SOLIDITY IN TRANSFORMATION

CONSOLIDATED ANNUAL REPORT 2021




Solidity is the raw material of stability,
of steadfast construction,
of progress that will not falter.

Solidity is structure, integrity, firmness.
It is the base that sustains the future.
It is the here and now.

We are solid in our purpose,
solid in the values we defend,
solid in the quality of our products.

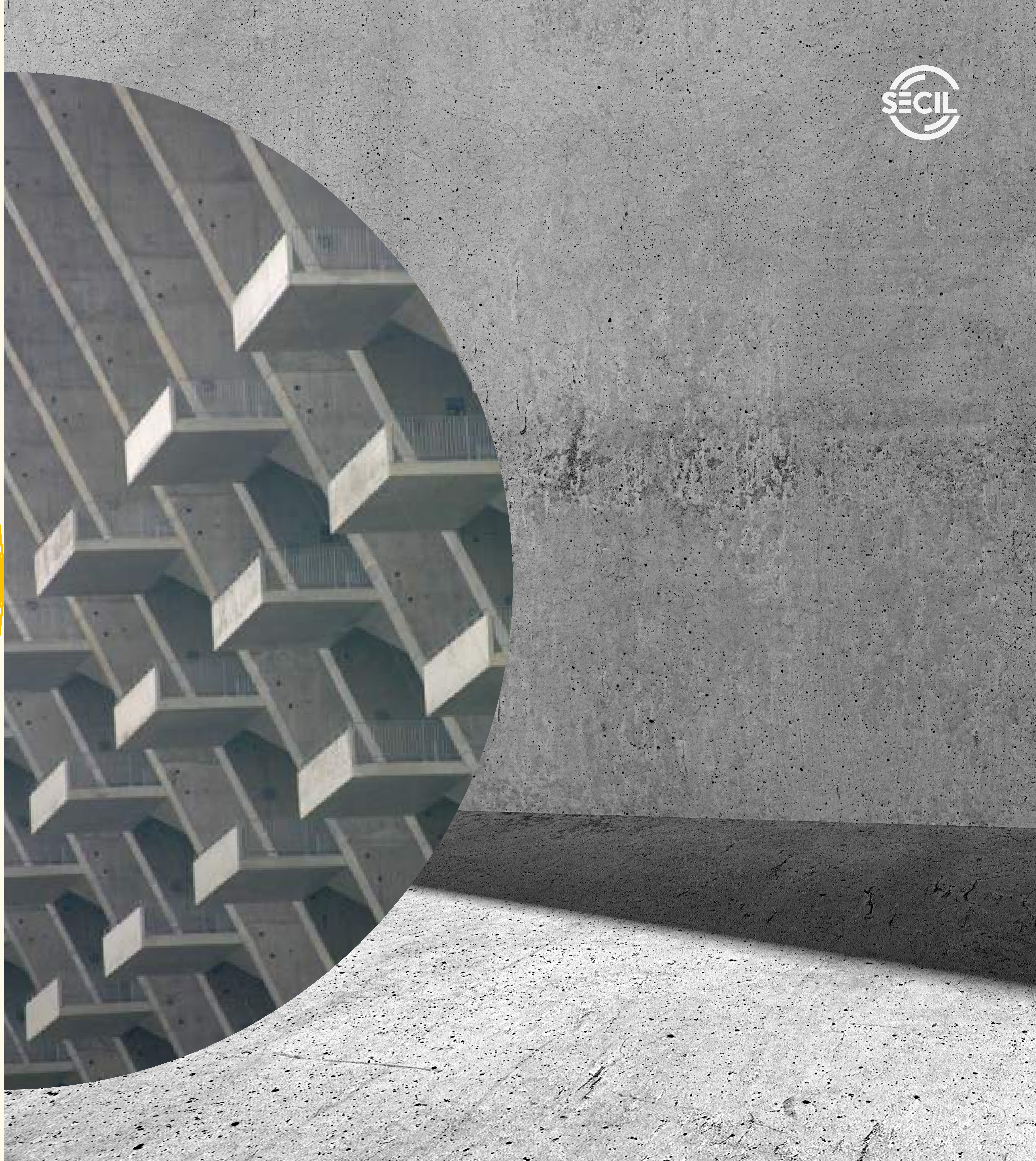
SOLIDITY IN TRANSFORMATION

Contents

01

Consolidated Management Report

SOLIDITY IN TRANSFORMATION



01 ____ Message from the Chairman of the Board of Directors and CEO

Message from Ricardo Pires and Otmar Hübscher

In 2022, Secil will present its new strategic cycle, called Ambition 2025

Sustainable Growth, that will adequately position the Company to successfully achieve the goals set for 2030.

READ THE MESSAGE

Secil is fully aligned with global, European, and national commitments

to decarbonize the cement industry by 2050, which provide for the achievement of important goals as early as 2030.

As an example, the Company already has an important industrial investment underway in the Secil-Outão Plant, in Portugal.

Cycle Change

The 2021 financial year marks the end of a cycle of recovery at Secil, whose goals were globally achieved, allowing for a new cycle of renewed ambition and sustainable growth, starting in 2022.

At the end of 2016, the Return 2020 strategy was outlined to allow Secil to resume good levels of profitability, reduce its level of indebtedness and change its management model, in a 4-year cycle ending in 2020.

In this context, dozens of projects were successfully designed and implemented at operational, financial, and management levels, the execution of which has progressively contributed to achieving the intended objectives. The entire Return 2020 program was structured around two fundamental bases: the development of team leadership skills and the creation of a solid safety culture across all of the Company's operations. These structural transformation axes proved to be fundamental for the success of the entire Program.

The outbreak of the COVID-19 pandemic crisis and its profound effects on the several markets in which Secil operates determined that the Return cycle was extended for another year, until 2021, and it is now possible to verify the full achievement of the main objectives, of which we highlight the return of Secil to good levels of profitability and the reduction of indebtedness to adequate levels that allow a new cycle of development to be envisaged.

Despite the persistence of the COVID-19 pandemic and the adverse exchange rate effect in several of its markets in 2021, it was possible to increase consolidated turnover by approximately 10% to Euro 496M, achieving an EBITDA of Euro 145M, 17% higher than in 2020, and present a net result that exceeds Euro 66M, 16% above the previous period.

More than the robust financial results, we can guarantee that Secil is solidly equipped to start a new growth cycle, facing the main sustainability, decarbonization, and digitalization challenges that all economic activity in general faces and, in particular, the industrial activity.

Secil is fully aligned with global, European, and national commitments to decarbonize the cement industry by 2050, which provide for the achievement of important goals as early as 2030. As an example, the Company already has an important industrial investment underway in the Secil-Outão Plant, in Portugal, called CCL – Clean Cement Line, which will make it possible to place this plant among the most advanced in the world in terms of CO_2 emissions and energy efficiency.

In 2022, Secil will present its new strategic cycle, called Ambition 2025 – Sustainable Growth, based on 7 elements that will adequately position the Company to successfully achieve the goals set for 2030.

The resilience and adaptability shown by the organization, at all its management levels, during the COVID-19 pandemic allow us to face with hope the difficult context that is announced for 2022 due to economic uncertainty, with special emphasis on the turmoil in energy markets, inflationary tensions, and international trade difficulties.

We must also express our gratitude to Customers, Employees, Suppliers, Shareholders, and other Stakeholders for the trust placed in Secil.

The entire Secil work community is motivated and determined to continue to develop its activity with the responsibility, rigour, and solidity that have been its hallmark for over nine decades of history.

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
Manuel António de Sousa Martins

MEMBER
Sérgio António Alves Martins

MEMBER
Carlos Coelho Alves

MEMBER
Javier de Benito

MEMBER
Vítor Paranhos Pereira

Qualifications 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.

Qualifications of the members of the Executive Committee

MANUEL DE SOUSA MARTINS

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

Portuguese national

He graduated in Business Management from the Portuguese Catholic University, where he also obtained an MBA, complemented by Executive Education at INSEAD and London Business School.

He was Managing Director of IMG Energias and co-founder of Infinitenergy.

Between 2011 and 2016 he was CEO of ETSA, a Semapa Group company.

Since 2016 he has been a member of Secil's Executive Committee and Board of Directors, having served as CEO in Brazil in 2016 and 2017.

Since 2017 he has been CEO of the Portugal Business Unit, which also encompasses the Terminal operations in the Netherlands, Cape Verde and Spain. It also includes leadership of the Commercial Excellence area at Group level.

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.

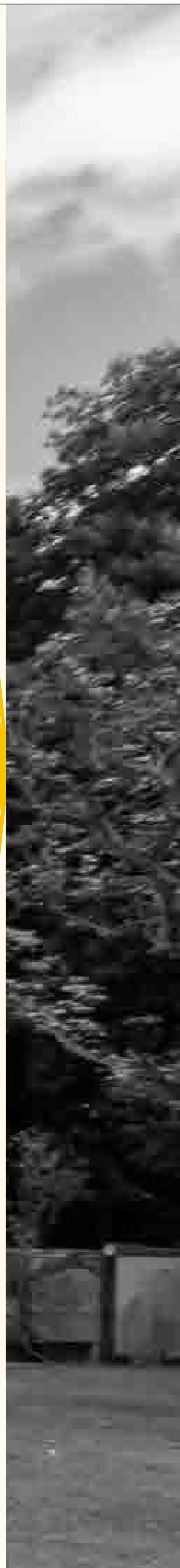
He worked at the Kaizen Institute between 2004 and 2007 and at Mckinsey & Company between 2008 and 2014.

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



01
02
03

02 Secil Group Profile and main indicators

Through its eight cement plants and presence in eight countries and four continents, Secil Group guarantees an annual cement production capacity of over 9Mt.

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.

Secil group has consolidated itself in Portugal, where it was founded, 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, Secil Group guarantees an annual cement production capacity of over nine million tons, both to satisfy its customers in the respective domestic markets and for different export destinations.

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

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

01
02
03

Main Indicators of the Group

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

-8%

Kg CO_2 by t/cementitious

vs. 1990 emissions

-10%

Accident Frequency Rate

vs. 2020 frequency rate

9.5Mt

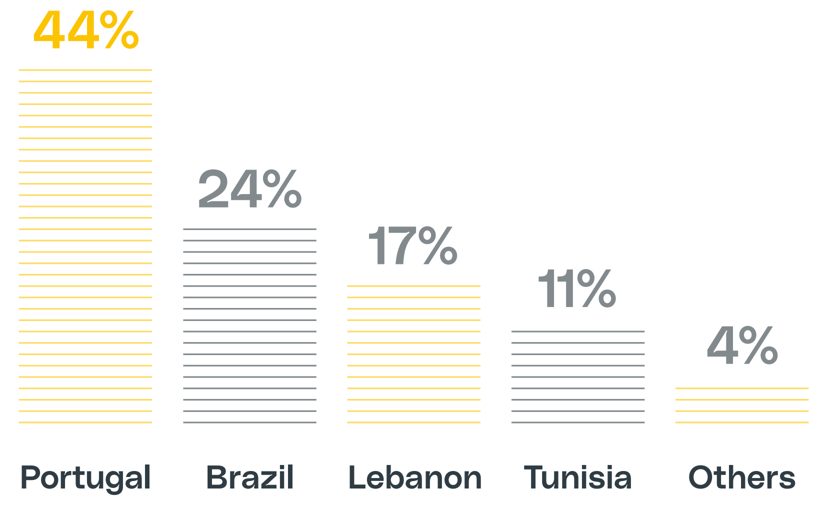
Cement production capacity

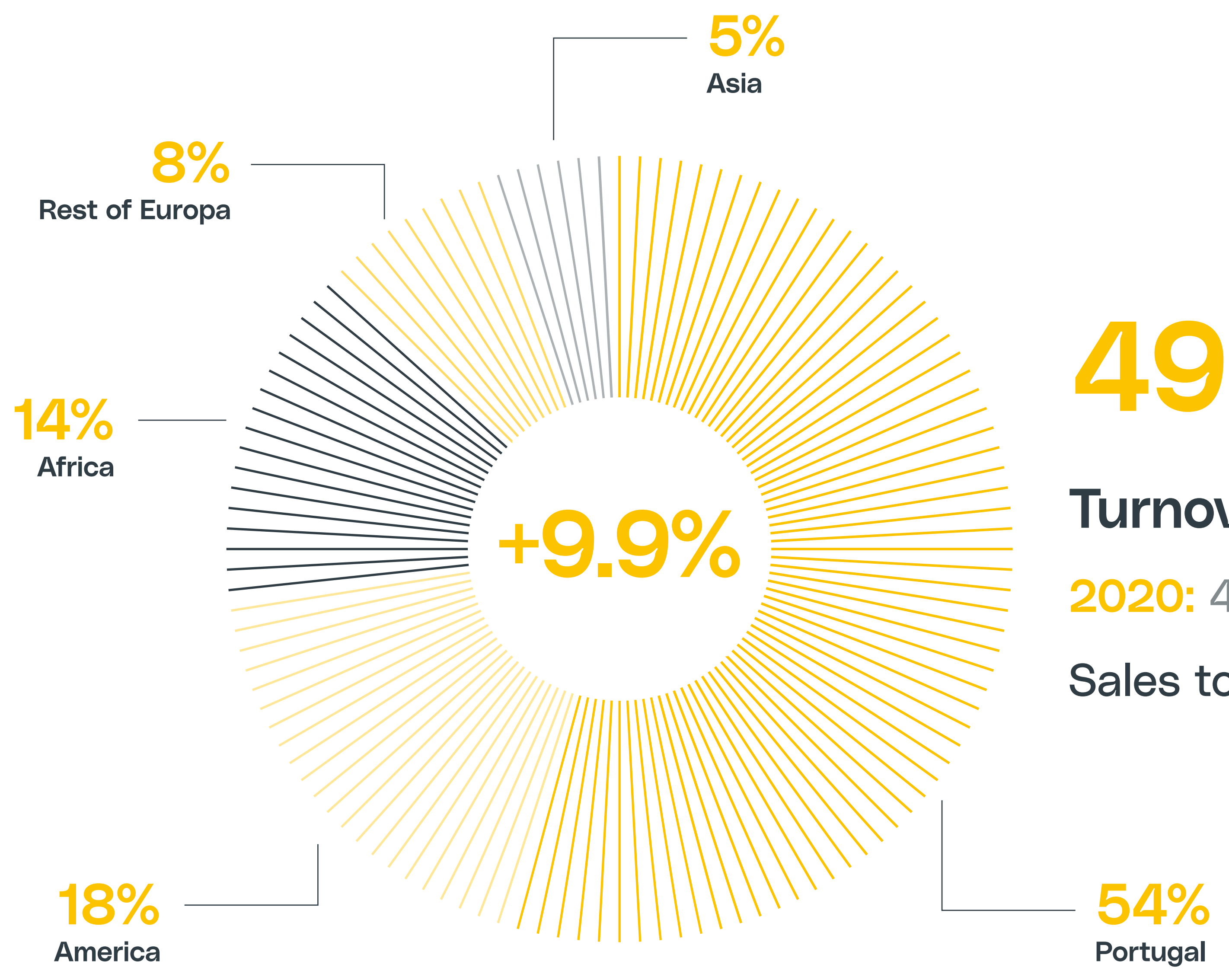
8 plants

2,346

Number of Employees

-46 relative to 2020



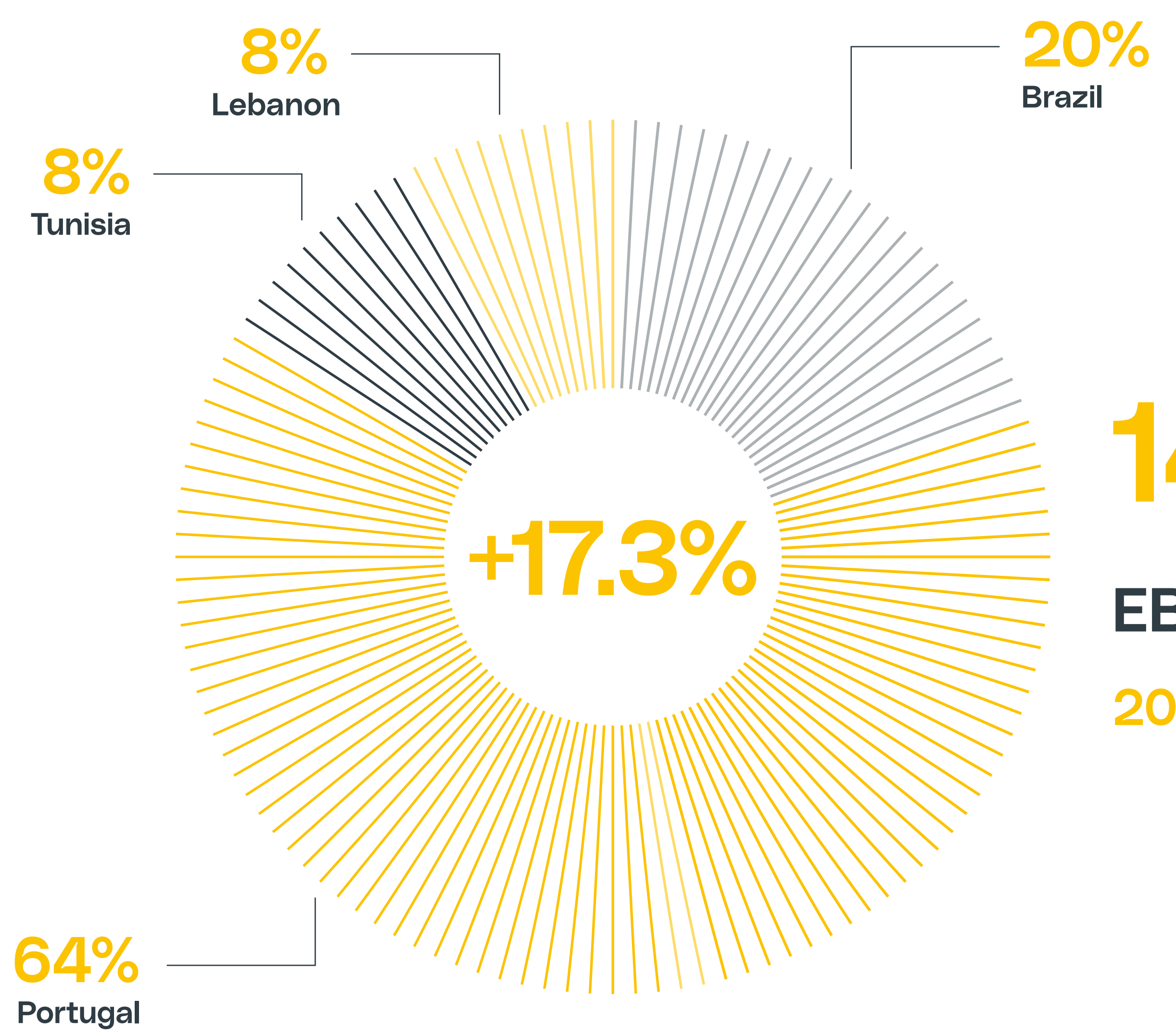


495.9M€

Turnover

2020: 451.0M€

Sales to 44 countries

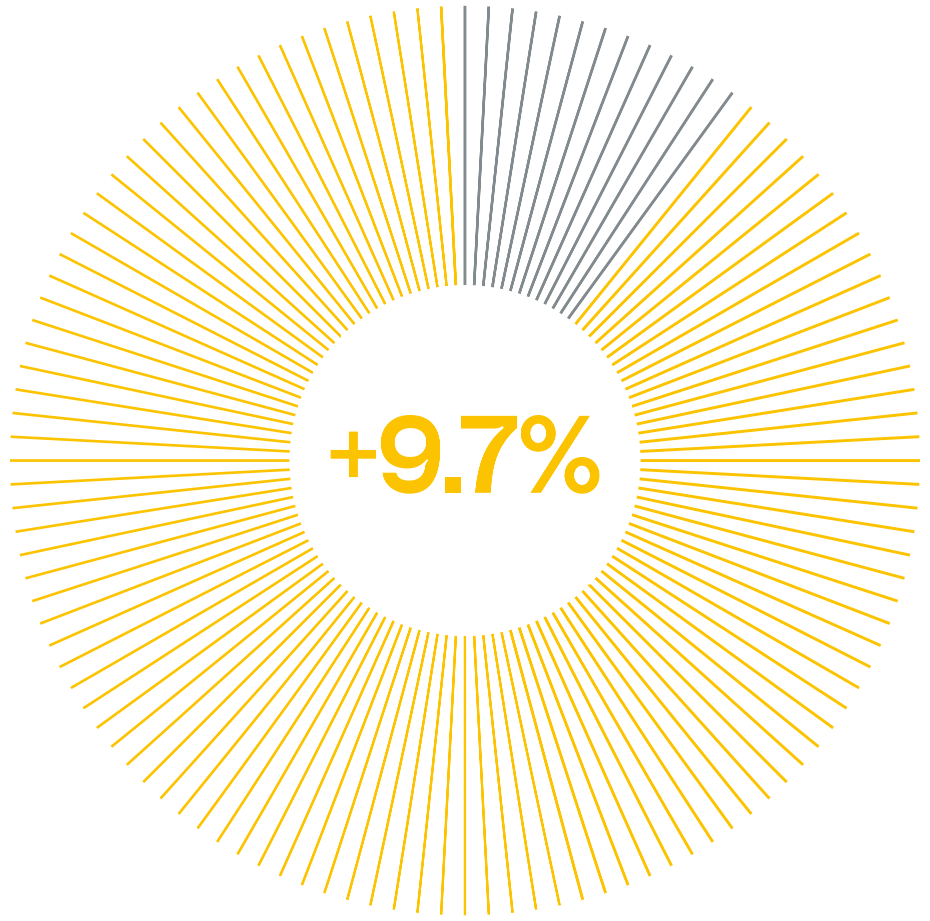


145.4M€

EBITDA

2020: 124.0M€

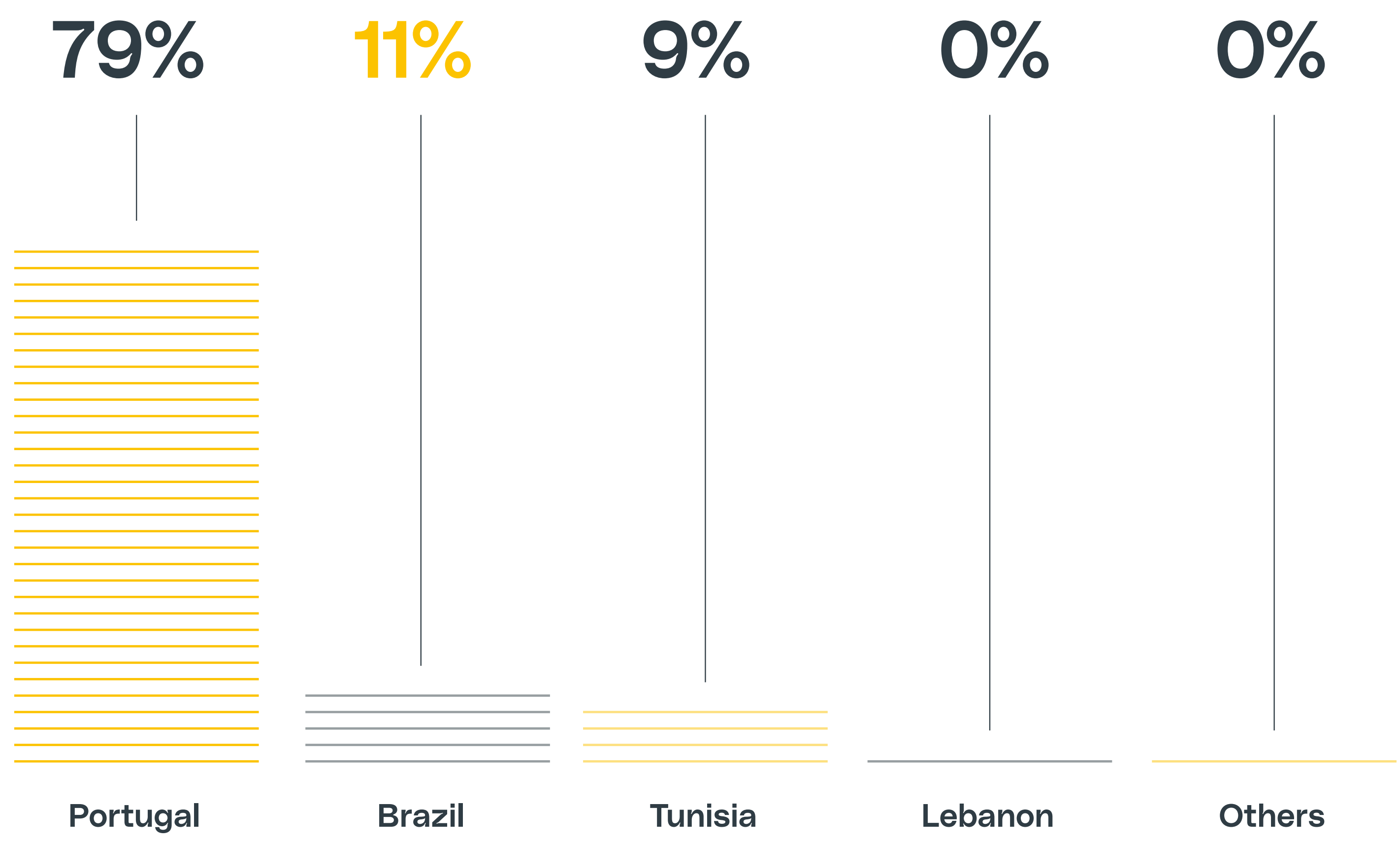
01
02
03
CONSOLIDATED MANAGEMENT REPORT



113.3M€

Cash flow

2020: 103.3M€

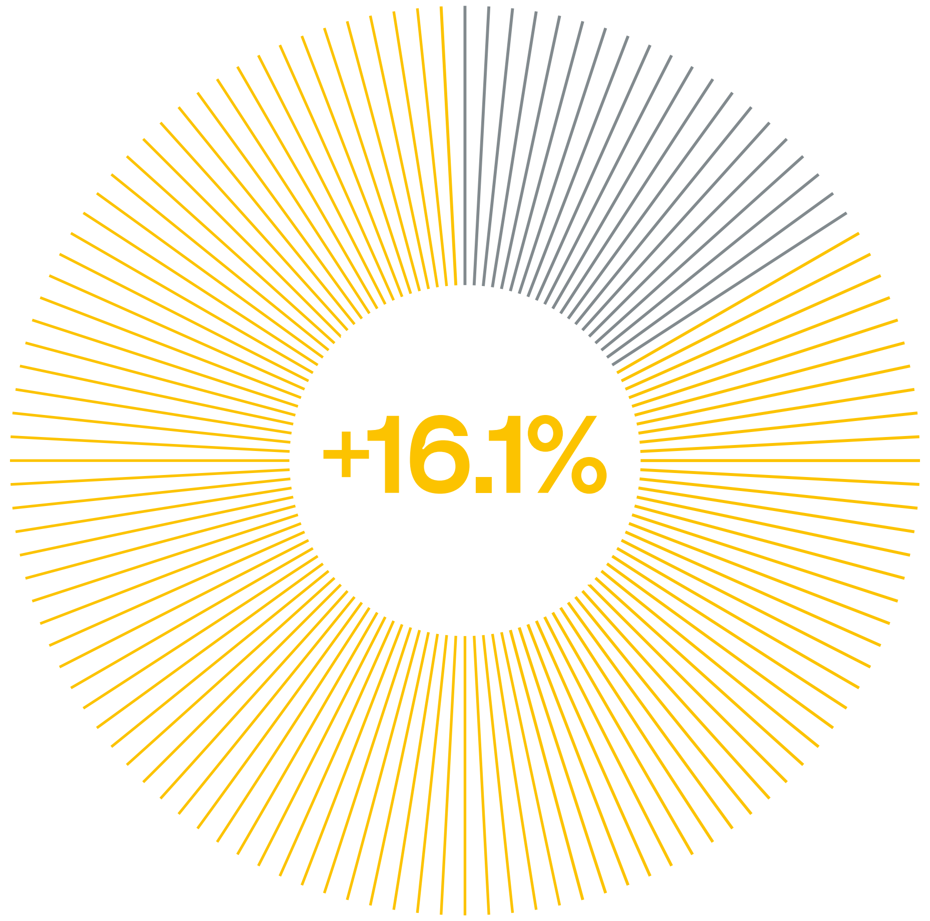


43.3M€

Investment in Property, Plant and Equipment and Intangible Assets

2020: 25.8M€

+67.8%

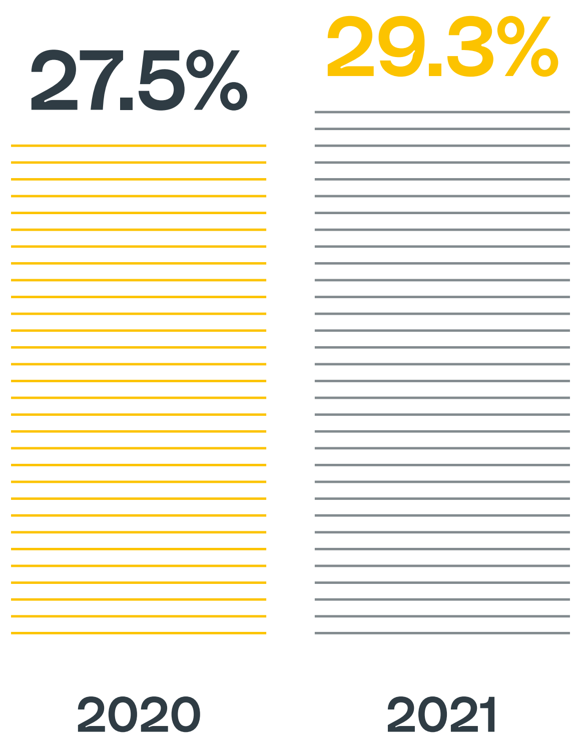


66.3M€

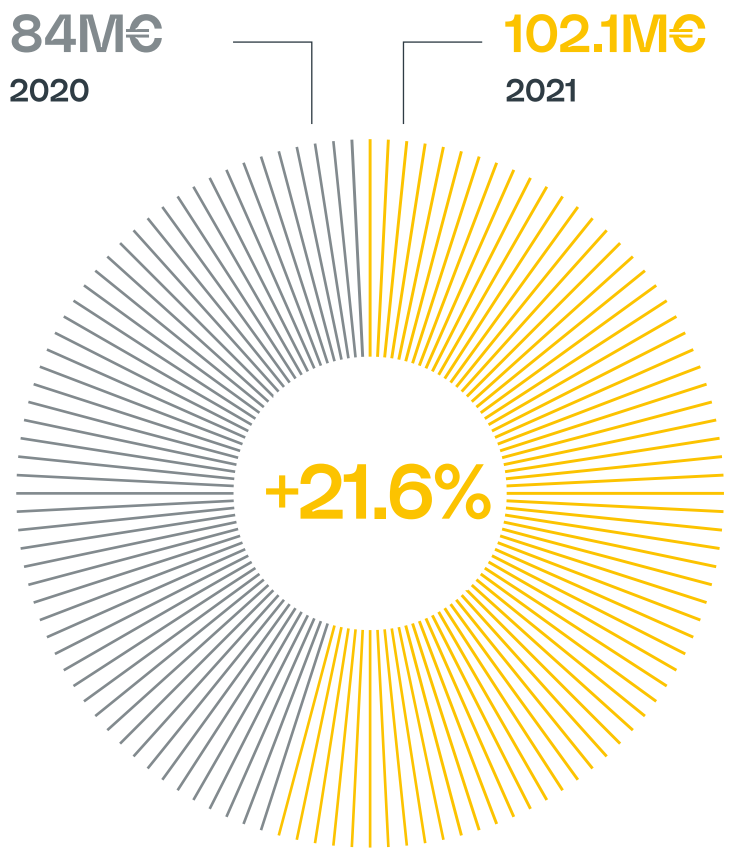
Net Profit Attributable to Shareholders

2020: 57.1M€

EBITDA margin



EBIT



253.9M€

Interest-bearing Net Debt

2020: 272.8M€

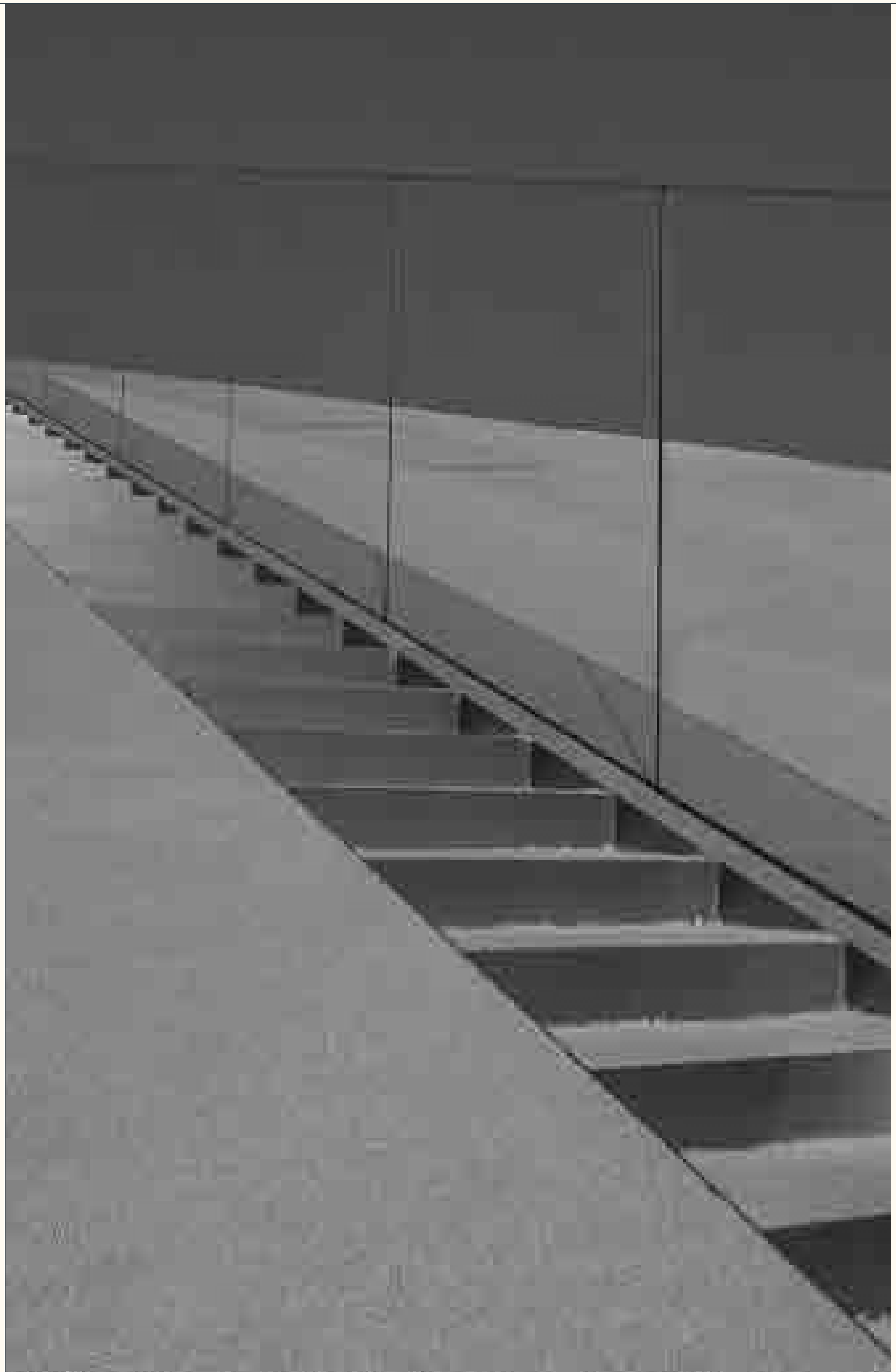
+6.9%

295.5M€

Interest-Bearing Net Debt + IFRS16

2020: 297.8M€

-0.8%



03 ____ Our Mission, Vision and Values

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MVV

Three years after building the Mission, Vision and Values (MVV) for the entire group, Secil launched the Culture & Climate project

Three years after building the Mission, Vision and Values (MVV) for the entire group, Secil launched the Culture & Climate project in February 2021 in the 5 geographies where it is present – Portugal (which consolidates operations in Cape Verde, Spain and Holland), Tunisia, Angola, Lebanon and Brazil. 84% of employees participated in the internal diagnosis called "*Vamos conversar?"* and reinforced that MVV is already perceived as the Group's Culture.

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".

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'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 Secil Group's commitments to stakeholders and addresses the topics of sustainability, labour rights and equality, health, safety, and the environment.

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 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.

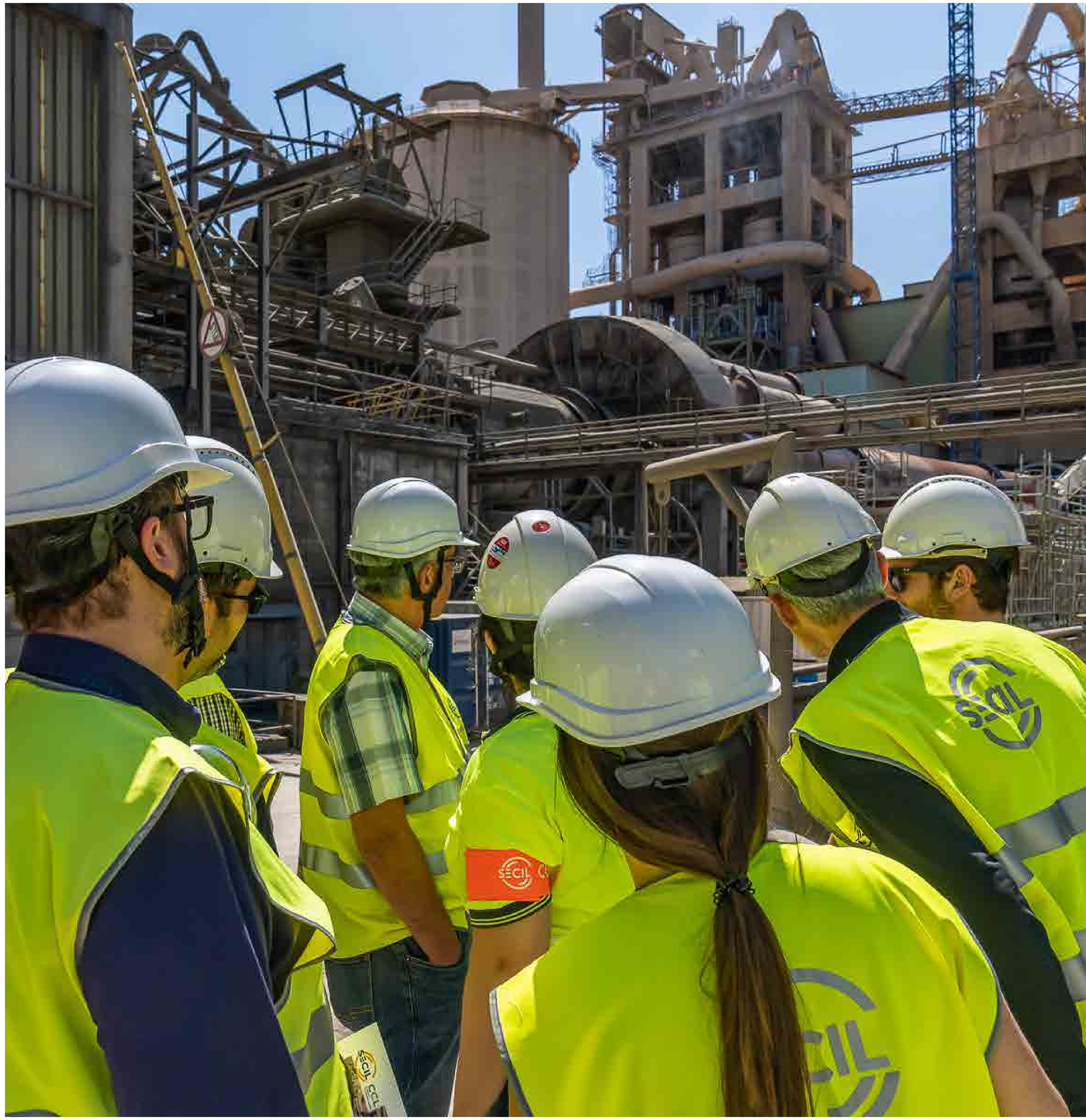
04 ____ Our People

04 Our People

Creating value through People.

As business development is a consequence of People development, the main challenge of Human Resources management is to define and implement principles, policies and processes that guarantee the maximization of results by creating value through People. In 2021, the year before the new strategic cycle of Secil Group, the Human Resources team put forward four projects aimed at ensuring that the principles, policies, and processes of People Management at Secil can:

- Optimize the execution of the business strategy, through the performance of People;
- Align individual goals with strategic and business goals;
- Having the right people at the right job;
- Attract, motivate, retain and develop talent;
- Recognize and reward performance competitively and equitably.



The ongoing projects are:

Talent Management

Which aims to develop a management policy and process that ensures the attraction, development, and retention of the talent necessary for the strategy and business. **In 2021, the main deliverable of this project was the Succession Plan for the first lines of leadership and the definition of the formal cycle of talent management and Internal Mobility, from which we highlight the following:**

In 2021, we took important steps within Secil Group to promote internal mobility.

The foundations of this action are, in the first place, supporting all people in the diagnosis of their strengths and in the training and development of their areas of improvement, so that they can reach higher levels of performance and take on new responsibilities and challenges. Second, create a leadership environment that promotes safe feedback routines about personal expectations. Third, implement open and regular processes of assessment between organizational needs and personal needs and wishes.

In this way, Human Resources has promoted conversations with the leaders of the areas to reinforce the search for internal talent for open positions in the organization. In 2021 alone, there were more than 25 inter-geographical mobility across the Group, at all levels, including the Executive Committee.

Performance Management

That ensures alignment between individual, business, and strategic objectives, as well as continuous follow-up and feedback and recognition of individual contributions. **In 2021, the main deliverables were:** the definition of a **global objective of Safety** additional to EBITDA, which proves the importance of Safety for the Group's performance, the implementation of the **AInterim Assessment**, which consists of the mid-year review of the objectives with formal feedback and the **Year-End Training**, which involves training for evaluators with the introduction of an annual and formal dialogue on professional expectations and availability for national and international mobility.

Remuneration Management

Which establishes the guidelines for the compensation and benefits policy to guarantee the level of external competitiveness and internal equity that allows attracting, motivating and retaining the necessary talent in all markets. **In 2021, the main deliverable of this project was the Job Grading of the first lines of leadership.**

Culture & Climate

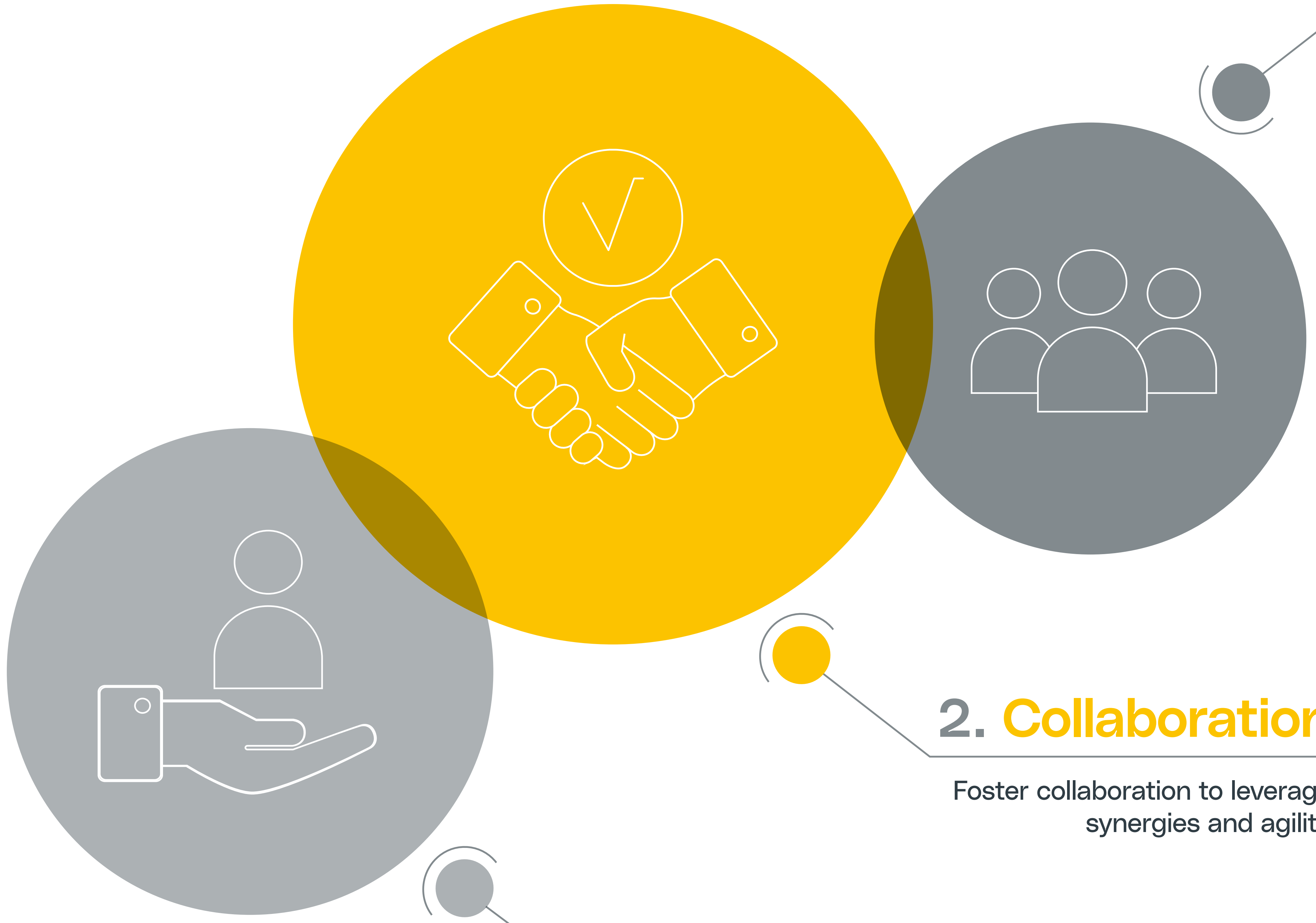
Three years after building the Mission, Vision and Values (MVV) for the entire group, Secil launched the Culture & Climate project in February 2021 in the 5 geographies where it is present – Portugal (which consolidates operations in Cape Verde, Spain, and Holland), Tunisia, Angola, Lebanon, and Brazil. The internal diagnosis called "*Shall we talk?*" (image below) had the participation of 84% of employees and reinforced that MVV is already perceived as the Group's Culture. Secil Group also started to measure the employee satisfaction index – eNPS – Employee Net Promotor Score, in which it achieved an overall result of 35, considered by the benchmark as very good.

Given that Culture is considered the personality of the organization and that it has a strong impact on the execution of the strategy and on the results achieved, this diagnosis was performed with the objective of contributing to the identification of the behaviours that would need to be reinforced, within the MVV, for the success of the new strategic cycle that begins in 2022.

Therefore, three pillars were defined

to focus on cultural change in the coming years.

Regarding the Organizational Climate, the action plans to be implemented in 2022 were defined locally by each geography.



1. People

Develop, empower and recognize our people

2. Collaboration

Foster collaboration to leverage synergies and agility

3. Customer Focus

Driving change with a customer focus

Safe Dashboard

Everyone's safety is an integral part of the Group's culture to which all employees are encouraged to contribute and participate.

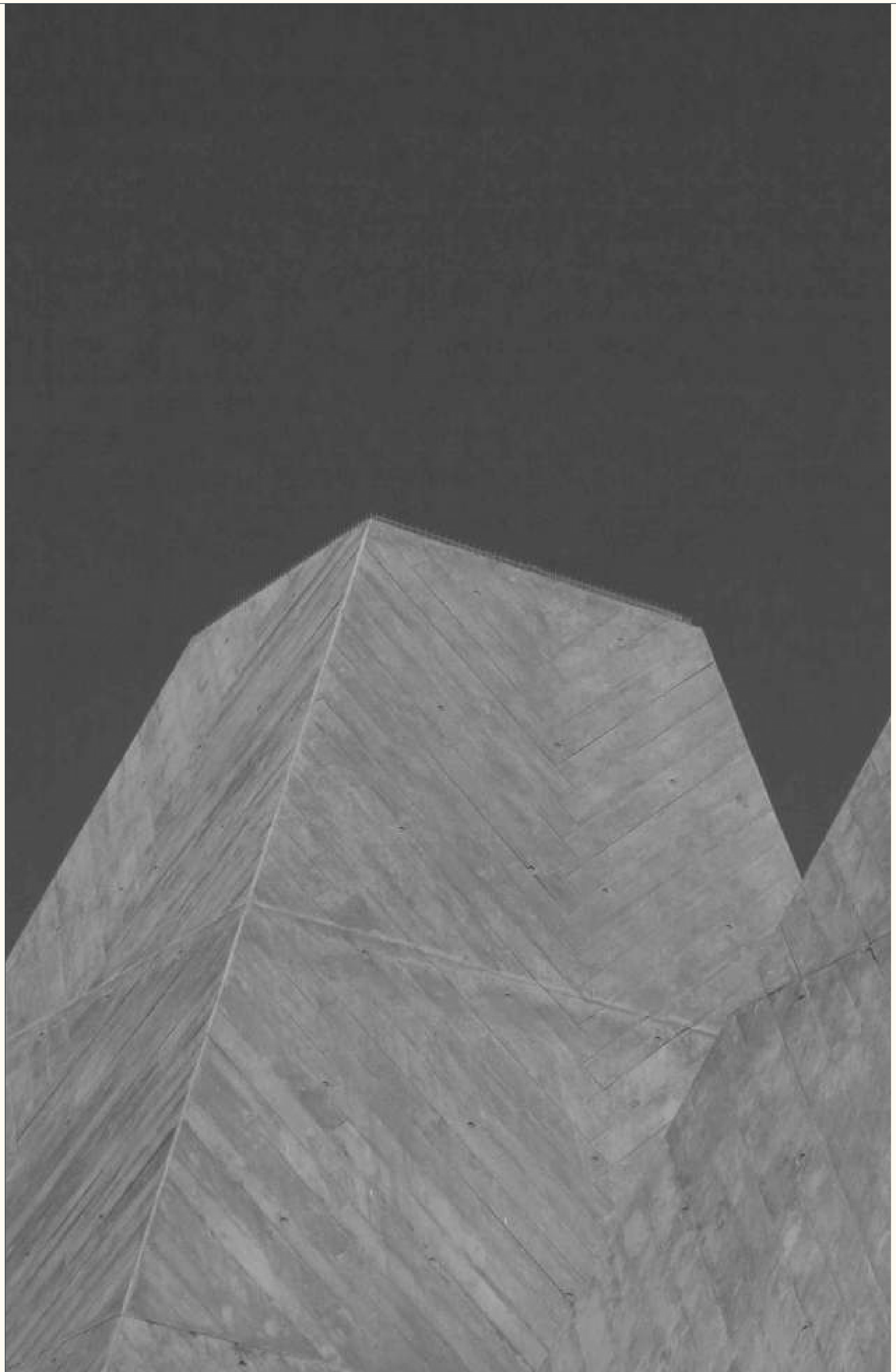
In order to improve the available information and safety performance in the Group, between 2020 and 2021, a new "Safe Dashboard" tool was created, which integrates the lagging indicators (reactive indicators) and leading indicators (proactive indicators).

The former is characterized by frequency and severity indexes and the latter include safety talks, safety walks, near-accidents, training, roadmap, and serious accidents. For both indicators, annual objectives are defined.

This new Dashboard is a new way of visualizing security data, in its several dimensions and the relationships between them. It is user-friendly, interactive and can be used by anyone in the organization.

This information is disclosed internally, monthly, in order to make the company's safety results known to its employees in different geographies. One of the objectives of the tool is to promote the discussion and analysis of security data, among the various teams, not just being restricted to the security team.

Security is not defined by the data, and by itself, the data has no value. Disclosure, joint analysis of data between teams and discussion with managers, allows the creation of knowledge from these same data, contributing to a strengthening of the safety culture within the organization. It is through the discussion and analysis of security data that we can derive value from them and, consequently, make evidence-based decisions.



05 ___ Transformation at Secil

05 ____ Transformation at Secil

A successful and respected regional cement and materials group.

As in other editions of this Report, we could not leave out the RETURN project and the important impact it had on both our culture and our profitability.

In 2016, we set important goals for 2021 on three fronts: in Safety, achieving a frequency of less than 3 and zero fatalities; in People, define key leadership skills and implement our skills model for all leadership levels; and in Profitability, reaching Euro 140m in EBITDA.

In 2016, we set important goals for 2021 on three fronts: in Safety, in People and in Profitability.

140M€

EBITDA Goals for 2021, in Profitability.

Where we were IN 2016...

Our goals and targets for Return

	GOALS	TARGETS
Safety role model	Achieve **zero harm** through the implementation of an effective Safety Culture	Reach frequency index <3 by 2020 Reach zero fatalities
Develop each other	Develop **competencies/ behaviours to drive performance and change**	Develop core competencies for all senior managers by 2020 Implement the competencies model for all managers/supervisors by 2020
Return to profitability	Become a **profitable** business and reduce our debt to be ready for a next step	Deliver 2017 Budget of 95M€ EBITDA Reach 140M€ of EBITDA by 2020, considering cash restrictions Build up 2018 and 2019 results to comfortably reach our 2020 target

Therefore, since 2017, Secil Group has taken on this transformational challenge, incorporating a new daily management model.

For these top-down targets, more than 90 projects were developed in all 5 geographies, with the involvement of all employees. These projects were rigorously monitored through the PMO methodology, developed by the Project Manager Institute®.

Therefore, since 2017, Secil Group has taken on this transformational challenge, incorporating a new daily management model, which has brought about a very positive change in the culture of seeking guidance for results, based on two main pillars: Safety and People.

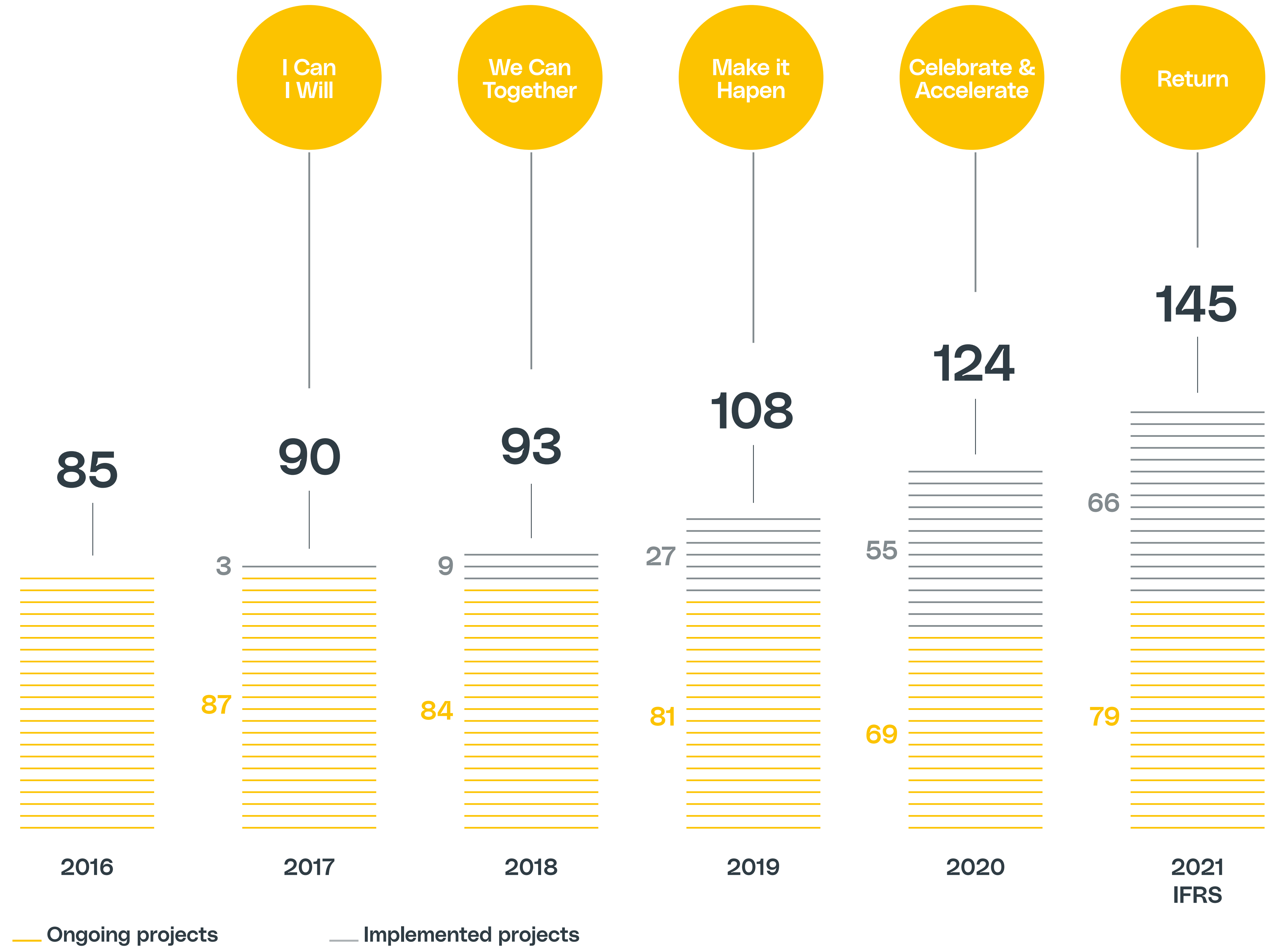
Today, five years later, we are very proud of the path we have travelled together and the impacts we have achieved:

- We have developed a lot in **Safety**, creating several programs and campaigns, namely Safety Roadmaps, Safety Moments, Safety Talks, Safety Walks, Elos Project, Stop & Go Cards, and Safety Trainings, among others;
- In **People**, we developed our competency model, very focused on four dimensions: *Think the Business*, *Results Leadership*, *Personal Leadership*, e *People Leadership*. These dimensions are applied globally in the Performance Management process of our leaders. We also developed our MVV (Mission, Vision, and Values) framework and implemented leadership skills development and training programs.
- Finally, in terms of **profitability**, we exceeded our goal: we reached Euro 145m in EBITDA, of which approximately Euro 66m came from impacts that occurred through the RETURN projects. Some examples of high-impact projects: "Commercial Excellence, Procurement", and "Secil Way" (focused on operational performance).

Return to PROFITABILITY

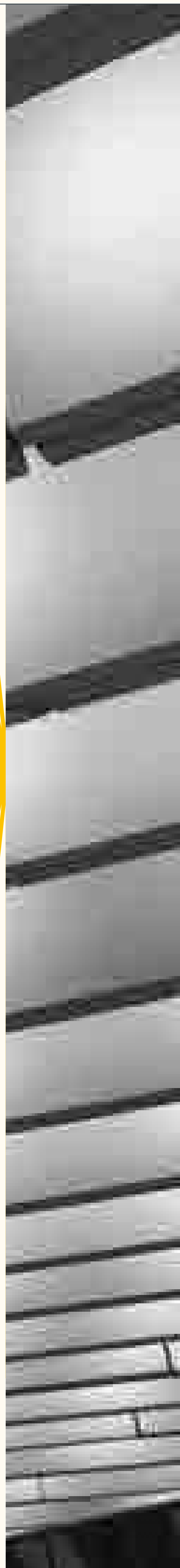
Our target was 140 M€ by 2021

EBITDA M€



Therefore, in 2021, following on from the "Celebrate & Accelerate" theme launched in 2020, we have the **Celebrate & Celebrate**, theme, in which all Secil employees around the world are celebrating these excellent results.

06 ___ Performance



06 ____ Performance

6.1 ___ Highlights of the year

The year 2021 was still marked by the effects of the pandemic, although in a different way in each geography of the Group, having concluded the path of consolidation and improvement initiated in previous years defined in the Return strategic cycle. Below, we highlight some of the main events that occurred in Secil Group during 2021:

'21

1st QUARTER

GROUP

Culture and Climate "*Vamos conversar?*", with the participation of 84% of the Group's employees.

Launch of the Global Safety Goal for all employees of the Secil Group.

PORTUGAL

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

LEBANON

Sibline financially supported the Sibline Government Hospital (*Hospital Governamental de Sibline*) to continue to operate during the crisis in the country.

2nd QUARTER

GROUP

April is the Safety Month at the Secil Group, with actions performed in all geographies and a common action: the Conversation Circles Circles ("*Rodas de Conversa*").

In June, the DEi Journeys, a series of three webinars on Diversity, Equity and Inclusion, were launched for the entire Group.

PORTUGAL

Secil launches the cement communication campaign focused on trust.

In the mortar business, record quarterly sales in the domestic market, exceeding 5.5M€.

ANGOLA

Strong recovery in quantities sold. Doubling from the 1st Quarter.

Angolan government announces the resumption of privatization of its shareholding in Secil Lobito.

3rd QUARTER

GROUP

Presentation to all employees of the Group's new strategy for 2022-2025, Ambition 2025 – Sustainable Growth.

PORTUGAL

Launch of Academia Secil, a digital platform for webinars aimed at sharing knowledge of the construction industry aimed at all stakeholders.

Record quarterly sales achieved in the technical mortars business.

ANGOLA

Secil Lobito was the official sponsor of the 6th Edition of the Luanda/Benguela International Theater Cycle (*6.ª Edição do Circuito Internacional de Teatro*), in August.

TUNISIA

Secil Tunisia – SCG supplied IT equipment and built a wall for a school, located in one of the most disadvantaged regions of Gabes.

BRAZIL

Record EBITDA generation with R$ 53.6 million.

Beginning of the internship program.

4th QUARTER

GROUP

Conclusion of the RETURN strategic cycle, which allowed the Secil Group to return to profitability.

PORTUGAL

Implementation of FlexWork – Transition Regime, in which employees now have flexibility in place and working hours.

Sale of the prefabricated company Prebetao and the assets of Argibetao.

Launch of the Secil Customer Portal, an exclusive area for consulting data, such as orders.

In the mortar business, record sales in the foreign market in the quarter.

ANGOLA

On 20 October 2021, Secil Lobito completed 2 years without work accidents.

TUNISIA

Participation of Secil Tunisia-SCG in the Mediterranean Building Exhibition MEDIBAT2021, trade fair for the building materials sector.

Supply of cement to the Military Hospital of Gabes for the construction of a new emergency unit.

LEBANON

On the occasion of National Tree Day, Sibline employees planted more than a thousand trees in the factory's quarry on 3 December.

On World Diabetes Day, Sibline, together with the local Diabetes Center MUMC, organized a session for employees to clarify and prevent the disease, which included the distribution of diabetes tests and analyses.

BRAZIL

Record free cash flow generation in 12 months.

Trade Working Capital with 2.8% of Gross Revenue.

Colombo Distribution Center and Pomerode Factory with more than 1 year without accidents.

6.2 ___ Framework in 2021

Key Economic Financial Indicators

Millions of Euro	'21	'20	Var.
INCOME STATEMENT			
Turnover	495.9	451.0	10%
EBITDA	145.4	124.0	17%
EBITDA margin (%)	29.3%	27.5%	7%
EBIT	102.1	84.0	22%
EBIT margin (%)	20.6%	18.6%	11%
Net monetary position	7.2	13.9	-48%
Financial results, associates and joint ventures	-26.6	-33.5	-21%
Net profit/(loss) for the period	70.0	63.3	11%
Attributable to equity holders	66.3	57.1	16%
CASH FLOW			
Cash-flow	113.3	103.3	10%
INVESTMENTS			
Acquisitions of property, plant and equipment and intangible assets	43.3	25.8	68%
BALANCE SHEET			
Total Equity before InC	277.1	263.2	5%
Total Equity	284.3	279.1	2%
Net remunerated debt	253.9	272.8	-7%
Net remunerated debt + IFRS 16	295.5	297.8	-1%

EBITDA: Operating results 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 1000 ton	'21	'20	Var.
Production capacity	9,750	9,750	0%
Clinker production	4,279	4,301	-1%
Cement production	5,189	4,989	4%
Sales			
Cement and clinker	5,289	5,509	
Aggregates	5,083	4,550	12%
Mortars	258	235	10%
In 1000m³			
Ready-mixed concrete	1,960	1,803	9%

In 2021, the SARS-COV-2 pandemic had a different impact on the different countries and markets in which Secil Group operates, with the Group's EBITDA being negatively impacted by the strong exchange rate devaluation of the Lebanese pound and the significant increase in solid fuels costs.

Despite this adverse context, Secil Group managed to significantly increase operating results and net income and reduce its level of indebtedness regarding its interest-bearing debt.

This improvement is due to the positive results of the improvement actions in the Return strategic plan, finished in 2021, and a strong focus on improving profitability which was verified in almost all the geographies in which Secil Group operates.

Turnover by country had the following evolution in 2021 compared to 2020:

Turnover (millions of Euro)	'21	'20	Var.
Portugal	323.5	306.1	6%
Tunisia	54.5	46.1	18%
Lebanon	24.4	16.7	46%
Brazil	88.5	75.9	17%
Other	5.0	6.2	-20%
Total Consolidated	495.9	451.0	10%

Secil Group's turnover in 2021 amounted to Euro 496 million, 10% below that recorded in the same period of the previous year, which translated into a decrease of Euro 44.9 million.

This increase is essentially the result of the positive evolution in the Portuguese, Brazilian and Tunisian markets, with a slight recovery also taking place in the Lebanese market after the strong impact of the exchange rate devaluation against the euros of the Lebanese pound in 2020. The exchange rate variation of the currencies of the different countries (excluding Lebanon, which has a situation of hyperinflation) had a negative impact of approximately Euro 9.3 million on the Group's turnover.

In **Portugal**, turnover grew by Euro 17.4 million, explained by the positive evolution of the domestic cement market and practically all segments of construction materials, except for the concrete market.

In the case of **Tunisia**, the growth in turnover of Euro 8.4 million is the result of the positive evolution of the cement market, particularly in the 1st half, reflected in the increase in quantities sold and, at the same time, in the increase in sale prices of cement in local currency, mitigated by the negative effect of the exchange rate devaluation of the Tunisian dinar (Euro -1.4 million).

In **Lebanon**, turnover increased by Euro 7.7 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. 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 grew by Euro 12.6 million, despite the strong negative impact of the devaluation of the real. If this negative effect of Euro 7.2 million is excluded, turnover would have shown a positive variation of Euro 19.4 million, as a result of the positive trend of sale prices.

In **Angola**, turnover in euros was positively impacted by the increase in quantities sold and the rise in the sale price of cement, with this increase representing Euro 2.1 million. In the same period there was a slight devaluation of the Kwanza against the euros, valued at Euro 558 thousand. Despite the weak recovery of the construction sector in Angola, there was an increase in quantities sold, especially in the 2nd half of 2021.

Consolidated EBITDA reached Euro 145.4 million, which means, an increase of 17.3% compared to the same period of the previous year, despite the environment of high uncertainty, caused by the global health crisis, the great economic, financial and social instability experienced in Lebanon and the negative effects caused by the sharp rise in fuel prices, as well as the significant devaluation of the Brazilian real, the Lebanese pound and the Tunisian dinar.

The management measures that have been taken in recent years to recover Secil Group's operating profitability contributed greatly to the result achieved.

EBITDA (millions of Euro)	'21	'20	Var.
Portugal	92.4	88.9	4%
Lebanon	10.9	3.2	237%
Tunisia	11.9	12.0	-1%
Brasil	29.4	20.8	42%
Outros	0.7	-0.9	-178%
	145.4	124.0	17%

EBITDA from activities developed from **Portugal** rincreased by Euro 3.5 million (4%) compared to the same period of the previous year, despite being significantly negatively impacted by the decrease in the sale of surplus CO_2 emission allowances, which represented a reduction of Euro 10.2 million, compared to the same period in 2020, as well as the rise in energy costs.

The favourable evolution of the quantities sold in the domestic market, accompanied by a positive evolution of the respective sale prices, as well as the extraordinary gain related to the indemnity interest of several tax proceedings, made it possible to counterbalance the negative impacts.

It should also be noted the good performance of the materials business, with emphasis on aggregates and mortars, which amounted to a total positive effect of Euro 3.4 million.

The EBITDA generated by the activities in **Tunisia** decreased compared to the same period in 2020 (-0.1%), reflecting the significant increase in energy production costs and offsetting the increase in cement consumption recorded mainly in the first two quarters. Quantities sold and average sale prices continue to show a favourable evolution, but more modest, when compared to the three previous quarters. The opening of the Libyan market made it possible to increase cement exports and offset the increase in variable costs, especially energy, and the negative impact caused by the serious breakdown of one of the cement mills. During 2021, an income of Euro 1.3 M was recognised, referring to the indemnity of the insurance company regarding the breakdown of the mill.

In **Lebanon**, EBITDA was negatively impacted mainly by the exchange rate devaluation of the Lebanese pound, which ended the quarter at 27,650 per 1 Usd, compared to 8,400 per 1 Usd at the end of the previous period, with an impact on the value of purchases of goods and services in foreign currency.

The construction industry continues to fall slightly, motivated by the serious social, political and economic crisis experienced in the country. The cuts in electricity supply intensified in the 2nd half of 2021 and reflected in the decrease in the quantities of cement sold. The increase in the average price in local currency, driven by the inflationary environment in the country, made it possible to offset the losses caused by the currency devaluation.

In **Brazil**, EBITDA increased by Euro 8.6 million when compared to the same period last year, despite the unfavourable exchange rate effect (Euro -2.4 million), reflecting the positive evolution of the cement market (+8%) and sale prices in local currency (+31%), as opposed to rising production costs.

In **Angola**, EBITDA improved by Euro 1.5 million, compared to the same period last year, as a result of the increase in quantities sold (+25%), average sale prices in local currency (+27%) and the management variable and fixed cost effectiveness.

6.3 ___ Business development by segment

PORTUGAL

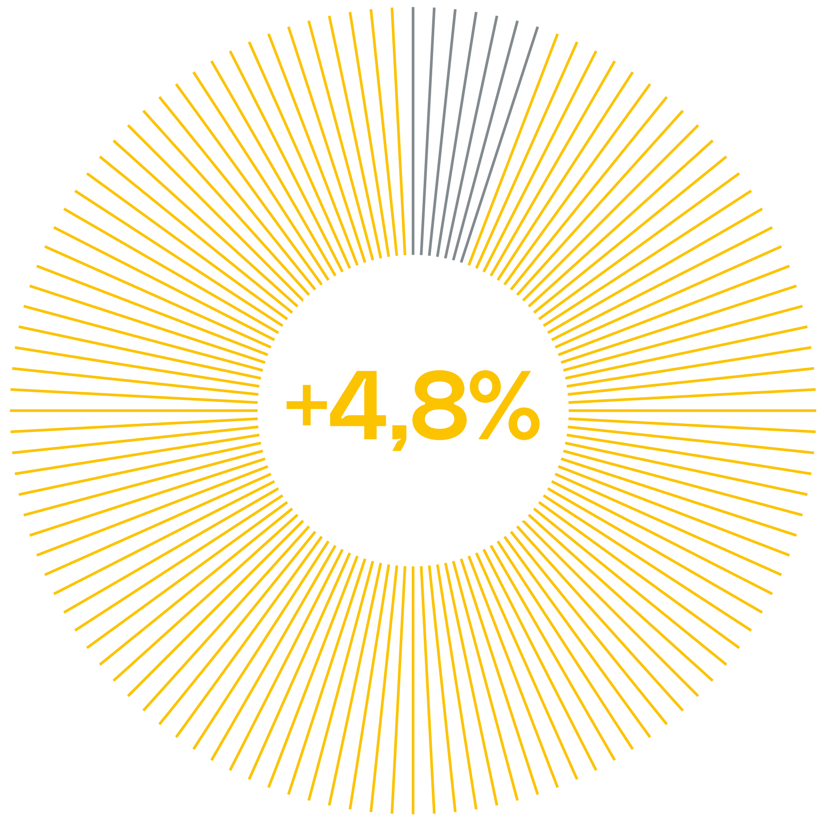
Key Indicators

(millions of euros)	Unit	'21	'20	Var.
Turnover	Meur	323.5	306.1	6%
EBITDA	Meur	92.4	88.9	4%
EBITDA margin	%	28.6%	29.0%	-2%
Clinker production	1,000 t	1,787	1,778	0%
Cement production	1,000 t	2,072	1,974	5%
Cement and clinker sales				
Domestic market	1,000 t	1,585	1,495	6%
Foreign market	1,000 t	487	654	-26%
Total	**1,000 t**	**2,072**	**2,149**	**-4%**
Concrete sales	1,000 m³	1,545	1,463	6%
Aggregates sales	1,000 t	5,083	4,550	12%
Mortars sales	1,000 t	258	235	10%
Prefabricated products sales	1,000 t	103	122	-16%

Banco de Portugal projects in 2021

economic growth

for the Portuguese economy.



Resuming the pre-pandemic level in the first half of 2022

Banco de Portugal (Projections for the Portuguese Economy – December 2021) projects economic growth for the Portuguese economy of 4.8% in 2021 and 5.8% in 2022, resuming the pre-pandemic level in the first half of 2022. The projected path of economic growth is supported by the maintenance of favourable financial conditions and by greater receipts of funds from the European Union.

After a chain reduction in the first quarter, GDP more than recovered in the second quarter, reflecting the control of the pandemic and advances in the vaccination process, with positive effects on the confidence of agents.

In the third and fourth quarters, this growth is expected to be more moderate, conditioned by the recent worsening of the pandemic and by bottlenecks in the transport of goods, by the scarcity of supply of intermediate goods, and by the increase in the costs of raw materials and transport.

The construction production index recorded year-on-year growth of 3.6% in December, after having increased by 3.4% in the previous month. Compared with December 2019, the index was higher by 1.1%. In 2021 as a whole, this index increased by 2.9%, after having decreased by 3.3% in 2020. (*Síntese Económica de Conjuntura* – janeiro de 2022, INE).

Also, according to INE, the economic activity indicator, which summarizes a set of quantitative indicators of the economy, accelerated in October and November, after having slowed down between May and September. In turn, the economic climate indicator, which summarizes the balances of extreme responses to questions relating to qualitative surveys of companies, stabilized in December, having shown irregular behaviour since July.

It is estimated that cement consumption in Portugal in 2021 grew, in accumulated terms, by approximately 9.8% compared to the same period last year.

In 2021, turnover of the overall operations developed in Portugal reached Euro 323.5 million, i. e., an increase of 6% compared to the same period of 2020.

In the Cement business unit in Portugal, turnover grew by 6.8% year-on-year (Euro +11.5 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.

Turnover in the domestic market grew by 8.1% compared to 2020, as a result of the increase in cement quantities sold (+7.5%), driven by the growth in cement consumption and the 1.7% increase in average sale prices.

On the other hand, the export business volume, including the Group's terminals, decreased by approximately 24.8%. Despite the sharp decrease in exported volumes (-49.4%), the increase in the average sale price and a more favourable sale mix allowed for greater losses to be avoided.

In the remaining business segments with activities developed from Portugal (ready-mixed concrete, aggregates, mortars, and prefabricated products), the 2021 turnover amounted to Euro 158.8 million, an increase of 7.8% over the same period last year.

This growth occurred in all areas of construction materials, which experienced the positive effects of greater dynamism in construction, but with less emphasis on the Concrete business unit, which showed more modest growth in the quantities sold (+ 4,9%).

EBITDA for all activities developed in Portugal grew by 4%, reaching Euro 92.4 million against Euro 88.9 million recorded in 2020.

The Cement business unit presented an EBITDA of Euro 87.0 million, slightly higher than the same period last year (+0.6%), despite being significantly and negatively impacted by the decrease in the sale of surplus CO_2 emission allowances, which represented a reduction of Euro 10.8 million, compared to the same period in 2020, as well as the rise in thermal energy costs, as a result of the rise in the international price of solid fuels. Positively noteworthy was the increase in quantities sold on the domestic market, as well as the rise in average prices on both the domestic and foreign markets.

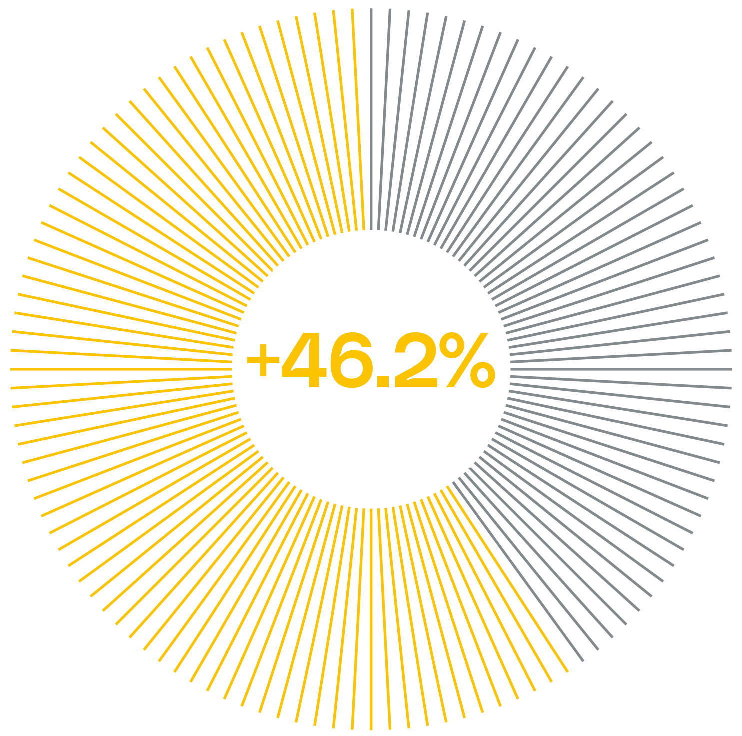
The building materials business units showed an increase in their EBITDA of 14.1%. The very positive evolution observed in the aggregates, mortars and prefabricated products segments made it possible to overcome the poor performance of the Concrete segment, as a result of strong market pressure to lower sale prices, and the rise in variable production costs. It should be noted that the 2021 EBITDA of Portugal is positively influenced by the capital gains obtained from the sale of fixed assets and from the financial participation in the prefabricated business, which together represents Euro 4.6 million and also from indemnity interest related to tax proceedings, in the amount of Euro 3.0 million. On the other hand, 2020 EBITDA was positively influenced by the recording of capital gains on the sale of fixed assets (land) in the Prefabricated and Aggregate segment, which together represented Euro 1.2 million and capital gains obtained in disposal of financial holdings (Euro + 5 million).

LEBANON

Key Indicators

(millions of euros)	Unit	'21	'20	Var.
Turnover	Meur	24.4	16.7	46%
EBITDA	Meur	10.9	3.2	237%
EBITDA margin	%	44.8%	19.4%	131%
Clinker production	1,000 t	561	742	-24%
Cement production	1,000 t	677	705	-4%
Cement and clinker sales				
Domestic market	1,000 t	670	737	-9%
Foreign market	1,000 t	0	171	-100%
Total	**1,000 t**	**670**	**908**	**-26%**
Concrete sales	1,000 m³	61	51	20%
Prefabricated products sales	1,000 t	22	35	-37%

Despite this context, the turnover of all operations in Lebanon recorded a growth of 46.2%, compared to the previous year



Lebanon is undergoing a serious economic, financial and social crisis. Despite the efforts undertaken by the political forces to stabilise the situation, the appearance of the COVID-19 pandemic and the explosion that took place in August in the port of Beirut further contributed to its worsening.

With the worsening and spread of the pandemic, mainly in the 3rd quarter of 2021, the Lebanese authorities continued to impose measures to contain the health situation. Additionally, the constant cuts in electricity supply in the last quarter had a negative impact on Secil's operations in that country.

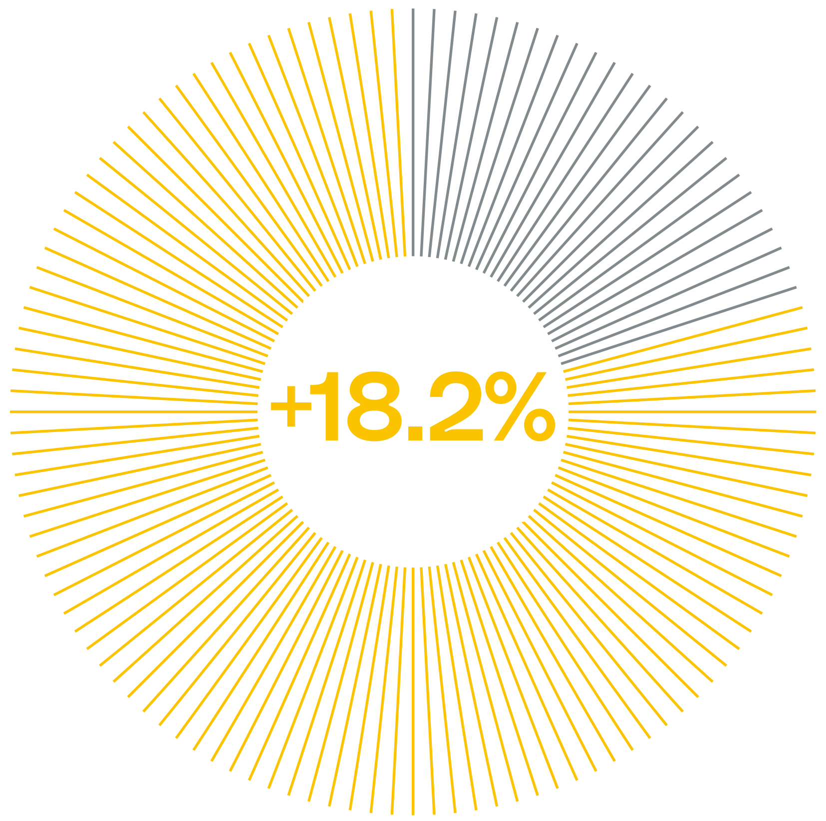
Despite this context, the turnover of all operations in Lebanon recorded a growth of 46.2%, compared to the previous year, with a turnover of Euro 24.4 million. This growth results from the adaptation of sale prices in local currency to the situation of hyperinflation and the rapid devaluation of the currency. Turnover would have been Euro 49.7 million higher if the effect of the exchange rate devaluation were removed. It should be noted that the Lebanese pound ended the year at 27,650 per 1 Usd, which compares with 8,400 per 1 Usd at the end of the same period last year.

Cement and clinker sales to the domestic market declined by 9.1% year-on-year, with estimates (based on data from the Central Bank of Lebanon) pointing to a 0.8% decline in the Lebanese cement market. Turnover grew by 38.4%, despite the high exchange rate devaluation of the Lebanese pound, which was more than offset by the price inflation recorded in local currency.

Concrete turnover was also negatively affected by the exchange rate devaluation of the Lebanese pound, with turnover having fallen by 53.2% compared to the same period last year, despite the 20.2% increase in quantities sold.

The EBITDA generated by the overall operations in Lebanon amounted to Euro 10.9 million, which represents a 237% increase when compared with the previous year. This increase is mainly due to the inflation recorded in the local economy in the cost containment measures implemented, which more than offset the effect of the exchange rate devaluation recorded in the Lebanese pound.

The turnover of the set of operations performed in Tunisia showed a positive variation of 18.2% compared to the same period of the previous year



Amounting to a total of Euro 54.5 million

TUNISIA

Key Indicators

(millions of euros)	Unit	'21	'20	Var.
Turnover	Meur	54.5	46.1	18%
EBITDA	Meur	11.9	12.0	-1%
EBITDA margin	%	21.8%	26.0%	-16%
Clinker production	1,000 t	831	705	18%
Cement production	1,000 t	846	656	29%
Cement and clinker sales				
Domestic market	1,000 t	578	567	2%
Foreign market	1,000 t	404	226	78%
Total	**1,000 t**	**981**	**793**	**24%**
Concrete sales	1,000 m³	127	109	16%
Prefabricated products sales	1,000 t	0	0	0%

Regarding Tunisia, it should be noted that the country continues to face significant challenges, including high external and fiscal deficits, increasing debt and insufficient growth in order to reduce unemployment. There is still some social instability and 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.

In October, with the coming into office of the new government (after the resignation of the previous one in July), composed essentially of qualified individuals with no political ambitions, the country's economic and financial recovery was set in motion.

Meanwhile, at the end of the year, the 2022 Finance Law was published, intended as a transitional law to prepare the various fundamental economic and social reforms that the government intends to carry out between 2022 and 2026.

In this difficult context, it is estimated that the domestic cement market has grown approximately 2.4% compared to the same period in 2020 (very impacted by the emergence of the pandemic), 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 18.2% compared to the same period of the previous year, amounting to a total of Euro 54.5 million, negatively influenced by Euro 1.5 million by the devaluation of the Tunisian dinar against the euros.

In the "Tunisia Cement" segment, turnover grew approximately 17.7%, reaching Euro 51.1 million, mainly reflecting the increase in cement sales on the foreign market (+199.8%), as a result of the opening of the Libyan market, accompanied by an also positive evolution of the average sale price (+8%). In the domestic market, there was a slight increase in quantities sold (+1.9%) and prices remained practically at the same level as the previous year.

Concrete turnover grew by 19.7% over the same period last year, as a result of the increase in quantities sold (+16.2%).

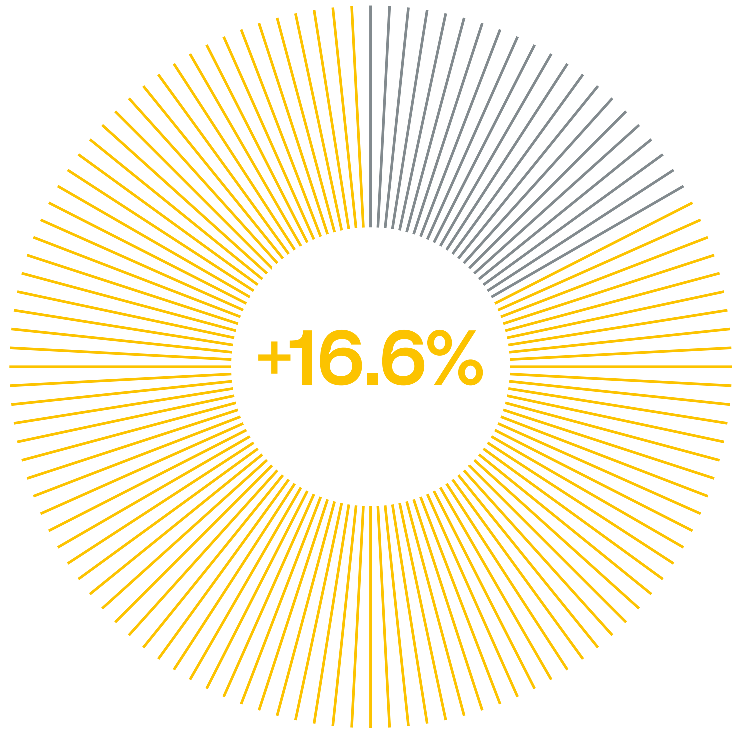
Consequently, the EBITDA of the activities in Tunisia amounted to Euro 11.9 million, i.e., slightly below the 2020 EBITDA (Euro 12.0 million). The good commercial performance made it possible to mitigate the negative effects of the increase in variable costs, especially energy and industrial maintenance.

BRAZIL

Key Indicators

(millions of euros)	Unit	'21	'20	Var.
Turnover	Meur	88.5	75.9	17%
EBITDA	Meur	29.4	20.8	42%
EBITDA margin	%	33.2%	27.3%	22%
Clinker production	1,000 t	1,100	1,077	2%
Cement production	1,000 t	1,510	1,586	-5%
Cement and clinker sales				
Domestic market	1,000 t	1,497	1,560	-4%
Foreign market	1,000 t	14	32	-57%
Total	**1,000 t**	**1,511**	**1,591**	**-5%**
Concrete sales	1,000 m³	227	180	26%

The turnover of the overall operations in Brazil recorded a increase of 16.6% compared to the previous year.



EBITDA of the activities in Brazil reached Euro 29.4 million

which compared to Euro 20.8 million in the same period last year, represents a growth of 41.7%.

According to SNIC estimates (Preliminary results – December 2021) cement consumption in Brazil will have recorded an increase of 6.6% compared to the last quarter of 2020.

The main drivers for this performance continue to be the resumption of infrastructure construction (essentially state highways and urban pavement), as well as the maintenance of real estate works and renovations through self-construction, which continues to play a relevant role in cement sales, even with the suspension of emergency aid since January.

The turnover of the overall operations in this country reached Euro 88.5 million in 2021, representing a increase of 16.6%, compared to the previous year. However, discounting the effect of the exchange rate devaluation of the Real against the euros, with a negative impact of approximately Euro 7.2 million, turnover would have been Euro 19.8 million higher (+26%).

Cement sales in quantity recorded a decrease of 5.1% compared to the same period in the previous year, with average sales prices increasing by 18.2%.

EBITDA of the activities in Brazil reached Euro 29.4 million, which compared to Euro 20.8 million in the same period last year, represents a growth of 41.7%. If we exclude the unfavourable exchange rate effect (Euro -2.4 million), EBITDA would have increased by 53%, reflecting the good performance of the activity, which made it possible to offset the negative impact of the rise in variable production costs, mainly energy.

ANGOLA

Key Indicators

(millions of euros)	Unidade.	'21	'20	Var.
Turnover	Meur	6.3	4.2	50%
EBITDA	Meur	0.7	-0.8	-188%
EBITDA margin	%	10.9%	-18.6%	-159%
Cement production	1,000 t	84	67	25%
Cement and clinker sales	1,000 t	85	68	25%

According to available data, the Angolan cement market is estimated to have shown a positive variation of 9%.

The impact of the measures adopted in the context of confinement against the expansion of the coronavirus will have contributed to the worsening of the economic situation, which has been recovering in recent months, in line with the increase in oil prices seen since the sharp fall in April 2020.

According to available data, the Angolan cement market is estimated to have shown a positive variation of 9% compared to the same period in 2020.

The quantities of cement sold by Secil grew by 25.1% over the same period last year. In a context of strong inflation and a slight devaluation of the Kwanza against the euros, Secil Lobito has been implementing a strict price policy that allows it to face higher costs both in national currency and those resulting from the necessary imports. In these terms, the price of cement, in local currency, increased by approximately 27% compared to the same period in 2020.

As a result, turnover totalled Euro 6.3 million, 49.7% above the figure recorded in the last quarter of 2020, still influenced by the currency devaluation, which had a negative impact of Euro 558 thousand. Excluding the exchange rate effect, turnover would have been 63% higher.

In 2021, EBITDA was positive by Euro 681 thousand, which compared with the negative amount of Euro 778 thousand, recorded in the same period, represents a significant improvement.

6.4 ___ Financial performance

Secil Group's net financial results, including results from associates and joint ventures, showed a very significant improvement compared to the same period last year, from Euro -33.5 million to Euro -26.6 million. This positive differential results from the combined effects of a reduction in the net cost of financing (Euro +4.2 million) and a decrease in exchange rate differences (Euro +2.4 million), mainly due to the existence of exchange losses in 2020 resulting from the devaluation of the Brazilian Real, which decreased very substantially in 2021.

The net results attributable to Secil shareholders reached a positive amount of Euro 66.3 million in 2021, which compares with the result of Euro 57.1 million recorded in the same period. This positive variation results from the improvement in the financial results and, above all, in the operating results, offsetting the negative effect of the tax heading.

The Group's net debt in December 2021 amounted to Euro 295.5 million, which, compared to December 2020, represents a reduction of Euro 2.3 million. The repayment of Euro 40.5 million of supplementary payments to the shareholder, as well as CAPEX expenses, which amounted to Euro 43.3 million (excluding rights of use), contributed negatively to this evolution of the debt.

Secil Group maintains very high liquidity, with contracted lines with a global value above Euro 584.1 million. The lines of financing are spread over the several geographies according to the Group's needs, with Portugal being where the greatest slack is found.

As of 31 December, Secil Group had cash and cash equivalents in the amount of Euro 75.2 million, showing a strong liquidity situation.

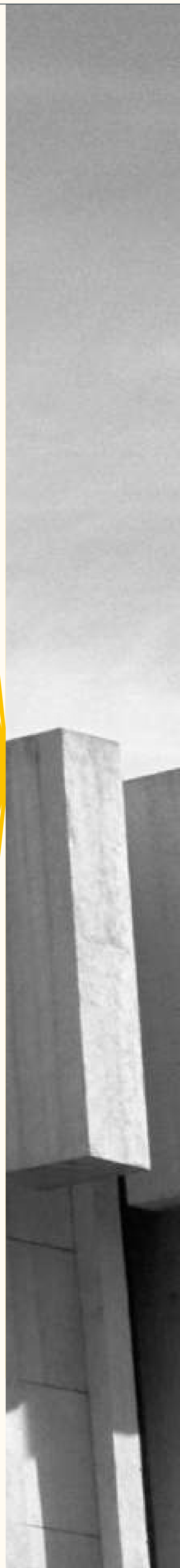
6.5 ___ Risk management

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

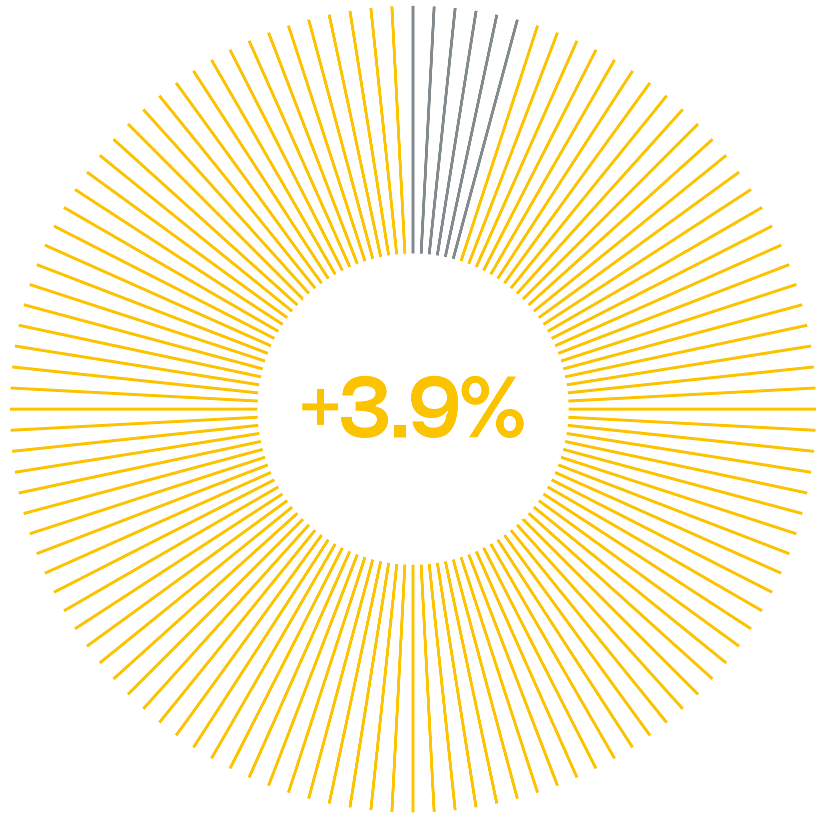
6.6 ___ Sustainability and European regulation on taxonomy

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 2022



07 Outlook for 2022

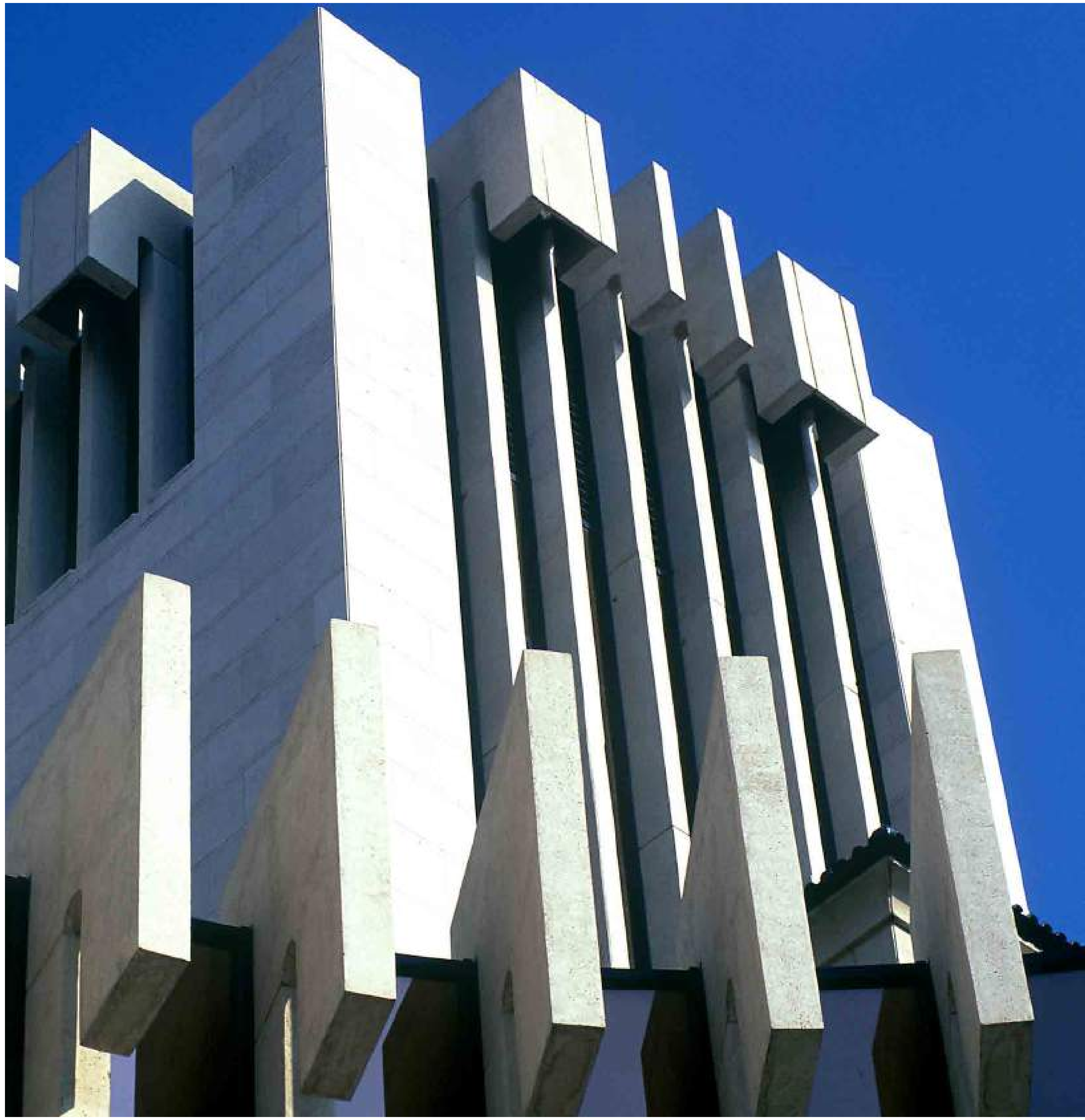


Eurozone GDP is expected to grow by 3.9% in 2022

The year begins with investors closely monitoring three major themes: the pandemic, inflation and geopolitical tensions. Despite the high worldwide spread of the omicron variant, the relative lesser severity led to lower fears of its impact on the economic recovery. Inflationary pressures in almost all countries have forced central banks to change their position by withdrawing monetary incentives in advanced economies and raising interest rates, which is expected to continue.

In the latest projections from the IMF's World Economic Outlook Update (WEO Update), published in January 2022, the forecast for global economic growth for 2022 is 4.4% (downward revision of 0.5 p.p., compared to the forecast of October). Rising energy prices and disruptions to supply chains have resulted in higher and wider-than-expected inflation, particularly in the US and many emerging economies. The restraint in China's real estate sector and a slower-than- expected recovery in private consumption are also expected to impact global growth.

Eurozone GDP is expected to grow by 3.9% in 2022 (downward revision of 0.4 p.p., compared to the October estimate) driven by COVID risks and disruptions in supply chains, particularly in Germany, due to exposure of economy to supply chain shocks.



Cement 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 recovery and may weaken its pace. Secil is implementing measures to manage supplies and their production costs in order to mitigate potential impacts.

For Portugal, the IMF's World Economic Outlook (WEO), published in October 2021, forecasts GDP growth of 4.4% in 2021 and 5.1% in 2022. Banco de Portugal's December estimates point to GDP growth at 4.8% in 2021 and 5.8% in 2022, followed by a more moderate pace of expansion in 2023 and 2024, 3.1% and 2.0%, respectively. This forecast revises GDP growth for 2022 upwards by 0.2 p.p. (from 5.6% in June's *Boletim Económico* forecast).

Banco de Portugal estimates that inflation will be 0.9% in 2021 and 1.8% in 2022 (upwardly revised from the June projection of 0.9%), settling at 1.1% in 2023 and 1.3% in 2024. This rising profile and subsequent moderation largely reflect the evolution of energy prices, which follows the price of oil in international markets.

AICCOPN and AECOPS expect activity in the construction industry to remain favourable, reaching a growth rate of approximately +5.5% in real terms. The expectation is that the Gross Value of Production will increase in all construction segments.

Secil 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, and its framework is under analysis within the scope of the Recovery and Resilience Plan. It is expected that the implementation of this Plan will contribute positively to the economic recovery in Portugal. By the end of 2022, Secil expects to complete the investment in the industrial facility in Outão, CCL- Clean Cement Line.

For Brazil, the IMF's World Economic Outlook Update (WEO Update), published in January 2022, predicts a recovery of the Brazilian economy of 4.7% in 2021 and 0.3% in 2022. Inflation (WEO October 2021) is expected to be 7.7% and 5.3% for 2021 and 2022, respectively. 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 measures 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 2021 for the period 2021-26, does not present any estimates due to the high degree of uncertainty.

In September 2021, a new government was appointed with a view to creating conditions to open negotiations with the International Monetary Fund that allow the country's financial rebalancing.

Regarding Tunisia, the latest data published by the IMF (World Economic Outlook, IMF October 2021), GDP is expected to grow by 3.0% in 2021 and 3.3% in 2022. Inflation is expected to be 5.7% and 6.5% in 2021 and 2022, respectively.

Tunisia was already in a difficult financial position, with great social instability due to the pandemic and political instability worsened in July with the resignation of the government, which only increased the degree of uncertainty about the country's evolution. The appointment of a new government in October 2021 could make it possible to resume negotiations with the International Monetary Fund and open up opportunities for economic growth in the medium term.

The outlook for Angola (World Economic Outlook, IMF October 2021) is a contraction of -0.7% for 2021, followed by a recovery of 2.4% for 2022. Inflation is expected to be 24.4% and 14.9% in 2021 and 2022, respectively.

The expectation is that the Gross Value of Production will increase in all construction segments.

Strategic Cycle Ambition 2025 – Sustainable Growth

In 2022, five years after the start of RETURN, we are very proud of the path we have travelled together and the impacts we have achieved. Not only is Secil Group at a time of financial health, but we have also evolved a lot in the development of our people and in the culture of operational safety. We are currently launching our next strategic cycle – the **Ambition 2025, Sustainable Growth.**

Ambition 2025 focuses on the Group's sustainable growth until 2025. We believe that we can get there by offering our customers the best value propositions locally, through cement, aggregates and other complementary businesses, ensuring a balanced exposure between mature and emerging markets; in addition to also combining Secil's talent and best practices with a culture of safety, responsibility and autonomy of our people.

In line with the three biggest trends in the cement and construction industry, which were accelerated through the SARS COVID pandemic, namely digitization, sustainability and "productization"; and through the contribution of Secil employees, Ambition 2025 has seven elements that represent the connection point between the initiatives developed:

Sustainability

We want to be recognized as a responsible and sustainable company, achieving carbon neutrality by 2050

Customer Focus

We want to offer our customers the best value propositions locally, through cement, aggregates and other complementary businesses

Scale and Diversification

We want to further diversify our cash exposure

Operational Performance

We want to be the best in our industry in operational performance (cost and efficiency), ensuring continuous improvements

Financial

We want to increase value creation for our shareholders

Innovation

We want a large part of our EBITDA impact to come from innovation projects developed during this period

People

We want to be the best place to work for the people we need to attract, develop and retain, so that we can operate and grow with excellence

Ambition 2025 focuses on the Group's sustainable growth until 2025

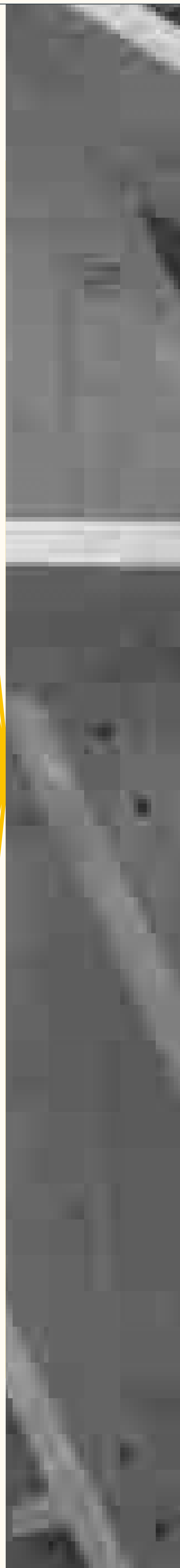
Finally, our strategic program until 2025 is focused on growth. We clearly understand what are our differentiating factors that will allow us to achieve our goals, as well as the challenges that we have derived from the different dynamics in the markets in which we operate. Additionally, we have an internal monitoring methodology that has already been tested and will be adapted as necessary over the years. We are very confident that we have what it takes to get there!

Subsequent events

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

01
02
03
CONSOLIDATED MANAGEMENT REPORT

08 ____ Proposal for the Appropriation on Profits



08 Proposal for the Appropriation on Profits

The positive net results for the period of Secil – Companhia Geral de Cal e Cimento, S.A. amount to Euro 66,305,752. The Board of Directors proposes the following application:

- Other reserves: Euro 66,305,752

The Board of Directors,
09 February 2022

BOARD OF DIRECTORS

Ricardo Miguel dos Santos Pacheco Pires
Chairman

Carlos Alberto Medeiros Abreu
Member

Francisco Javier de Benito Fernandez
Member

Otmar Hübscher
Deputy Chairman

Carlos Manuel Guimarães Correia de Barros
Member

Sérgio António Alves Martins
Member

Manuel António de Sousa Martins
Member

Vítor Paulo Paranhos Pereira
Member

Carlos Eduardo Coelho Alves
Member

02

Financial Statements Consolidated

SOLIDITY IN TRANSFORMATION

02
Financial Statements Consolidated

31 DECEMBER 2021

CONSOLIDATED INCOME STATEMENT

FOR 2021 AND 2020

Amounts in Euro	Note	'21	'20
Revenue	2.1	495,863,777	451,000,152
Other operating income	2.2	66,357,184	69,860,181
Cost of goods sold and materials consumed	4.1	(150,103,844)	(136,771,995)
Variation in production	4.1	3,313,990	1,183,668
External supplies and services	2.3	(157,576,119)	(154,416,503)
Payroll costs	7.1	(71,518,539)	(70,139,665)
Other operating expenses	2.4	(3,786,156)	(5,505,356)
Provisions	9.1	(44,265,198)	(36,205,999)
Depreciation, amortisation and impairment losses of non-financial assets	3.7	(36,198,636)	(35,027,084)
Operating results		**102,086,459**	**83,977,399**
Net profit of associates and joint ventures	9.1 and 10.3	1,767,749	1,490,685
Financial income and gains	5.10	14,188,486	33,036,756
Financial expenses and losses	5.10	(42,550,399)	(68,002,478)
Net monetary position (gains/(losses))	5.11	7,214,110	13,940,475
Profit before tax		**82,706,405**	**64,442,837**
Income tax	6.1	(12,688,696)	(1,153,544)
Net profit for the period		**70,017,709**	63,289,293
Net profit attributable to Secil's Shareholders		66,305,752	57,104,623
Attributable to non-controlling interests	10.1	3,711,957	6,184,670
Earnings per share			
Basic earning per share	5.5	1,361	1,172
Diluted earning per share	5.5	1,361	1,172

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 2021 AND 2020 PERIODS

Amounts in Euro	Note	'21	'20
Net profit for the period before non-controlling interests		**70.017.709**	**63.289.293**
Items that may be reclassified to the income statement			
Derivative financial instruments			
Fair value changes			
Tax on items above	8.2.1	846,981	(144,701)
Currency translation differences		(232,920)	39,793
Items that may not be reclassified to the income statement		(25,968,970)	(137,317,945)
Remeasurement of post-employment benefits			
Remeasurements	7.2.5	351,253	422,747
Tax on items above	7.2.5	(93,931)	(115,955)
Hyperinflationary economies			
Lebanon	5.11	1,309,352	4,706,657
Tax on items above	5.11	(234,349)	(926,406)
Total other comprehensive income (net of taxes)		**(24,022,584)**	**(133,335,810)**
Total comprehensive income		**45,995,125**	**(70,046,517)**
Attributable to:			
Secil's Shareholders			
Non-controlling interests		54,390,871	(34,967,476)
		(8,395,746)	**(35,079,041)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2021 AND 2020

Amounts in Euro	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Goodwill	3.1	134,765,512	134,347,420
Intangible assets	3.2	89,437,689	69,005,228
Property, plant and equipment	3.3	400,570,737	402,465,994
Right-of-use assets	3.4	43,450,287	26,296,904
Investment properties	3.5	275,707	276,473
Investment in associates and joint ventures	10.3	629,077	3,117,098
Other financial investments	8.3	378,651,$3	376,689
Non-current receivables	4.2	3,105,590	2,096,105
Deferred tax assets	6.2	49,460,949	56,842,985
		722,074,199	694,824,896
Current assets			
Inventories	4.1	71,371,000	58,690,039
Current receivables	4.2	93,998,015	80,924,456
Income tax	6.1	13,798,134	14,399,277
Cash and cash equivalents	5.8	75,222,758	130,609,827
Non-current assets held for sale	3.6	4,162,459	4,162,459
		258,552,366	288,786,058
Total Assets		980,626,565	983,610,954

Amounts in Euro	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	5.2	100,395,212	224,183,484
Other equity instruments	5.3	72,800,000	113,300,000
Currency translation reserve	5.4	(258,502,377)	(245,167,554)
Fair value reserve	5.4	462,926	(151,135)
Legal reserve	5.4	20,079,044	42,276,241
Other reserves	5.4	247,203,690	43,856,507
Retained earnings	5.4	28,324,622	27,775,832
Net profit for the period	5.5	66,305,752	57,104,623
Equity attributable to Secil's Shareholders		277,068,869	263,177,998
Non-controlling interests	10.1	7,214,604	15,915,951
Total Equity		284,283,473	279,093,949
Non-current liabilities			
Deferred tax liabilities	6.2	45,421,230	45,597,461
Post-employment benefits liabilities	7.2	409,146	1,046,916
Provisions	9.1	68,253,869	59,525,113
Interest-bearing liabilities	5.6	218,713,406	295,231,238
Lease liabilities	5.7	32,640,299	18,683,350
Non-current payables	4.3	7,462,387	-
		372,900,337	420,084,078
Current liabilities			
Interest-bearing liabilities	5.6	110,367,613	108,184,945
Lease liabilities	5.7	8,965,972	6,282,928
Current payables	4.3	195,559,024	161,728,371
Income tax	6.1	8,550,146	8,236,683
		323,442,755	284,432,927
Total Liabilities		696,343,092	704,517,005
Total Equity and Liabilities		980,626,565	983,610,954

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 reserve	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 operations – 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**
Application of 2020 profit for the period:												
– Transfer to retained earnings and reserves	5.4	-	-	-	-	2,560,457	54,544,166	-	(57,104,623)	-	-	-
Reimbursement of supplementary payments	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 STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD BETWEEN 1 JANUARY 2020 AND 31 DECEMBER 2020

Amounts in Euro	Note	Share capital	Equity instruments	Currency translation reserve	Fair value reserve	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2020		**224,183,484**	**133,000,000**	**(150,986,421)**	**(46,227)**	**40,874,278**	**16,912,287**	**25,868,818**	**28,039,255**	**317,845,474**	**53,914,585**	**371,760,059**
Net profit for the period		-	-	-	-	-	-	-	57,104,623	57,104,623	6,184,670	63,289,293
Other comprehensive income (net of taxes)		-	-	(94,181,133)	(104,908)	-	306,928	(22,804)	-	(94,001,917)	(43,114,144)	(137,116,061)
Other operations – Hyperinflationary economies		-	-	-	-	-	-	1,929,818	-	1,929,818	1,850,433	3,780,251
Total comprehensive income for the period		**-**	**-**	**(94,181,133)**	**(104,908)**	**-**	**306,928**	**1,907,014**	**57,104,623**	**(34,967,476)**	**(35,079,041)**	**(70,046,517)**
Application of 2019 profit for the period:												
– Transfer to retained earnings and reserves	5.4	-	-	-	-	1,401,963	26,637,292	-	(28,039,255)	-	-	-
Decreases in capital and other equity instruments	5.3	-	(19,700,000)	-	-	-	-	-	-	(19,700,000)	-	(19,700,000)
Dividends paid by subsidiaries to non-controlling interests	10.1	-	-	-	-	-	-	-	-	-	(2,919,593)	(2,919,593)
Total transactions with Shareholders		**-**	**(19,700,000)**	**-**	**-**	**1,401,963**	**26,637,292**	**-**	**(28,039,255)**	**(19,700,000)**	**(2,919,593)**	**(22,619,593)**
Equity as at 31 December 2020		**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**

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 2021 AND 2020 PERIODS

Amounts in Euro	Note	31/12/2021	31/12/2020
OPERATING ACTIVITIES			
Receipts from customers		587,703,332	552,540,412
Payments to suppliers		(385,537,321)	(341,670,698)
Payments to employees		(42,572,162)	(46,181,481)
Cash flows from operations		159,593,849	164,688,233
Income tax (payments)/receipts		(281,125)	(9,286,229)
Other (payments)/receipts from operating activities		(47,939,816)	(26,277,733)
Cash flows from operating activities (1)		111,372,908	129,124,271
INVESTING ACTIVITIES			
Inflows from:			
Property, plant and equipment		3,516,020	1,009,771
Financial investments		5,776,164	9,500,000
Dividends from associates and joint ventures		496,133	772,090
		9,788,317	11,281,861
Outflows to:			
Property, plant and equipment		(34,963,702)	(20,384,888)
Other assets		-	(211,548)
		(34,963,702)	(20,596,436)
Cash flows from investing activities (2)		(25,175,385)	(9,314,575)

Amounts in Euro	Note	31/12/2021	31/12/2020
FINANCING ACTIVITIES			
Inflows from:			
Interest-bearing liabilities	5.9	258,251,102	728,731,284
		258,251,102	728,731,284
Outflows to:			
Interest-bearing liabilities	5.9	(328,804,235)	(743,691,229)
Amortisation of lease agreements	5.9	(10,413,050)	(9,876,381)
Interest and similar expenses		(17,417,098)	(19,185,092)
Dividends		(392,133)	(889,684)
Decreases in capital and other equity instruments		(40,500,000)	(19,700,000)
		(397,526,516)	(793,342,386)
Cash flows from financing activities (3)		(139,275,414)	(64,611,102)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(53,077,891)	55,198,594
Effect of exchange rate differences		(97,943)	(21,836,089)
Effect of hyperinflation on cash and cash equivalents		(469,363)	(297,787)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.8	127,455,986	94,159,498
Impairment from the IFRS 9 adoption		1,189,441	231,770
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.8	75,000,230	127,455,986

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

Contents

01 ___ Introduction

01
Introduction

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 item 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.

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 **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 Sodim – SGPS, S.A., the final controlling entity.

1.2 ___ Relevant events of the period

Coronavirus

Secil Group monitors the evolution of the public health emergency, with constant updates of the contingency plans in force at the several units and companies that comprise it.

The Group continues to analyse the potential impacts of the COVID-19 pandemic on its financial position, performance and cash flows arising from the impacts it has had on its economic activity, namely the impacts on relevant accounting estimates and judgments. This analysis did not result in any signs of impairment in 2021.

In an adverse context, the Secil Group showed great flexibility and resilience in its business models, adjusting swiftly to market changes and acting significantly on its fixed and variable cost bases. The Group thus shows a good free cash-flow generation and a strengthened financial position, and it is the Board of Directors' belief that, given its financial and liquidity position, it will continue to overcome the negative impacts of this crisis caused by the pandemic, without compromising the going concern principle applied in the preparation of these consolidated financial statements.

Secil has analysed the impact of the COVID-19 pandemic on its financial position, performance and Group cash flows:

Recoverability of Goodwill and Brands

The Group analysed whether there were signs of impairment arising from the impacts of COVID-19, according to current forecasts, based on projections of GDP growth and inflation in each of the Geographies, which could indicate the existence of impairment of goodwill.

No impairments on goodwill were identified, being the recoverable amount higher than the carrying amount of the assets associated to each cash generating unit. Similar findings were reached in the assessment of the Supremo brand.

Recoverability, useful life and depreciation of property, plant and equipment

The Group assessed the existence of signs of impairment on its tangible fixed assets.

Considering the performance of the Group's geographic segments and future prospects, no signs of impairment on property, plant and equipment were identified.

Inventories

Given the impacts on demand, the Group considers that in view of the markups charged during the pandemic, the net realisable value of its inventories is higher than the book value and has concluded that no adjustments to the book values are required.

Recoverability of Trade and other receivables

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. In the Secil Group, the impacts of IFRS 9 on the consolidated statement of financial position are low considering that a significant part of its sales are either insured or adequately covered by collaterals.

Nevertheless, the Group periodically assesses the expected credit losses and the impacts on all financial assets measured at amortised cost. In this regard, the Group assessed the current exposure to credit risk and the potential impact of future economic forecasts and concluded that the impact of this component is small.

Actuarial assumptions

The Group assessed the discount rate applicable to the defined benefit plan for employees and other post-employment benefits. As a result of this evaluation and based on the actuarial study at 31 December 2021, Secil decided to maintain the discount rate at 1.25%.

The Group presents in **Note 7.2** a sensitivity analysis that allows assessing the impact of a possible change in the discount rate.

Currency impact

The Secil Group develops activities outside Portugal through its subsidiaries and is therefore exposed to the foreign exchange risk of operating activities denominated in currencies other than its functional currency. The most significant impact has been on Lebanon's geography.

The limitations caused by the pandemic, particularly regarding movement of people, impacted the economy and added uncertainty to the markets. Accordingly, there was a significant exchange rate impact during 2021, resulting from the conversion of assets and liabilities denominated in foreign currency recognised in equity under the currency translation reserve (**Note 5.4**), as well as foreign exchange impacts resulting from the operation of the subsidiaries, which are recognised in the income statement.

Liquidity

The Group currently has a comfortable liquidity position as a result of a careful management of working capital.

As at 31 December 2021, the Group has contracted and unused credit facilities amounting to approximately Euro 230 million (**Note 8.1.3**).

The Group has been working and will continue to work thoroughly within its reach, namely in its operational and commercial planning, cost efficiency, cash flow allocation and effective liquidity management to ensure it remains a going concern and the health of its employees.

It should be noted that, as at 31 December 2021, the Group is in compliance with the negotiated covenants and the safety margin of these covenants is comfortable.

Government grants

The Portuguese government has implemented several exceptional and temporary measures to support workers and companies affected by the COVID-19 pandemic, with a view to maintaining jobs and mitigating corporate crisis situations. The Secil Group did not resort to any support granted by the Government within the scope of the COVID-19 pandemic.

Disposal of financial investments

In November 2021, Secil sold the financial investment held in the subsidiary Secil Prebetão – Prefabricados de betão, S.A. which was 100% held in the period ended 31 December 2020, as well as the entire financial investment (50%) held in the joint venture Utis – Ultimate Technology To Industrial Savings, Lda.

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

1.3 ___ Subsequent events

Between 1 January 2022 and 9 February 2022, 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 9 February 2022. 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 conformity 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.

Accounting standards

The consolidated financial statements for the period ended 31 December 2021 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 2021 and as adopted by the European Union.

Comparability

These financial statements are comparable in all material aspects with those of the previous period of 2020.

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 of 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 profit/(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 year 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 years 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 financial holding 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 statement of financial position date (**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 (**Note 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 Foreign exchange reserve heading 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 2021 and 2020, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	31/12/2021	31/12/2020	Valuation / (devaluation)
TND (Tunisian dinar)			
Average exchange rate for the period	3.2889	3.1998	(2.78%)
Exchange rate at the end of the period	3.2673	3.2879	0.63%
LBP (Lebanese pound)			
Average exchange rate for the period	31,316.40	10,307.60	(203.82%)
Exchange rate at the end of the period	31,316.40	10,307.60	(203.82%)
USD (American dollar)			
Average exchange rate for the period	1.1828	1.1422	(3.55%)
Exchange rate at the end of the period	1.1326	1.2271	7.70%
BRL (Brazilian real)			
Average exchange rate for the period	6.3773	5.8978	(8.13%)
Exchange rate at the end of the period	6.3199	6.3768	0.89%
AOA (Angolan kwanza)			
Average exchange rate for the period	751.3343	689.8670	(8.91%)
Exchange rate at the end of the period	632.4237	822.3820	23.10%

1.5 ___ IFRS adopted and to be adopted

Standards, amendments and interpretations adopted in 2021

No impacts on the financial statements	
Covid-19 – Related Rent Concessions Amendment to IFRS 16	In May 2020, the International Accounting Standards Board (Board) issued Covid-19 – Related Rent Concessions, which amended IFRS 16 Leases. If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular COVID-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications, so that, for example, the amount of rent forgiven on or before 30 June 2021 is taken to income the same year that the concession is granted, instead of being allocated over the duration of the contract as would be the case were the practical expedient not allowed. In 2021, the IASB, extended the practical expedient by 12 months – i.e. allowing lessees to apply it to rent concessions for which any reduction in lease payments only affects payments originally due on or before 30 June 2022. The amendments shall be applied for annual reporting periods beginning on or after 1 April 2021.

No impacts on the financial statements	
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	In August 2020, the IASB issued Interest Rate Benchmark Reform–Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. The objective of the Amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform ('IBOR reform'). The amendments are the results of the second phase of the IASB project that deals with the accounting implications of the IBOR reform, which originated the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project which dealt with pre-replacement accounting implications of the IBOR reform and which have been issued by the IASB in 2019. The amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2021.
Extension of the temporary exemption from application of IFRS 9 (amendments to IFRS 4)	IASB has issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) on 25 June 2020. The objective of the amendments is to extend the expiry date of the temporary exemption from applying IFRS 9 (i.e. for 2023) in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.

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		
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.	1 January 2022
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.	1 January 2022
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.	1 January 2022

Standard	Amendment	Date of Application
No impact expected on the financial statements		
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 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 IFRSs; 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.	1 January 2022
Standards and amendments not yet endorsed by the European Union		
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

Standard	Amendment	Date of Application
No impact expected on the financial statements		
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
IFRS 17 – Insurance Contracts	The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after 1 January 2023.	1 January 2023
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 the classification is not affected by management's intentions or expectations as to whether the entity will exercise its right to postpone settlement; (c) clarify how loan conditions affect classification; and (d) 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 2023.	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
Amendments to IFRS 17 – Insurance Contracts: initial application of IFRS 17 and IFRS 9 – Comparative Information	The International Accounting Standards Board (IASB) has issued an amendment to the scope of the transition requirements of IFRS 17 – Insurance Contracts, providing insurers with an option with the aim of improving the usefulness of information for investors on initial application of the new standard. The amendment does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences may cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in the financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers avoid such temporary accounting mismatches and therefore increase the usefulness of comparative information for investors. IFRS 17, including this amendment, is effective for annual reporting periods beginning on or after 1 January 2023.	1 January 2023

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

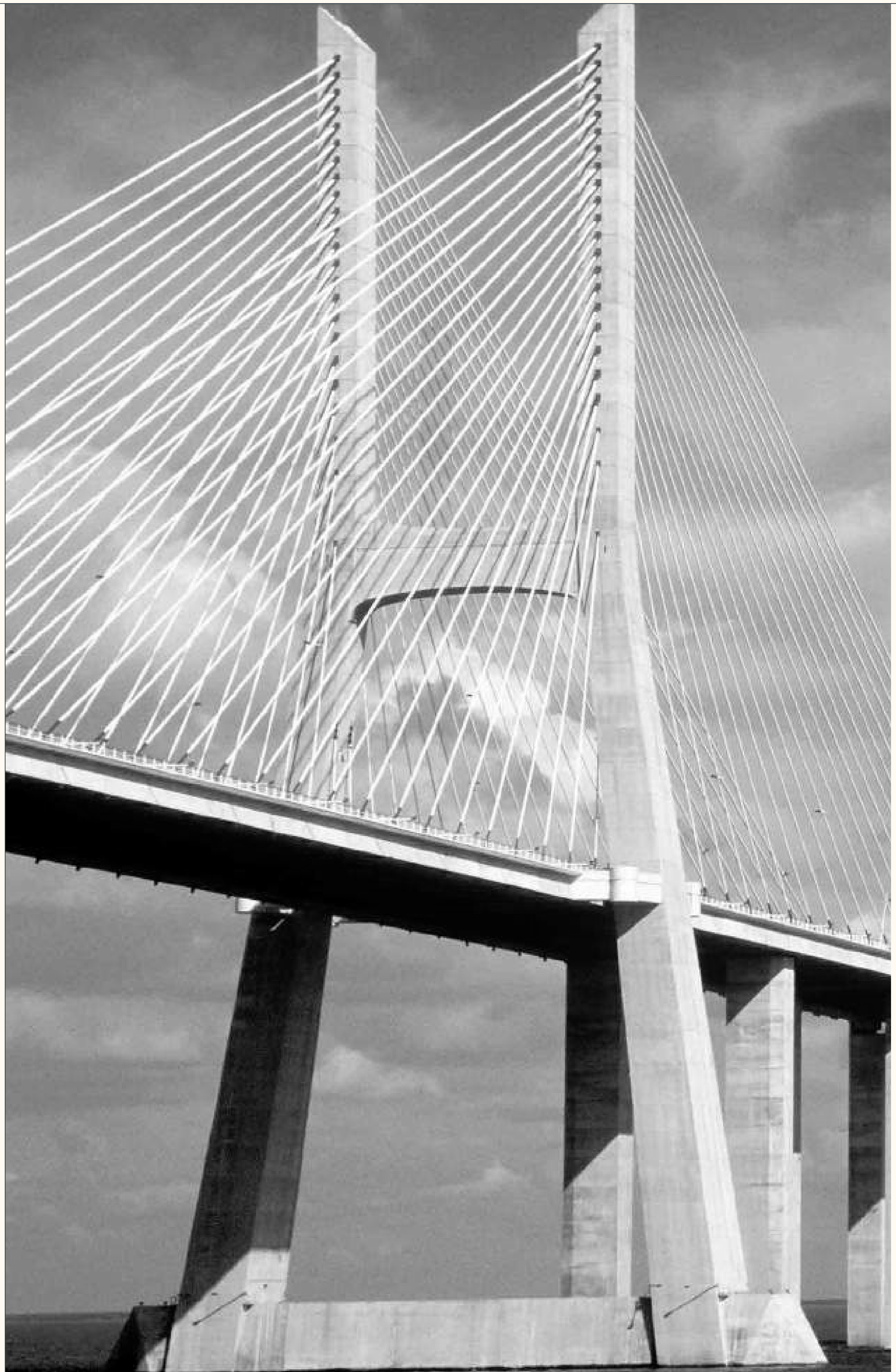
(ii) the actions that the Group considers it may have to take in the future.

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 carrying amount of assets and liabilities in the following financial year are presented below:

Estimates and judgements	Note
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

02 Operacional performance

Amounts in Euro	Note	'21	'20
Revenue	2.1	495,863,777	451,000,152
Other operating income	2.2	66,357,184	69,860,181
		562,220,961	520,860,333
Cost of goods sold and materials consumed	4.1	(150,103,844)	(136,771,995)
Variation in production	4.1	3,313,990	1,183,668
External supplies and services	2.3	(157,576,119)	(154,416,503)
Payroll costs	7.1	(71,518,539)	(70,139,665)
Other operating expenses	2.4	(3,786,156)	(5,505,356)
		(379,670,668)	(365,649,851)
		182,550,293	155,210,482

2.1 ___ Revenue

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.

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 products 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 2021 and 2020, the Group's revenue, based on the destination of goods and services sold, is as follows:

Amounts in Euro	'21	'20
Portugal	270,073,035	252,228,098
Rest of Europe	40,838,204	36,755,017
America	90,554,519	79,105,003
Africa	69,877,919	66,388,378
Asia	24,520,101	16,523,656
	495,863,777	451,000,152

2.2 ___ Other operating income

In 2021 and 2020, Other operating income is detailed as follows:

Amounts in Euro	'21	'20
Gains on the sale of non-current assets	4,918,510	8,272,409
Grants – CO_2 emission allowances	37,199,306	31,253,827
Sale of CO_2 emission allowances (**Note 3.2**)	5,194,370	16,043,290
Income from waste management	1,049,311	846,082
Own work capitalised	2,994,607	1,896,622
Supplementary income	876,774	995,417
Operating grants	401,464	445,138
Adjustment to acquisition price of financial investments	-	498,455
Power interruptubility – REN	4,392,012	4,596,624
Compensatory interest (tax disputes)	3,052,898	85,485
Other operating income	6,277,932	4,926,832
	66,357,184	69,860,181

The amount presented in Grants – CO_2 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 2021 and 2020, Supplies and services are detailed as follows:

Amounts in Euro	'21	'20
Energy and fluids	39,026,799	38,952,706
Transport of goods	45,670,110	45,777,267
Specialised services	35,250,549	31,092,266
Maintenance and repair	20,044,946	21,492,431
Miscellaneous services	11,714,057	12,209,383
Fees	824,239	813,947
Insurance	3,779,154	3,058,770
Subcontracts	817,079	555,064
Other	449,186	464,669
	157,576,119	154,416,503

Audit fees

In 2021 and 2020, the fees invoiced and recognised in expenses are as follows:

	'21		'20	
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 services	300,084	261,353	266,508	297,053
Other reliability assurance services	30,760	26,574	34,153	34,153
	330,844	287,927	300,661	331,206

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.

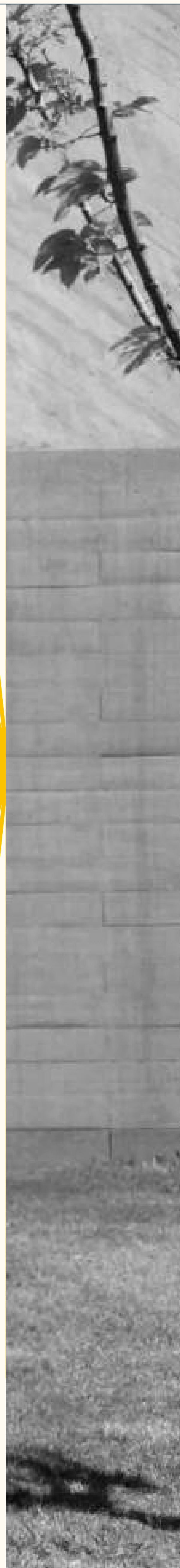
2.4 ___ Other operating expenses

In 2021 and 2020, Other operating expenses are detailed as follows:

Amounts in Euro	'21	'20
Impairment of receivables (**Note 8.1.4**)	155,856	680,459
Impairment of inventories (**Note 4.1**)	(390,847)	23,246
Donations	539,554	457,881
Bank charges	539,478	680,520
Losses on the disposal of non-current assets	212,792	131,647
Indirect taxes	1,172,855	1,278,829
Levies	522,498	892,173
Fines and penalties	98,621	94,682
Other operating costs	935,349	1,265,919
	3,786,156	5,505,356

01
02
03
FINANCIAL STATEMENTS CONSOLIDATED

03 ____ Investments



03 Investments

Amounts in Euro	Note	'21	'20
Statement of financial position			
ASSETS			
Goodwill	3.1	134,765,512	134,347,420
Intangible assets	3.2	89,437,689	69,005,228
Property, plant and equipment	3.3	400,570,737	402,465,994
Right-of-use assets	3.4	43,450,287	26,296,904
Investment properties	3.5	275,707	276,473
Non-current assets held for sale	3.6	4,162,459	4,162,459
		672,662,391	636,554,478
Income statement			
Depreciation, amortisation and impairment losses	3.7	(36,198,636)	(35,027,084)

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 translation 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.

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 year 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 2021-2026)	Portugal	Tunisia	Lebanon	Brazil	Angola
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%

Assumptions (CAGR 2021-2025)	Portugal	Tunisia	Lebanon	Brazil	Angola
Volume of sales (kt)					
Reference			Cement and clinker		
CAGR Volume of sales (kt)	-1.24%	8.16%	-2.70%	1.67%	6.17%
Average sales price ML/t					
Reference			Grey cement on internal market		
CAGR Average sales price ML/t	0.86%	2.30%	25.74%	7.41%	12.14%

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 the Bank of Portugal (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.

	31/12/2021		
Financial assumptions	WACC rate	Tax rate	Perpetuity growth rate
Portugal (EUR)			
Explicit planning period	4.47%	27.50%	-
Perpetuity	6.30%	27.50%	1.71%
Tunisia (TND)			
Explicit planning period	12.65%	15.00%	-
Perpetuity	13.62%	15.00%	5.00%
Lebanon (LBP)			
Explicit planning period	30.60%	17.00%	-
Perpetuity	18.62%	17.00%	8.68%
Brazil (BRL)			
Explicit planning period	8.33%	34.00%	-
Perpetuity	8.80%	34.00%	3.06%
Angola (AOA)			
Explicit planning period	18.16%	25.00%	-
Perpetuity	16.24%	25.00%	6.78%

Financial assumptions	31/12/2020 WACC rate	Tax rate	Perpetuity growth rate
Portugal (EUR)			
Explicit planning period	4.61%	27.50%	-
Perpetuity	6.50%	27.50%	1.70%
Tunisia (TND)			
Explicit planning period	13.17%	25.00%	-
Perpetuity	14.26%	25.00%	4.01%
Lebanon (LBP)			
Explicit planning period	21.93%	17.00%	-
Perpetuity	14.53%	17.00%	2.43%
Brazil (BRL)			
Explicit planning period	8.35%	34.00%	-
Perpetuity	9.03%	34.00%	3.25%
Angola (AOA)			
Explicit planning period	24.49%	30.00%	-
Perpetuity	18.62%	30.00%	6.00%

Impairment tests

As a result of the impairment tests performed in 2021 and 2020, no impairment losses were identified in Goodwill.

Sensitivity analysis

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

Change in Enterprise Value due to	31/12/2021	31/12/2020
PORTUGAL		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-13.50%	-13.80%
Result	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-7.24%	-9.23%
Result	No impairment	No impairment
TUNISIA		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-7.45%	-5.49%
Result	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-4.18%	-4.95%
Result	No impairment	No impairment
BRAZIL		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-11.76%	-11.21%
Result	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-6.16%	-7.79%
Result	No impairment	No impairment
ANGOLA		
1) 1% decrease in perpetuity growth rate		
Decrease in assessment amount:	-5.33%	-0.15%
Result	No impairment	No impairment
2) 50 basis points increase in the discount rate (WACC)		
Decrease in assessment amount:	-3.41%	-4.03%
Result	No impairment	No impairment

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	'21	'20
Portugal	82,293,103	82,293,103
Tunisia	18,858,561	18,740,403
Brazil	33,613,848	33,313,914
	134,765,512	134,347,420

Amounts in Euro	'21	'20
Net amount at the beginning of the period	134,347,420	150,374,678
Disposals	-	(1,782,200)
Exchange rate adjustment	418,092	(14,245,058)
Net amount at the end of the period	134,765,512	134,347,420

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 CO_2 emission allowances attributed to the Group within the Emissions Trading System (EU ETS) 2013-2021, at no cost, are the item "Intangible assets", at fair value at the date of attribution, against a grant, recognised under the item "Payables and other current liabilities" (**Note 4.3**). CO_2 emission allowances acquired for use are recorded at their acquisition cost under the item "Intangible assets".
Subsequent measurement and impairment	CO_2 emission allowances are measured at fair value. Thus, at the reporting date, if the market value of the licenses is lower than the carrying amount of the allowances in the portfolio, an impairment is recognised against the item "Depreciation, amortisation and impairment losses in non- financial assets" (**Note 3.7**).
Recognition in the income statement	For the CO_2 emission made, the Group records an expense under Provisions against a liability under "Provisions" (**Note 9.1**). The emission of CO_2 is measured at the carrying amount of the allowances held, according to the FIFO cost formula. If the emissions are settled in the following year 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 CO_2, emission allowances, intangible assets and the provision constituted (**Note 9.1**) are derecognised. The sale of CO_2 emission licenses 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.

Accounting estimates and judgements

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.

'21

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

'20

Brand	Market	Discount rate	Perpetuity growth rate	Tax rate
Supremo Cimentos	Brazil	8.35%	3.25%	34.00%

Impairment tests

As a result of the evaluations made in 2021 and 2020, 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 2021 and 2020, including amortisation and impairment losses, are as follows:

GROSS AMOUNT	Brands	Industrial property and other rights	CO_2 emission allowances	Intangible assets under construction	Advance payments	Total
Balance as at 1 January 2020	**20,337,645**	**302,225**	**57,235,697**	**295,054**	**-**	**78,170,620**
Acquisitions/Allocations	-	-	43,176,035	1,790,876	-	44,966,911
Disposals	-	-	(15,411,735)	-	-	(15,411,735)
Licences returned to the Licensing Management Entity	-	-	(29,972,395)	-	-	(29,972,395)
Adjustments, transfers and write-offs	8,049	-	-	331,423	-	339,472
Exchange rate adjustment	(5,890,671)	-	-	-	-	(5,890,671)
Balance as at 31 December 2020	**14,455,023**	**302,225**	**55,027,602**	**2,417,353**	**-**	**72,202,202**
Perimeter changes	-	-	-	-	-	-
Acquisitions/Allocations	-	-	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**
Accumulated amortisation and impairment losses						
Balance as at 1 January 2020	(4,067,529)	(292,198)	(1,782,393)	-	-	(6,142,120)
Amortisation for the period (**Note 3.7**)	-	(15,381)	-	-	-	(15,381)
Impairment losses for the period (**Note 3.7**)	-	-	1,782,393	-	-	1,782,393
Exchange rate adjustment	1,178,133	-	-	-	-	1,178,133
Balance as at 31 December 2020	(2,889,396)	(307,579)	-	-	-	(3,196,974)
Amortisation for the period (**Note 3.7**)	-	(7 535)	-	-	-	(7,535)
Exchange rate adjustment	(26,014)	-	-	-	-	(26,014)
Balance as at 31 December 2021	**(2 915,410)**	**(315,114)**	**-**	**-**	**-**	**(3,230,524)**
Net amount as at 31 December 2020	11,565,627	(5,354)	55,027,602	2,417,353	-	69,005,228
Net amount as at 31 December 2021	**11,661,635**	**14,873**	**68,476,563**	**6,546,675**	**2,737,943**	**89,437,689**

Brands

As at 31 December 2021 and 2020, the net value of the brands is detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Supremo (Brazil)	11,661,635	11,565,627
	11,661,635	11,565,627

Greenhouse gas emission allowances (CO_2)

As at 31 December 2021 and 2020, the Group held CO_2 allowances recorded in accordance with the policy described above, as follows:

	31-12-2021	31-12-2020
CO_2 allowances (ton)	2,349,519	2,423,234
Average unit value	29.1	22.71
	68,476,563	55,027,602
Market quotation	53.7	24.8

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

In the periods ended 31 December 2021 and 2020, the movement in greenhouse gas emission allowances is as follows:

	'21		'20	
Amounts in Euro	Tons	Amount	Tons	Amount
Opening balance	2,423,234	55,027,602	2,515,733	57,235,697
Allowances granted free of charge	1,440,082	48,558,892	1,958,846	43,150,505
Allowances disposed	(129,000)	(2,905,080)	(603,500)	(15,386,205)
Allowances returned to the Licensing Management Entity	(1,384,797)	(32,204,852)	(1,447,845)	(29,972,395)
Closing balance	2,349,519	68,476,563	2,423,234	55,027,602

In the periods ended 31 December 2021 and 2020, the Group sold 129,000 and 603,500 tons of CO_2, respectively, for the amount of Euro 5,194,370 and Euro 16,043,290 (**Note 2.2**).

Intangible assets in progress

In the periods ended 31 December 2021 and 2020, the Group capitalised internal costs in the amounts of Euro 2,724,356 and Euro 1,694,870, 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.

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).

Recognition and initial measurement	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.
Depreciation and impairment	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. Average estimated useful life (years): Land 14; Buildings and other constructions 7 – 50; Basic equipment 3 – 20; Transportation equipment 6 – 20; Administrative equipment 4 – 16; Other Property, plant and equipment 4 – 20 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 charge is booked (**Note 3.7**).

Average estimated useful life (years):	
Land	14
Buildings and other constructions	7 – 50
Basic equipment	3 – 20
Transportation equipment	6 – 20
Administrative equipment	4 – 16
Other Property, plant and equipment	4 – 20

Subsequent costs	Subsequent costs are included in the cost of acquisition of fixed assets 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.
Spare parts	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.
Borrowing costs	Borrowing costs directly related to the acquisition or construction of fixed assets 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 fixed assets were capitalised.
Write-offs and disposals	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 and gains (**Note 2.2**) or Other operating expenses (**Note 2.4**).
Government grants – Initial recognition and in the income statement	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.

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 2021 and 2020, 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 2020	224,283,533	14,365,561	469,476,481	1,462,503,231	38,467,861	1,731,616	-	2,210,828,283
Perimeter changes	-	-	(9,137)	(662,550)	(43,478)	-	-	(715,165)
Acquisitions	92,016	-	143,879	532,987	22,619,885	607,199	-	23,995,966
Disposals	(512,981)	-	(1,962,799)	(7,716,014)	-	-	-	(10,191,794)
Adjustments, transfers and write-offs	1,769,939	2,025,732	6,045,544	29,702,456	(42,215,871)	(972,526)	-	(3,644,727)
Hyperinflationary Economies (Lebanon)	17,210,206	111,313	4,546,115	46,651,609	480,471	97,459	-	69,097,172
Exchange rate adjustment	(35,391,138)	(444,711)	(68,123,859)	(201,001,785)	(8,963,221)	(520,212)	-	(314,444,927)
Balance as at 31 December 2020	207,451,574	16,057,894	410,116,223	1,330,009,934	10,345,646	943,536	-	1,974,924,808
Perimeter changes	(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
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Balance as at 1 January 2020	(54,217,189)	(3,927,026)	(355,914,868)	(1,271,487,423)	1,809,596	(267,500)	(592,310)	(1,684,596,720)
Perimeter changes	-	-	76	6,474	-	-	-	6,550
Depreciation for the period (Note 3.7)	(2,533,391)	(700,066)	(5,967,265)	(17,380,621)	-	-	117,881	(26,463,462)

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	(10,688)	-	1,924,910	7,669,356	-	-	-	9,583,578
Impairment losses (**Note 3.7**)	-	-	-	(560,924)	-	-	-	(560,924)
Reversals of impairment losses (**Note 3.7**)	-	-	-	259,564	-	-	-	259,564
Adjustments, transfers and write-offs	324,154	-	1,846,620	3,139,451	-	-	-	5,310,226
Hyperinflationary economies (Lebanon)	(5,517,563)	(2,941)	(2,905,424)	(39,877,933)	-	-	-	(48,303,862)
Exchange rate adjustment	4,083,972	-	31,036,142	137,185,478	-	-	644	172,306,236
Balance as at 31 December 2020	**(57,870,705)**	**(4,630,034)**	**(329,979,808)**	**(1,181,046,579)**	**1,809,596**	**(267,500)**	**(473,785)**	**(1,572,458,814)**
Perimeter changes	-	-	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)
Depreciation for the period	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)
Net amount as at 31 December 2020	149,580,869	11,427,860	80,136,415	148,963,355	12,155,243	676,036	(473,785)	402,465,994
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**

In the period ended 31 December 2021, industrial equipment acquired in 2016, which is fully impaired (**Note 3.6**), continues to be recognised as non-current assets held for sale.

In 2021 and 2020, the caption Adjustments, transfers and write-offs refer essentially to the transfer of investments in progress to the remaining items 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 andimpairment	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 2021 and 2020, 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 2020	**853,231**	**12,142,646**	**4,220,890**	**16,857,319**	**34,074,086**
Acquisitions (**Note 5.9**)	3,935	406,037	930,115	5,983,418	7,323,505
Adjustments, transfers and write-offs	(23,368)	(488,267)	(599,283)	(1,782,141)	(2,893,059)
Exchange rate adjustment	-	(534,074)	(795,498)	(661,592)	(1,991,164)
Balance as at 31 December 2020	**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**
ACCUMULATED AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES					
Balance as at 1 January 2020	**(70,683)**	**(1,662,169)**	**(1,626,821)**	**(3,426,174)**	**(6,785,847)**
Depreciation (**Note 3.7**)	(69,835)	(1,478,717)	(946,588)	(4,163,791)	(6,658,931)
Adjustments, transfers and write-offs	-	168,794	276,399	1,676,056	2,121,249
Exchange rate adjustment	-	155,987	652,599	298,477	1,107,064
Balance as at 31 December 2020	**(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)**
Net amount as at 31 December 2020	693,281	8,710,238	2,111,813	14,781,572	26,296,904
Net amount as at 31 December 2021	623,787	16,200,790	2,276,847	24,348,864	43,450,287

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 2021 and 2020, including amortisation, are as follows:

Amounts in Euro	Land	Buildings	Total
Gross amount			
Balance as at 1 January 2020	246,596	38,304	284,900
Balance as at 31 December 2020	246,596	38,304	284,900
Balance as at 31 December 2021	**246,596**	**38,304**	**284,900**
Accumulated amortisation and impairment losses			
Balance as at 1 January 2020	-	(7,662)	(7,662)
Amortisation and impairment losses (**Note 3.7**)	-	(766)	(766)
Balance as at 31 December 2020	-	(8,428)	(8,428)
Amortisation and impairment losses (**Note 3.7**)	-	(766)	(766)
Balance as at 31 December 2021	**-**	**(9,194)**	**(9,194)**
Net amount as at 31 December 2020	246,596	29,876	276,473
Net amount as at 31 December 2021	**246,596**	**29,110**	**275,707**

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 carrying amount, the difference is recognised in the income statement under "Depreciation, amortisation and impairment losses in 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 2021 and 2020, Assets held for sale are detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Industrial equipment		
Gross amount	15,136,213	15,136,213
Accumulated impairment losses	(15,136,213)	(15,136,213)
Deferred tax assets	4,162,459	4,162,459
Assets held for sale	**4,162,459**	**4,162,459**

In 31 December 2021 and 2020, 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.

In 2020, the Group recognised impairment on industrial equipment in the amount of Euro 5,030,000 (**Note 3.7**).

3.7 ___ Depreciation, amortisation and impairment losses

In the periods ended 31 December 2021 and 2020, Depreciation, amortisation and impairment losses are detailed as follows:

Amounts in Euro	'21	'20
Depreciation of property, plant and equipment for the period	29,497,977	26,581,343
Use of investment grants	(118,516)	(117,881)
Depreciation of property, plant and equipment, net of grants used (Note 3.3)	**29,379,461**	**26,463,462**
PIS and COFINS on depreciation	(1,065,143)	(1,660,424)
Impairment of property, plant and equipment for the period (**Note 3.3**)	(1,602,826)	301,361
Amortisation of intangible assets for the period (**Note 3.2**)	7,535	15,381
Impairment of intangible assets for the period (**Note 3.2**)	-	(1,782,393)
Depreciation of right-of-use assets for the period (**Note 3.4**)	9,478,843	6,658,931
Depreciation of investment property (**Note 3.6**)	-	5,030,000
Depreciation of investment property (**Note 3.5**)	766	766
	36,198,636	**35,027,084**

04 ___ Working capital

04 Working capital

Amounts in Euro	Note	31-12-2021	31-12-2020
Statement of financial position			
ASSETS			
Inventories	4.1	71,371,000	58,690,039
Non-current receivables	4.2	3,105,590	2,096,105
Current receivables	4.2	93,998,015	80,924,456
LIABILITIES			
Non-current payables	4.3	7,462,387	-
Current payables	4.3	195,559,024	161,728,371
		371,496,015	303,438,970
Income statement			
Cost of goods sold and materials consumed	4.1	(150,103,844)	(136,771,995)
Impairment of inventories	4.1	(390,847)	23,246
Variation in production	4.1	3,313,990	1,183,668

4.1 ___ Inventories

Accounting policies

Goods and Raw Materials	
Initial measurement	The acquisition cost, which includes the expenses incurred until storage.
Subsequent measuremen	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	
Valuation	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”.
Cost	Weighted average cost.

Inventories – detail by nature

As at 31 December 2021 and 2020, inventories net of impairment losses were detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Raw materials	42,524,965	36,634,109
Goods	10,487,262	6,272,373
Subtotal	53,012,227	42,906,482
Finished and intermediate products	17,228,029	14,673,653
Products and work in progress	1,126,487	1,105,683
Subtotal	18,354,516	15,779,336
Advance payment for purchases	4,257	4,221
Total	**71,371,000**	**58,690,039**

As at 31 December 2021 and 2020, 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 2021 and 2020 is detailed as follow:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	42,906,482	66,068,643
Purchases	160,209,589	113,609,834
Closing balance	53,012,227	42,906,482
Cost of goods sold and materials consumed	**(150,103,844)**	**(136,771,995)**

Variation in production in the period

The variation in production recognised in the periods ended 31 December 2021 and 2020 is detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	(15,779,336)	(21,647,633)
Adjustments	412,083	1,575,333
Exchange rate adjustment	326,727	5,476,632
Closing balance	18,354,516	15,779,336
Variation in production	**3,313,990**	**1,183,668**

Movements in impairment losses in inventories

The movements in impairment losses in inventories during the periods ended 31 December 2021 and 2020, were as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	8,355,148	13,769,204
Increases	329,024	459,772
Reversals	(719,871)	(436,526)
Impact on profit for the period (Note 2.4)	(390,847)	23,246
Perimeter changes	(254,933)	-
Charge-off	72,552	(2,701,797)
Hyperinflationary economies	-	287,836
Exchange rate adjustment	(520,745)	(3,023,341)
Closing balance	**7,261,175**	**8,355,148**

4.2 ___ Receivables

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 2021 and 2020, Receivables and other current assets, net of accumulated impairment losses, are detailed as follows:

	31-12-2021			31-12-2020		
Amounts in Euro	Non-Current	Current	Total	Non-Current	Current	Total
Trade receivables	-	56,370,752	56,370,752	-	48,596,482	48,596,482
Trade receivables – Related parties (**Note 10.4**)	-	736,759	736,759	-	1,130,237	1,130,237
State	-	12,067,190	12,067,190	-	12,891,972	12,891,972
Advances to suppliers	-	6,047,344	6,047,344	-	2,634,126	2,634,126
Accrued income	-	1,814,744	1,814,744	-	403,890	403,890
Accrued income – Related parties (**Note 10.4**)	-	-	-	-	3,600	3,600
Deferred expenses	-	2,055,282	2,055,282	-	768,047	768,047
Derivative financial instruments (**Note 8.2.2**)	-	1,435,707	1,435,707	-	3,312,331	3,312,331
Securities provided to third parties	1,645,762	-	1,645,762	1,637,054	-	1,637,054
Collaterals	229,935	-	229,935	338,240	-	338,240
Lease assets	1,127,602	537,469	1,665,072	-	-	-
Pledge on deposits	-	4,693,095	4,693,095	-	6,027,759	6,027,759
Other	102,290	8,239,673	8,341,963	120,811	5,156,012	5,276,823
	3,105,590	**93,998,015**	**97,103,605**	**2,096,105**	**80,924,456**	**83,020,560**

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 2021 and 2020, State is detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Value Added Tax	2,054,629	550,398
Tax on Circulation of Goods and Services ((ICMS):		
Programa Paraná Competitivo	1,477,913	1,381,325
ICMS – Other	720,250	515,339
PIS and COFINS on fixed assets	7,725,406	9,764,901
Other taxes	88,991	680,009
	12,067,190	12,891,972

The Paraná Competitivo Program, 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 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 2021 and 2020, the caption "PIS and COFINS under property, plant and equipment", in the amount of Euro 7,725,406 and Euro 9,764,901, 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 2021 and 2020, Accrued income is detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Accrued income		
Interest receivable	13,758	40,268
Related parties (Note 10.4)	-	3,600
Discounts on purchases	382,582	289,949
Compensations receivable	1,363,452	32,965
Other	54,951	40,708
	1,814,744	407,490

Deferred expenses – detail

As at 31 December 2021 and 2020, Deferred expenses are detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Rents and leases	74,502	64,947
Insurance	1,578,799	343,720
Other	401,981	359,380
	2,055,282	768,047

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 2021 and 2020 comprised:

	31-12-2021		31-12-2020
Amounts in Euro	**Non-current**	**Current**	**Current**
Trade payables – Current account	-	86,834,852	66,814,102
Trade payables – Related parties (**Note 10.4**)	-	5,024,373	4,345,996
State	-	34,463,337	26,475,879
Investment suppliers – Current account	-	4,487,617	3,630,790
Advance payments to suppliers	-	2,013,941	1,912,970
Other creditors	-	3,085,102	2,813,759
Accrued expenses	-	23,916,032	22,515,936
Accrued expenses – Related parties (**Note 10.4**)	-	401,821	7,624
Deferred income	7,462,387	33,650,667	33,002,852
Derivative financial instruments (**Note 8.2.2**)	-	1,681,283	208,463
	7,462,387	**195,559,024**	**161,728,371**

State – detail

As at 31 December 2021 and 2020, State is detailed as follows::

Amounts in Euro	31-12-2021	31-12-2020
Withholding income tax	970,800	1,438,422
Value Added Tax	4,265,583	4,204,196
Social Security contributions	1,651,211	1,647,185
ICMS – Tax on Circulation of Goods and Services:		
Programa de Desenvolvimento da Empresa Catarinense (PRODEC)	653,577	627,605
Programa Paraná Competitivo	25,598,165	17,398,977
ICMS – Other	570,096	375,222
Other	753,905	784,273
	34,463,337	**26,475,879**

The amount presented as at 31 December 2021 and 2020 under the caption "Development Program of the Catarinense Company (PRODEC)", in the amount of Euro 653,577 and Euro 627,605, respectively refers to a tax benefit attributed to the subsidiary Supremo Cimentos S.A., which consists of the deferral, for a period of 48 months, the payment term of ICMS due on sales revenue that began from 10 April 2014. 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 2021 and 2020, Accrued expenses are detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Accrued expenses		
Payroll costs	11,304,654	11,537,692
Interest payable	2,603,188	2,568,825
Advisory	866,072	1,407,323
Energy costs	1,863,217	2,287,637
Other	7,278,900	4,714,459
	23,916,032	22,515,936

Deferred income – detail

As at 31 December 2021 and 2020, Deferred income is detailed as follows:

	31-12-2021		31-12-2020
Amounts in Euro	Non-current	Current	Current
Deferred income			
CO_2 allowances	-	31,001,180	22,622,883
Waste management	-	1,623,479	938,731
Government grants	7,462,387	758,879	9,425,477
Other	-	267,129	15,760
	7,462,387	33,650,667	33,002,851

05 ____ Capital structure

05 Capital structure

Amounts in Euro	Note	31-12-2021	31-12-2020
Statement of financial position			
Equity			
Share capital	5.2	100,395,212	224,183,484
Other equity instruments	5.3	72,800,000	113,300,000
Reserves	5.4	9,243,283	(159,185,941)
Retained earnings	5.4	28,324,622	27,775,832
Net profit for the period	5.5	66,305,752	57,104,623
		277,068,869	263,177,998
Liabilities			
Interest-bearing liabilities	5.6	329,081,019	403,416,183
Lease liabilities	5.7	41,606,271	24,966,278
Cash and cash equivalents	5.8	75,222,758	130,609,827
		445,910,048	558,992,288
Statement of cash flows			
Cash flows from financing activities	5.9	(139,275,414)	(64,611,102)
Income statement			
Financial income and expenses	5.10	(28,361,913)	(34,965,722)

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) Providing shareholder return and timely compliance with creditors

d) Ensure the Group's liquidity and solvency.

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 shareholders

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 (2020: Euro 4.60).

The Company's share capital as at 31 December 2021 and 2020 is held by the following legal entities:

	31-12-2021		31-12-2020	
Name	No. of shares	%	No. of shares	%
Shares				
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 follow:

- Decrease of the nominal value of 48,735,540 shares by Euro 2.54, used to reinforce the item "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 2021 and 2020, the movement under Other equity instruments is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	113,300,000	133,000,000
Reimbursement of additional capital contributions	(40,500,000)	(19,700,000)
Closing balance	**72,800,000**	**113,300,000**

The amounts recorded under this item refer to ancillary payments 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 reimbursed 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/(loss) 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 earnings and other movements.

Reserves – detail

As at 31 December 2021 and 2020, Reserves are detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Currency translation reserve	(258,502,377)	(245,167,554)
Fair value reserve	462,926	(151,135)
Legal reserve	20,079,044	42,276,241
Other reserves	247,203,690	43,856,507
	9,243,283	(159,185,941)

Currency exchange reserve

In the periods ended 31 December 2021 and 2020, the movement in Foreign exchange reserve is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	(245,167,554)	(150,986,421)
Brazilian real	1,000,947	(44,573,550)
Tunisian dinar	365,640	(2,190,120)
Lebanese pound	(14,496,061)	(46,196,978)
American dollar	1,455,638	(3,072,118)
Angolan kwanza	(1,660,987)	1,828,828
Mozambican metical	-	22,804
Closing balance	(258,502,377)	(245,167,554)

Fair value reserves

In the periods ended 31 December 2021 and 2020, the movement in Fair value reserves is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	(151,135)	(46,227)
Fair value increases (**Note 8.2.1**)	846,981	(144,701)
Tax effect	(232,920)	39,793
Closing balance	462,926	(151,135)

Legal reserve

In the periods ended 31 December 2021 and 2020, the movement in Legal reserve is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	42,276,241	40,874,278
Application of prior period's profit	2,560,457	1,401,963
Capital reductions	-	-
Closing balance	44,836,698	42,276,241

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 2021 and 2020, the movement in Other reserves is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	43,856,507	16,912,287
Application of prior period's profit	54,544,166	26,637,292
Remeasurement of post-employment benefits		
Remeasurement	350,982	422,908
Tax effect	(93,891)	(115,980)
Capital reductions (Note 5.2)	-	-
Closing balance	**98,657,764**	**43,856,507**

Other reserves includes as at 31 December 2021 and 2020 Revaluation reserves in the amount of Euro 539,168.

Retained earnings – movements

In the periods ended 31 December 2021 and 2020, the movement in Retained earnings is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	27,775,832	25,868,818
Transfer of exchange rate differences from financial statements	-	(22,804)
Hyperinflationary economies	548,790	1,929,818
Closing balance	**28,324,622**	**27,775,832**

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 2021 and 2020, earnings per share are analysed as follows:

Amounts in Euro	'21	'20
Net profit attributable to Secil's Shareholders	66,305,752	57,104,623
Weighted average number of shares (Note 5.2)	48,735,540	48,735,540
Basic earnings per share	1,361	1,172
Diluted earnings per share	1,361	1,172

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 measuremen	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 expenses on other loans" 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.

Estimates and judgements

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 expects to extend these loans (roll over), it classifies them as non-current liabilities.

Interest-bearing liabilities – detail

As at 31 December 2021 and 2020, Interest-bearing liabilities are detailed as follows:

	31-12-2021			31-12-2020		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond loans	155,714,286	20,000,000	175,714,286	225,714,286	26,000,000	251,714,286
Commercial paper	-	8,000,000	8,000,000	-	15,000,000	15,000,000
Bank loans	63,701,569	83,007,395	146,708,964	70,777,772	65,055,972	135,833,744
Loan issuing charges	(702,449)	(862,310)	(1,564,759)	(1,260,820)	(1,054,771)	(2,315,591)
Interest-bearing bank debt	**218,713,406**	**110,145,085**	**328,858,491**	**295,231,238**	**105,001,201**	**400,232,439**
Bank overdrafts	-	222,528	222,528	-	3,153,841	3,153,841
Other not interest-bearing	-	-	-	-	29,903	29,903
Other interest-bearing liabilities	**-**	**222,528**	**222,528**	**-**	**3,183,744**	**3,183,744**
Total interest-bearing liabilities	**218,713,406**	**110,367,613**	**329,081,019**	**295,231,238**	**108,184,945**	**403,416,183**

Bond loans

As at 31 December 2021 and 2020, Bond loans are detailed as follows:

Amounts in Euro	**31-12-2021**	**31-12-2020**	**Maturity**	**Interest rate**
Secil 2016 / 2021	-	26,000,000	2021	Fixed
Secil 2017 / 2022	20,000,000	20,000,000	2022	Fixed
Secil 2016 / 2023	25,714,286	25,714,286	2023	Fixed
Secil 2018 / 2023	20,000,000	20,000,000	2023	Fixed
Secil 2019 / 2026	60,000,000	60,000,000	2026	Fixed
Secil 2020 / 2023	-	50,000,000	2023	Euribor 6M
S ecil 2020 / 2027	50,000,000	50,000,000	2027	Euribor 6M
	175,714,286	**251,714,286**	**3,183,744**	**3,183,744**

Commercial paper

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

Contracted amount	Amount used			Maturity date	Interest rate
	Non-current	Current	Total		
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		

As at 31 December 2020, the amounts of Commercial paper contracted and used are detailed as follows:

Contracted amount	Amount used			Maturity date	Interest rate
	Non-current	Current	Total		
25,000,000	-	-	-	2021	Indexed at Euribor 6M
20,000,000	-	-	-	2021	Indexed at Euribor 6M
15,000,000	-	15,000,000	15,000,000	2021	Fixed
75,000,000	-	-	-	2021	Indexed at Euribor 6M
20,000,000	-	-	-	2022	Indexed at Euribor 6M
50,000,000	-	-	-	2023	Indexed at Euribor 6M
50,000,000	-	-	-	2026	Indexed at Euribor 6M
255,000,000	-	15,000,000	15,000,000		

Bank loans

As at 31 December 2021 and 2020, the amounts of Bank loans contracted at fixed rate, variable rate and associated index are detailed as follows:

Amounts in Euro	31-12-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Variable rate	63,701,569	82,993,985	146,695,554	70,777,772	64,761,621	135,539,393
Fixed rate	-	13,410	13,410	-	294,351	294,351
	63,701,569	83,007,395	146,708,964	70,777,772	65,055,972	135,833,744

Index	31-12-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
TJLP/Baket of Currencies/Fixed and US$	-	-	-	12,555,346	9,510,218	22,065,564
CDI	34,394,362	48,019,243	82,413,605	27,344,208	33,027,871	60,372,079
TMM	13,412,572	12,444,940	25,857,512	17,998,430	4,214,768	22,213,198
Fixed rate	-	13,410	13,410	-	294,351	294,351
Other	15,894,635	22,529,802	38,424,437	12,879,788	18,008,764	30,888,552
	63,701,569	83,007,395	146,708,964	70,777,772	65,055,972	135,833,744

Loan repayment periods

The portion classified as non-current as at 31 December 2021 and 2020 has the following specified repayment plan:

Amounts in Euro	31-12-2021	31-12-2020
1 – 2 years	77,606,800	48,956,508
2 – 3 years	13,843,354	112,537,895
3 – 4 years	6,109,450	8,646,438
4 – 5 years	64,464,780	5,829,276
More than 5 years	56,689,022	119,261,121
Total	**218,713,406**	**295,231,238**

Financial Covenants in force

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 2021 and 2020, 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 2021 and 2020, "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	31-12-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Angola	-	6,008	6,008	-	3,636	3,636
Brazil	-	998,145	998,145	-	970,207	970,207
Lebanon	-	3,771	3,771	-	40,784	40,784
Portugal	32,594,157	7,958,048	40,552,204	18,613,28	5,259,620	23,872,907
Tunisia	46,142	-	46,142	70,063	8,681	78,744
	32,640,299	**8,965,972**	**41,606,271**	**18,683,350**	**6,282,928**	**24,966,278**

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 2021 and 2020, the balances of "Cash and cash equivalents" are as follows:

Amounts in Euro	31-12-2021	31-12-2020
Cash	839,626	1,181,277
Bank deposits available on demand	75,382,038	131,616,897
Cash and cash equivalents – gross amount	76,221,664	132,798,174
Impairment from the IFRS 9 adoption (**Note 8.1.4**)	(998,906)	(2,188,347)
Cash and cash equivalents – net amount	75,222,758	130,609,827
Bank overdrafts (**Note 5.6**)	(222,528)	(3,153 841)
Cash and cash equivalents in the consolidated statement of cash flows	75,000,230	127,455,986

As at 31 December 2021 and 2020, 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 2021 and 2020, are as follows:

			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

			Transactions not affecting cash and cash equivalents				
Amounts in Euro	01-01-2020	Cash flows from financing activities	Lease recognition	Amortisation of charges	Accrued interest	Exchange differences	31-12-2020
Interest-bearing liabilities (**Note 5.6**)							
Bond loans	236,000,000	15,714,286	-	-	-	-	251,714,286
Commercial paper	65,000,000	(50,000,000)	-	-	-	-	15,000,000
Bank loans	153,812,249	17,990,821	-	-	-	(35,969,325)	135,833,744
Bank overdrafts	-	-	-	-	-		-
Loan issuing charges	(2,792,806)	(3,863,519)	-	4,054,121	-	286,613	(2,315,591)
Other interest-bearing liabilities	2,902,725	1,334,948	-	-	-	(1,053,929)	3,183,744
Lease liabilities (**Note 5.7**)	26,387,847	(9,876,381)	7,323,505	-	2,057,265	(925,959)	24,966,278
Total	481,310,015	(28,699,846)	7,323,505	4,054,121	2,057,265	(37,662,600)	428,382,461

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 2021 and 2020, the detail of Net financial results is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Interest paid on debt securities and bank debt	(13,231,085)	(14,257,818)
Interest paid on other interest-bearing liabilities	(3,752)	(4,600)
Interest on other financial liabilities at amortised cost	(2,183,481)	(1,299,586)
Interest paid through the effective interest method	**(15,418,318)**	**(15,562,004)**
Commissions on loans and expenses with credit openings	(2,989,905)	(4,054,121)
Unfavourable exchange differences on interest-bearing liabilities and lease liabilities	(131,077)	(16,957,039)
Interest paid on lease liabilities	(1,103,557)	(1,094,597)
Financial expenses related to the Group's capital structure	**(4,224,539)**	**(22,105,757)**
Financial discount on provisions (**Note 9.1**)	(59,257)	(119,990)
Other unfavourable exchange differences	(10,204,454)	(18,394,570)
Losses on trading derivatives (**Note 8.2.1**)	(4,226,247)	-
Interest incurred with derivative instruments	(7,293,545)	(11,576,857)
Other financial expenses and losses	(1,124,039)	(243,300)
Financial expenses and losses	**(42,550,399)**	**(68,002,478)**
Interest earned on financial assets at amortised cost	11,229,612	22,185,518
Favourable exchange differences	2,958,874	7,366,430
Gains on trading derivatives (**Note 8.2.1**)	-	3,484,808
Financial income and gains	**14,188,486**	**33,036,756**
Financial results	**(28,361,913)**	**(34,965,722)**

In 2021 and 2020, Other financial expenses and losses includes Euro (616.942) and Euro 326,620 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 2021 and 2020, 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, as at 31 December 2020, a hyperinflationary economy.

In 2021 and 2020, the following price levels and inflation have been verified in Lebanon:

	CPI	Inflation rate
31 December 2020	2.4584	145.8%
31 December 2021 [(a)]	2.9431	194.3%
Average in 2021	2.4715	143.0%

[(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%.

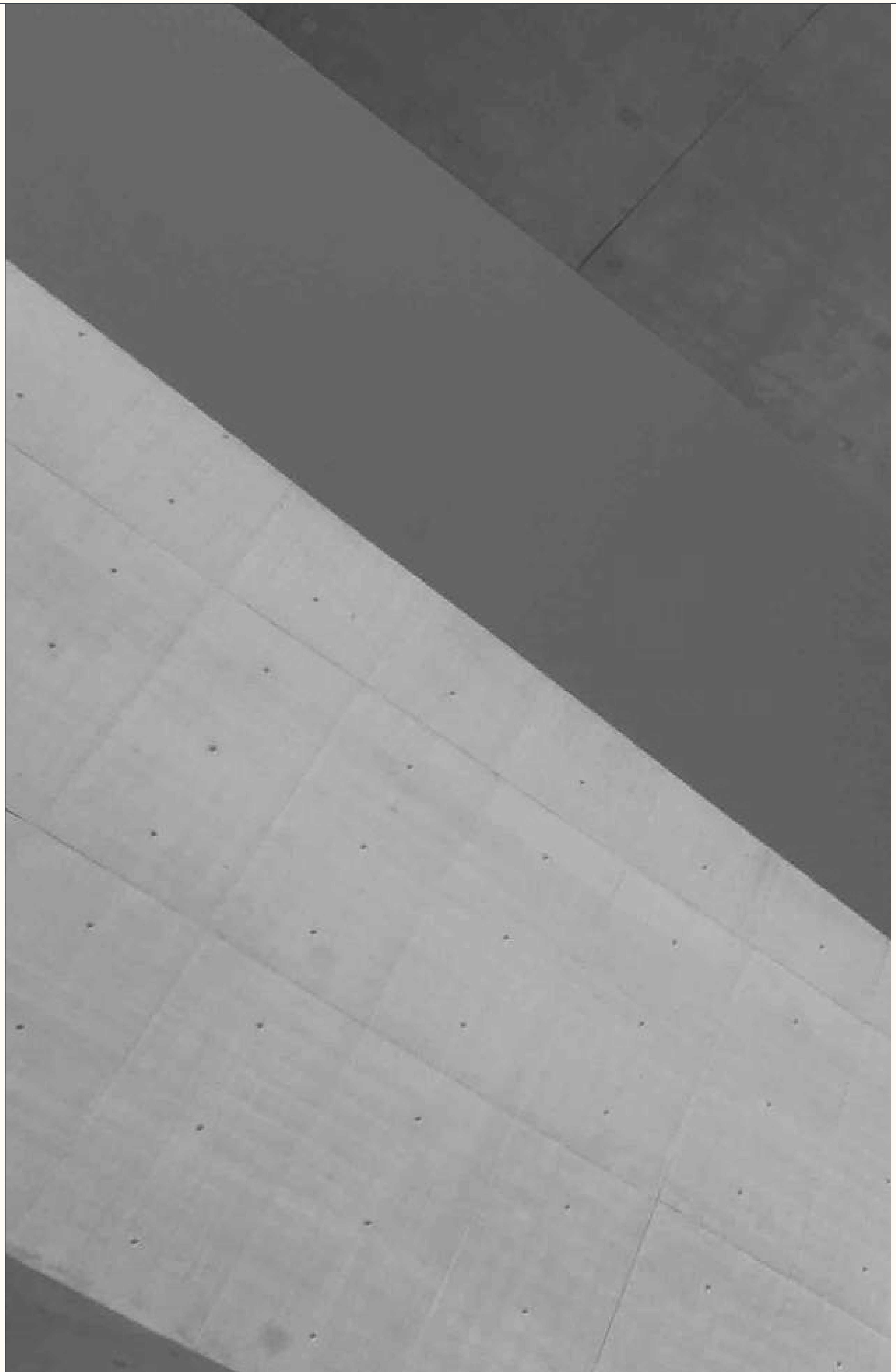
IAS 29 applies to the separate financial statements and consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy and is applicable from the beginning of the reporting period in which the entity identifies its currency as hyperinflationary.

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 2021 and 2020 was recognised in the income statement under the caption Gains or losses on net monetary position, representing gains of Euro 7,214,110 and Euro 13,940,475, 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 2021 to Euro 1,309,352 (2020: Euro 4,706,657), less the tax effect of Euro 234,349 (2020: Euro 926,406).

As at 31 December 2021, the net value of the assets and liabilities of the foreign operation in Lebanon in the Group's consolidated financial statements amounts to Euro 20.6 million (2020: Euro 35.7 million).



06 ____ Income tax

06 ___ Income tax

Amounts in Euro	Note	31-12-2021	31-12-2020
Statement of financial position			
Assets			
Income tax	6.1	13,798,134	14,399,277
Deferred tax assets	6.2	49,460,949	56,842,985
Liabilities			
Income tax	6.1	8,550,146	8,236,683
Deferred tax assets	6.2	45,421,230	45,597,461
Income statement			
Current tax	6.1	4,507,974	2,335,527
Change in uncertain tax positions in the period	6.1	578,976	(5,239,524)
Deferred tax	6.1	7,601,746	4,057,541
		12,688,696	1,153,544

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.

01
02
03

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 2021. 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 2019.

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 2021 and 2020, Income tax is detailed as follows:

Amounts in Euro	'21	'20
Current tax	4,507,974	2,335,527
Change in uncertain tax positions in the period	578,976	(5,239,524)
Deferred tax (**Note 6.2**)	7,601,746	4,057,541
	12,688,696	1,153,544

In 2021 and 2020, this item reflects a series of reversals of tax provisions, as a result of the closure of some tax inspection processes and court decisions favourable to the Group.

Nominal tax rate in the main geographies where the Group operates

	'21	'20
Portugal		
Income tax nominal 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	'21	'20
Profit before tax	82,706,405	64,442,837
Expected tax at nominal rate (22.5%)	18,608,941	14,499,638
State surcharge (5.0%)	4,135,320	3,222,142
Tax resulting from the applicable rate	22,744,261	17,721,780
Differences (a)	(3,843,923)	(3,430,195)
Tax relating to prior periods	(2,384,339)	(3,586,968)
Recoverable tax losses	(374,894)	(1,010,855)
Non-recoverable tax losses	2,012,976	5,200,652
Reimbursements settled in previous years	578,976	(5,239,524)
Effect of different tax rates	(365)	(3,729,695)
Withholding outright	13,198	-
Tax benefits	5,442,753	(3,609,769)
Hyperinflationary economies	(1,257,598)	(2,381,416)
Adjustments to taxable amount (b)	(10,242,349)	1,219,534
	12,688,696	1,153,544
Effective tax rate	15.34%	1.79%

[a] This amount relates mainly to:	'21	'20
Effect of the application of the equity method (**Notes 9.1** and **10.3**)	(1,767,749)	(1,490,684)
Tax gains/ (losses)	(12,644)	187,397
Accountins gains/ (losses)	(2,322,740)	(7,268,563)
Taxed impairment and provisions	2,448,509	14,199,740
Tax benefits	(1,773,456)	(1,064,247)
Decrease of taxed impairment and provisions	(4,250,993)	(14,062,044)
Intra-group profit subject to tax	1,615,729	(3,275,420)
Other	(7,914,557)	300,383
	(13,977,901)	(12,473,438)
Tax impact (27.5%)	(3,843,923)	(3,430,195)

[b] The amount shown under "Adjustments to taxable amount" relates essentially to Tax Benefits, namely SIFIDE

Tax recognised in the consolidated statement of financial position

As at 31 December 2021 and 2020, Income tax is detailed as follows:

Amounts in Euro	'21	'20
ASSETS		
Income tax	13,798,134	14,399,277
	13,798,134	14,399,277
LIABILITIES		
Income tax	2,269,867	2,398,425
Additional tax liabilities	6,280,279	5,838,258
	8,550,146	8,236,683

Breakdown of Income Tax

Amounts in Euro	'21	'20
Income tax		
Income tax for the period	2,953,915	2,625,128
Exchange rate adjustment	14,617	(43,723)
Payments on account, special payments and additional payment on account	(1,489,942)	(1,119,670)
Withholding tax recoverable	(1,224,890)	(1,702,612)
Income tax from prior periods	(2,860,417)	(5,075,089)
	(2,606,717)	(5,315,966)
Income tax – Semapa Tax Group		
Income tax for the period	3,917,938	3,297,366
Payments on account, special payments and additional payment on account	(12,537,505)	(8,306,902)
Withholding tax recoverable	(301,983)	(959,421)
Income tax from prior periods	-	(715,930)
	(8,921,550)	(6,684,886)
	(11,528,267)	(12,000,852)

Uncertain tax positions – liabilities

Amounts in Euro	'21	'20
Balance at the beginning of the period	5,838,258	11,709,628
Increases	1,631,913	1,370,088
Reversals	(1,052,937)	(6,609,612)
Transfers	544,504	36,223
Charge-off	(572,063)	(18,014)
Exchange rate adjustment	(109,396)	(650,055)
Balance at the end of the period	6,280,279	5,838,258
Amount recognised in the income statement – (gain) / loss	578,976	(5,239,524)

6.2 ___ Deferred taxes

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

The deferred tax assets recorded for reportable tax losses with respect to 31 December 2021 and 2020, are fully related to the subsidiary Margem Companhia de Mineração, S.A., a subsidiary of the Group headquartered in Brazil that owns the new Cement plant built by the Group in Adrianópolis, State of Paraná, which began operations 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.

Additionally, 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 2021 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 2021 and 2020, are as follows:

			Income statement					
			Income tax					
Amounts in Euro	**As at 1 January 2021**	Exchange rate adjustment	Increases	Decreases	Net monetary position	Share capital	Reclassification to assets held for sale	**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)	-	-		19,380,777
Post-employment and other long-term benefits	3,477,648	5,735	136,179	(414,838)	-	(117,421)		3,087,303
Accounting deferred gains (intra-group)	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)**		**150,585,349**
Temporary differences giving rise to deferred tax liabilities								
Revaluation of property, plant and equipment	(31,862,821)	(268,117)	-	452,834	-	-		(31,666,399)
Financial instruments	(966,562)	16,458	-	2,770,244	-	-		1,820,140
Deferral of Capital Gains Tax	(456,751)	-	-	(13,871)	-	-		(444,302)
Depreciation accruals	(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	-	-		(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)**		**(131,478,417)**
Deferred tax assets	**56,842,985**	**(170,510)**	**8,658,349**	**(15,534,038)**	**-**	**(330,886)**		**49,460,949**
Deferred tax liabilities	**(45,597,461)**	**2,457,276**	**(1,678,326)**	**952,269**	**(1,522,989)**	**(230,313)**		**(45,421,230)**

Amounts in Euro	As at 1 January 2020	Exchange rate adjustment	Income statement – Income tax – Increases	Income statement – Income tax – Decreases	Income statement – Net monetary position	Share capital	Reclassification to assets held for sale	As at 31 December 2020
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
Accounting deferred gains (intra-group)	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	(44,680,764)	12,373,425	-	444,518	-	-	-	(31,862,821)
Financial instruments	1,568,413	(285,293)	-	(2,249,682)	-	-	-	(966,562)
Deferral of Capital Gains Tax	(477,070)	-	-	20,319	-	-	-	(456,751)
Depreciation accruals	(48,285,783)	13,962,156	(7,198,138)	-	-	-	-	(41,521,765)
Fair value calculated on business combinations	(75,561,496)	16,029,344	(41,970)	2,010,550	-	-	-	(57,563,572)
Pension fund surplus	(1,504,944)	-	(21,201)	133	-	(286,158)	-	(1,812,170)
Hyperinflationary Economies	-	-	(714,073)	-	(15,984,374)	(5,449,445)	-	(22,147,892)
Other temporary differences	(663,431)	73,999	(3,899)	15,446	-	-	-	(577,885)
	(169,605,075)	42,153,631	(7,979,281)	241,284	(15,984,374)	(5,735,603)	-	(156,909,418)
Ativos por impostos diferidos	73,185,310	(10,916,123)	7,061,638	(11,105,174)	-	584	-	56,842,985
Passivos por impostos diferidos	(53,907,577)	12,044,617	(2,340,651)	2,326,646	(2,717,344)	(1,003,152)	-	(45,597,461)

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 December 2021						
Amounts in Euro	Total	2022	2023	2024	2025	2026	2027 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 Brasil 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

31 December 2020

Amounts in Euro	Total	2021	2022	2023	2024	2025	2026 and beyond
Not taxed by RETGS							
ALLMA – Microalgas, Lda.	152,639	-	-	-	300	20,401	131,938
Florimar – Gestão e Participações, S.G.P.S., Lda.	688,919	480,004	36,965	-	-	-	171,950
Madebritas – Sociedade de Britas da Madeira, Lda.	13,798	-	-	-	-	-	13,798
Secil Angola, SARL	1,067,116	546,857	520,259	-	-	-	-
Secil – Companhia de Cimento do Lobito, S.A.	4,071,499	63,609	449,550	1,674,801	1,883,539	-	-
Silonor, S.A.	15,055,185	-	-	-	-	-	15,055,185
Soime, S.A.L.	182,663	63,070	119,593	-	-	-	-
Zarzis Béton	61,945	-	-	-	-	-	61,945
Secil Brasil Participações, S.A.	5,621,029	-	-	-	-	-	5,621,029
Supremo Cimentos, S.A.	34,619,401	-	-	-	-	-	34,619,401
	61,534,194	1,153,540	1,126,367	1,674,801	1,883,839	20,401	55,675,246
Taxed by RETGS							
Argibetão – Sociedade de Novos Produtos de Argila e Betão, S.A.	920,340	-	256,334	309,685	89,339	96,805	168,177
Beto Madeira – Betões e Britas da Madeira, S.A.	141,699	-	-	-	43,975	97,724	-
Cimentos Madeira, Lda.	261,370	-	-	-	4,953	256,417	-
Ciminpart – Investimentos e Participações, S.G.P.S., S.A.	40,811,078	-	7,214,482	6,586,938	627,316	17,784,292	8,598,050
BETOTRANS II – Unipessoal, Lda.	1,028,452	-	871,318	17,247	5,324	134,563	-
Secil Brands – Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda.	995,318	-	545,371	230,864	219,083	-	-
Secil Prébetão, S.A.	4,854,785	-	239,207	657,310	218,771	56,461	3,683,036
Serife – Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	81,637	-	10,617	10,018	10,285	9,793	40,924
SPB – S.G.P.S., Lda.	36,420	-	6,268	4,743	4,403	3,330	17,676
Unibetão – Indústrias de Betão Preparado, S.A.	2,731,103	-	-	-	-	-	2,731,103
	51,862,202	-	9,143,597	7,816,805	1,223,449	18,439,385	15,238,966
	113,396,396	1,153,540	10,269,964	9,491,606	3,107,288	18,459,786	70,914,212

07 Payroll

07 ___ Payroll

Amounts in Euro	Note	31-12-2021	31-12-2020
Statement of financial position			
Liabilities			
Liabilities for long-term employee benefits	7.2	409,146	1,046,916
Income statement			
Payroll costs	7.1	71,518,539	70,139,665

As at 31 December 2021 and 2020, Personnel costs are detailed as follows:

Amounts in Euro	'21	'20
Remuneration of Corporate Bodies (**Note 7.3**)	4,240,287	3,943,531
Remuneration of employees	46,467,092	46,341,276
Post-employment benefits (**Note 7.2.4**)	1,485,893	1,424,353
Other long-term benefits (**Note 7.2.4**)	46,004	54,395
Compensation	105,120	71,151
Social Security and similar contributions	11,824,413	11,806,157
Insurance	493,147	535,340
Social action expenses	5,235,384	5,013,718
Other payroll costs	1,621,199	949,744
Payroll costs	**71,518,539**	**70,139,665**

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 of 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.

Number of employees at the end of the period

Amounts in Euro	31-12-2021	31-12-2020	Total
Angola	1,035	1,085	(50)
Brazil	394	415	(21)
Lebanon	266	267	(1)
Portugal	98	106	(8)
Tunisia	553	513	40
	2,346	2,386	(40)

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 benefits 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. Most 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.
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, 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.
Fundo constituído	Secil Group Pension Fund.
Retirement and disability subsidy	
Classification	Defined benefit.
Employer/ Beneficiary Employees	SCG – Active employees.
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 – ll active employees as at 1 July 2012 and hired after that date. Cimentos Madeira – 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 – Premium paid to workers who:** (i) attain 25 years of service in the company. (ii) nin 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 – Premium 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:

	31-12-2021	31-12-2020
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	1.00%	1.00%
Technical interest rate	1.25%	1.25%
Pension growth rate	0.45%	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:

Amounts in Euro	31-12-2021	31-12-2020
0.5% decrease in the technical interest rate		
Increase in liabilities assumed	612,066	696,797
0.5% increase in the wage growth rate		
Increase in liabilities assumed	49,878	113,501

7.2.1 ___ Net liabilities

As at 31 December 2021 and 2020, 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:

	31-12-2021		31-12-2020	
Amounts in Euro	No. of Benef.	Amount	No. of Benef.	Amount
Pension liabilities				
Active employees (**Note 7.2.2**)	52	4,918	55	36,796
Retired employees (**Note 7.2.2**)	482	13,811,173	508	15,294,308
Market value of pension funds (**Note 7.2.3**)		(15,866,510)		(17,128,207)
Retirement grants – Insured capital (**Note 7.2.2**)	75	187,856	91	208,970
Insurance policies (**Note 7.2.3**)		(108,746)		(125,955)
Reserve account*		(613,826)		(619,718)
Pension liabilities – funded	609	(2,585,135)	654	(2,333,806)
Retired employees (**Note 7.2.2**)	130	2,413,507	142	2,860,016
Pension liabilities – unfunded	130	2,413,507	142	2,860,016
Pension liabilities – net	739	(171,628)	796	526,210
Other unfunded liabilities				
Health insurance (**Note 7.2.2**)	5	39,915	5	44,217
Retirement grants (**Note 7.2.2**)	75	78,654	91	33,376
Total post-employment liabilities	819	(53,059)	892	603,803
Other long-term benefits				
Death grants (**Note 7.2.2**)	392	67,525	395	71,906
Long-service awards (**Note 7.2.2**)	405	394,680	395	371,207
Total other long-term benefits	**405**	**462,205**	**395**	**443,113**
Total net liabilities	**819**	**409,146**	**892**	**1,046,916**

* 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	2015	2016	2017	2018	2019	2020	2021
Present value of obligations	28,189,899	25,655,742	23,579,144	21,595,971	20,688,459	18,920,796	**16,998,228**
Fair value of assets and reserve account	24,818,761	23,260,088	21,785,696	19,258,338	18,790,086	17,873,880	**16,589,082**
(Surplus) / deficit	3,371,138	2,395,654	1,793,448	2,337,633	1,898,374	1,046,916	**409,146**
Remeasurements	(3,349,655)	203,825	(77,786)	(1,079,410)	(90,858)	422,747	**351,253**

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

In 2021 and 2020, liabilities with pensions and other post-employment and long-term benefits changed as follows:

'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)							
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**

'20

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)							
Autonomous pension fund (Note 7.2.1)	16,510,082	-	1,436	(22,416)	634,211	(1,792,209)	15,331,104
Retirement grants – Insured capital (Note 7.2.1)	223,392	(7,429)	7,949	4,750	23,671	(43,363)	208,970
Health insurance (Note 7.2.1)	44,250	-	-	642	2,256	(2,931)	44,217
Retirement grants (Note 7.2.1)	33,376	-	-	-	-	-	33,376
Total liabilities – Post-employment benefits	**20,239,916**	**(7,429)**	**9,385**	**30,275**	**508,939**	**(2,303,403)**	**18,477,683**
Death grants (Note 7.2.1)	65,669	(1,372)	8,522	4,170	(5,083)	-	71,906
Long-service awards (Note 7.2.1)	382,874	-	27,685	5,728	12,298	(57,378)	371,207
Total liabilities – Other long-term benefits	**448,543**	**(1,372)**	**36,207**	**9,898**	**7,215**	**(57,378)**	**443,113**
Total liabilities	**20,688,459**	**(8,801)**	**45,592**	**40,173**	**516,154**	**(2,360,781)**	**18,920,796**

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

7.2.3 ___ Funds

Funds linked to defined benefit pension plans – evolution

In 2021 and 2020, funds allocated to defined benefit pension plans record the following evolution:

Amounts in Euro	'21 Autonomous fund	'21 Insured capital	'20 Autonomous fund	'20 Insured capital
Opening balance	17,128,207	125,955	18,000,254	163,567
Exchange rate changes	-	673	-	(4,695)
Interest	201,346	10,541	920,162	10,446
Return of plan assets	221,870	(6,439)	-	-
Pensions paid	(1,684,913)	(21,984)	(1,792,209)	(43,363)
Closing balance (Note 7.2.1)	15,866,510	108,746	17,128,207	125,955

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

he 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 2021 and 2020, the composition of the fund's assets was as follow:

Amounts in Euro	'21	%	'20	%
Listed securities in active market				
Bonds	10,046,597	63.3%	10,821,610	63.2%
Shares	3,366,523	21.2%	3,764,106	22.0%
Other investments	2,334,304	14.7%	2,527,967	14.8%
Unlisted securities				
Liquidity	119,086	0.8%	14,524	0.1%
	15,866,510	100%	17,128,207	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 2021 and 2020 were as follows:

Amounts in Euro	'21 Current services cost	Net interest	Actuarial deviations	CD plans – Contributions for the period	Impact on net profit (Note 7.1)
Group pensions	-	32,991	-	-	32,991
Autonomous pension 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 CD 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

Amounts in Euro	Current services cost	Net interest	Actuarial deviations	CD plans - Contributions for the period	Impact on net profit (Note 7.1)
					'20
Group pensions	-	47,299	-	-	47,299
Autonomous pension fund	1,436	(22,416)	-	-	(20,980)
Insurance policies	7,949	4,750	-	-	12,699
Health insurance	-	642	-	-	642
Contributions to CD plans	-	-	-	1,384,693	1,384,693
Post-employment benefits	9,385	30,275	-	1,384,693	1,424,353
Death grants	8,522	4,170	(4,008)	-	8,684
Long-service awards	27,685	5,728	12,298	-	45,711
Other long-term benefits	36,207	9,898	8,290	-	54,395
	45,592	40,173	8,290	1,384,693	1,478,748

7.2.5 ___ Remeasurement recognised directly in other comprehensive income

Remeasurements recognised directly in other comprehensive income in the periods ended 31 December 2021 and 2020 are as follows:

Amounts in Euro	Gains and losses	Return on plan assets	Gross amount	Deferred tax	Impact on Equity
					'21
Post-employment benefits					
Group pensions	94,420	-	94,420	(25,966)	68,454
Autonomous pension fund	37,411	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
	135,823	215,431	351,253	(93,931)	257,322

Amounts in Euro	Gains and losses	Return on plan assets	Gross amount	Deferred tax	Impact on Equity
					'20
Post-employment benefits					
Group pensions	151,199	-	151,199	(41,594)	109,605
Autonomous pension fund	(389,612)	662,339	272,727	(74,721)	198,006
Retirement grants	1,075	-	1,075	(102)	973
Health insurance	(2,254)	-	(2,254)	462	(1,792)
	(239,592)	662,339	422,747	(115,955)	306,792

7.3 ___ Remuneration of corporate bodies

In the periods ended 31 December 2021 and 2020, the remuneration of Corporate Bodies is as follows:

	31-12-2021	31-12-2020
Secil's Board of Directors	3,446,700	2,962,023
Secil's Supervisory Board	54,579	54,579
Corporate bodies from other group companies	793,587	981,508
	4,294,866	3,998,110

Remuneration of the Members of the Board of Directors

As at 31 December 2021 and 2020, 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

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

he 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 are the BRL (Brazilian real), TND (Tunisian dinar), AOA (Angolan kwanza), LBP (Lebanese pound) and USD (US dollar).

The Group also has exchange rate exposure to operating flows 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 internally. 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 2021 and 2020, 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:

						'21
	American dollar	Brazilian real	Lebanese pound	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%)	
Currency amounts						
Cash and cash equivalents	596,278	236,507,513	104,796,938	8,840,005	96,270,753	44,153,351
Receivables	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	(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)**
Net financial position in foreign currency	(53,753,462)	(269,972,630)	21,214,886	(80,334,322)	(1,135,601,750)	
Net financial 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)

'20	American dollar	Brazilian real	Lebanese pound	Tunisian dinar	Angolan kwanza	Total (Euro)
Exchange rate at the end of the period	1.2271	6.3768	10.3076	3.2879	822.3820	
Valuation/(devaluation) compared to the previous year	(9.23%)	(40.77%)	(508.66%)	(3.53%)	(45.75%)	
Average exchange rate for the period	1.1422	5.8978	10.3076	3.1998	689.8670	
Valuation/(devaluation) compared to the previous year	(2.03%)	(33.59%)	(510.78%)	2.50%	(64.26%)	
Currency amounts						
Cash and cash equivalents	19,528,937	162,040,100	102,686,429	15,923,623	203,366,518	56,378,180
Receivables	7,439,872	48,495,133	13,302,722	26,919,631	63,624,711	23,223,329
Total financial assets	**26,968,809**	**210,535,233**	**115,989,151**	**42,843,253**	**266,991,229**	**79,601,509**
Interest-bearing liabilities	(12,183,550)	(643,950,592)	(6,338,090)	(73,034,766)	(1,721,718,575)	(135,833,744)
Payables	(6,070,540)	(181,980,063)	(38,456,025)	(31,189,584)	(373,264,547)	(47,155,792)
Total financial liabilities	**(18,254,090)**	**(825,930,654)**	**(44,794,115)**	**(104,224,350)**	**(2,094,983,122)**	**(182,989,537)**
Net financial position in foreign currency	8,714,719	(615,395,421)	71,195,036	(61,381,097)	(1,827,991,893)	
Net financial position in Euro	7,101,882	(96,505,366)	6,907,043	(18,668,785)	(2,222,801)	(103,388,028)
Impact of +10% change in exchange rate	710,188	(9,650,537)	690,704	(1,866,878)	(222,280)	(10,338,803)
Impact of -10% change in exchange rate	(710,188)	9,650,537	(690,704)	1,866,878	222,280	10,338,803
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 reducing exposure to variable rates by contracting 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 2021 and 2020, is as follows:

Amounts in Euro	31-12-2021	31-12-2020
0.5% increase in market interest rates		
Impact on income before tax – increase / (decrease)	(357,153)	(2,569,029)

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:

						31-12-2021
Amounts in Euro	- 1 month	1-3 months	3-12 months	1-5 years	+ 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
Balance sheet net financial position	(8,037,355)	(7,013,341)	(21,681,283)	(162,618,187)	(56,797,668)	(256,147,834)

						31-12-2020
Amounts in Euro	- 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
ASSETS						
Non-current						
Financial instruments (**Note 8.2.2**)	-	-	3,312,331	-	-	3,312,331
Current						
Cash and cash equivalents (**Note 5.8**)	125,602,560	5,671,973	342,363	-	-	131,616,897
Total financial assets	125,602,560	5,671,973	3,654,694	-	-	134,929,228
LIABILITIES						
Non-current						
Interest-bearing liabilities (**Note 5.6**)	12,502,156	4,666,461	50,000,000	109,894,244	119,429,197	296,492,058
Current						
Interest-bearing liabilities (**Note 5.6**)	70,148,478	10,113,434	28,947,900	-	-	109,209,813
Derivative financial instruments (**Note 8.2.1**)	-	-	208,463	-	-	208,463
Total financial liabilities	82,650,635	14,779,895	79,156,363	109,894,244	119,429,197	405,910,334
Balance sheet net financial position	42,951,926	(9,107,922)	(75,501,669)	(109,894,244)	(119,429,197)	(270,981,106)

8.1.3 ___ Liquidity risk

Liquidity risk management policy

The Group manages the liquidity risk in two ways::

- 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 take into consideration the objectives defined for each geography, with regard to the amounts and terms of financing to be ensured and the compliance with debt ratios.

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

As at 31 December 2021 and 2020, 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:

						31-12-2021
Amounts in Euro	- 1 month	1-3 months	3-12 months	1-5 years	+ 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 (**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**

						31-12-2020
Amounts in Euro	- 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
Interest-bearing liabilities (Note 5.6)						
Bond loans	26,000,000	-	3,956,517	126,525,776	112,737,917	269,220,210
Commercial paper	-	-	16,522,507	1,099,514	-	17,622,021
Bank loans	40,994,638	10,113,434	17,062,297	64,373,333	10,050,894	142,594,597
Other interest-bearing liabilities	3,153,841	-	154,659	-	-	3,308,500
Lease liabilities (**Note 5.7**)	-	-	7,139,051	13,057,354	9,434,927	29,631,331
Payables (**Note 4.3**)						
Derivative financial instruments (**Note 8.2.2**)	-	-	208,463	-	-	208,463
Other financial liabilities	-	-	161,519,908	-	-	161,519,908
Total liabilities	**70,148,478**	**10,113,434**	**206,563,403**	**205,055,976**	**132,223,738**	**624,105,029**

01
02
03

FINANCIAL STATEMENTS CONSOLIDATED

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

Available and undrawn credit facilities

As at 31 December 2021 and 2020, the Company has available and undrawn credit facilities as follows:

Amounts in Euro	31-12-2021	31-12-2020
Undrawn credit facilities		
Commercial paper	187,000,000	240,000,000
Other credit facilities	43,369,674	41,778,863
	230,369,674	**281,778,863**

8.1.4 ___ Credit risk

Credit risk management policy

The Group is exposed to credit risk in the credit it grants to its customers and other debtors. Accordingly, it has adopted a policy of managing such risks within present limits, by serving insurance policies with specialized independent companies.

The Group has adopted a credit insurance policy 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, the worsening of global economic conditions or adversities affecting only economies on a local scale may lead to deterioration in the ability of the Company's customers to meet their obligations, leading entities providing credit insurance to significantly decrease the amount of credit facilities that are available to those customers. This scenario may result in limitations on the amounts that can be sold to some customers without directly incurring credit risk levels that are not compatible with the risk policy in this area.

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	31-12-2021	31-12-2020
Non-current		
Other financial investments (**Note 8.3**)	378,651	376,689
Receivables (**Note 4.2**)	3,105,590	2,096,105
Current		
Receivables (**Note 4.2**)	80,495,117	64,720,153
Derivative financial instruments (**Note 8.2**)	1,435,707	3,312,331
Cash and cash equivalents (**Note 5.8**)	74,383,132	129,428,550
	159,798,198	**199,933,828**

Ageing structure of trade receivables balances

As at 31 December 2021 and 2020, Trade receivables showed the following ageing structure, considering the maturity dates of the outstanding balances:

Amounts in Euro	31-12-2021	31-12-2020
Amounts not yet overdue	39,317,429	32,449,398
Amounts overdue:		
1 – 90 days	15,946,498	14,783,042
91 – 180 days	1,714,620	1,797,310
181 – 360 days	823,136	633,727
361 – 540 days	309,914	632,303
541 – 720 days	266,690	257,397
+ 721 days	4,455,593	11,193,522
	62,833,881	61,746,699
Litigation (debt recovery)	7,542,786	11,862,165
Impairment	(13,269,155)	(23,882,145)
Trade receivables balance (Note 4.2)	57,107,511	49,726,719
Contracted credit insurance limit	133,921,025	111,561,025

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.

As at 31 December 2021 and 2020, the analysis of the ageing of due balances, and respective impairment losses, is as follows:

	31-12-2021		31-12-2020	
Amounts in Euro	Gross amount	Fair value guarantees	Gross amount	Fair value guarantees
Overdue debtor balances not impaired:				
Overdue for less than 3 months	15,787,167	8,549,466	14,712,315	1,284,026
Overdue for more than 3 months	2,254,023	332,478	2,566,240	298,955
	18,041,190	8,881,944	17,278,555	1,582,982
Overdue debtor balances impaired:				
Overdue for less than 3 months	205,666	-	154,651	-
Overdue for more than 3 months	12,812,381	-	23,726,260	-
	13,018,047	-	23,880,911	-
	31,059,237	8,881,944	41,159,466	1,582,982

Credit risk of cash equivalent

As at 31 December 2021 and 2020, 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	31-12-2021	31-12-2020
A	578,795	-
A-	3,686,568	17,427,120
BBB+	-	9,638
BBB	2,647,225	25,723,312
BBB-	-	-
BB+	2,943,738	11,644,756
BB	13,677,666	12,212,074
BB-	34,891,790	24,609,687
B+	-	993,436
B	9,345,223	9,104,710
B-	30,012	146,409
CCC+	75,543	6,038,061
CCC	23,901	-
CC	340,066	-
SD	-	11,497,252
No rating	7,141,511	12,210,442
	75,382,038	131,616,897
Derivative financial instruments (**Note 8.2**)	1,435,707	3,312,331
	76,817,745	134,929,228

Impairment from trade and other receivables

During the periods ended 31 December 2021 and 2020, movements in accumulated impairment losses of trade and other receivables are as follows:

Amounts in Euro	31-12-2021	31-12-2020
Accumulated impairment at the beginning of the period	32,749,265	34,484,966
Changes due to:		
Increase	847,366	2,041,241
Reversals	(691,510)	(1,360,782)
Changes recognised in the income statement (Note 2.4)	155,856	680,459
Perimeter changes	(3,140,998)	-
Exchange rate adjustment	(106,452)	(2,416,159)
Hyperinflationary Economies	(3,002)	-
Charge-off	(7,664,192)	(1)
Accumulated impairment at the end of the period	21,990,477	32,749,265

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 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. ccumulated 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 petcoke.
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 2021 and 2020, the movement under fair value of the financial instruments is as follows:

	'21			'20		
Amounts in Euro	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	3,312,331	(208,463)	3,103,868	123,901	(63,762)	60,139
Fair value changes in profit (**Note 5.10**)	(4,226,247)	-	(4,226,247)	3,484,808	-	3,484,808
Fair value changes in other comprehensive income (**Note 5.4**)	-	846,981	846,981	-	(144,701)	(144,701)
Exchange rate adjustment	29,822	-	29,822	(296,378)	-	(296,378)
Balance at the end of the period	(884,094)	638,518	(245,576)	3,312,331	(208,463)	3,103,868

8.2.2 ____ Detail and maturity of derivative financial instruments by nature

As at 31 December 2021 and 2020, the fair value of derivative financial instruments is as follows:

	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
Trading						
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)

	31-12-2020					
Amounts in Euro	Notional	Currency	Maturity	Positive (Nota 4.2)	Negative (Note 4.3)	Net
Hedging						
Interest rate swaps	50,000,000	EUR	2027	-	(208,463)	(208,463)
				-	(208,463)	(208,463)
Trading						
Non Deliverable Forward (NDF)	9,950,000	EUR	2021	974,915	-	974,915
Cross currency interest rate swap	7,950,000	USD	2022	128,134	-	128,134
Cross currency interest rate swap	12,500,000	EUR	2022	576,925	-	576,925
Non Deliverable Forward (NDF)	16,000,000	USD	2021	1,632,357	-	1,632,357
				3,312,331	-	3,312,331
				3,312,331	(208,463)	3,103,868

Derivatives at fair value through profit or loss

In February 2021, the Brazilian subsidiary Supremo, contracted an external financing in the amount of USD 18,000,000 maturing in January 2021, 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 March 2020, the subsidiary Supremo contracted two external financings in the amount of approximately:

- Euro 9,950,000 with maturity in March 2021, 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.
- of USD 7,950,000 with maturity 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 November 2021, the Brazilian subsidiary Margem, contracted a Non-Deliverable Forward that allowed it to cover a cash flow of USD 7,861,000.

In December 2021, the subsidiary Margem terminated early the financing and the Cross-Currency Swap of Euro 7,000,000.

Additionally, 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.

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 2021 and 2020, Other financial investments are detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Financial assets at fair value through results		
C5LAB – Sustainable Construction Materials Association	35,000	35,000
Built Colab Colaborative Laboratory	12,500	12,500
Foire Internationale de Gabés	7,652	7,604
TCG – Terminale Cimentier de Gabés	186,392	185,225
Sté Zone Franche de Zarzis	110,887	110,192
Other	26,220	26,168
	378,651	376,689

01
02
03
FINANCIAL STATEMENTS CONSOLIDATED

8.4 ___ Financial assets and liabilities

8.4.1 ___ Categories of Group Financial Instruments

The financial instruments included in each item 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 2021							
Other financial investments	8.3	-	378,651	-	-	-	378,651
Receivables	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**
31 December 2020							
Other financial investments	8.3	-	376,689	-	-	-	376,689
Receivables	4.2	76,306,056	-	-	3,312,331	3,402,173	83,020,560
Cash and cash equivalents	5.8	127,455,986	-	-	-	-	127,455,986
Non-current assets held for sale	3.6	-	-	-	-	4,162,459	4,162,459
Total assets		**203,762,043**	**376,689**	**-**	**3,312,331**	**7,564,632**	**215,015,695**

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 2021								
Interest-bearing liabilities	5.6	329,081,019	-	-	-	-	-	329,081,019
Lease liabilities	5.7	-	-	-	-	41,606,271	-	41,606,271
Payables	4.3	158,213,133	-	-	1,681,283	-	43,126,994	203,021,411
Total liabilities		**487,294,152**	**-**	**-**	**1,681,283**	**41,606,271**	**43,126,994**	**573,708,701**
31 December 2020								
Interest-bearing liabilities	5.6	403,416,183	-	-	-	-	-	403,416,183
Lease liabilities	5.7	-	-	-	-	24,966,278	-	24,966,278
Payables	4.3	126,604,086	-	208,463	-	-	34,915,822	161,728,371
Total liabilities		**530,020,269**	**-**	**208,463**	**-**	**24,966,278**	**34,915,822**	**590,110,832**

09 ____ Provisions, commitments and contingencies

09 ___ Provisions, commitments and contingencies

Amounts in Euro	Note	31-12-2021	31-12-2020
Provisions	9.1	68,253,869	59,525,113
Commitments	9.2	64,399,808	16,168,387
Contingent assets and liabilities	9.2	17,738,126	77,693,170

9.1 ___ provisions

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 • 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.

Movements in provisions

During the periods ended 31 December 2021 and 2020, the movements in Provisions are as follows:

Amounts in Euro	Environmental recovery	CO_2 emission allowances	Provision for Financial Investments	Other	Total
1 January 2020	17,155,702	29,306,830	-	14,555,842	61,018,374
Increases	2,991	33,062,897	-	5,161,876	38,227,764
Reversals	(343,389)	-	-	(1,678,376)	(2,021,765)
Impact on profit for the period	**(340,398)**	**33,062,897**	**-**	**3,483,500**	**36,205,999**
Perimeter changes	-	-	-	-	-
Charge-off	(480,895)	(29,972,395)	-	(3,994,463)	(34,447,753)
Exchange rate adjustment	(446,983)	-	-	(5,027,186)	(5,474,169)
Financial discounts (Note 5.10)	119,990	-	-	-	119,990
Transfers and adjustments	2,025,732	-	-	(36,223)	1,989,509
Hyperinflationary Economies	113,162	-	-	-	113,162
31 December 2020	**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**
Perimeter changes	-	-	-	(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 income	-	-	793,315	-	793,315
Hyperinflationary Economies	(37,247)	-	-	2,035,187	1,997,940
31 December 2021	**13,154,120**	**37,468,362**	**347,755**	**17,283,632**	**68,253,869**

Environmental recovery

The amounts included in Transfers and adjustments of Euro 578,765 refer to a review of the quarry and landscape recovery plans carried out in 2021, namely costs and interest rate reviews. 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 CO_2 emission allowances arising from the CO_2 emissions recorded in 2021 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 2021 and 2020, there was a derecognition of CO_2 emission allowances for consumption in 2021 and 2020, respectively. This movement is reflected in the movement of Intangible Assets (**Note 3.2**).

Provision for financial investments

The amount shown under Transfers and adjustments with the amount of Euro 445,560 corresponds to the transfer of Allmicroalgae's participation to provisions (**Note 10.3**).

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

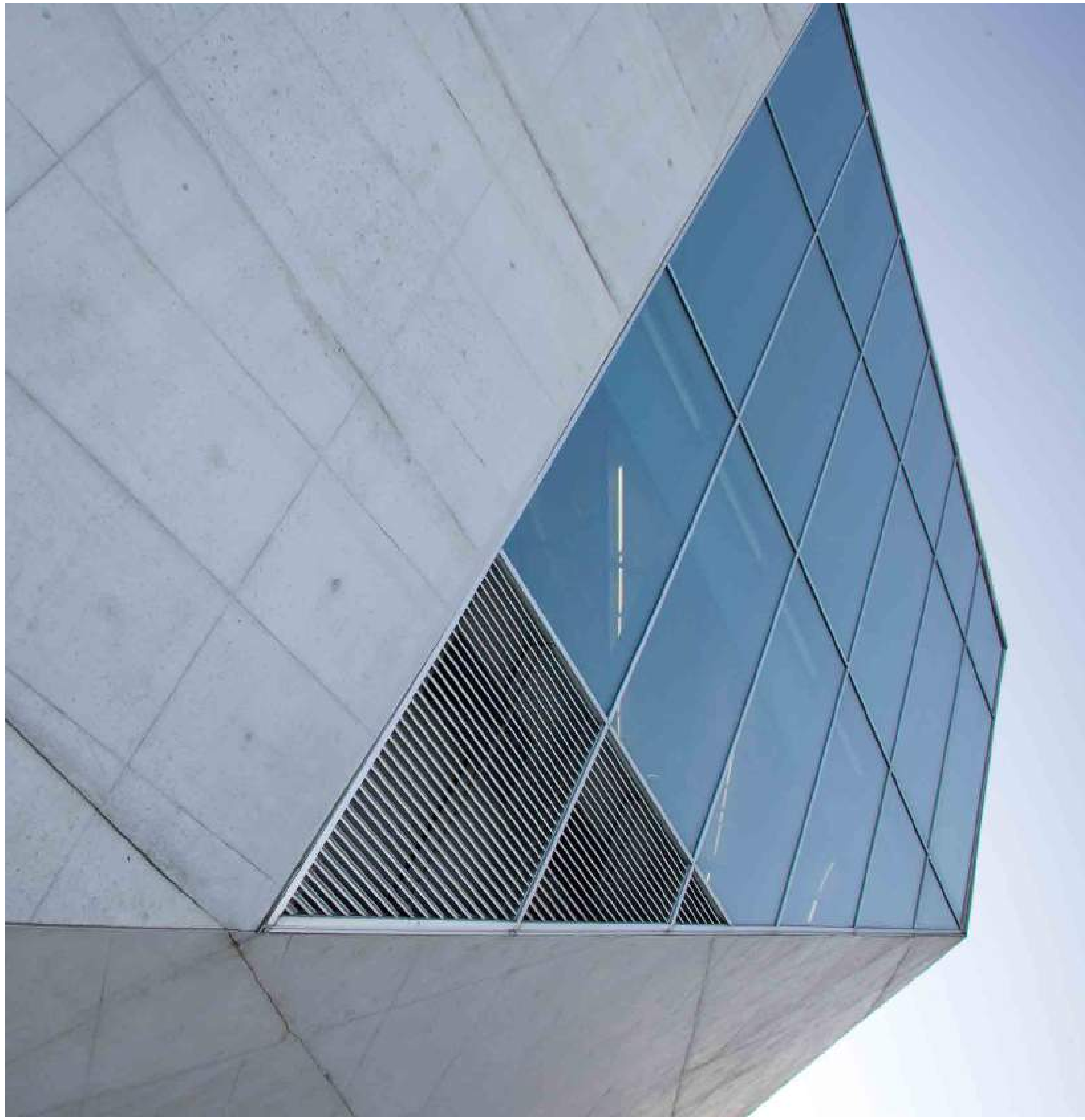
As at 31 December 2021 and 2020, the commitments assumed by the Group relate to acquisitions of property, plant and equipment and goods and services, detailed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Purchase commitments		
Property, plant and equipment	49,071,239	3,052,177
Energy	-	3,653,870
Raw materials – Petcoke and Coal	11,949,371	6,383,329
Services	2,811,031	2,083,015
Other	568,167	995,996
	64,399,808	**16,168,387**

Guarantees provided to third parties

As at 31 December 2021 and 2020, the Group presents guarantees to third parties as follows:

Amounts in Euro	31-12-2021	31-12-2020
Guarantees provided		
IAPMEI (scope of QREN)	277,541	339,306
IAPMEI (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	1,247,478
Employment, Industry and Tourism Council (Spain)	954,118	954,118
APDL – Administration of the port of Leixões	377,154	720,657
ICNF- Institute for Nature Conservation and Forests	668,688	862,932
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	534,620
Labour Court	217,324	217,324
Promissory notes, endorsements and guarantees	283,041	281,268
Regional Secretariat for Environment and Natural Resources	199,055	199,055
Agency for Development and Cohesion	4,995,543	5,708,912
Other	919,458	461,610
	14,379,557	15,387,456
Mortgages on Land, Property and Equipment	3,358,569	62,305,714
	17,738,126	77,693,170



10 ___ Group structure

10 Group structure

10.1 ___ Companies included in the consolidation perimeter

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. 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**). OTransaction 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 2021 and 2020, the Group had the following subsidiaries:

	31-12-2021				31-12-2020
	% of capital held by Secil				
Corporate Name	Headquarters	Direct	Indirect	Total	Total
Parent Company:					
SECIL – Companhia Geral de Cal e Cimento, S.A.	Portugal				
Corporate Name					
BETOTRANS II – Unipessoal, Lda. (ex – Hewbol, S.G.P.S., 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
Serife – Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda. [a]	Portugal	-	-	-	100.00
Silonor, S.A.	France	100.00	-	100.00	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 Brasil 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
Cimentos Madeira, Lda.	Portugal	57.14	42.86	100.00	100.00
Beto Madeira – Betões 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
SPB, SGPS, Lda. [a]	Portugal	-	-	-	100.00
Secil Prébetão, S.A. [b]	Portugal	-	-	-	100.00
Cementos Secil, SLU	Espanha	100.00	-	100.00	100.00

[a] Company merged into SECIL – Companhia Geral de Cal e Cimento, S.A., in January 2021.
[b] Company sold in November 2021.

Non-controlling interests – detail by subsidiary

As at 31 December 2021 and 2020, the detail of non-controlling interests shown in the income statement and in equity is as follows:

Amounts in Euro	% held	Profit or loss '21	Profit or loss '20	Equity 31-12-2021	Equity 31-12-2020
Société des Ciments de Gabés e subsidiárias	1.28	72,486	102,118	559,664	542,396
IRP – Industria de Rebocos de Portugal, S.A.	25.00	276,020	245,608	449,737	418,717
Secil – Companhia de Cimento do Lobito, S,.A.	49.00	(415,215)	(1,164,449)	(3,995,565)	(2,693,304)
Ciments de Sibline, S,A,L e subsidiária	48.95	3,774,621	7,002,914	9,969,920	17,421,334
Other		4,045	(1,521)	230,848	226,808
		3,711,957	6,184,670	7,214,604	15,915,951

Non-controlling interests– movements

In the periods ended 31 December 2021 and 2020, the movement in Non-controlling interests is analysed as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	15,915,951	53,914,585
Dividends	(305,601)	(2,919,593)
Transposition of the financial statements of foreign subsidiaries	(12,634,147)	(43,114,007)
Changes in actuarial assumptions	230	(137)
Hyperinflationary economies	526,214	1,850,433
Net profit for the period	3,711,957	6,184,670
Closing balance	7,214,604	15,915,951

10.2 ___ Changes in the consolidation perimeter

During the period ended 31 December 2021 and 2020, the consolidation perimeter was changed against the previous period by the following corporate restructuring operations:

	'21 Data
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

	'20 Data
Disposals	
Allmicroalgae – Natural products, S.A.	Feb/20
Merger by incorporation of subsidiaries, without change in the Group's interest	
Betotrans – Transportes e Serviços, Lda., incorporada na BETOTRANS II – Unipessoal, Lda. (ex – Hewbol, S.G.P.S., Lda.)	Jan/20
CMP – Cimentos Maceira e Pataias, S.A., incorporada na SECIL – Companhia Geral de Cal e Cimento, S.A.	Jan/20

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 2021 and 2020, investments in associates and joint ventures are detailed as follows:

	31-12-2021		31-12-2020	
Amounts in Euro	% held	Amount	% held	Amount
Associates				
MC – Materiaux de Construction	49.36%	1,530	49.36%	1,520
J.M.J. – Henriques, Lda.	50.00%	377,521	28.57%	362,792
Ave, S.A.	35.00%	250,026	35.00%	213,263
Joint ventures				
Allmicroalgae – Natural products, S.A.	50.00%	-	50.00%	445,560
Utis – Ultimate Technology To Industrial Savings, Lda.	0.00%	-	50.00%	2,093,963
		629,077		3,117,098

Movements in associates and joint ventures

In the periods ended 31 December 2021 and 2020, the movement under Investment in associated companies and joint ventures is as follows:

Amounts in Euro	31-12-2021	31-12-2020
Opening balance	3,117,098	3,336,316
Net profit – associates	243,414	316,608
Net profit – joint ventures	2,317,650	1,174,077
Other comprehensive income – joint ventures	(191,923)	(1,124,280)
Dividends	(445,560)	-
Transfer to provisions – negative equity (Note 9.1)	(4,411,614)	(2,222,888)
Disposals	12	(55)
Exchange rate adjustment	629,077	3,117,098
Closing balance	7,214,604	15,915,951

Movements in associates and joint ventures

For the periods ended 31 December 2021 and 2020, the subsidiaries with non-controlling interests present the following amounts in their accounts:

'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						
Allmicroealgae	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 31-12-2021.
b) he financial information presented is in accordance with the adjusted financial statements of the associate the period ended 31-01-2021.

'20

Amounts in Euro		Total Assets	Total Liabilities	Equity	Revenue for the period	Net profit
Associates						
MC- Materiaux de Construction	a)	1,046,009	1,095,116	(49,107)	1,673,752	(68,636)
J.M.J. – Henriques, Lda.	a)	1,046,887	321,303	725,584	-	(3,368)
Setefrete, SGPS, S.A.	b)	5,631,835	14,928	5,616,907	-	33,081
Ave – Gestão Ambiental e Valorização Energética, S.A.	a)	5,405,067	4,795,745	609,322	12,019,455	548,352
Joint ventures						
Allmicroealgae	a)	3,934,626	3,043,506	891,120	705,939	(705,452)
Utis – Ultimate Technology To Industrial Savings, Lda	a)	6,327,397	2,139,471	4,187,926	12,186,539	3,094,354

a) The financial information presented is in accordance with the financial statements of the associate for the period ended 31-12-2020.
b) he financial information presented is in accordance with the adjusted financial statements of the associate the period ended 31-01-2020.

10.4 ___ Transactions with related parties

Balances with related parties

As at 31 December 2021 and 2020, the Group presented the following balances with related parties:

Amounts in Euro	31-12-2021			31-12-2020		
	Receivables (Note 4.2)	Payables (Note 4.3)	Income tax (Note 6.1)	Receivables (Note 4.2)	Payables (Note 4.3)	Income tax (Note 6.1)
Shareholders						
Semapa, SGPS, S.A.	34,951	4,570,453	-	438	3,479,920	-
Semapa, SGPS, S.A. – RETGS	-	-	8,921,550	-	-	6,684,886
CIMO – Gestão de participações, SGPS, S.A.	-	1,160	-	-	1,160	-
	34,951	4,571,613	8,921,550	438	3,481,080	6,684,886
Associates and joint ventures						
J.M.J. Henriques, Lda.	104,919	-	-	106,639	-	-
Inertogrande – Central de Betão, Lda.	189,774	-	-	190,089	-	-
Setefrete – Soc. Tráfego Cargas, S.A.	-	-	-	-	-	-
Ave – Gestão Ambiental e Valorização Energética, S.A.	174,105	801,628	-	323,082	549,929	-
Utis – Ultimate Technology To Industrial Savings, Lda.	-	-	-	20,446	25,400	-
Allmicroalgae – Natural prodructs, S.A.	174,971	-	-	299,295	-	-
	643,769	801,628	-	939,551	575,329	-
Other related parties						
Cotif Sicar	-	8,747	-	-	90,709	-
Grupo Navigator	18,777	-	-	193,845	19,578	-
Eng. Silva Dias	-	-	-	-	20,517	-
Utis – Ultimate Technology To Industrial Savings, Lda.	39,259	7,610	-	-	-	-
Other shareholders of subsidiaries and other related parties	3	36,596	-	3	166,407	-
	58,039	52,953	-	193,848	297,211	-
	736,759	5,426,194	8,921,550	1,133,837	4,353,620	6,684,886

Transactions with related parties

During the periods ended 31 December 2021 and 2020, the following transactions with related parties occurred:

Amounts in Euro	31-12-2021 Acquisition of services	31-12-2021 Sales and services rendered	31-12-2021 Other operating income	31-12-2020 Acquisition of services	31-12-2020 Sales and services rendered	31-12-2020 Other operating income	31-12-2020 Financial income/ (expenses)
Shareholders							
Semapa, S.G.P.S., S.A.	(4,546,813)	-	4,439,673	(4,225,120)	-	-	(6,067)
	(4,546,813)	-	4,439,673	(4,225,120)	-	-	(6,067)
Associates and joint ventures							
J.M.J. Henriques, Lda.	-	-	-	-	-	1,800	-
Inertogrande – Central de Betão, Lda.	-	-	-	-	-	1,800	-
Allmicroalgae – Natural products, S.A.	-	236	524,104	-	4,474	611,003	-
Ave – Gestão Ambiental e Valorização Energética, S.A.	(1,954,562)	13,677	242,890	(2,012,822)	46,363	224,103	-
Utis – Ultimate Technology To Industrial Savings, Lda.	-	-	-	(67,900)	-	133,000	-
	(1,954,562)	13,913	766,994	(2,080,722)	50,837	971,706	-
Other related parties							
Grupo Navigator	(132,417)	190,098	-	(220,446)	160,858	-	-
José António do Prado Fay	-	-	-	(13,858)	-	-	-
Eng. Silva Dias	-	-	-	-	-	-	(333)
Utis – Ultimate Technology To Industrial Savings, Lda.	(76,031)	-	141,680	-	-	-	-
	(208,448)	190,098	141,680	(234,304)	160,858	-	(333)
	(6,709,823)	204,011	5,348,347	(6,540,146)	211,695	971,706	(6,400)

11 ____ Operating risk management

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 CO_2 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.

2021 was further characterised by the massive printing of currency, 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 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. These protests resulted in the resignation of the Prime Minister, increasing the risk of political instability. A new government took office in 2021 and is exploring measures to mitigate the serious crisis in the country.

Environmental legislation

In 2021 the 4^{th} 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.

BOARD OF DIRECTORS

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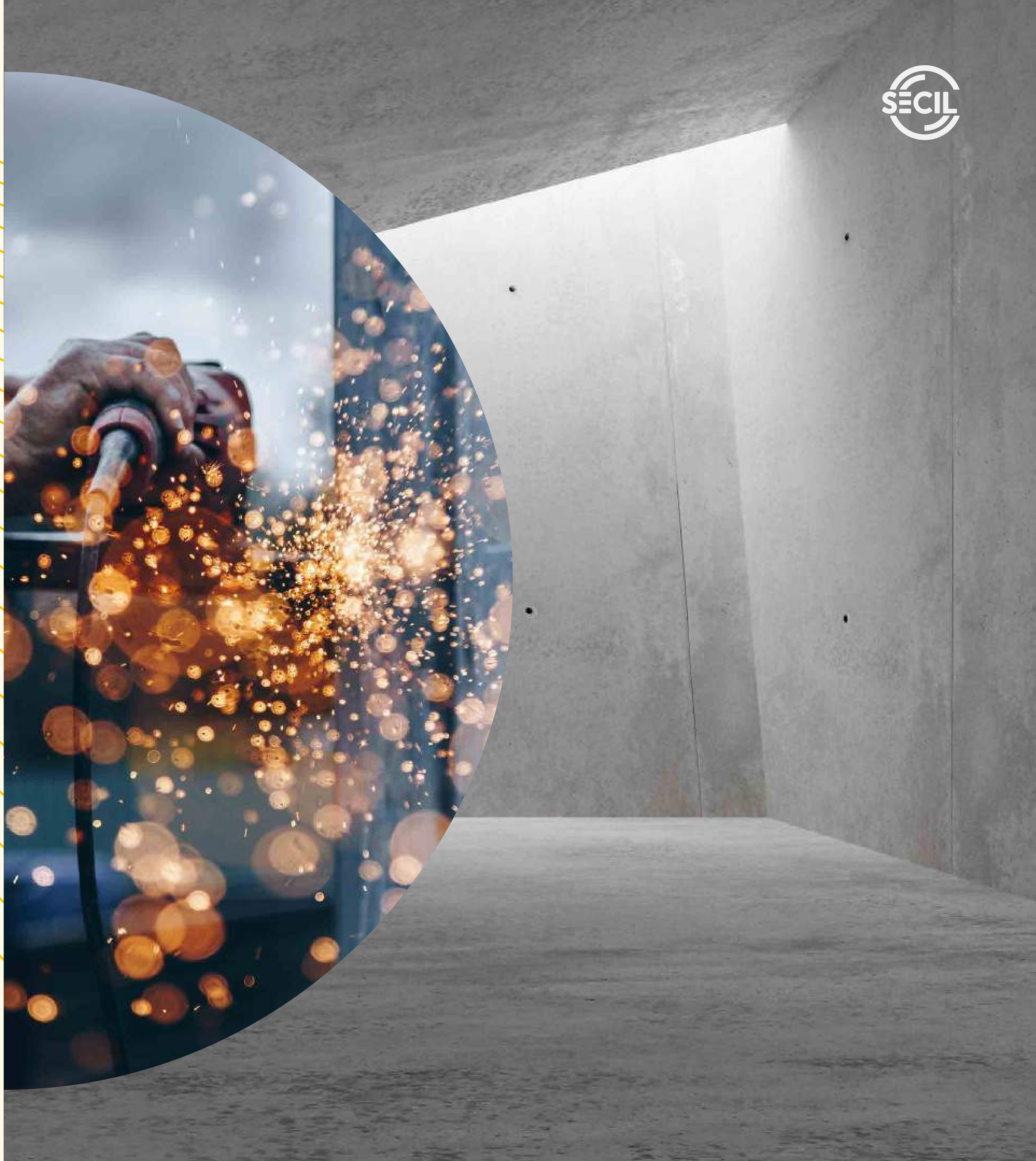
03

Consolidated statutory audit and report and opinion of the statutory board

SOLIDITY IN TRANSFORMATION



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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 FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Secil - Companhia Geral de Cal e Cimento, S.A.** (the Entity), which comprise the consolidated statement of financial position as at 31 December 2021 (showing a total of 980.626.565 euros and total equity of 284.283.473 euros, including a profit for the year of 66.305.752 euros), and the consolidated statement of comprehensive Income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **Secil - Companhia Geral de Cal e Cimento, S.A.** as at 31 December 2021 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 Financial Statements" section below. We are independent the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union.;

KPMG

- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

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

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation; 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 management report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements.

22 april 2022

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the nr. 20161489)
represented by
Pedro Jorge Quental e Cruz
(ROC no. 1765 and registered at CMVM with the nr. 20161607)

SECIL – Companhia Geral de Cal e Cimento, S.A.

Relatório e Parecer do Conselho Fiscal
Contas Consolidadas

Exercício de 2021

Senhores Accionistas,

1. Nos termos da lei, dos estatutos da empresa e no desempenho do mandato que nos conferiram, vimos apresentar o nosso relatório sobre a actividade fiscalizadora desenvolvida em 2021 e dar o nosso parecer sobre o Relatório de Gestão e Demonstrações Financeiras Consolidadas apresentadas pelo Conselho de Administração da SECIL – Companhia Geral de Cal e Cimento, S.A., relativamente ao exercício findo em 31 de Dezembro de 2021.

2. No decurso do exercício, acompanhámos com regularidade a actividade da empresa e das suas filiais e associadas mais significativas, com a periodicidade e extensão que considerámos adequada, nomeadamente através de reuniões periódicas com a Administração e Directores da Sociedade. Acompanhámos a verificação dos registos contabilísticos e da respectiva documentação de suporte, bem como a eficácia dos sistemas de gestão de riscos, de controlo interno e de auditoria interna. Vigiámos pela observância da lei e dos estatutos. No exercício da nossa actividade não deparámos com quaisquer constrangimentos.

3. Reunimos por diversas vezes com o revisor oficial de contas e auditor externo, KPMG & Associados, SROC, Lda., acompanhando os trabalhos de auditoria desenvolvidos e fiscalizando a sua independência. Apreciámos a Certificação Legal das Contas, que merece o nosso acordo.

4. O Conselho Fiscal analisou as propostas que lhe foram presentes para prestação de serviços distintos de auditoria pela Sociedade de Revisores Oficiais de Contas, tendo aprovado aquelas que respeitavam a serviços permitidos, não afectavam a independência da Sociedade de Revisores Oficias de Contas e cumpriam os demais requisitos legais.

5. No âmbito das nossas funções, verificámos que:

   a) A Demonstração dos resultados consolidados, a Demonstração da posição financeira consolidada, a Demonstração do rendimento integral consolidado, a Demonstração das alterações nos capitais próprios consolidados, a Demonstração dos fluxos de caixa consolidados e as correspondentes Notas anexas às demonstrações financeiras consolidadas, permitem uma adequada compreensão da situação financeira da empresa e dos seus resultados, do rendimento integral, das alterações no capital próprio e dos fluxos de caixa;

   b) As políticas contabilísticas e os critérios valorimétricos adoptados estão conformes com as Normas Internacionais de Relato Financeiro (IFRS) tal como adoptadas na União Europeia, e são adequados por forma a assegurar que os mesmos conduzem a uma correcta avaliação do património e dos resultados, tendo-se dado seguimento, às análises e recomendações emitidas pelo auditor externo;

   a) o Relatório de Gestão é suficientemente esclarecedor da evolução dos negócios e da situação da empresa e do conjunto das filiais incluídas na consolidação, evidenciando com clareza os aspectos mais significativos da actividade.

6. Nestes termos, tendo em consideração as informações recebidas do Conselho de Administração e Serviços da Empresa, bem como as conclusões constantes da Certificação Legal de Contas, somos do parecer que:

   a) seja aprovado o Relatório de Gestão;

   b) sejam aprovadas as Demonstrações Financeiras Consolidadas.

7. Finalmente, os membros do Conselho Fiscal expressam o seu reconhecimento e agradecimento pela colaboração prestada, ao Conselho de Administração, aos principais responsáveis e aos demais colaboradores da empresa, bem como à Sociedade de Revisores Oficiais de Contas, KPMG & Associados, SROC, Lda.

Lisboa, 22 de abril de 2022

O Presidente do Conselho Fiscal,

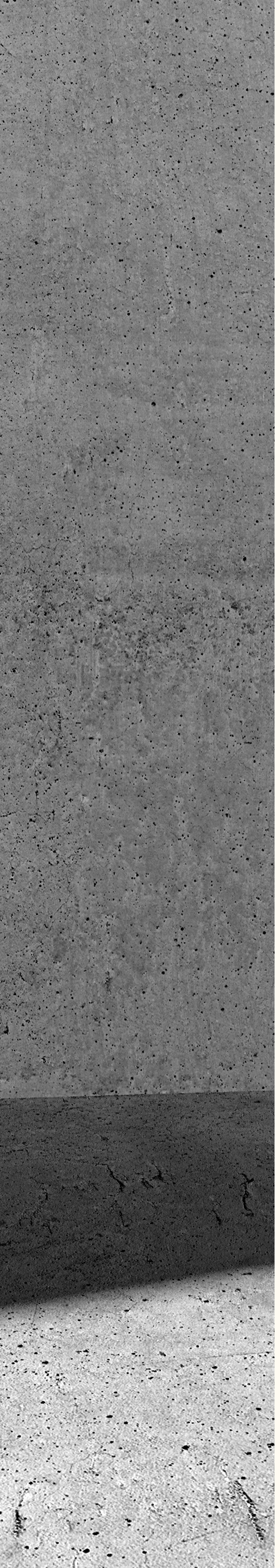
José Manuel de Oliveira Vitorino

O Vogal,

Gonçalo Nuno Palha Gaio Picão Caldeira

O Vogal,

Maria da Graça Torres Ferreira da Cunha Gonçalves



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