageing structure of trade receivables balances

As at 31 December 2022 and 2021, Trade receivables showed the following ageing structure, considering the maturity dates of the outstanding balances:

Amounts in Euro	31/12/2022	31/12/2021
Amounts not yet overdue	43,496,832	39,317,429
Amounts overdue:		
1 – 90 days	21,174,834	15,946,498
91 – 180 days	3,414,312	1,714,620
181 – 360 days	1,425,869	823,136
361 – 540 days	767,972	309,914
541 – 720 days	396,908	266,690
+ 721 days	6,462,629	4,455,593
	77,139,356	**62,833,881**
Litigation - doubtful debts	7,602,003	7,542,786
Impairment	(13,799,445)	(13,269,155)
Trade receivables balance (Note 4.2)	**70,941,914**	**57,107,511**
Contracted credit insurance limit	**173,375,525**	**133,921,025**

As at 31 December 2022 and 2021, the analysis of the ageing of due balances, and respective impairment losses, is as follows:

	31/12/2022		31/12/2021	
Amounts in Euro	Valor Bruto	Justo Valor Garantias	Valor Bruto	Justo Valor Garantias
Overdue debtor balances not impaired:				
Overdue for less than 3 months	20,997,567	2,006,866	15,787,167	8,549,466
Overdue for more than 3 months	6,667,534	195,044	2,254,023	332,478
	27,665,101	**2,201,910**	**18,041,190**	**8,881,944**
Overdue debtor balances impaired:				
Overdue for less than 3 months	177,267	-	205,666	-
Overdue for more than 3 months	13,402,159	-	12,812,381	-
	13,579,426	**-**	**13,018,047**	**-**
	41,244,527	**2,201,910**	**31,059,237**	**8,881,944**

The amounts shown above correspond to the amounts outstanding according to the contracted due dates. Despite there being delays in settlement of certain amounts compared to payment terms, this does not result in the identification of impairment situations other than those recognised as losses.

These are calculated based on the information periodically collected on the financial behaviour of the Group's customers, which allows, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the part not attributable to the insurance company, to define the amount of losses to be recognised in the period.

Credit risk of cash equivalents

As at 31 December 2022 and 2021, the quality of the Group's credit risk relating to financial assets (bank deposits, cash investments and derivative financial instruments with positive fair value) whose counterparties are financial institutions, is detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
A	427,411	578,795
A-	3,697,892	3,686,568
BBB+	1,913,036	-
BBB	634	2,647,225
BBB-	3,034,440	-
BB+	10,040,777	2,943,738
BB	5,697,168	13,677,666
BB-	34,793,497	34,891,790
B+	-	-
B	17,933	9,345,223
B-	2,308,949	30,012
CCC+	2,205,418	75,543
CCC	-	23,901
CC	-	340,066
No rating	4,549,112	7,141,511
	68,686,267	**75,382,038**
Derivative financial instruments (**Note 8.2**)	6,258,968	1,435,707
	74,945,235	**76,817,745**

Impairment from trade and other receivables

During the periods ended 31 December 2022 and 2021, movements in accumulated impairment losses of trade and other receivables are as follows:

Amounts in Euro	31/12/2022	31/12/2021
Accumulated impairment at the beginning of the period	**21,990,477**	**32,749,265**
Variations due to:		
Increase	2,387,178	847,366
Reversals	(525,363)	(691,510)
Variations recognised in profit for the period (Note 2.4)	**1,861,815**	**155,856**
Changes in the perimeter	166	(3,140,998)
Exchange rate adjustment	27,861	(106,452)
Hyperinflationary Economies	2,227	(3,002)
Charge-off	(1,100,236)	(7,664,192)
Accumulated impairment at the end of the period	**22,782,310**	**21,990,477**

8.2 Derivative financial instruments

Accounting policies

Introduction

The fair value of Derivative financial instruments is included under Payables and other current liabilities (Note 4.3), when negative, and under Receivables and other current assets (**Note 4.2**), when positive.

Having adopted for the first time the IFRS with transition date on 1 January 2020, the Group applies the hedge accounting requirements of IFRS 9 - Financial Instruments.

Derivative financial instruments at fair value through profit or loss

Although the derivatives contracted by the Group represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy the applicable rules and requirements.

Instruments that do not qualify as hedging instruments are recorded in the Financial Position at their fair value and changes in fair value are recognised in Net financial results (**Note 5.10**), when related to financing operations, or in External supplies and services (**Note 2.3**) or Revenue (**Note 2.2**), when related to foreign exchange risk on the purchase of raw materials or cash flows from sales in currencies other than the reporting currency.

Hedging derivative financial instruments

The derivative financial instruments, used for hedging purposes, may be classified as hedge instruments provided that they fulfil, cumulatively, with the conditions set out in IFRS 9.

Cash-flow hedge (interest rate and exchange rate risks)	In order to manage the risk of interest and exchange rates, the Group enters into cash flow hedge. Those transactions are recorded in the interim consolidated statement of financial position at their fair value, if considered effective hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the Income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement under Net financial results (**Note 5.10**). However, when the future hedged transaction results in the recognition of a non-financial asset (e.g. inventories or property, plant and equipment), the previously gains and losses deferred in equity are included in the initial measurement of the cost of the asset. When a hedging instrument matures or is sold, or when it no longer meets the criteria required to be recognised as a hedge, the cumulative gains and losses on equity are recycled to the Income statement, except when the hedged item is a future transaction with related cumulative gains and losses included in equity at that date remain in equity. In such case, they will only be recycled to the income statement when the transaction is recognised in the income statement. Net investment hedging abroad (Exchange rate risk).
Net investment hedging abroad (Exchange rate risk)	In order to manage its exposure to interest rate risk and exchange rate risk, the Group enters into cash flow hedges. Those transactions are recorded in the interim consolidated statement of financial position at their fair value, if considered effective hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the Income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement under Net financial results (**Note 5.10**). However, when the future hedged transaction results in the recognition of a non-financial asset (e.g. inventories or property, plant and equipment), the previously gains and losses deferred in equity are included in the initial measurement of the cost of the asset. When a hedging instrument matures or is sold, or when it no longer meets the criteria required to be recognised as a hedge, the cumulative gains and losses on equity are recycled to the Income statement, except when the hedged item is a future transaction with related cumulative gains and losses included in equity at that date remain in equity. In such case, they will only be recycled to the income statement when the transaction is recognised in the income statement. Net investment hedging abroad (Exchange rate risk).
Foreign currency risk hedging in the export and purchase of fuels	The Group carries out occasionally sales hedging transactions in a currency other than the presentation currency and hedges future fuel acquisitions, particularly petroleum coke.
Cash flow hedge/ Interest rate on loans to foreign operations	When a foreign transaction of the Group takes loans in a currency other than the functional currency in the country of activity of that operation, the Group carries out hedging operations so that the exposure reflects the functional currency.

Estimates and judgements

Fair value in derivative financial instruments

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions.

8.2.1 Movements in derivative financial instruments

In the periods ended 31 December 2022 and 2021, the movement under fair value of the financial instruments is as follows:

			'22			'21
Amounts in Euro	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	**(884,094)**	**638,518**	**(245,576)**	**3,312,331**	**(208,463)**	**3,103,868**
News contracts/settlements	633,300		633,300	-	-	-
Change in fair value through profit and loss (**Note 5.10**)	(6,706,507)	-	(6,706,507)	(4,226,247)	-	(4,226,247)
Change in fair value through other comprehensive income (**Note 5.4**)	-	5,620,450	5,620,450	-	846,981	846,981
Exchange rate adjustment	(119,388)	-	(119,388)	29,822	-	29,822
Balance at the end of the period	**(7,076,688)**	**6,258,968**	**(817,720)**	**(884,094)**	**638,518**	**(245,576)**

8.2.2 Detail and maturity of derivative financial instruments by nature

As at 31 December 2022 and 2021, the fair value of derivative financial instruments is as follows:

						31/12/2022
Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net
Hedging						
Interest rate swaps	50,000,000	EUR	2027	6,258,968	-	6,258,968
				6,258,968	**-**	**6,258,968**
Trading						
Cross currency interest rate swap	7,500,000	EUR	2023	-	(575,203)	(575,203)
Cross currency interest rate swap	18,145,527	USD	2025	-	(2,504,766)	(2,504,766)
Cross currency interest rate swap	10,000,000	EUR	2024	-	(2,037,753)	(2,037,753)
Cross currency interest rate swap	18,000,000	USD	2025	-	(960,574)	(960,574)
Cross currency interest rate swap	16,000,000	USD	2025	-	(853,843)	(853,843)
Cross currency interest rate swap	10,000,000	USD	2024	-	(144,548)	(144,548)
				-	**(7,076,688)**	**(7,076,688)**
				6,258,968	**(7,076,688)**	**(817,720)**

	31/12/2021					
Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4,2)	Negative (Note 4,3)	Net
Hedging						
Interest rate swaps	50,000,000	EUR	2027	638,518	-	638,518
				638,518	-	638,518
De negociação						
Non Deliverable Forward (NDF)	12,500,000	EUR	2022	430,161	-	430,161
Cross currency interest rate swap	16,000,000	USD	2022	-	(479,613)	(479,613)
Non Deliverable Forward (NDF)	7,861,000	USD	2022	139,263	-	139,263
Cross currency interest rate swap	25,950,000	USD	2022	227,765	-	227,765
Cross currency interest rate swap	7,500,000	EUR	2023	-	(967,357)	(967,357)
Cross currency interest rate swap	10,000,000	EUR	2024	-	(234,313)	(234,313)
				797,189	(1,681,283)	(884,094)
				1,435,707	(1,681,283)	(245,576)

Derivatives at fair value through profit or loss

In March 2020, the subsidiary Supremo, contracted an external financing in the amount of USD 7,950,000 maturing in March 2022. On the same date, a cross currency interest rate swap agreement was entered into force with the purpose of hedging exposure to the exchange rate. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in USD.

In July 2020, the subsidiary Supremo, contracted an external financing in the amount of Euro 12,500,000 maturing in July 2022, with a single repayment at maturity. A Non-Deliverable Forward contract was signed on the same date. This derivative allowed the Supremo to fix the nominal value of the financing in BRL and the respective interest.

In March 2021, the subsidiary Supremo, contracted an external financing in the amount of approximately Euro 7,500,000 maturing in August 2023 with two principal repayments, the first in August 2022 and the last at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in EUR.

In December 2021, the subsidiary Supremo contracted a financing of Euro 10,000,000 maturing in June 2024, with two capital repayments, the first in June 2023 and the last at maturity. On the same date, a cross currency interest rate swap agreement was entered into force with the purpose of hedging exposure to the exchange rate. This derivative allowed Supremo to set the nominal value of the financing in BRL and the payment of interest at the Interbank Deposit (ID) rate plus a spread, fully replicating the amortisation plan of the financing in EUR.

In December 2021, the subsidiary Supremo, contracted a financing of USD 7,000,000 maturing in December 2022, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in USD.

In January 2022, the subsidiary Supremo, contracted an USD equivalent external financing of approximately BRL 100,000,000 maturing in January 2025 with two half-yearly principal repayments, the first in January 2023 and the last at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in USD.

In May 2022, the subsidiary Supremo, contracted an external financing in the amount of USD 18,000,000 maturing in May 2025, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in USD.

In May 2022, the subsidiary Margem, contracted an external financing in the amount of USD 16,000,000 maturing in May 2025, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Margem to set the nominal value of the financing in BRL and the payment of interest at the Interbank Deposit (ID) rate plus a spread, fully replicating the amortisation plan of the financing in USD.

In June 2022, the subsidiary Margem, contracted an external financing in the amount of Euro 10,000,000 maturing in June 2024, with a single repayment at maturity. On the same date, a cross currency interest rate swap agreement was entered into force with the purpose of hedging exposure to the exchange rate. This derivative allowed Margem to set the nominal value of the financing in BRL and the payment of interest at the Interbank Deposit (ID) rate plus a spread, fully replicating the amortisation plan of the financing in EUR.

Cash flow hedge

In 2020, Secil undertook a bond loan of EUR 50,000,000, with full repayment at par in April 2027, with semi-annual and postponed interest payments. On 26 October 2020, an interest rate hedge derivative was contracted through an interest rate swap (IRS) with a nominal value of Euro 50,000,000, beginning on 29 October 2020 and maturing on 29 April 2027.

8.3 Other financial investments

Accounting policies

Measurement	These financial investments are recognised as: a) At fair value through profit or loss, when the Group holds them for the purpose of trading; and b) At fair value through other comprehensive income, the remaining financial investments.

As at 31 December 2022 and 2021, Other financial investments are detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Financial assets at fair value through profit or loss		
C5LAB – Sustainable Construction Materials Association	35,000	35,000
Built Colab Colaborative Laboratory	12,500	12,500
Foire Internationale de Gabés	7,498	7,652
TCG – Terminale Cimentier de Gabés	182,653	186,392
Sté Zone Franche de Zarzis	108,662	110,887
Other	82,878	26,220
	429,190	378,651

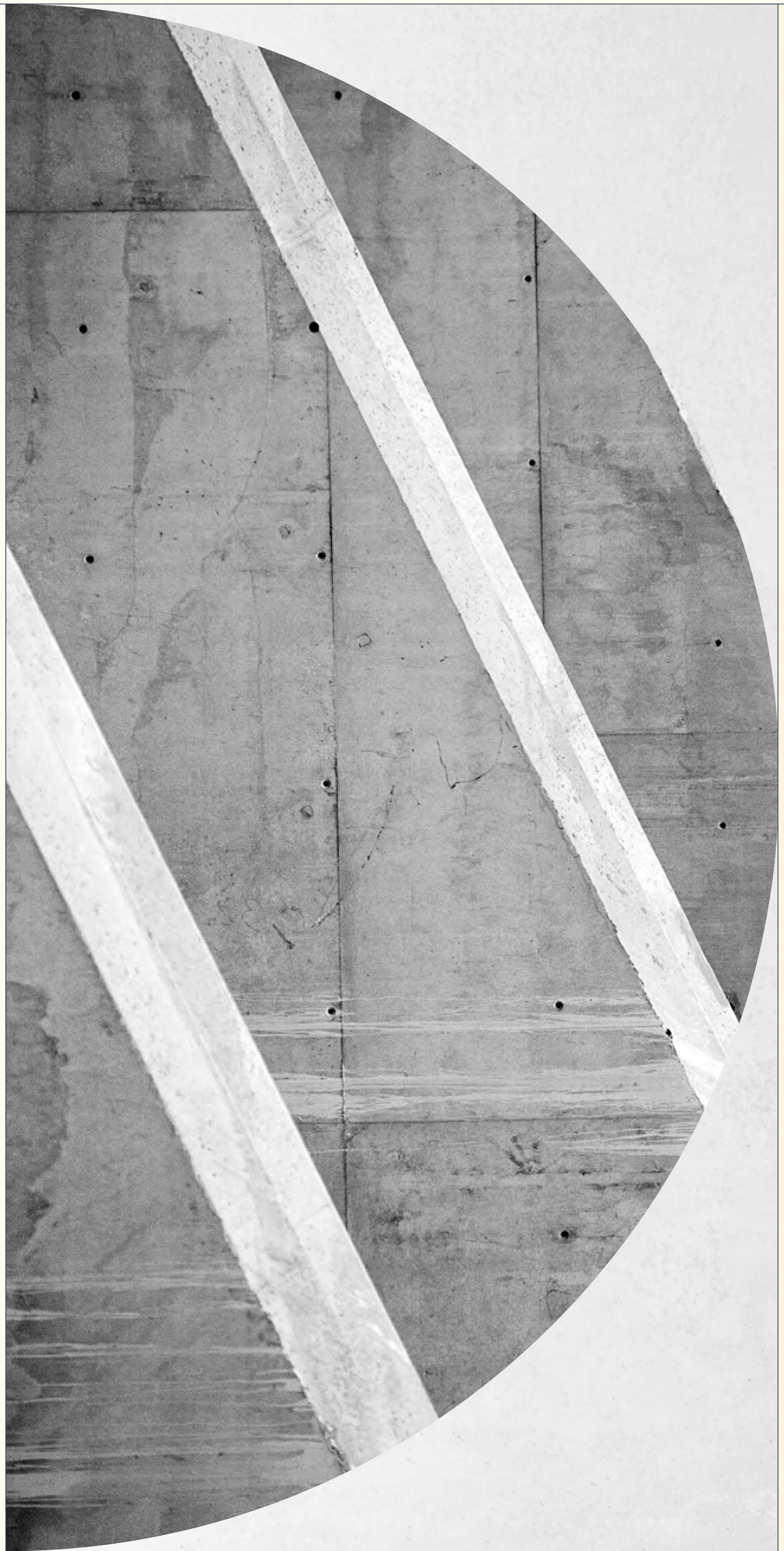
8.4 Financial assets and liabilities

8.4.1 Categories of Group Financial Instruments

The financial instruments included in each caption of the consolidated statement of financial position are classified as follows:

Amounts in Euro	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss (excluding derivatives)	Hedging derivative financial instruments	Trading derivative financial instruments	Non-financial assets	Total
ASSETS							
31 December 2022							
Other financial investments	8,3	-	429,190	-	-	-	429,190
Receivables and other current assets	4,2	110,370,089	-	6,258,968	-	6,216,429	122,845,485
Cash and cash equivalents	5,8	61,586,700	-	-	-	-	61,586,700
Non-current assets held for sale	3,6	-	-	-	-	1,008,000	1,008,000
Total assets		**171,956,789**	**429,190**	**6,258,968**	**-**	**7,224,429**	**185,869,375**
31 December 2021							
Other financial investments	8,3	-	378,651	-	-	-	378,651
Receivables and other current assets	4,2	87,565,272	-	638,518	797,189	8,102,626	97,103,605
Cash and cash equivalents	5,8	75,000,230	-	-	-	-	75,000,230
Non-current assets held for sale	3,6	-	-	-	-	4,162,459	4,162,459
Total assets		**162,565,502**	**378,651**	**638,518**	**797,189**	**12,265,085**	**176,644,945**

Amounts in Euro	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss (excluding derivatives)	Hedging derivative financial instruments	Trading derivative financial instruments	Financial assets outside the scope of IFRS 9	Non-financial liabilities	Total
LIABILITIES								
31 December 2022								
Interest-bearing liabilities	5,6	375,227,211	-	-	-	-	-	375,227,211
Lease liabilities	5,7	-	-	-	-	37,997,062	-	37,997,062
Payables and other current liabilities	4,3	178,157,694	-	-	7,076,688	-	85,086,892	270,321,274
Non-current liabilities held for sale	3,7	-	-	-	-	-	-	-
Total de passivos		**553,384,905**	**-**	**-**	**7,076,688**	**37,997,062**	**85,086,892**	**683,545,546**
31 December 2021								
Interest-bearing liabilities	5,6	329,081,019	-	-	-	-	-	329,081,019
Lease liabilities	5,7	-	-	-	-	41,606,271	-	41,606,271
Payables and other current liabilities	4,3	158,213,133	-	-	1,681,283	-	43,126,994	203,021,411
Non-current liabilities held for sale	3,7	-	-	-	-	-	-	-
Total liabilities		**487,294,152**	**-**	**-**	**1,681,283**	**41,606,271**	**43,126,994**	**573,708,701**



09

Provisions, commitments and contingencies

9.1 Provisions

Amounts in Euro	Note	31/12/2022	31/12/2021
Provisions	9,1	98,916,495	68,253,869
Commitments	9,2	36,324,649	64,484,722
Contingent assets and liabilities	9,2	23,002,888	17,738,126

Accounting policies

Recognition and initial measurement	Provisions are recognised whenever: • the Company has a legal or constructive obligation, as a result of past events; • it is likely that a cash outflow and/or resources will be required to settle the obligation; and • the amount has been reliably estimated.
Capitalisation of expenditures	Landscape recovery provisions are recognised against Property, plant and equipment (**Note 3.3**). Some of the Group's companies are responsible for the environmental and landscape recovery of the quarries affected by the exploration, in accordance with applicable legislation. Rehabilitation works mainly includes cleaning and regularisation of areas for recovery, modelling and preparation of the land, transport and spreading of rejected materials for landfill, fertilisation, execution of the general plan for coating with hydro-sowing and plantation, and maintenance and conservation of the areas recovered after implantation.
Subsequent measurement	Provisions are reviewed on statement of financial position date and are adjusted so as to reflect the best estimate at that date. Landscape recovery provisions are remeasured according to the effect of the time value of money, against the caption Financial discount of provisions in Note 5.10 - Net financial results and consumed by the expenses made by the Group with the recovery, at the date they occur.

Estimates and judgements

Legal proceedings

These provisions were made in accordance with the risk assessments carried out internally by the Group with the support of its legal advisors, based on the likelihood of the decision being favourable or unfavourable to the Group.

Environmental recovery

The extent of the work required and the costs to be incurred were determined based on the quarrying plans and studies prepared by independent entities, and the total liability was measured by the expected value of the future cash flows, discounted to present value.

Value judgements and estimates are involved in the formation of expectations about future activities and the amount and period of time of the associated cash flows. These perspectives are based on the existing environment and current regulations.

Quarries whose reconstitution is only possible at the closure of operations, the Group has requested independent and specialised entities to quantify those obligations, having for this purpose recognised a provision under the caption Provisions.

Movimentos em provisões

During the periods ended 31 December 2022 and 2021, the movements in Provisions are as follows:

Amounts in Euro	Environmental recovery	CO_2 emission allowances	Provision for Financial Investments	Other	Total
1 January 20201	**18,146,310**	**32,397,332**	**-**	**8,981,470**	**59,525,113**
Increases	862,581	37,275,882	-	10,329,980	48,468,443
Reversals	(3,217,014)	-	-	(986,231)	(4,203,245)
Impact on profit for the period	**(2,354,433)**	**37,275,882**	**-**	**9,343,749**	**44,265,198**
Change in the perimeter	-	-	-	(6,000)	(6,000)
Charge-off	(3,103,060)	(32,204,852)	-	(2,386,107)	(37,694,020)
Exchange rate adjustment	(135,472)	-	-	(684,668)	(820,140)
Financial discounts (Note 5,10)	59,257	-	-	-	59,257
Transfers and adjustments	578,765	-	(445,560)	-	133,205
Appropriate net profit/(loss)	-	-	793,315	-	793,315
Hyperinflationary Economies	(37,247)	-	-	2,035,187	1,997,940
31 December 20201	**13,154,120**	**37,468,362**	**347,755**	**17,283,632**	**68,253,869**
Increases	386,489	73,617,432	-	7,247,768	81,251,689
Reversals	(2,775,622)	-	-	(2,546,220)	(5,321,842)
Impact on profit for the period	**(2,389,133)**	**73,617,432**	**-**	**4,701,548**	**75,929,847**
Change in the perimeter	-	-	-	2,544	2,544
Charge-off	(806,874)	(37,582,832)	(1,725,715)	(7,719,805)	(47,835,226)
Exchange rate adjustment	(145,508)	-	-	(497,452)	(642,960)
Financial discounts (Note 5,10)	117,714	-	-	-	117,714
Transfers and adjustments	450,633	-	-	-	450,633
Appropriate net profit/(loss)	-	-	1,377,960	-	1,377,960
Hyperinflationary Economies	-	-	-	1,262,114	1,262,114
31 December 20212	**10,380,952**	**73,502,962**	**-**	**15,032,581**	**98,916,495**

Environmental recovery

The amounts included in Transfers and adjustments of Euro 450,633 refer to a review of the quarry and landscape recovery plans carried out in 2022 (2021: Euro 578,765), namely the review of the expenses and the interest rate. This also led to an increase recorded under Assets for landscape recovery in the same amount (**Note 3.3**).

CO_2 Emission Allowances

The liabilities associated with the obligation to surrender CO2 emission allowances arising from the CO2 emissions recorded in 2022 are recorded under Provisions. Thus, on the date of settlement of the emissions made, with the delivery of these permits, the provision is derecognised.

In 2022 and 2021, there was a derecognition of CO_2 emission allowances for consumption in 2022 and 2021, respectively. This movement is reflected in the movement of Intangible Assets (**Note 3.2**).

Other provisions

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, complements to the Lebanese social security national fund, risks of contractual positions assumed in investments, among others.

9.2 Commitments

Purchase commitments

As at 31 December 2022 and 2021, the commitments assumed by the Group relate to acquisitions of property, plant and equipment and goods and services, detailed as follows:

Amounts in Euro	31/12/2022	31/12/2021
Purchase commitments		
Property, plant and equipment	13,045,822	49,071,239
Electric power	6,825	-
Raw materials – Petroleum coke and Coal	19,037,381	12,034,285
Services	2,858,268	2,811,031
Other	1,376,353	568,167
	36,324,649	**64,484,722**

Guarantees provided to third parties

As at 31 December 2022 and 2021, the Group presents guarantees to third parties as follows:

Amounts in Euro	31/12/2022	31/12/2021
Guarantees provided		
IAPMEI (within the scope of QREN)	277,541	277,541
IAPMEI (within the scope of PEDIP)	209,305	209,305
APSS – Administration of the ports of Setúbal and Sesimbra	2,624,820	2,624,820
Commission for Regional Development and Coordination (LVT)	948,840	948,840
Employment, Industry and Tourism Council (Spain)	279,648	954,118
APDL – Administration of the port of Leixões	349,840	377,154
ICNF- Institute for Nature Conservation and Forests	668,688	668,688
Commission for Regional Development and Coordination (North)	236,403	236,403
Commission for Regional Development and Coordination (Centre)	789,647	789,647
Commission for Regional Development and Coordination (Algarve)	678,620	678,620
Labour Court	217,324	217,324
Promissory notes, endorsements and guarantees	6,703,032	283,041
Regional Secretariat for Environment and Natural Resources	199,055	199,055
Agency for Development and Cohesion	4,919,200	4,995,543
Other	1,558,628	919,458
	20,660,591	**14,379,557**
Mortgages on Land, Property and Equipment	**2,342,297**	**3,358,569**
	23,002,888	**17,738,126**

10

Group structure

10.1 Companies included in the consolidation perimeter

	Note
Companies included in the consolidation perimeter	10.1
Non-controlling interests	10.1
Changes in the consolidation perimeter	10.2
Investments in associates and joint ventures	10.3
Transactions with related parties	10.4

Accounting policies

Group-controlled entities	Secil controls an entity (subsidiary) when it is exposed to, or has rights to, the variable returns generated as a result of its involvement with the entity, and has the ability to affect those variable returns through the power it exercises over its relevant activities. Shareholder's equity and net profit/ (loss) of these companies, corresponding to the third-party investment in such companies, are presented under Non-controlling interests.
Business combinations	The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets transferred, the equity instruments issued and liabilities incurred or assumed on the acquisition date. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost relative to the fair value of the Group's share of the identifiable assets and liabilities acquired is recorded as goodwill (**Note 3.1**). The acquisition cost is subsequently adjusted when the acquisition/attribution price is contingent upon the occurrence of specific events agreed with the seller/shareholder (e.g. fair value of acquired assets). Any contingent payments to be made by the Group are recognised at fair value at the acquisition date. If the undertaken obligation constitutes a financial liability, subsequent changes in fair value are recognised in profit and loss. If the undertaken obligation constitutes an equity instrument, there is no change in the initial estimation.
Business combinations	If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary (negative goodwill or badwill), the difference is recognised directly in the income statement under Other operating income (**Note 2.2**). Transaction costs directly attributable are immediately recorded in the income statement. When, at the date of acquisition of the control, the Group already holds a previously acquired interest, the fair value of such participation contributes to the determination of goodwill or badwill. When the control acquired is lower than 100%, in the application of the purchase method, non-controlling interests can be measured at fair value or at the ratio of the fair value of the assets and liabilities acquired, being that option defined according to each transaction.
Consolidation	Subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the difference between the proportion of share capital acquired and the respective acquisition cost is directly recognised in Equity. The accounting policies of subsidiaries have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group. Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between Group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.
Subsequent transactions of subsidiaries	**Disposals with loss of control** In the case of disposals of interests, resulting in a loss of control over a subsidiary, any remaining interest is revalued to the market value at the date of sale, and the gain or loss resulting from such revaluation, is recorded against income, as well as the gain or loss resulting from such disposal. **Transactions without loss of control** Subsequent transactions of disposal or acquisition of shares with non-controlling interests with no impact in control take place, no gain, loss or goodwill is determined, and the differences between the transaction cost and the book value of the share acquired are recognised in Equity, under Retained earnings. The negative profits generated in each period by subsidiaries with non-controlling interests are allocated to the percentage held by them, regardless of whether they assume a negative balance.

Companies included in the consolidation perimeter

As at 31 December 2022 and 2021, the Group had the following subsidiaries:

	31/12/2022				31/12/2021
	% of capital held by Secil				
	Headquarters	Direct	Indirect	Indirect	Total
Parent Company:					
SECIL - Companhia Geral de Cal e Cimento, S.A.	Portugal				
Corporate Name					
BETOTRANS II - Unipessoal, Lda.	Portugal	100,00	-	100,00	100,00
Secil Cabo Verde Comércio e Serviços, Lda.	Cape Verde	99,80	0,20	100,00	100,00
ICV - Inertes de Cabo Verde, Lda.	Cape Verde	75,00	25,00	100,00	100,00
Florimar- Transporte Marítimo, Navios e Participações, Lda.	Portugal	100,00	-	100,00	100,00
Secil Cement, B.V.	Holland	100,00	-	100,00	100,00
Silonor, S.A. (b)	France	-	-	-	100,00
Société des Ciments de Gabés	Tunisia	98,72	-	98,72	98,72
Sud- Béton- Société de Fabrication de Béton du Sud	Tunisia	-	98,72	98,72	98,72
Zarzis Béton	Tunisia	-	98,52	98,52	98,52
Secil Angola, SARL	Angola	100,00	-	100,00	100,00
Secil - Companhia de Cimento do Lobito, S.A.	Angola	-	51,00	51,00	51,00
Unibetão - Indústrias de Betão Preparado, S.A.	Portugal	100,00	-	100,00	100,00
Secil Britas, S.A.	Portugal	100,00	-	100,00	100,00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Portugal	100,00	-	100,00	100,00
IRP - Industria de Rebocos de Portugal, S.A.	Portugal	-	75,00	75,00	75,00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Portugal	99,53	-	99,53	99,53
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Portugal	100,00	-	100,00	100,00
ALLMA - Microalgas, Lda.	Portugal	-	70,00	70,00	70,00
Secil Brazil Participações, S.A.	Brazil	-	100,00	100,00	100,00
Supremo Cimentos, SA	Brazil	-	100,00	100,00	100,00
Margem - Companhia de Mineração, SA	Brazil	-	100,00	100,00	100,00
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda.	Portugal	100,00	-	100,00	100,00
Ciments de Sibline, S.A.L.	Lebanon	28,64	22,41	51,05	51,05
Soime, S.A.L.	Lebanon	-	51,05	51,05	51,05
Trancim, S.A.L. (a)	Lebanon	-	51,05	51,05	-
Cimentos Madeira, Lda.	Portugal	100,00	-	100,00	100,00
Beto Madeira - etões e Britas da Madeira, S.A.	Portugal	-	100,00	100,00	100,00
Brimade - Sociedade de Britas da Madeira, S.A.	Portugal	-	100,00	100,00	100,00
Madebritas - Sociedade de Britas da Madeira, Lda.	Portugal	-	51,00	51,00	51,00
Cementos Secil, SLU	Spain	100,00	-	100,00	100,00

a) Company acquired by Ciments de Sibline in January 2022.
b) Interest sold in June 2022.

Non-controlling interests - detail by subsidiary

As at 31 December 2022 and 2021, the detail of non-controlling interests shown in the income statement and in equity is as follows:

	% held	Profit or loss		Equity	
Amounts in Euro		'22	'21	31/12/2022	31/12/2021
Société des Ciments de Gabés e subsidiárias	1.28	28,269	72,486	477,451	559,664
IRP - Industria de Rebocos de Portugal, S.A.	25.00	279,548	276,020	453,285	449,737
Secil - Companhia de Cimento do Lobito, S.A.	49.00	386,984	(415,215)	(4,291,198)	(3,995,565)
Ciments de Sibline, S.A.L e subsidiária	48.95	(273,900)	3,774,621	6,669,018	9,969,920
Other		(1,713)	4,045	11,773	230,848
		419,188	**3,711,957**	**3,320,329**	**7,214,604**

Non-controlling interests– movements

In the periods ended 31 December 2022 and 2021, the movement in Non-controlling interests is analysed as follows::

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	**7,214,604**	**15,915,951**
Dividends	(341,416)	(305,601)
Transposition of the financial statements of foreign subsidiaries	(3,741,744)	(12,634,147)
Changes in actuarial assumptions	2,967	230
Hyperinflationary economies	(198,218)	526,214
Net profit for the period	419,188	3,711,957
Closing balance	**3,355,381**	**7,214,604**

10.2 Changes in the consolidation perimeter

During the period ended 31 December 2022 and 2021, the consolidation perimeter was changed against the previous period by the following corporate restructuring operations:

	'22
	Date
Shareholding acquisition	
Trancim, S.A.L.	Jan/22
Disposals	
Silonor, S.A.	JUn/22

	'21
	Date
Disposals	
Secil Prebetão - Prefabricados de betão, S.A.	Nov/21
Merger by incorporation of subsidiaries, without change in the Group's interest	
SERIFE - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamentos, Lda.	Jan/21
SPB - SGPS, Lda.	Jan/21

10.3 Investments in associates and joint ventures

Accounting policies

Associates	Associates are all the entities in which the Group exercises significant influence but do not have control, which is generally the case with investments representing between 20% and 50% of the voting rights.
Joint ventures	Joint ventures are agreements which provide the Group joint control (established contractually) and for which the Group holds an interest in net assets.
Equity method	Investments in associates and joint ventures are equity accounted. Investments are recorded at cost, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit/(loss)) of associates and joint ventures, against results of associates and joint ventures, and dividends. When the Group's share in the associate or joint-venture's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments on their behalf.
Unrealised gains and losses on transactions with the Group	Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

Investments in associates and joint ventures

As at 31 December 2022 and 2021, investments in associates and joint ventures are detailed as follows:

	31/12/2022		31/12/2021	
Amounts in Euro	% held	Amount	% held	Amount
Associates				
MC - Materiaux de Construction	49.36%	1,500	49.36%	1,530
J.M.J. - Henriques, Lda.	50.00%	369,912	50.00%	377,521
Ave, S.A.	35.00%	178,585	35.00%	250,026
Joint ventures				
Allmicroalgae - Natural products, S.A.	0.00%	-	50.00%	-
		549,997		629,077

Movements in associates and joint ventures

In the periods ended 31 December 2022 and 2021, the movement under Investments in associates and joint-ventures is as follows:

Amounts in Euro	31/12/2022	31/12/2021
Opening balance	629,077	3,117,098
Net profit – associates	150,311	243,414
Net profit – joint ventures	-	2,317,650
Dividends distributed	(229,360)	(191,923)
Transfer to provisions – negative equity (**Note 9.1**)	-	(445,560)
Disposals	-	(4,411,614)
Exchange rate adjustment	(31)	12
Closing balance	549,997	629,077

Information from associates and joint ventures

For the periods ended 31 December 2022 and 2021, the subsidiaries with non-controlling interests present the following amounts in their accounts:

'22

Amounts in Euro		Total Assets	Total Liabilities	Equity	Revenue for the period	Net profit
Associates						
MC- Materiaux de Construction	a)	1,224,263	1,334,730	(110,467)	9,092,920	30,272
J.M.J. - Henriques, Lda.	a)	1,045,742	305,916	739,826	-	(15,218)
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	5,358,168	4,847,925	510,243	14,527,005	449,273
Joint ventures						
Allmicroealgae	a) b)	3,288,316	6,739,745	(3,451,429)	979,577	(2,628,480)

a) The financial information presented is in accordance with the financial statements of the associate for the period ended 31-11-2022.
b) Disposal of the shareholding of Secil on Allmicroalgae on 12/2022.

'21

Amounts in Euro		Total Assets	Total Liabilities	Equity	Revenue for the period	Net profit
Associates						
MC- Materiaux de Construction	b)	843,471	926,056	(82,585)	2,163,761	32,951
J.M.J. - Henriques, Lda.	a)	1,073,926	318,884	755,042	-	29,458
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	5,425,874	4,711,519	714,355	11,599,447	653,385
Joint ventures						
Utis - Ultimate Technology To Industrial Savings, Lda	a)	3,881,629	4,577,139	(695,510)	711,515	(1,586,632)

a) The financial information presented is in accordance with the financial statements of the associate for the period ended 31-11-2021.
b) The financial information presented is in accordance with the financial statements of the associate for the period ended 31-12-2021.

10.4 Transactions with related parties

Balances with related parties

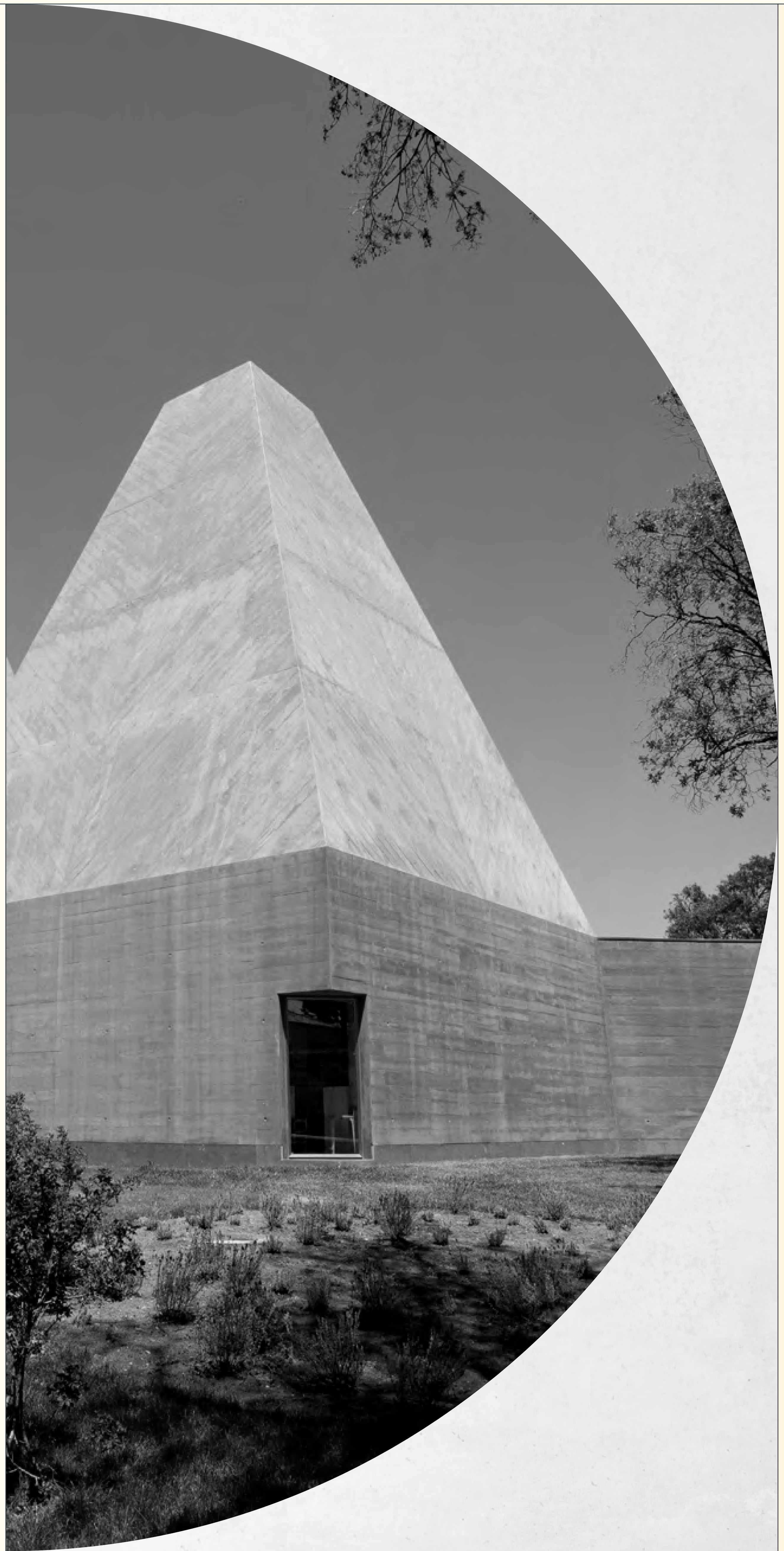
As at 31 December 2022 and 2021, the Group presented the following balances with related parties:

	31/12/2022				31/12/2021		
Amounts in Euro	Deferred tax assets	Receivables and other current assets (Note 4.2)	Receivables and other current liabilities (Note 4.3)	Income tax (Note 6.1)	Receivables and other current assets (Note 4.2)	Receivables and other current liabilities (Note 4.3)	Income tax (Note 6.1)
Shareholders							
Semapa, SGPS, S.A.	-	7,080	5,300,502	-	34,951	4,570,453	-
Semapa, SGPS, S.A. - RETGS	1,578,958	-	-	10,255,284	-	-	8,921,550
CIMO - Gestão de participações, SGPS, S.A.	-	-	1,160	-	-	1,160	-
	1,578,958	**7,080**	**5,301,662**	**10,255,284**	**34,951**	**4,571,613**	**8,921,550**
Associates and joint ventures							
J.M.J. Henriques, Lda.	-	131,280	-	-	104,919	-	-
Inertogrande - Central de Betão, Lda.	-	216,224	-	-	189,774	-	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	-	-	-	-	-	-
Ave-Gestão Ambiental e Valorização Energética, S.A.	-	337,288	1,424,778	-	174,105	801,628	-
Utis - Ultimate Technology To Industrial Savings, Lda.	-	-	-	-	-	-	-
Allmicroalgae - Natural prodructs, S.A.	-	70	-	-	174,971	-	-
	-	**684,862**	**1,424,778**	**-**	**643,769**	**801,628**	**-**
Other related parties							
Cotif Sicar	-	-	41,750	-	-	8,747	-
Grupo Navigator	-	152,950	-	-	18,777	-	-
Eng.Silva Dias	-	-	-	-	-	-	-
Utis - Ultimate Technology To Industrial Savings, Lda.	-	(38,037)	900,229	-	39,259	7,610	-
Other subsidiaries shareholders and other related parties	-	3	20,473	-	3	36,596	-
	-	**114,916**	**962,452**	**-**	**58,039**	**52,953**	**-**
	1,578,958	**806,858**	**7,688,892**	**10,255,284**	**736,759**	**5,426,194**	**8,921,550**

Transactions with related parties in the period

During the periods ended 31 December 2022 and 2021, the following transactions with related parties occurred:

	31/12/2022			31/12/2021		
Amounts in Euro	Acquisition of services	Sales and services rendered	Other operating income	Acquisition of services	Sales and services rendered	Financial income/ (expenses)
Shareholders						
Semapa, S.G.P.S., S.A.	(3,235,361)	-	7,992	(4,546,813)	-	4,439,673
	(3,235,361)	**-**	**7,992**	**(4,546,813)**	**-**	**4,439,673**
Associates and joint ventures						
J.M.J. Henriques, Lda.	-	-	-	-	-	-
Inertogrande - Central de Betão, Lda.	-	-	-	-	-	-
Allmicroalgae - Natural products, S.A.	-	-	399,829	-	236	524,104
Ave-Gestão Ambiental e Valorização Energética, S.A.	(2,905,742)	1,265	231,383	(1,954,562)	13,677	242,890
	(2,905,742)	**1,265**	**631,212**	**(1,954,562)**	**13,913**	**766,994**
Other related parties						
Grupo Navigator	-	208,759	-	(132,417)	190,098	-
José António do Prado Fay	-	-	-	-	-	-
Eng.Silva Dias	-	-	-	-	-	-
Utis - Ultimate Technology To Industrial Savings, Lda.	751	-	114,710	(76,031)	-	141,680
	751	**208,759**	**114,710**	**(208,448)**	**190,098**	**141,680**
	(6,140,352)	**210,024**	**753,914**	**(6,709,823)**	**204,011**	**5,348,347**



11

Operating risk management

The Group is active in the construction sector, which is subject to various risks, that can have a significant effect on its business, its operating results, the cash flows it generates and its financial position.

The operational risk factors analysed in this chapter can be structured as follows:

- Supply of raw materials
- Sale price
- Demand for the Group's products
- Competition
- Energy costs
- Climate change related risks
- Country Risk – Brazil, Tunisia, Lebanon and Angola
- Environmental legislation

Supply of raw materials

Regarding the segment of Cement and other materials, the main raw materials in the manufacturing process of cement are limestone and clay or marl, the extraction of which is carried out in its own quarries, located within the factory, with reserves that ensure the Group sustained operation in the coming years in a significant part of the geographical locations in which it operates.

Sale price

The Group develops its activity in diverse geographically markets and therefore prices depend essentially on the economic situation of each country.

Demand for the Group's products

The Group's turnover is dependent on the level of activity in the building sector in each of the geographic markets in which it operates. The construction sector tends to be cyclical, in particular in mature economies, and depends on the level of residential and commercial building, as well as on the level of investments in infrastructures.

The construction sector is sensitive to factors such as interest rates and therefore a downturn in economic activity in any specific economy may lead to a recession in this industry.

Despite the Group considering that its geographical diversification is the best means to stabilise earnings, its business, financial situation and operating profit can be negatively affected by a downswing in the construction sector, in any of the significant markets in which it operates.

Competition

The Group companies develop their activity in a strong competitive environment. In the case of the Portuguese market, the excess capacity of national operators combined with imports may affect performance in this segment.

The same tendency happens in Tunisia and Lebanon, countries currently in recession and with excess installed capacity that has negatively impacted prices.

Energy costs

A significant part of the Group's costs relates to energy costs. Energy is a cost factor with a substantial weight on the business carried on by Secil and its subsidiaries. The Group performs hedges, to a certain degree, against the energy price risk through the usage of alternative fuels at its factories and long-term electric power supply contracts for certain of its energy requirements. However, significant fluctuations in electricity and fuel costs can have a negative impact on the Group's business, financial situation and operating profit.

Climate change related risks

The Secil Group is part of an industry with high CO2 emissions in its production process, namely in the calcination of carbonates present in the main raw materials and the burning of fuel in the kilns. Thus, the Group has been developing a set of strategies and investments to reduce its CO_2 emissions, through gains in thermal and electrical efficiency, the use of alternative fuels and the development of new technologies for the capture and use of CO_2, in order to reduce its total footprint of greenhouse gases (GHG), as well as promoting mitigation and adaptation to the risks generated by climate change.

Changes in the regulatory environment, namely the increase in the price of CO_2 emission allowances and more frequent extreme weather events increase the risk of interruptions in production, logistics and supply of raw materials and energy. Uncertainties regarding climate change may also result in changes in the Group's cash flow projections or in the revision of the useful lives of assets.

In this challenging context within the transition to a no-carbon economy, the Group monitors the potential impacts on its financial position, performance and cash flows resulting from climate change, namely the impacts on relevant accounting estimates and judgement.

As disclosed, aware of the new framework and associated risks, Secil is developing a set of strategies and investments to reduce CO_2 emissions which will enable the Group to achieve its targets and provide an adequate response to the climate challenges in the sector. Of the investments which are currently underway, it is worth highlighting the process of technological upgrading of its production unit in Outão, Project CCL - Clean Cement Line, an investment with a total value of around Euro 86 million, which is expected to be concluded by 2023 and which places this unit as a European reference in terms of energy and environmental efficiency.

The Secil Group continues to exhibit a good free cash-flow generation and a comfortable financial position, and the Board of Directors is convinced that, given its financial and liquidity situation, no significant negative impacts are expected due to climate change that would justify the recognition of additional impairments or that would compromise the going concern principle, applied in the preparation of these financial statements.

Country Risk – Brazil, Tunisia and Angola

The Group is exposed to the country risk of Brazil, Tunisia and Angola, where the Group holds investments in production units.

Country risk – Lebanon

In the case of Lebanon, high rates of unemployment, inflation and currency depreciation place restrictions on access to essential services by the Lebanese population and the thousands of refugees who have sought shelter in the country.

The outbreak of the COVID-19 pandemic and the restrictions imposed to contain its spread aggravated the scenario of vulnerability faced by the country. Thus, the risks at the top of the priorities were the failure of national governance, the crisis of the state, unemployment and underemployment, hyperinflation and deep social instability.

2022 continues to be characterised by the devaluation of the local currency, the shortage of foreign currency reserves and the deterioration of the economic context. The scarcity of foreign currency to meet the import of essential goods (e.g., medicines and food) led to capital control measures by banking and supervisory entities, which promoted the growth of the unregulated market for the purchase and sale of currency. These transactions of exchanging Lebanese pounds for other currencies carried out at a different exchange rate from the official one, which allowed local operators to ensure the maintenance of their operations, this constituting a prerogative of "force majeure", were exceptionally recognised by the Lebanese Ministry of Finance through a guideline published at the end of the 2020 financial year.

With regard to inflation, it has started its escalation since the beginning of 2020, representing in July of that year a cumulative inflation of more than 100% over a period of 3 years, so that the country has been declared a hyperinflationary economy. In this sense, companies were required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" (**Note 1.2**).

In addition to the widespread inflation and scarcity of foreign exchange, most industries in Lebanon have faced power supply constraints from the state-owned electricity generation and distribution company.

In 2020, it is also important to highlight the explosion that occurred in the port of Beirut which, in addition to all the human damage, caused a trail of destruction and widespread protests against the corruption found in the country and, consequently, the Government. In October 2022, the term of office of the President of the Republic of Lebanon will expire until a successor is elected. Moreover, a caretaker government is in place.

Environmental legislation

In 2021 the 4th period of the European Emissions Trading Scheme (EU ETS) began, with the last legislative acts still in progress for the definitive framework for the 2021-2025 sub-period.

On 14 July, the European Commission adopted a package of legislative proposals, "Fit 55", to review the EU's climate, energy, land use, transport and taxation policies in order to materialise the reduction of net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.

With these proposals, the Commission has put forward the legislative tools to achieve the objectives agreed in the European Climate Act and fundamentally transform our economy and society for a fair, green and prosperous future.

Among these legislative initiatives, we would like to highlight, due to their impact on the company, the revision of the EU ETS Directive and the creation of a Carbon Border Adjustment Mechanism aimed at balancing the CO_2 costs borne by both European and non-European producers, creating fair competition conditions between both and not leading to a relocation of the cement industry outside the EU to areas with fewer environmental and climate requirements.

The cement sector is in the front line to integrate the new mechanism which will lead, after its sedimentation, to a possible reduction in the allocation of free emissions, highlighting the challenge of decarbonisation of the production units which Secil itself has already started in its Outão unit with the CCL project.

Along the same lines, Secil subscribed to the Roadmap for Carbon Neutrality for the national cement sector published by ATIC in March this year.

Secil, aware of this new framework and the impact on the reduction of free grants receivable, began the process of technological upgrading of its production unit in Outão, Project CCL - Clean Cement Line, using more efficient and mature technologies and innovative technologies that lead to a 20% reduction in carbon emissions, a clean generation of 30% of the unit's electricity consumption, a zero use of fossil fuels and a 20% reduction in thermal consumption.

This investment amounts around Euro 86 million and is expected to be concluded by 2022-2023, making this unit a European reference in energy and environmental efficiency.

12 Note added for translation

This document (Financial Statements and Notes to the Financial Statements) is a free translation of the original issued in the Portuguese language. In the event of misinterpretations of discrepancies, the original version shall prevail.

BOARD OF DIRECTORS

Ricardo Miguel dos Santos Pacheco Pires
Chairman

Carlos Alberto Medeiros Abreu
Member

Hugo Alexandre Lopes Pinto
Member

Otmar Hübscher
Deputy Chairman

Carlos Eduardo Coelho Alves
Member

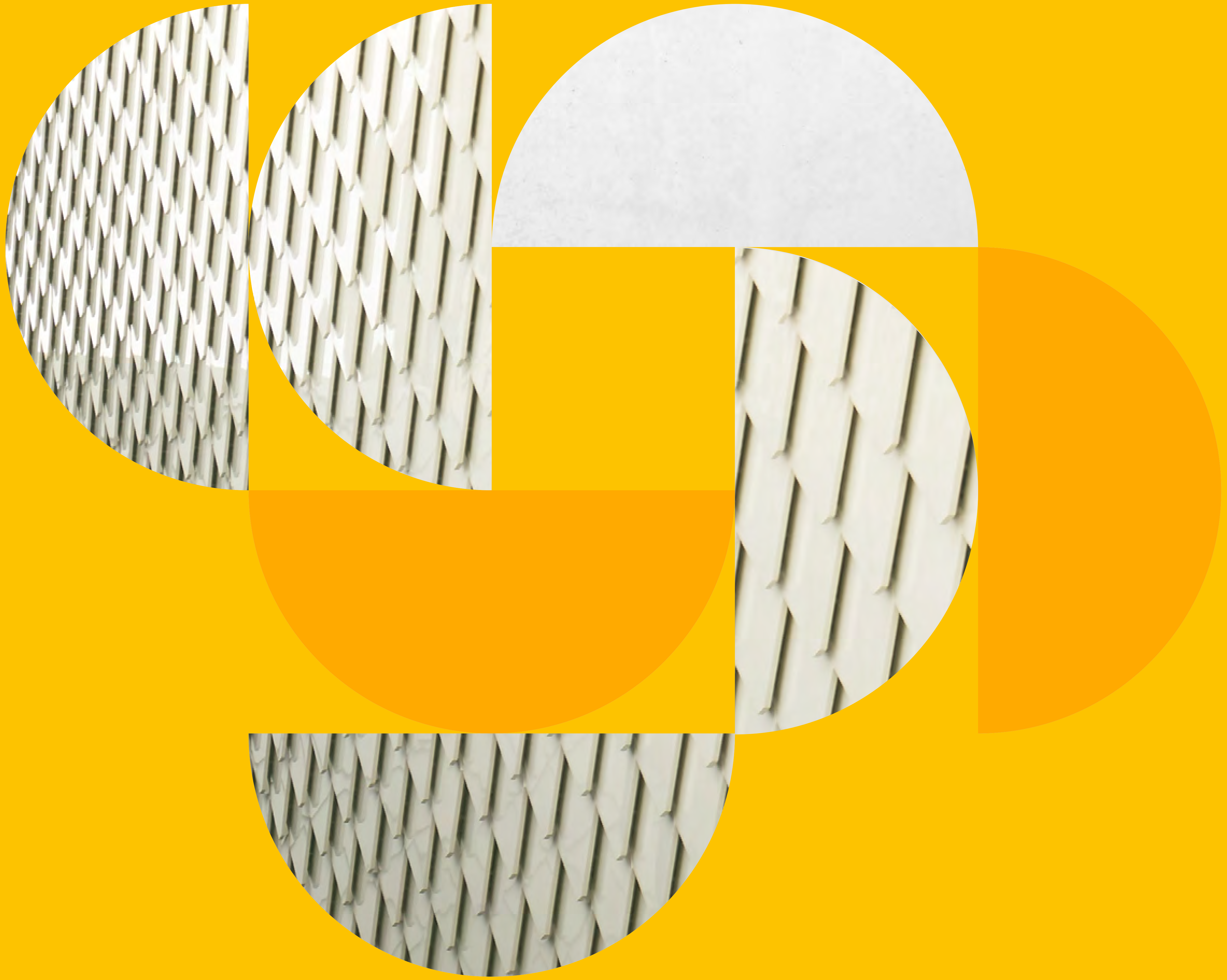
Maria Isabel da Silva Marques Abranches Viegas
Member

Carlos Manuel Guimarães Correia de Barros
Member

Sérgio António Alves Martins
Member

Francisco Javier de Benito Fernandez
Member

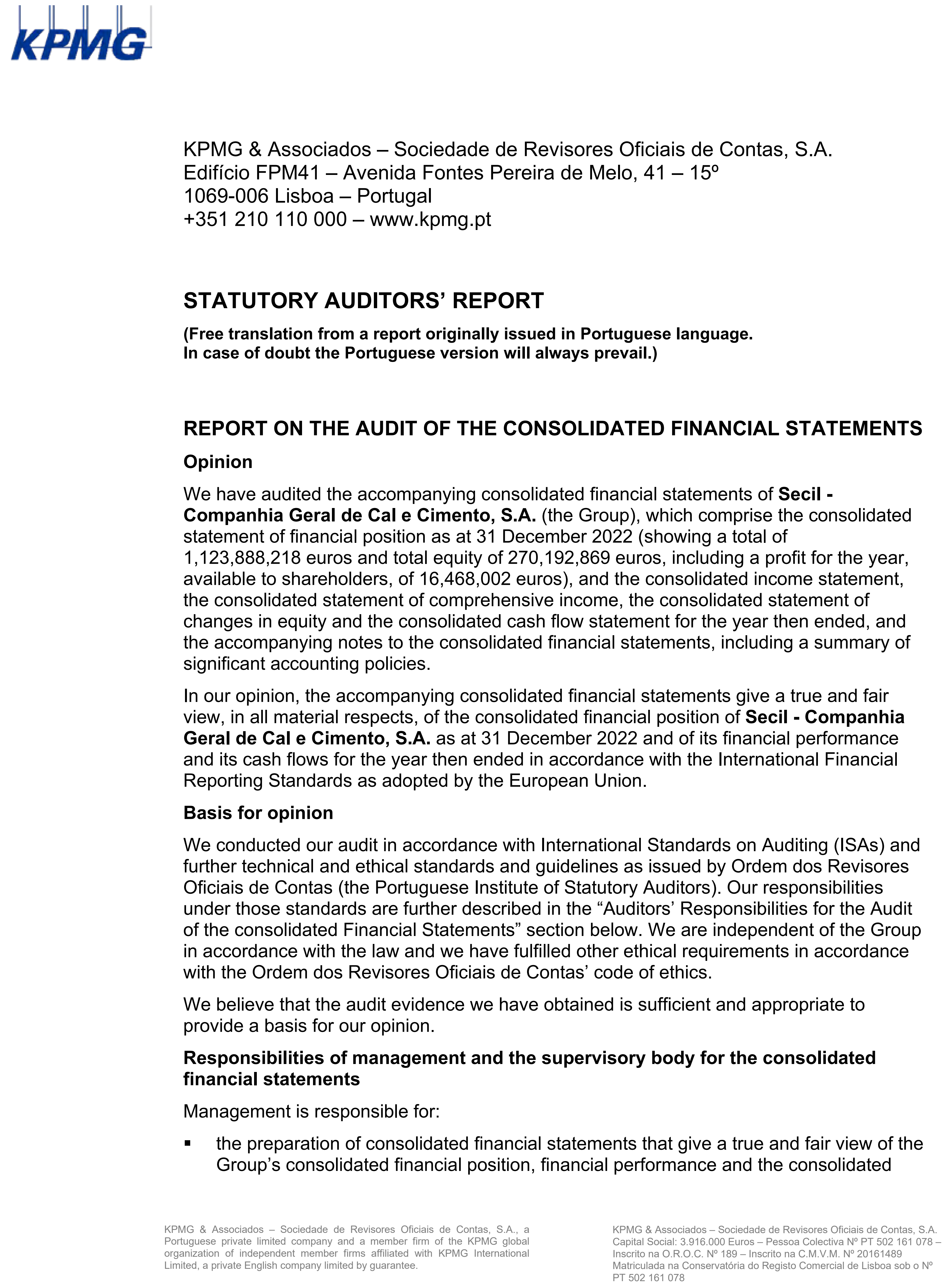
Vítor Paulo Paranhos Pereira
Member



03

Consolidated Statutory Audit and Report

SOLID IN TRANSFORMATION



KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 – Avenida Fontes Pereira de Melo, 41 – 15º
1069-006 Lisboa – Portugal
+351 210 110 000 – www.kpmg.pt

STATUTORY AUDITORS' REPORT

**(Free translation from 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 **Secil - Companhia Geral de Cal e Cimento, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 (showing a total of 1,123,888,218 euros and total equity of 270,192,869 euros, including a profit for the year, available to shareholders, of 16,468,002 euros), and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of 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 **Secil - Companhia Geral de Cal e Cimento, S.A.** as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by 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 "Auditors' Responsibilities for the Audit of the consolidated Financial Statements" section below. We are independent of 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.

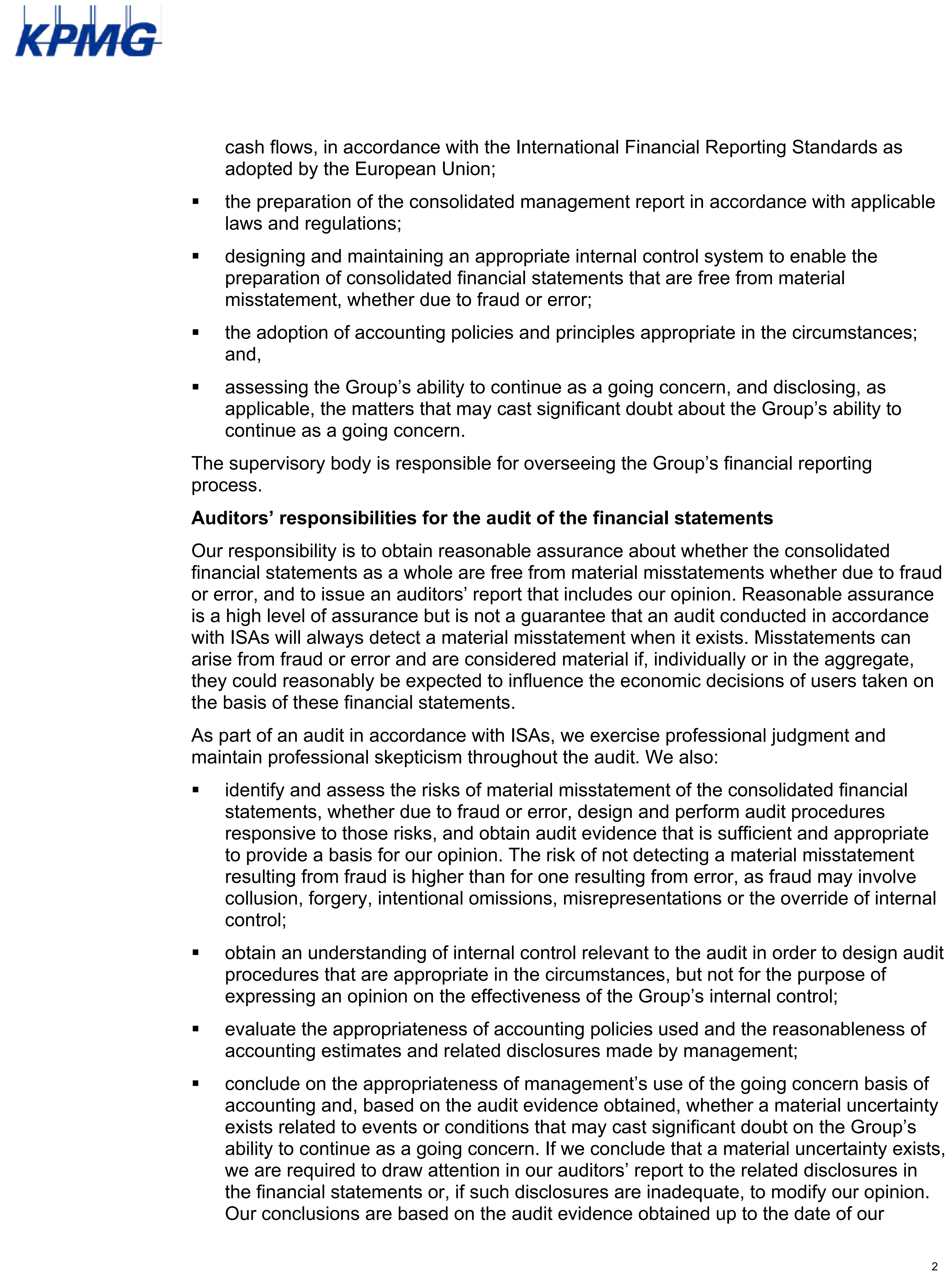
Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the consolidated management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated 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.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a Portuguese private limited company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Capital Social: 3.916.000 Euros – Pessoa Colectiva Nº PT 502 161 078 –
Inscrito na O.R.O.C. Nº 189 – Inscrito na C.M.V.M. Nº 20161489
Matriculada na Conservatória do Registo Comercial de Lisboa sob o Nº
PT 502 161 078



The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the 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 auditors' 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 skepticism 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 auditors' 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

auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the 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; and,
- communicate with those charged with governance, 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.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

20 April 2023

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the no. 20161489)
represented by
Pedro Jorge Quental e Cruz
(ROC no. 1765 and registered at CMVM with the no. 20161607)

SECIL - Companhia Geral de Cal e Cimento, S.A.

Report and Opinion of the Supervisory Board
Consolidated Annual Report - 2022

(Free translation from the original in Portuguese)

To the Shareholders,

1. In accordance with the law, the Company's bylaws and our mandate, we hereby submit the report on our supervisory activity and our opinion on the Consolidated Management Report and Financial Statements as presented by the Board of Directors of Secil – Companhia Geral de Cal e Cimento, S.A., with respect to the year ended 31 December 2022.

2. During the year, we have followed the Company's business activity and its most significant subsidiaries and associates, to the extent and when deemed necessary, namely through regular meetings with the Company's Management and Directors. We have monitored the review of accounting records and supporting documentation, as well as the effectiveness of risk management, internal control and internal audit systems. We have also ensured that the law and the Company's bylaws have been complied with. In the course of our activity no constraints were found.

3. We met regularly with the Statutory Auditor and External Auditor, KPMG & Associados, SROC, S.A., in order to follow up on the audit work performed and to monitor its independence. We analysed the Statutory Audit Report to which we agree with.

4. The Supervisory Board analysed the proposals for non-audit services submitted by the Statutory Auditor, and those relating to permissible services, which did not affect the independence of the Statutory Auditors and that complied with the legal requirements, were approved.

5. Within the scope of our functions, we have verified that:

   a) the consolidated income statement by nature, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, allow an adequate understanding of the financial position, the results, the changes in equity and the cash flows of the Company;

   b) the accounting policies and valuation criteria adopted are appropriate and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, in order to ensure that they give a true and fair view of the Group's equity and results. The Group made a follow up on the analysis and recommendations issued by the Statutory Auditor;

   c) the Consolidated Management Report provides sufficient information on the development of the Company´s business and the financial position of the Company and all the subsidiaries included in the consolidation perimeter, clearly highlighting the most significant aspects of its activity.

6. Accordingly, and considering the information received from the Company's Board of Directors and Services, together with the conclusions included in the Statutory Audit Report, we are of the opinion that:

   a) the Management Report may be approved;

   b) the Consolidated Financial Statements may be approved;

7. Finally, the Supervisory Board would like to acknowledge and express their gratitude to the Board of Directors, to management and employees of the Company, as well as to the Statutory Auditor, KPMG & Associados, SROC, S.A., for their valuable contribution.

Lisbon, 20 April 2023

The president of the Supervisory Board,

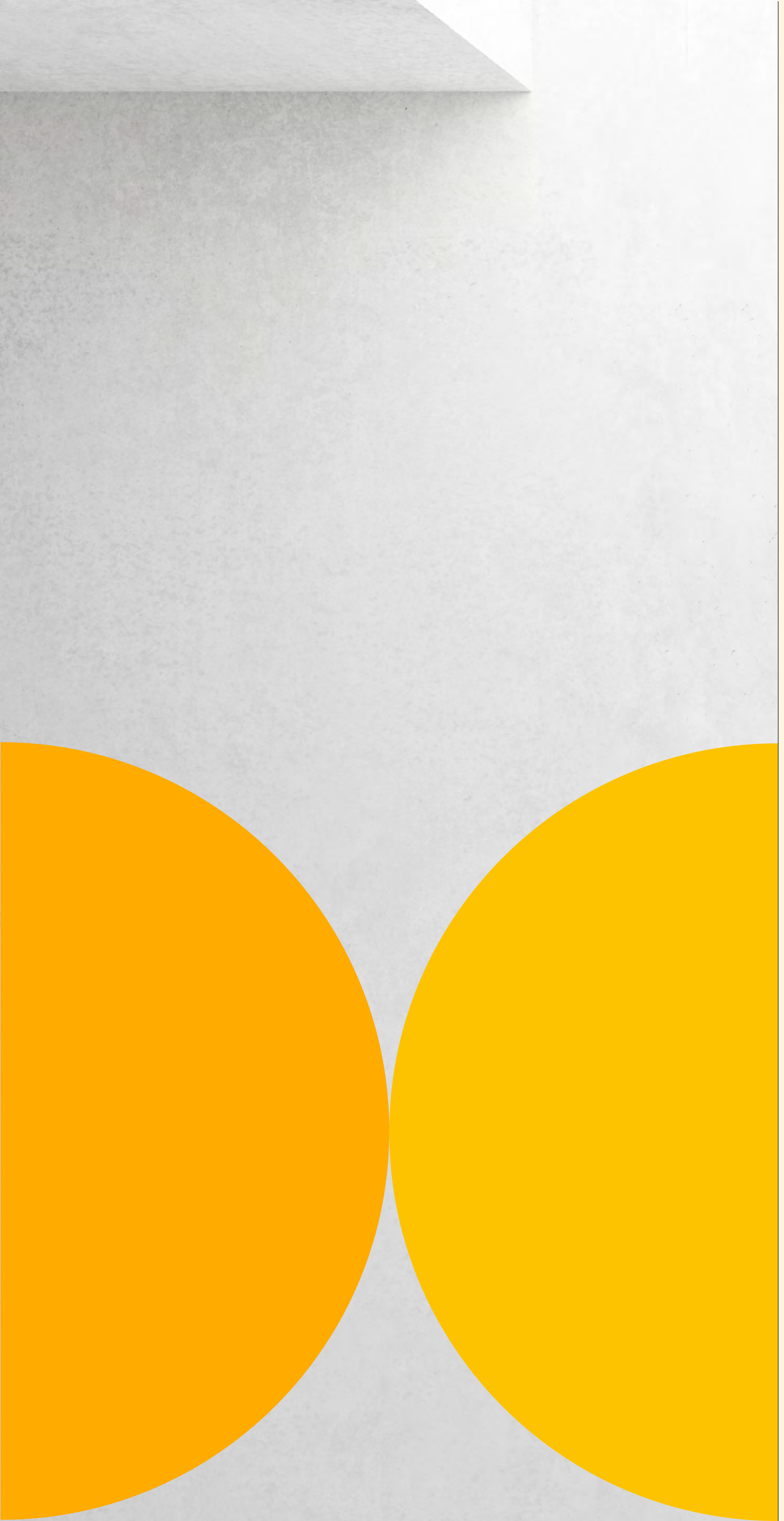
José Manuel de Oliveira Vitorino

Member of the Supervisory Board,

Gonçalo Nuno Palha Gaio Picão Caldeira

Member of the Supervisory Board,

Maria da Graça Torres Ferreira da Cunha Gonçalves



Companhia Geral de Cal e Cimentos, S.A.
Sede, Outão. Apartado 71
2901-864 Setúbal

T. +351 212 198 100/+351 265 534 766
F. +351 265 234 629

www.secil.pt