NON-ESEF VERSION

Semapa

ANNUAL REPORT 2021

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EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

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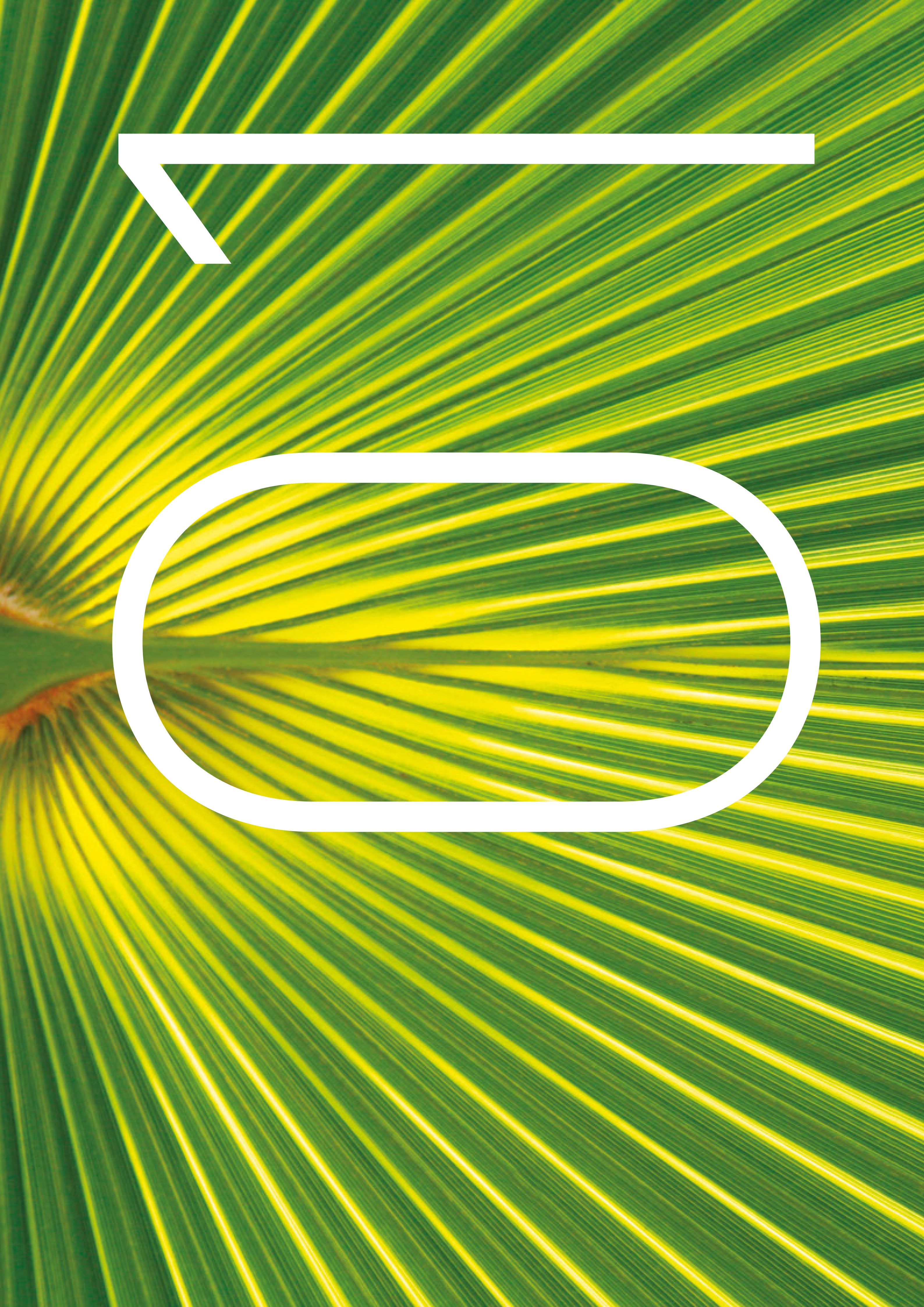
CONTENTS



THE SEMAPA GROUP

MESSAGE FROM THE CHAIRMAN AND CEO

JOSÉ FAY
Chairman of the Board of Directors

RICARDO PIRES
Chairman of the Executive Board (CEO)

Dear Shareholders,

Following a year that will go down in history as one of the most turbulent in the past century with the spread of the Covid-19 pandemic worldwide, 2021 showed the first signs of an upturn in economic activity, albeit rather heterogeneous, and a return to some normality in several areas of our daily lives, yet still reflecting some of the side effects of the pandemic crisis.

In this context, the performance of the Semapa Group and of the different portfolio businesses confirms the resilience, adaptability, and determination of all Employees in achieving a very positive year both economically and financially.

Global GDP in this past year is estimated to have grown 5.9%, following a -3.1% decline in 2020, which was nevertheless below initial projections due, in particular, to additional restrictions imposed as a result of the global predominance of the Omicron variant in Q4 and the continued impact of global supply chain disruption, resulting in bottlenecks in the supply of raw materials and components and in the rise in price of these products, and of energy, causing widespread inflationary pressures on major world economies.

In the European Union, the IMF's latest projections point to a growth of 5.2% compared to 2020, for both the 27 Member States and for the euro area, meaning that the European GDP remains below that of 2019, unlike the US, which in 2021 exceeded the pre-pandemic GDP by increasing around 5.6%, following a -3.4% decline in 2020. China, on the other hand, one of the few world economies with a positive performance in 2020 (+2.3%), maintained its growth trend in 2021 (+8.1%) and its role as a major driver of the global economy.

The Portuguese economy grew 4.9% in 2021 (after a significant -8.4% decline in 2020), benefiting from a strong recovery of domestic demand in all areas: private consumption (+4.4%), public consumption (+5.0%), and investment (+7.2%). External demand affected GDP growth negatively, largely due to the sluggish recovery of the tourism sector, which in 2021 amounted to half of that in 2019.

In this global and local context, Semapa Group revenue totalled 2,131 million euros (+14% year-on-year), of which 74.0% corresponds to exports and foreign sales. EBITDA totalled 509 million euros (+21% year-on-year) and net profit attributable to Semapa shareholders amounted to 198 million euros (+86% year-on-year).

In 2021, consolidated net debt (including the effect of IFRS 16) dropped to 1,112 million euros, as a result of the Group's strong ability to generate operating cash flow, which totalled 449 million euros (+24% year-on-year).

This operational performance of the Group's different business units enabled it to pursue its goal of reducing the level of indebtedness in recent years and prepares the Group to face the challenges that lie ahead.

In the Pulp and Paper segment, and in a year that was, by any standards, complex, Navigator demonstrated its robustness as a corporate project and its strength as a pillar of the Portuguese economy, where it accounts for around 1% of GDP and for 2.4% of Portuguese exports. The company generates more than 30,000 direct and indirect jobs and creates the highest national added value, as a result of the high local products and services inclusion.

In the Cement and Other Building Materials segment, Secil continued to improve its performance, a trend it has pursued in recent years, in adverse environments in some countries facing economic, social, and political hardships, in particular Lebanon and Tunisia, and with local currencies depreciating against the euro.

The results achieved by Secil in 2021 are the successful culmination of the Return Programme, launched in 2017, which challenged the entire organisation to implement ambitious measures for operational and commercial improvement in various areas, taking the company to another level of efficiency and excellence. These results are a success story of which we are proud and represent an advancement of the existing corporate culture, allowing us to look to the future with optimism.

In the Environment segment, ETSA achieved its goal of improving performance in 2021 vis-à-vis 2020, a year in which it was not greatly affected by the pandemic crisis as a result of being considered by the Portuguese Government as a company providing an essential service.

ETSA's revenue in fact passed the 40 million euros mark for the first time in 2021, whilst at the same time, the company strengthened its strategy by acquiring a controlling interest in Tribérica, paving the way for new business segments.

As regards the Group's venture capital business unit, in 2021 Semapa Next strengthened the implementation of its investment strategy, reinforced its position in the venture capital market in Portugal by directly investing in two companies, Oceano Fresco and LOQR, and expanded partnerships with investment funds in the UK, Spanish, and German markets.

> *"The performance of the Semapa Group and of the different portfolio businesses confirms the resilience, adaptability, and determination of all Employees in achieving a very positive economic and financial year."*

2021 was also a landmark year for one of Semapa Group's core strategic priorities: the business sustainability of our companies, as demonstrated by the Group's continued efforts to seek more sustainable development models.

Navigator has continued to work towards achieving carbon neutrality in its plants by 2035, a commitment that brings national and European targets forward by 15 years, thus becoming the first Portuguese company, and one of the first worldwide, to set this ambitious target, for which it allocated an overall investment of 154 million euros.

As a member of ATIC – Associação Técnica da Indústria do Cimento de Portugal (Technical Association of the Cement Industry), Secil also has the goal of achieving carbon neutrality in the cement and concrete value chain by 2050, and significant interim targets of reducing CO_2 by 48% by 2030. To this end, Secil has ongoing investments and projects aimed at the decarbonisation of its industrial processes and at circular economy integration in its business model, for example, the implementation of the CCL (Clean Cement Line), LCC (Low Carbon Clinker), and Energreen (new refuse-derived liquid fuel) projects.

With regard to ETSA, its core business contributes to decarbonisation by recycling food by-products that would otherwise add to greenhouse gas emissions. Nonetheless, ETSA has invested heavily in reducing fossil fuel consumption in its industrial units with the introduction of biomass installations, allowing ETSA to reduce more than 80% of fossil fuel emissions.

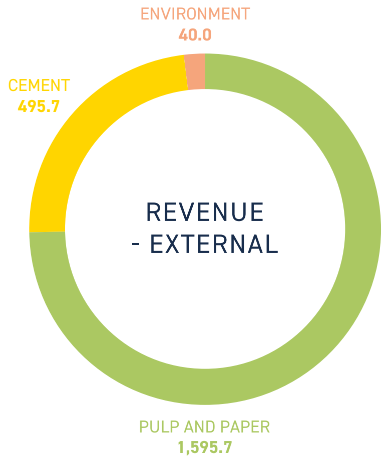
As regards our People, and in a year still plagued by the pandemic, we had to strictly comply with the contingency plans prepared by all companies, with a clear and single focus on the health and safety of all Employees. Conditions were ensured for Employees to work from home, where applicable, and protection measures were put in place for other Employees to work at the various sites. Also of note is the effort to carry out generalised screening tests throughout the year in all Group companies, to prevent potential contagion chains, ensuring employees health and business continuity.

In 2021 investments were also made in the continuous development of Employees through training, participation in innovative projects, and mobility between companies, all of which promote personal and professional growth and synergies for the Group as a whole. These initiatives included, among others, the implementation of the Semapa Leadership Model, which embodies a number of behaviours that guide our leaders. Semapa maintained the annual Talent Review process, which contributes to the design of career paths within the Group, and the analysis of Succession Plans for first-line positions. Other initiatives that also help enhance the Group's identity and our proximity and collaborative culture included the 2021 Semapa Meeting, the Semapa Talks conferences, and Semapa News, which this year focused on sustainability.

At the end of a year that has brought so many demanding and exciting challenges, we would like to acknowledge the collaboration, support, and understanding of our Employees, customers, suppliers, financial institutions, regulatory and supervisory authorities, the Group's governing bodies, our shareholders, and all those living in the areas where our plants are located and where we do business.

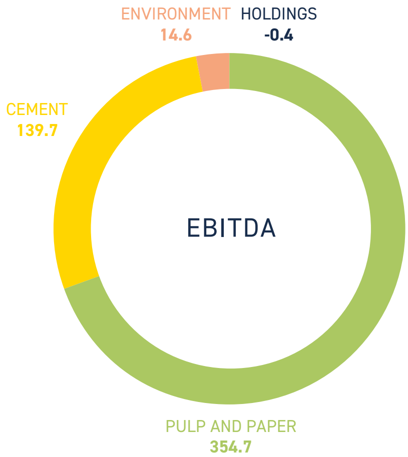
Finally, we would like to emphasise our sense of pride and trust: pride in the history of the Semapa Group, in particular our recent history, in which the Group demonstrated its ability to overcome difficulties faced thanks to the strong team spirit and cohesion of all our Employees; and trust in our People as the key enablers of the strategy outlined for the coming years, which, we believe, will bear fruit.

LEADING INDICATORS OF THE GROUP



REVENUE

2,131.4
million euros
+14.1%
2020: 1,867.4 million euros



EBITDA

508.7
million euros
+21.3%
2020: 419.3 million euros

EBITDA MARGIN

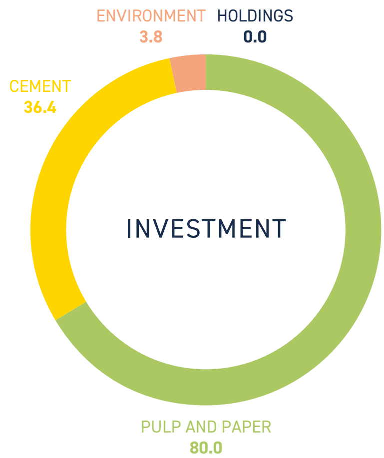
23.9%
2020: 22.5%

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

198.1
million euros
+85.9%
2020: 106.6 million euros

INVESTMENT IN TANGIBLE FIXED ASSETS

120.3
million euros
+10.4%
2020: 108.9 million euros



ACCIDENT FREQUENCY RATE

7.9

2020: 9.3

NO. HOURS OF TRAINING/ EMPLOYEE

+14%

vs. 2020 hours of training

RENEWABLE ENERGY CONSUMPTION

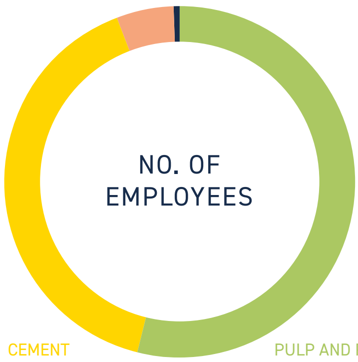
(%total energy consumption)

54%

NO. OF EMPLOYEES

5,823

2020: 5,926 (-103)

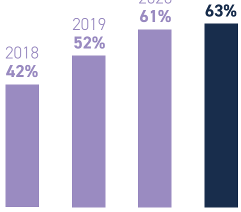


KG CO_2 PER T/CEMENTITIOUS

Secil

-14.1%

vs. 1990 emissions



% OF NATIONAL CERTIFIED WOOD RECEIVED IN NAVIGATOR´S INDUSTRIAL SITES

% NATIONAL CERTIFIED WOOD

Navigator

63%

2020: 61%

Product	No.	Capacity
BEKP Pulp	3	1.55 MtAD
UWF Paper	2	1.57 Mt
Cement	8	9.75 Mt

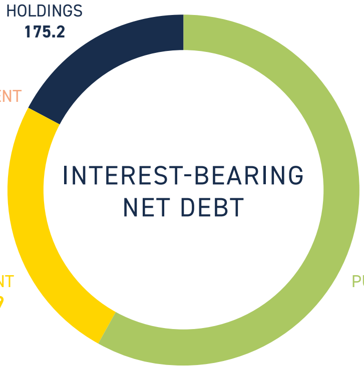
INTEREST-BEARING NET DEBT

1,015.6

million euros

-16.5%

2020: 1,215.7 million euros



BUSINESS INDICATORS

Million Euros	2017	2018	2019	2020	2021
Income Statement					
Revenue	2,164.7	2,198.0	2,228.5	1,867.4	2,131.4
EBITDA	500.7	548.5	486.8	419.3	508.7
EBITDA margin (%)	23.1%	25.0%	21.8%	22.5%	23.9%
Operational results	272.3	313.7	241.0	199.2	310.1
EBIT margin (%)	12.6%	14.3%	10.8%	10.7%	14.5%
Profit for the year	193.6	201.2	162.7	142.2	250.0
Attributable to Semapa's Shareholders	124.1	132.6	124.1	106.6	198.1
Per share					
Closing market price, Eur/share	17.795	13.100	13.720	9.000	11.700
Dividends per share, Eur (paid in n+1)	0.512	0.512	0.125	0.512	0.512
Basic earnings per share, Eur	1.538	1.643	1.540	1.333	2.481
Cash Flow					
Cash Flow	422.1	436.0	408.6	362.3	448.5
Investments					
Capital Expenditures	144.0	243.2	202.9	108.9	120.3
Balance Sheet					
Consolidated shareholders' equity	843.4	890.4	960.9	948.8	1,092.3
Total equity	1,221.9	1,257.6	1,261.7	1,208.0	1,345.4
Interest-bearing net debt	1,673.7	1,551.6	1,470.7	1,215.7	1,015.6
Interest-bearing net debt + IFRS 16	1,673.7	1,551.6	1,545.8	1,295.9	1,112.3

Note:
2021 dividends per share refers to the proposed allocation of profit presented in this report to be paid in 2022.

MISSION, STRATEGIC PRINCIPLES AND VALUES

MISSION

To be a benchmark for investment management in key sectors of the Portuguese and international economy, aware of the principles of sustainable development and capable of balancing the requirements of creating returns for shareholders with an attractive project for the professionals of the Group and a deep social and environmental conscience.

STRATEGIC PRINCIPLES

- To grow, with the creation of shareholder value in a perspective of sustainable development with high social awareness;
- To promote development of local communities;
- Develop its Human Resources, providing them with permanent upgrading and career opportunities in accordance with demonstrated ambition and skills;
- To be ready for business opportunities and to make acquisitions with the potential for generating value.

SEMAPA VALUES

- Social and environmental awareness;
- Excellence, competence, innovation and entrepreneurship;
- Discretion;
- Respect, trust, collaboration and justice;
- Integrity, ethics and honesty.

WHO WE ARE

One of the biggest Portuguese industrial groups with presence in

4 CONTINENTS

PORTFOLIO

that includes Pulp and Paper, Cement and Other Building Materials, Environment and Venture Capital

Listed since 1995 in

EURONEXT LISBON

(PSI20)

Family

QUEIROZ PEREIRA

reference investor

Professional, experienced and diversified

MANAGEMENT

WHAT WE DO

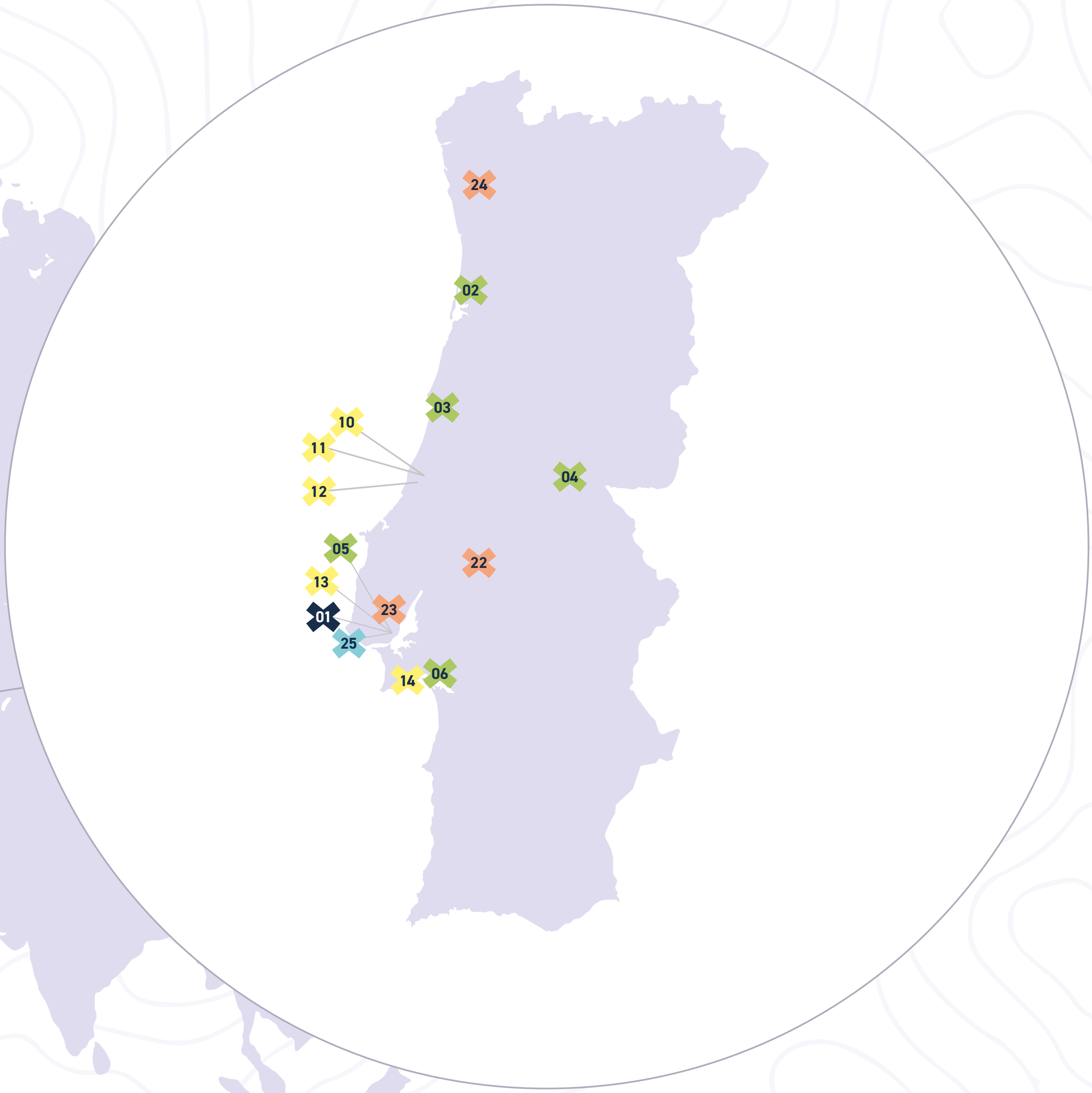
Semapa

% Share Capital

NAVIGATOR	PULP AND PAPER 69.97%
SECIL	CEMENT AND OTHER BUILDING MATERIALS 100%*
ETSA	ENVIRONMENT 100%*
SEMAPA NEXT	VENTURE CAPITAL 100%

*Approximate value

WHERE WE ARE



HOLDING
SEMAPA

01 Lisbon Office

PULP AND PAPER
NAVIGATOR

02 Aveiro Plant
03 Figueira da Foz Plant
04 *Tissue* Plant
Vila Velha de Rodão
05 Lisbon Office
06 Setúbal Plant
07 Maputo Office

CEMENT
SECIL

08 Terneuzen Terminal
09 Vigo Terminal
10 Maceira-Liz Plant
11 Cal Maceira Plant
12 Cibra-Pataias Plant
13 Lisbon Office
14 Secil-Outão Plant
15 Gabès Plant
16 Funchal Terminal
17 Sibline Plant
18 Praia Terminal
19 Lobito Plant
20 Adrianópolis PR Plant
21 Pomerode SC Plant

ENVIRONMENT
ETSA

22 Coruche Plant
23 Santo Antão do Tojal Plant
24 Vila Nova de Famalicão Plant

VENTURE CAPITAL
SEMAPA NEXT

25 Lisbon Office

CORPORATE BODIES

BOARD OF DIRECTORS

CHAIRMAN
José Antônio do Prado Fay

FULL MEMBERS
Ricardo Miguel dos Santos Pacheco Pires
Vítor Paulo Paranhos Pereira
António Pedro de Carvalho Viana-Baptista
Carlos Eduardo Coelho Alves
Filipa Mendes de Almeida de Queiroz Pereira
Francisco José Melo e Castro Guedes
Lua Mónica Mendes de Almeida de Queiroz Pereira
Mafalda Mendes de Almeida de Queiroz Pereira
Vítor Manuel Galvão Rocha Novais Gonçalves

EXECUTIVE BOARD

CHAIRMAN (CEO)
Ricardo Miguel dos Santos Pacheco Pires

FULL MEMBERS
Vítor Paulo Paranhos Pereira (CFO)

REMUNERATION COMMITTEE

João do Passo Vicente Ribeiro
João Rodrigo Appleton Moreira Rato
José Gonçalo Ferreira Maury

GENERAL MEETING

CHAIRMAN
Vacant

SECRETARY
Luís Nuno Pessoa Ferreira Gaspar

AUDIT BOARD

CHAIRMAN
José Manuel de Oliveira Vitorino

FULL MEMBERS
Gonçalo Nuno Palha Gaio Picão Caldeira
Maria da Graça Torres Ferreira da Cunha Gonçalves

ALTERNATE MEMBER
Ana Isabel Moraes Nobre de Amaral Marques
Tavares da Mata

STATUTORY AUDITOR

FULL MEMBER
KPMG & Associados – Sociedade de Revisores
Oficiais de Contas, S.A., represented by
Paulo Alexandre Martins Quintas Paixão

ALTERNATE MEMBER
Vítor Manuel da Cunha Ribeirinho

COMPANY SECRETARY

FULL MEMBER
Rui Tiago Trindade Ramos Gouveia

ALTERNATE MEMBER
Joana Esperança Fernandes Lopes Luís

BOARD OF DIRECTORS

JOSÉ FAY

RICARDO PIRES (CEO)

VÍTOR PARANHOS PEREIRA (CFO)

ANTÓNIO VIANA-BAPTISTA

CARLOS ALVES

FILIPA QUEIROZ PEREIRA

FRANCISCO GUEDES

LUA QUEIROZ PEREIRA

MAFALDA QUEIROZ PEREIRA

VÍTOR NOVAIS GONÇALVES


02

MANAGEMENT REPORT

CONTENTS

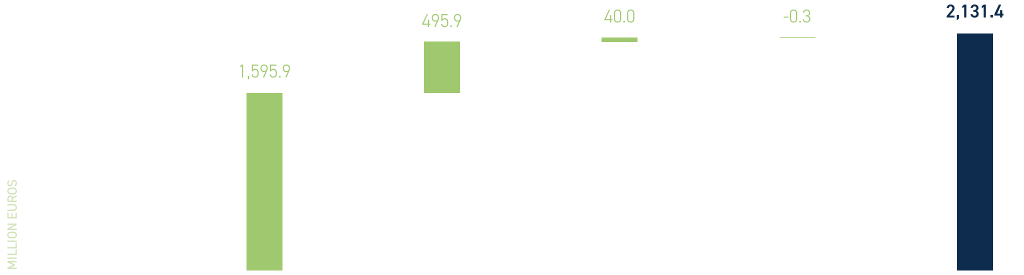
1 OVERVIEW OF SEMAPA GROUP OPERATIONS

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2021	2020	Var.
Revenue	**2,131.4**	**1,867.4**	**14.1%**
EBITDA	**508.7**	**419.3**	**21.3%**
EBITDA margin (%)	23.9%	22.5%	1.4 p.p.
Depreciation, amortisation and impairment losses	(193.9)	(214.6)	9.6%
Provisions	(4.7)	(5.5)	14.3%
EBIT	**310.1**	**199.2**	**55.6%**
EBIT margin (%)	14.5%	10.7%	3.9 p.p.
Net financial results	(49.3)	(58.9)	16.2%
Net monetary position	7.2	13.9	-48.3%
Profit before taxes	**267.9**	**154.3**	**73.7%**
Income taxes	(18.0)	(12.0)	-49.9%
Net profit for the period	250.0	142.2	75.7%
Attributable to Semapa shareholders	**198.1**	**106.6**	**85.9%**
Attributable to non-controlling interests (NCI)	51.8	35.7	45.3%
Cash flow	448.5	362.3	23.8%
Free Cash Flow	295.4	345.2	-14.4%
	31/12/2021	**31/12/2020**	**Dec21 vs. Dec20**
Equity (before NCI)	1,092.3	948.8	15.1%
Interest-bearing net debt	**1,015.6**	**1,215.7**	**-16.5%**
Lease liabilities (IFRS 16)	96.7	80.1	20.7%
Total	**1,112.3**	**1,295.9**	**-14.2%**

REVENUE

The consolidated revenue of Semapa Group in 2021 was 2,131.4 million euros (+14.1% year-on-year). Exports and foreign sales, for the same period, amounted to 1,576.5 million euros, accounting for 74% of revenue.



	PULP AND PAPER	CEMENT	ENVIRONMENT	HOLDINGS AND ELIMINATIONS	**2021**
Δ% 2021/2020	+15.2%	+9.9%	+27.3%	+15.4%	+14.1%
2020	1,385.4	451.0	31.4	-0.4	1,867.4

PULP AND PAPER: 1,595.9 MILLION EUROS ▲ 15.2%

In 2021, Navigator revenue totalled 1,595.9 million euros, paper sales accounting for around 72% of the revenue (vs. 68% year on year), pulp sales 11% (vs. 11%), tissue sales 9% (vs. 10%), and energy sales around 8% (vs. 10%). The year was marked by positive developments in demand for UWF, particularly in Europe, after a year of significant decline in global paper consumption as a result of the pandemic. Navigator recorded an increase in UWF volumes and managed to implement price increases, across all businesses.

CEMENT: 495.9 MILLION EUROS ▲ 9.9%

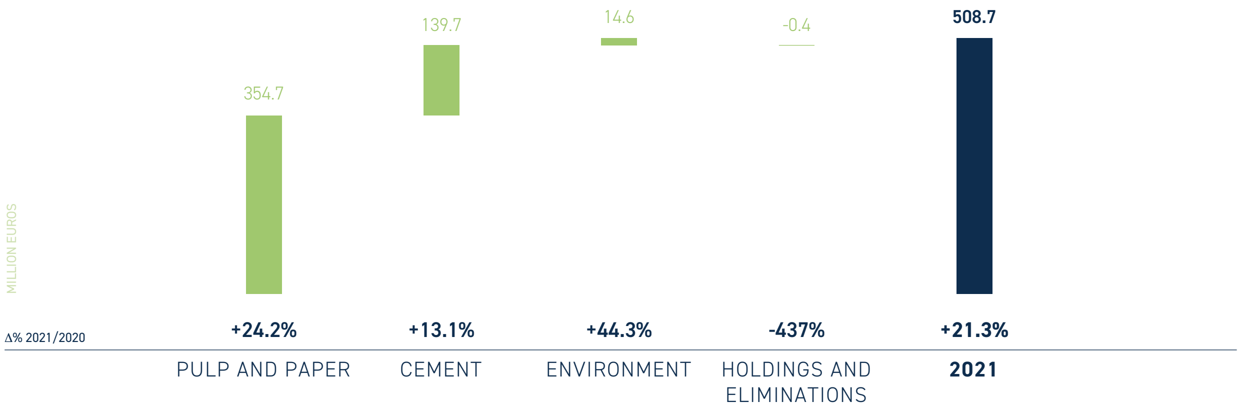
In 2021, Secil revenue amounted to 495.9 million euros, 9.9% higher than in the previous year. This increase is essentially the result of the positive developments in Portugal, Brazil, and Tunisia, and there was also a recovery in Lebanon after the strong impact of the depreciation of the Lebanese pound against the Euro in 2020. The exchange variation of the currencies of the different countries (excluding Lebanon which is suffering from hyperinflation) had a negative effect of about 9.3 million euros on Secil's revenue.

ENVIRONMENT: 40.0 MILLION EUROS ▲ 27.3%

ETSA recorded revenue of approximately 40.0 million euros in 2021, up by around 27.3% against the previous year. The growth in revenue is mainly explained by the increase in sales of fat and meal of category 3 and used cooking oil.

EBITDA

In 2021, EBITDA totalled 508.7 million euros (+89.4 million euros, +21.3%, year on year). The consolidated EBITDA margin was 23.9% (vs. 22.5% in 2020).



2020	285.5	123.6	10.1	0.1	419.3

PULP AND PAPER: 354.7 MILLION EUROS ▲ 24.2%

EBITDA stood at 354.7 million euros, up by 24.2% compared to the previous year. EBITDA margin went from 20.6% in 2020 to 22.2% in 2021, benefiting from the increase in paper volumes, higher pulp, paper, and tissue prices, and production costs containment, despite the strong increase in raw material, energy and logistics costs.

CEMENT: 139.7 MILLION EUROS ▲ 13.1%

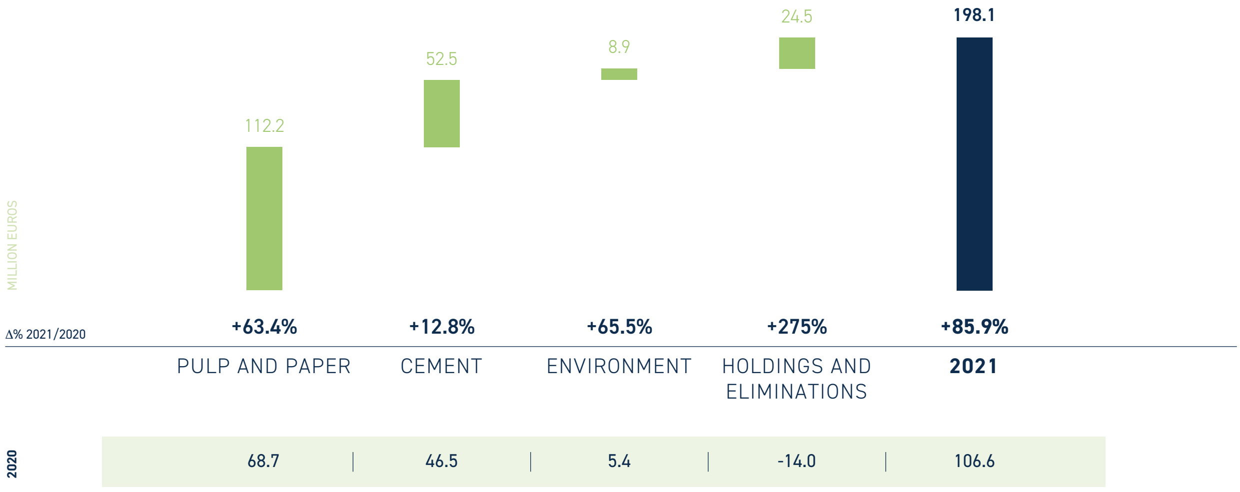
Secil EBITDA reached 139.7 million euros, an increase of 13.1% year on year, despite strong economic, financial, and social instability in Lebanon, and the negative effects of the sharp rise in fuel prices, as well as the depreciation of the Brazilian real, the Lebanese pound, and the Tunisian dinar. EBITDA margin stood at 28.2%, up by around 0.8 p.p. on the margin in 2020.

ENVIRONMENT: 14.6 MILLION EUROS ▲ 44.3%

The EBITDA of ETSA totalled approximately 14.6 million euros in 2021, representing a growth of about 44.3% in comparison with 2020, essentially influenced by higher revenue and control of the main costs. EBITDA margin reached 36.5%, up by 4.3 p.p. when compared to the margin in 2020.

NET PROFIT ATTRIBUTABLE TO SEMAPA SHAREHOLDERS

Net profit attributable to Semapa shareholders stood at 198.1 million euros, up by 85.9% in relation to the previous year.



PULP AND PAPER: 112.2 MILLION EUROS ▲ 63.4%

Net profit attributable to shareholders of Semapa in the Pulp and Paper business unit was 112.2 million euros, well above the 68.7 million euros in 2020, which represented an increase in the year of 63.4% (2020: 68.7 million euros).

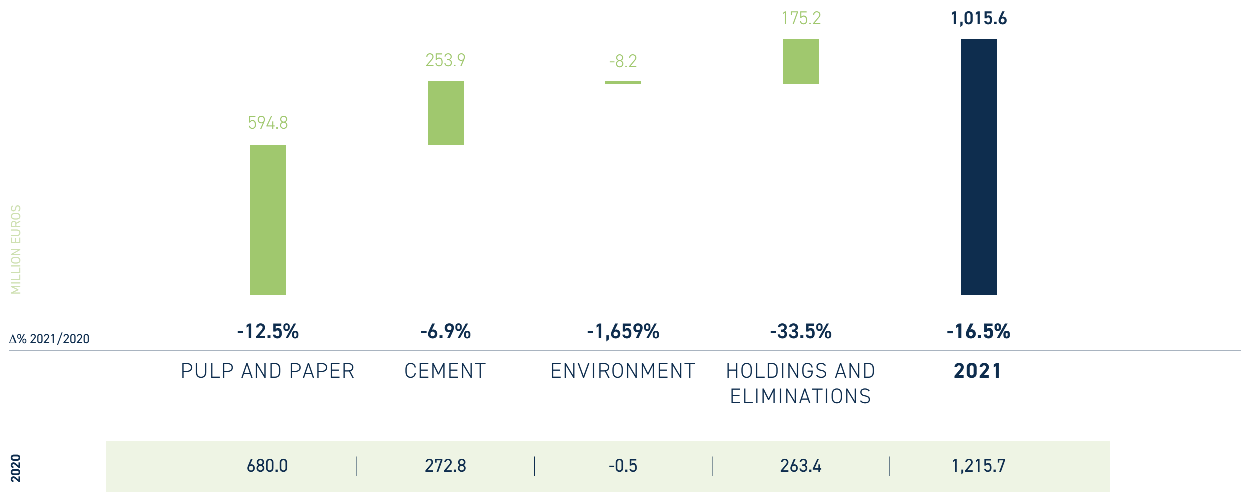
CEMENT: 52.5 MILLION EUROS ▲ 12.8%

Net profit attributed to shareholders of Semapa in the Cement and Other Building Materials business unit was 52.5 million euros, representing an increase in the year of about 12.8% (2020: 46.5 million euros).

ENVIRONMENT: 8.9 MILLION EUROS ▲ 65.5%

Net profit attributable to Semapa shareholders of the Environment business unit totalled approximately 8.9 million euros in 2021, representing an increase in the year of about 65.5% (2020: 5.4 million euros).

INTEREST-BEARING NET DEBT



On 31 December 2021, consolidated net debt stood at 1,015.6 million euros, representing a reduction of around 200 million euros over the figure ascertained at the close of 2020. Including the effect of IFRS 16, net debt would have been 1,112.3 million euros, 183.6 million euros below the figure at the end of 2020.

On 31 December 2021, total consolidated cash and cash equivalents amounted to 382 million euros, in addition to 581 million euros in committed and undrawn credit lines, thus ensuring strong liquidity in the current context of uncertainty.

BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consolidated
	2021	21/20	2021	21/20	2021	21/20	2021	21/20	2021
Revenue - External	**1,595.7**	**15.2%**	**495.7**	**9.9%**	**40.0**	**27.3%**	**-**	**-**	**2,131.4**
Revenue	**1,595.9**	**15.2%**	**495.9**	**9.9%**	**40.0**	**27.3%**	**(0.3)**	**15.4%**	**2,131.4**
EBITDA	**354.7**	**24.2%**	**139.7**	**13.1%**	**14.6**	**44.3%**	**(0.4)**	**-437.1%**	**508.7**
EBITDA margin (%)	22.2%	1.6 p.p.	28.2%	0.8 p.p.	36.5%	4.3 p.p.	-	-	23.9%
Depreciation, amortisation and impairment losses	(137.3)	13.1%	(53.2)	-0.2%	(3.2)	-2.5%	(0.3)	34.9%	(193.9)
Provisions	(3.1)	-36.0%	(1.5)	51.3%	-	-	-	-	(4.7)
EBIT	**214.3**	**71.2%**	**85.0**	**26.2%**	**11.4**	**63.1%**	**(0.6)**	**-129.0%**	**310.1**
EBIT margin (%)	13.4%	4.4 p.p.	17.1%	2.2 p.p.	28.5%	6.2 p.p.	-	-	14.5%
Net financial results	(17.8)	-21.1%	(26.6)	20.6%	(0.2)	25.5%	(4.8)	54.4%	(49.3)
Net monetary position	-	-	7.2	-48.3%	-	-	-	-	7.2
Profit before taxes	**196.5**	**77.9%**	**65.6**	**37.2%**	**11.2**	**66.5%**	**(5.4)**	**49.7%**	**267.9**
Income taxes	(36.2)	-193.6%	(9.5)	-293.3%	(2.3)	-71.1%	29.9	>1000%	(18.0)
Net profit for the period	160.3	63.4%	56.2	6.6%	8.9	65.4%	24.5	275.1%	250.0
Attributable to Semapa shareholders	**112.2**	**63.4%**	**52.5**	**12.8%**	**8.9**	**65.5%**	**24.5**	**275.1%**	**198.1**
Attributable to non-controlling interests (NCI)	48.2	63.4%	3.7	-40.6%	(0.0)	<-1000%	-	-	51.8
Cash flow	300.8	16.3%	110.9	1.8%	12.1	42.2%	24.8	281.9%	448.5
Free Cash Flow	234.8	0.6%	69.3	-41.5%	8.8	29.0%	(17.5)	-27.8%	295.4
Interest-bearing net debt	**594.8**		**253.9**		**(8.2)**		**175.2**		**1,015.6**
Lease liabilities (IFRS 16)	53.2		41.6		1.6		0.2		96.7
Total	**648.0**		**295.5**		**(6.6)**		**175.4**		**1,112.3**

Notes:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

SUMMARY TABLE OF OPERATING INDICATORS

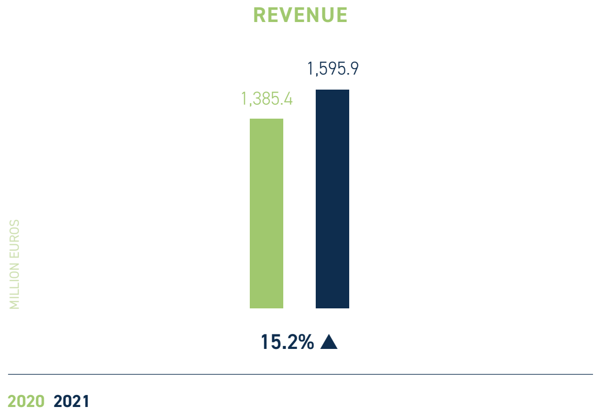
	Unit	2021	2020	Var.
Pulp and Paper				
BEKP Sales (pulp)	1,000 t	292	394	-25.9%
UWF Sales (paper)	1,000 t	1,474	1,276	15.5%
Total sales of tissue	1,000 t	105.4	106.0	-0.6%
Cement				
Sales of Grey Cement	1,000 t	5,062	4,937	2.5%
Sales of Ready-mix	1,000 m^3	1,960	1,803	8.7%
Environment				
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1,000 t	125.1	121.4	3.1%

2 PERFORMANCE OF THE SEMAPA GROUP BUSINESS UNITS

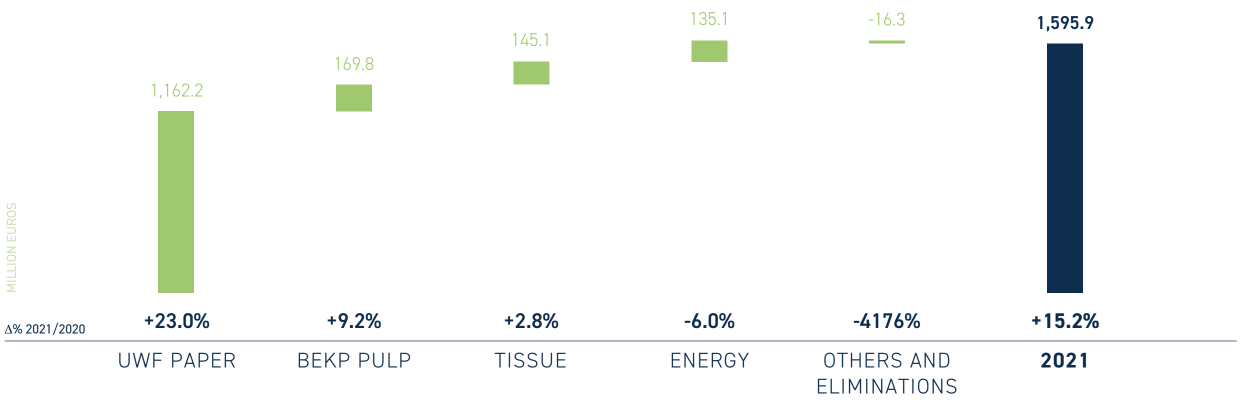
2.1 PULP AND PAPER BUSINESS UNIT

HIGHLIGHTS IN 2021 (VS. 2020)

- In 2021, revenue increased by 15.2% to 1,595.9 million euros, with higher paper volumes in a context of positive development in prices.

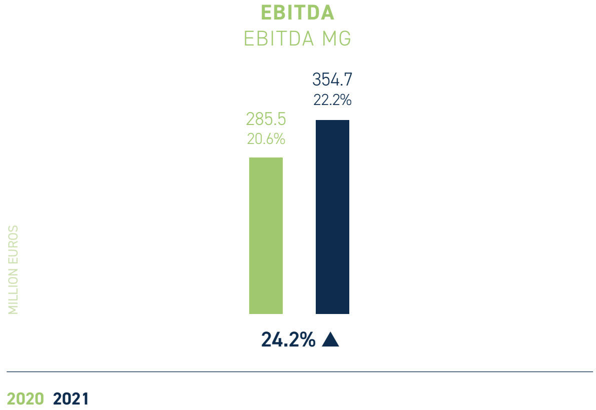


REVENUE BREAKDOWN BY SEGMENT



	UWF PAPER	BEKP PULP	TISSUE	ENERGY	OTHERS AND ELIMINATIONS	2021
2020	944.6	155.5	141.1	143.7	0.4	1,385.4

- EBITDA stood at 354.7 million euros, up by 24.2% compared to the previous year. EBITDA margin went from 20.6% in 2020 to 22.2% in 2021, benefiting from the increase in paper volumes, higher pulp, paper, and tissue prices, and production costs containment, despite the strong increase in raw material, energy, and logistics costs.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2021	2020	Var.
Revenue	**1,595.9**	**1,385.4**	**15.2%**
EBITDA	**354.7**	**285.5**	**24.2%**
EBITDA margin (%)	22.2%	20.6%	1.6 p.p.
Depreciation, amortisation and impairment losses	(137.3)	(158.0)	13.1%
Provisions	(3.1)	(2.3)	-36.0%
EBIT	**214.3**	**125.2**	**71.2%**
EBIT margin (%)	13.4%	9.0%	4.4 p.p.
Net financial results	(17.8)	(14.7)	-21.1%
Profit before taxes	**196.5**	**110.5**	**77.9%**
Income taxes	(36.2)	(12.3)	-193.6%
Net profit for the period	160.3	98.1	63.4%
Attributable to Navigator shareholders	**160.3**	**98.1**	**63.4%**
Attributable to non-controlling interests (NCI)	0.0	0.0	178.8%
Cash flow	300.8	258.5	16.3%
Free Cash Flow	234.8	233.5	0.6%
	31/12/2021	**31/12/2020**	
Equity (before NCI)	814.5	806.6	
Interest-bearing net debt	**594.8**	**680.0**	
Lease liabilities (IFRS 16)	53.2	53.1	
Total	**648.0**	**733.1**	

Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

OVERVIEW OF PULP AND PAPER

In 2021, Navigator revenue totalled 1,595.9 million euros, paper sales accounting for around 72% of the revenue (vs. 68% year on year), pulp sales 11% (vs. 11%), tissue sales 9% (vs. 10%), and energy sales around 8% (vs. 10%).

The year was marked by positive developments in demand for UWF, particularly in Europe, after a year of significant decline in global paper consumption as a result of the pandemic. On the other hand, it was a year characterized by a strong increase in raw materials, energy and logistics costs, particularly in the second half of the year. Navigator was able to offset the sharp increase in variable costs, by furthering the efforts made in 2020 to contain fixed costs, with increased UWF volumes and the implementation of price increases, across all businesses. Throughout 2021, several price increases were made concurrently with a significant optimisation of the sales mix, namely by upgrading the product mix. In the UWF business, the average monthly selling price between January and December rose almost 30%, an unparalleled increase in Navigator's history.

The global demand for printing and writing paper was up 2.4% (YTD November), and UWF paper grew 3.3%, performing better than coated paper (2%) and mechanical fibre paper (0%).

In Europe, UWF paper demand evolved even more positively in 2021 up by 7%. The estimated drop in European imports, about 20% compared to 2020, boosted the sales of European producers, which grew 10% year on year. The current estimate for 2021 reports growth of around 3% in demand for UWF paper in the United States, as well as in the other global regions.

In this context, Navigator reduced stocks to historically low levels and simultaneously achieved the largest order book ever in the final months of the year, exceeding 80 days. In the second half, compared with the first half, Navigator also recorded a gain in market share among competitors in Europe (+2.0 p.p.) and overall (+2.4 p.p.).

The office paper benchmark in Europe at the end of December stood at 976 €/t, a very positive development compared to the index at the beginning of the year (806 €/t). The upward trend of the sales price in 2021, namely in the second half, places the average sales price for the year above that recorded in 2020 (+6%), also comparing favourably with the annual evolution of the European reference index (+1%).

Worthy of note is the effort put into raising prices throughout the year, which led to the largest increase in sales prices from January to December in Navigator's history, both globally and in the main markets in which it operates.

The importance of Navigator's dynamics and flexibility during the year should be highlighted. In the first half of the year, the Company diversified products and markets reflecting the pandemic situation in Europe, with further diversification of its sales into overseas markets. In the second half of the year, Navigator kept pace with the strong increase in demand in Europe and the US, with growth in sales in these markets.

in 1,000 t	2021	2020	Var.
UWF Output	1,461	1,296	12.8%
Figueira da Foz	729	649	
Setúbal	732	646	
UWF Sales	**1,474**	**1,276**	**15.5%**
FOEX – A4- BCopy Eur/t	**844**	**836**	**1.0%**

In this context, Navigator's sales reflected the improvement in paper demand in the year, with a 16% increase in volumes sold to 1,474 thousand tonnes, with revenue driven by higher prices, reflecting growth of around 23% in 2021.

In November 2021, Navigator launched a new line of packaging products, based on the new gKraft brand, with the aim of helping to accelerate the transition from the use of plastic to the use of natural, sustainable, recyclable and biodegradable fibres, thus assuming, and once again, its commitment to sustainability and the preservation of the environment.

Machines PM1 and PM3 of the Setúbal plant ensure flexible supply of packaging products, while PM1 is already fully dedicated to this sector (white and brown). In 2021 packaging sales exceeded 40 million euros, serving bag, flexible packaging, and corrugated cardboard processing industries. Sales reflect positive demand conditions, innovative product development efforts, and the creation of a broad base of more than 80 new customers focusing on southern European markets, reaching a base of 125 active packaging customers by 2021.

In the pulp market, reference prices increased rapidly and significantly in the first months of 2021, first in China and later in Europe. The hardwood pulp benchmark in Europe - PIX BHKP in euros - at the end of the year increased 82% compared to the beginning of the year, to 1,007 €/t, with a variation of about 45% in average prices in the first half of 2021 vs. 2020. The benchmark index for hardwood pulp in China recorded a strong increase, peaking in May at 780 USD/t, and subsequently correcting to 550 USD/t at the end of November. Following further announcements of price increases, it rebounded to 576 USD/t at the end of December, still up 15% on the start of the year.

This improvement in pulp prices in Europe was sustained by a number of factors, among which it stands out the strong increase in demand from end-users, essentially packaging and printing and writing papers (and to a lesser extent tissue). Demand in the various European paper segments was strongly influenced by the reduction in imports from Asia (particularly China) due to logistical constraints (scarcity of transport and significant rise in freight costs), by the increase in exports to MENA (Middle East and North Africa) and by the vaccine roll-out and relaxation of lock-down measures, with the consequent improvement in economic activity.

At the same time, the supply of pulp suffered constraints due to planned and unplanned shutdowns and longer than usual maintenance shutdowns as a result of the stronger safety measures put in place because of the pandemic. The conversion of some short-fibre pulp capacity to dissolving pulp, and the current logistical constraints have also affected volumes of hardwood pulp available on the European market.

At the beginning of 2021, Navigator's pulp stocks were relatively low, which combined with the shutdown for maintenance of the plant in Figueira da Foz at the end of the first quarter, and of the plants in Setúbal and Aveiro in the third quarter, together with higher integration of pulp into paper, reduced pulp volumes available for sale in the period.

in 1,000 t	2021	2020	Var.
BEKP Output	1,460	1,364	7.0%
Aveiro	347	324	
Figueira da Foz	583	573	
Setúbal	530	467	
BEKP Sales	**292**	**394**	**-25.9%**
Foex – BHKP Usd/t	**1,023**	**680**	**50.3%**
Foex – BHKP Eur/t	**867**	**596**	**45.3%**

Sales stood at 292 thousand tonnes, 26% below levels in 2020, when Navigator benefited from a larger quantity of pulp available for sale due to lower paper integration after some of its paper machines stopped due to the pandemic and some destocking. The recovery in pulp prices observed since the beginning of the year made it possible to make up for the decline in sales volumes, and the revenue in the period was therefore up by approximately 9% on 2020.

In 2021, the tissue market continued to feel the effects of the pandemic context. Demand from the Away from Home segment in Southern Europe has recovered somewhat, albeit stalled by the late reopening of economies and the restrictions on mobility. The rebound is essentially related to tourism and the Horeca channel. In the At Home segment, there was a reduction in stock, especially when compared with the same period last year, reflecting a normalisation of consumption which peaked in 2020.

In parallel, the sharp rise in the year in energy, logistics, and commodity costs, in particular the price of pulp, put great pressure on tissue manufacturers' margins, with many players announcing price increases. As a result, Navigator raised prices twice during the year, in April and December.

in 1,000 t	2021	2020	Var.
Reels Output	111.1	112.7	-1.4%
Output of finished products	82.0	79.5	3.2%
Sales of reels and goods	24.5	25.9	-5.4%
Sales of finished products	80.9	80.1	1.0%
Total sales of tissue	**105.4**	**106.0**	**-0.6%**

Tissue sales volume reached 105 thousand tonnes, a reduction of close to 1% compared to 2020, with finished product sales once again overcoming 80 thousand tonnes, above previous year's performance. Revenue was driven by rising prices, thus showing growth of around 3% in 2021.

The year also saw the launch of differentiated and innovative products, such as Amoos® Naturally Soft, with high softness and no bleaching chemicals, Amoos Aquactive™, which represents a new generation of tissue paper with incorporated soap, and Amoos Air Sense™, with perfume activated with each use.

In 2021, the sales of electrical energy totalled about 135.1 million euros, which represents a reduction of 6% year on year. The reduction is mainly due to the fact that the combined-cycle natural gas cogeneration plant in Setúbal began operating on a self-consumption basis from the start of the year, supplying one of the plant's paper machines, and only the surplus production was sold to the grid.

Due to the high prices of the Iberian electricity market, it should be noted that the surplus power produced by this plant is now priced by the market to the detriment of the tariff regulated since 22 November 2021.

Navigator's renewable cogeneration plants, which had been severely impacted in 2020 by reductions in output due to the pandemic, are back to normal levels of production with 6% more electricity sales in relation to the previous year.

In 2021 two new self-consumption solar power plants kicked off, consolidating Navigator's investment in this field. The Figueira da Foz solar plant, which is installed on the roof of one of the paper machines, began operating in January with an installed capacity of 2.6 MW. The solar plant in Setúbal began operating in November, being the second power plant installed at this industrial site, with an installed capacity of 1.9 MW.

When these plants came into operation, Navigator's total installed capacity amounted to 7 MW of photovoltaic solar energy for self-consumption, equivalent to more than 21,000 solar panels installed.

Production costs increased by about 20 million euros in the year, mainly due to the higher cost of wood, as a result of more wood being supplied from outside the Iberian Peninsula, and also due to the higher cost of external fibres, energy, and chemicals.

There was also a significant increase in logistics costs, with a negative trend of 35 million euros, particularly in the second half of the year, arising from the current logistical constraints that are affecting the economy across the board. Despite the difficult context where it is operating, both in terms of price and availability of resources, Navigator has successfully continued to operate at 100% capacity without any supply disruption upstream or downstream.

In energy, power and natural gas prices rose, driven by the volume exposed to the market. It should be noted that the effect of the increase in energy costs was mitigated by the risk hedging policy with fixed-rate contracts for most of the 2021 purchases, and by the reduction in natural gas consumption due to the new biomass boiler in Figueira da Foz. Furthermore, the combined-cycle natural gas cogeneration plant in Setúbal began operating on a self-consumption basis from the start of the year, supplying one of the plant's paper machines, which eliminated the cost of electricity supply to paper machine no. 4.

The efforts made in 2020 to contain fixed costs continued, achieving another reduction in functioning costs of 3 million euros compared to 2020, while personnel and maintenance costs moved in the opposite direction as anticipated, increasing 18% and 5% respectively. Total fixed costs were 7% higher than in the same period of last year, mainly due to staff costs. In the case of maintenance costs, the increase is mainly explained by the incomplete maintenance programs in 2020, given the difficulties created by the pandemic.

The increase in personnel costs was in line with Navigator's good performance in 2021, which allowed the distribution of bonuses to Employees and the resumption of the rejuvenation programme that had been put on hold in 2020. On the other hand, the amount of personnel costs in 2021 compares with costs in 2020 that were favourably impacted by the support measures put in place during the pandemic. Labour negotiations in Navigator's different business areas with the worker representative structures involved a considerable amount of work in the year. In the scope of the aforementioned negotiation process, the new career regulations for operational technicians should be highlighted, which in January 2022 allowed more than 1,235 Employees, representing about 70% of the Employees in the business areas, to progress in their careers. A collective labour agreement was also signed for the first time for the tissue segment, whose conditions reflect the current reality of this business.

In this framework, cost containment efforts, higher transversal prices, and more UWF volumes helped to offset the strong increase in input prices and to push EBITDA in 2021 up to 354.7 million euros, which compares favourably to 285.5 million euros in 2020 (+24.2%). The EBITDA margin stood at 22.2% and compares with 20.6% in 2020. The net negative impact of the exchange rate on EBITDA of about 10 million euros is worth noting, with an average EUR/USD in 2021 of 1.18 vs. 1.14 in 2020.

The financial results amounted to -17.8 million euros (vs. -14.7 million euros in 2020), a deterioration of 3.1 million euros, essentially caused by the negative variation of financial income that peaked in 2020, in connection to amounts still to be received for the sale of the pellet business in 2018, interest earned and amounts associated with the antidumping process in the USA (together - 3 million euros vs. 2020), and the cancellation of an interest rate swap linked to the redemption of a debenture loan in December 2020 (-1.5 million euros). In the opposite direction, the cost of funding evolved positively (1.1 million euros) due to the decrease in average debt compared to the same period last year, despite a small increase in the average cost resulting from the lower weight of short-term debt, which in 2020 gained significant expression due to the liquidity obtained to deal with the pandemic.

Net profit attributable to Navigator shareholders in 2021 totalled 160.3 million euros, up by 63.4% over the same period in the previous year.

Free cash flow generation continued at a steady pace (52 million euros in the fourth quarter), in line with the favourable development of Navigator's operating performance, particularly with regard to sales and prices. Ongoing focus on working capital is still an important additional element for improving stable inflows.

Throughout the year, the amount invested in working capital remained at low levels, in a context of a moderate increase in stock levels, in line with the gradual recovery of activity levels, especially in pulp stocks, which, despite remaining at historically low volumes, increased by about 25 thousand tonnes in 2021 compared to the very low level reached at the end of 2020.

Furthermore, the impact of the Navigator supplier management policy which, combined with liquidity support solutions to its partners, contributed actively to the levels of cash flow generation achieved.

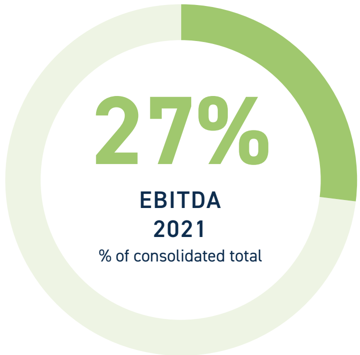
The investment in 2021 was circa to 80.1 million euros, roughly the same figure as in 2020 (80.6 million euros). This amount is mainly made up of investments aimed at revamping equipment, maintaining production capacity, and achieving efficiency gains. It also includes 14 million euros in the environmental sector and decarbonisation, most significantly the final components of investment in the new biomass boiler at Figueira da Foz, relating to final acceptance of works (6.0 million euros), and the new evaporation line in Aveiro (3.5 million euros). Regarding other projects, it stands out the new wood yard in Figueira da Foz (7.2 million euros), the new woodchip stack in Aveiro (1.1 million euros), the refurbishment of the Wet Sector in Aveiro (1.9 million euros), and the solar power plants in Figueira da Foz (complete) and Setúbal (under construction), totalling 14 million euros.

Implementation of the investment plan in 2021 was affected by the restrictions related to the pandemic. It should be recalled that in 2020, the biomass boiler aside, in view of the uncertain environment created by the pandemic, Navigator only implemented the essential projects for maintaining production capacity and postponed all others. At the end of the first quarter of 2021, with better visibility on the future, the Capex plan was resumed.

In 2021 Navigator generated a very significant free cash flow of around 235 million euros, approximately the same as last year.

It should also be noted that following five years since the beginning of the anti-dumping process, the US authorities conducted a procedure so-called "sunset review" in 2021 to reassess the continuation of the proceedings. US authorities have carried out a full review of the anti-dumping proceedings on UWF paper imports into the United States which constituted the original order, including imports from Portugal, with Navigator taking an active part in the process. In January 2022, the mentioned authorities established that the anti-dumping process would continue for 5 years more, despite the continued increase in Navigator's prices in the North American market and the reduction of supply in that market by local producers.

2.2 CEMENT AND OTHER BUILDING MATERIALS BUSINESS UNIT

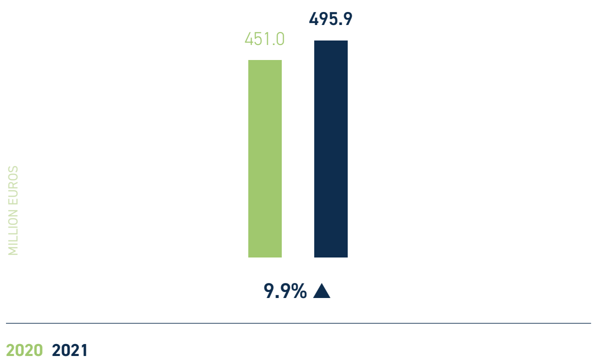


HIGHLIGHTS IN 2021 (VS. 2020)

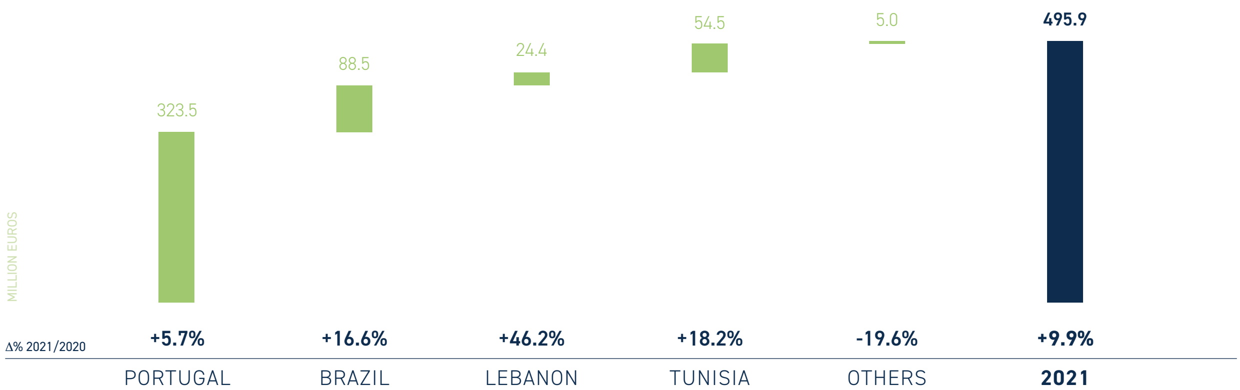
- In 2021, Secil revenue amounted to 495.9 million euros, 9.9% higher than in the previous year.

- This increase is essentially the result of the positive developments in Portugal, Brazil, and Tunisia, and there was also a recovery in Lebanon after the strong impact of the depreciation of the Lebanese pound against the Euro in 2020. The exchange variation of the currencies of the different countries (excluding Lebanon which is suffering from hyperinflation) had a negative effect of about 9.3 million euros on Secil's revenue.

REVENUE



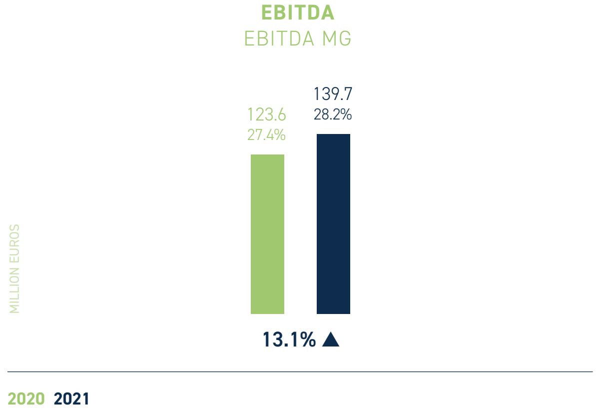
REVENUE BREAKDOWN BY COUNTRY



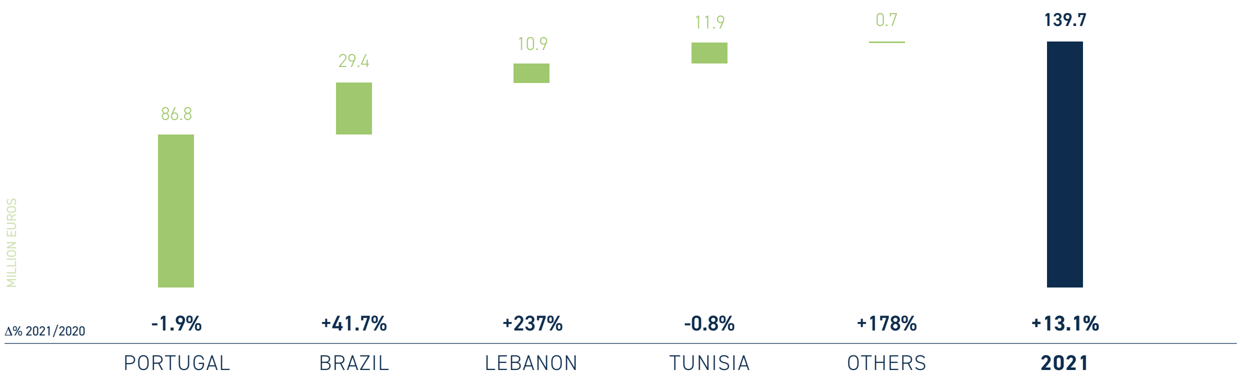
2020	306.1	75.9	16.7	46.1	6.2	451.0

Note:
Other includes Angola, Trading, Other and Eliminations. 2020 data was reclassified for the purpose of comparability.

- Secil EBITDA reached 139.7 million euros, an increase of 13.1% year on year, despite the strong economic, financial, and social instability in Lebanon, and the negative effects of the sharp rise in fuel prices, as well as the depreciation of the Brazilian real, the Lebanese pound, and the Tunisian dinar.



EBITDA BREAKDOWN BY COUNTRY



2020	88.5	20.8	3.2	12.0	-0.9	123.6

Note:
Other includes Angola, Trading, Other and Eliminations. 2020 data was reclassified for the purpose of comparability.

Secil's net financial results had a very sharp improvement year on year, from -33.5 million euros to -26.6 million euros at the end of 2021. The positive difference resulted from the combined effect of a reduction in the net financing cost, and a significant decrease in exchange rate differences, mainly due to exchange loss in 2020 resulting from the depreciation of the BRL, which decreased substantially in 2021.

In 2021, net profit attributable to Secil shareholders totalled a positive figure of 52.5 million euros vis-à-vis the amount of 46.5 million euros over the same period in the previous year. This positive variation results from the improvement in the financial results, and mostly from operating results, offsetting the income taxes negative effect.

Secil recorded an investment value in fixed assets of 43.4 million euros in 2021, reflecting an increase of approximately 16.3 million euros compared to the previous year. This investment includes 20 million euros for the decarbonisation project at the Outão plant in Portugal (CCL - Clean Cement Line), which it expects to conclude in 2022, that pioneers the combination of a set of mature and innovative technologies will help to reduce CO_2 emissions by 20%, increasing energy efficiency by 20%, and producing 30% of electricity through heat recovery from the process itself. The low carbon clinker that will result from this process will make it possible to respond competitively to requests for green procurement on the market.

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2021	2020	Var.
Revenue	**495.9**	**451.0**	**9.9%**
EBITDA	**139.7**	**123.6**	**13.1%**
EBITDA margin (%)	28.2%	27.4%	0.8 p.p.
Depreciation, amortisation and impairment losses	(53.2)	(53.1)	-0.2%
Provisions	(1.5)	(3.1)	51.3%
EBIT	**85.0**	**67.4**	**26.2%**
EBIT margin (%)	17.1%	14.9%	2.2 p.p.
Net financial results	(26.6)	(33.5)	20.6%
Net monetary position	7.2	13.9	-48.3%
Profit before taxes	**65.6**	**47.8**	**37.2%**
Income taxes	(9.5)	4.9	-293.3%
Net profit for the period	56.2	52.7	6.6%
Attributable to Secil shareholders	**52.5**	**46.5**	**12.8%**
Attributable to non-controlling interests (NCI)	3.7	6.2	-40.6%
Cash flow	110.9	108.9	1.8%
Free Cash Flow	69.3	118.6	-41.5%
	31/12/2021	**31/12/2020**	
Equity (before NCI)	371.4	330.9	
Interest-bearing net debt	**253.9**	**272.8**	
Lease liabilities (IFRS 16)	41.6	25.0	
Total	**295.5**	**297.8**	

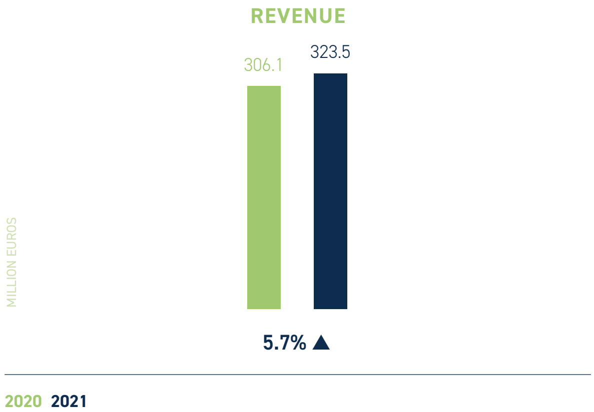
Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

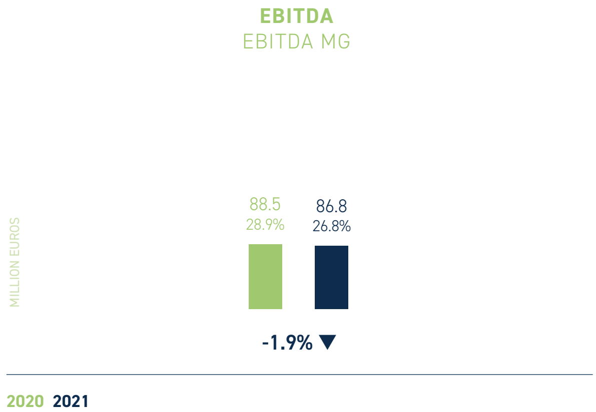
LEADING OPERATING INDICATORS

in 1,000 t	2021	2020	Var.
Annual cement production capacity	**9,750**	**9,750**	**0.0%**
Production			
Clinker	4,279	4,301	-0.5%
Cement	5,189	4,990	4.0%
Sales			
Cement and Clinker			
Grey cement	5,062	4,937	2.5%
White cement	82	68	21.2%
Clinker	145	505	-71.3%
Other Building Materials			
Aggregates	5,083	4,550	11.7%
Mortars	258	235	9.9%
in 1,000 m^3			
Ready-mix	1,960	1,803	8.7%

Note:
2020 data was reclassified for the purpose of comparability.

PORTUGAL





KEY OPERATING INDICATORS

	Unit	2021	2020	Var.
Clinker Production	**1,000 t**	**1,787**	**1,778**	**0.5%**
Cement Production	**1,000 t**	**2,072**	**1,974**	**5.0%**
Cement and Clinker Sales				
Internal Market	1,000 t	1,585	1,495	6.1%
Exports**	1,000 t	487	654	-25.5%
Total	**1,000 t**	**2,072**	**2,149**	**-3.6%**
Ready-mix Sales*	1,000 m^3	1,545	1,463	5.6%
Aggregates Sales*	1,000 t	5,083	4,550	11.7%
Mortars Sales*	1,000 t	258	235	9.9%
Precast Sales*	1,000 t	103	122	-15.9%

Note:
* Sales volumes concern total sales of each business unit, do not exclude intragroup values.
** Includes Terminal sales in the Netherlands, Cape Verde, and Spain.

The Construction Production Index increased by 2.9% in December, year-on-year, accelerating 0.4 percentage points from the previous month. In the year 2021, construction production grew by 2.9%, after a 3.3% contraction in 2020 (Índices de Produção, Emprego, Remunerações na Construção - February 2022, INE). Cement consumption in Portugal in 2021 is estimated to have grown in accumulated terms about 9.8% year on year.

In 2021, revenue of combined operations in Portugal stood at 323.5 million euros, i.e., 5.7% more in relation to the same period in 2020.

Revenue in the Cement business unit in Portugal grew 6.8% (+11.5 million euros) from the same period in the previous year, due to the combined effect of higher volumes sold to the domestic market and the increase in respective average selling price.

Domestic market revenue was up by 8.1% against 2020, as a result of more cement sales driven by more cement consumption and higher average selling price. On the other hand, export revenue, including the Secil terminals, decreased around 22.8%. Despite the sharp decrease in exported volumes, the increase in the average sales price and a more favourable sales mix made it possible to avoid greater loss.

In the other business units with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars, and Precast), revenue increased by 7.8% year on year (+11.5 million euros).

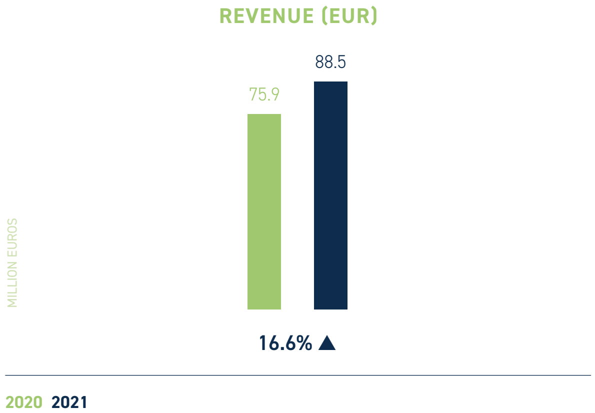
This growth took place in all areas of building materials, benefiting from greater building dynamics, albeit less in the Concrete business unit, which recorded more modest growth in sales volume (4.9%).

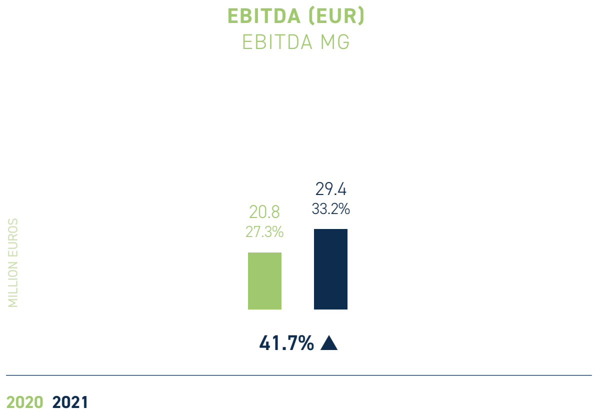
In 2021, EBITDA of total operations in Portugal was down by 1.9%, standing at 86.8 million euros vs. 88.5 million euros recorded in 2020.

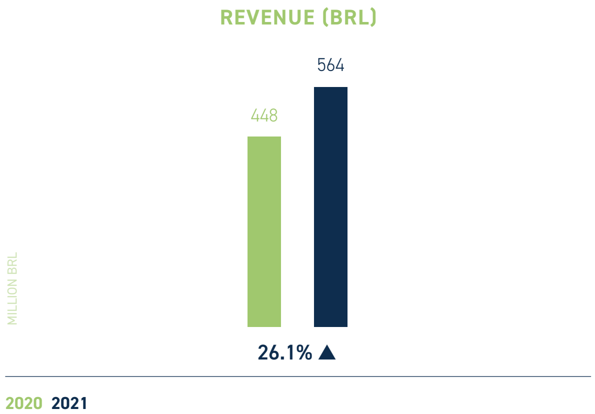
The Cement business unit presented an EBITDA slightly higher than that of the same period in the previous year (+0.6%), despite being negatively impacted by the decrease in the sale of surplus CO_2 emission licences, which represented a significant reduction compared to 2020, and the increase in thermal energy costs, as a consequence of the increase in the international price of solid fuels. The increase in volumes sold in the domestic market, and higher average prices, both in the domestic and foreign markets, should be positively highlighted.

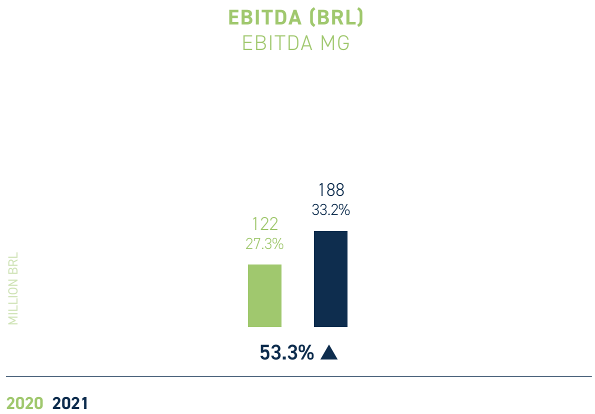
EBITDA of the building materials business units was up by 14.1%. Aggregates, Mortars, and Pre-cast materials progressed well, which helped to overcome the weak performance of the Concrete segment, as a result of strong market pressure to lower sales prices and increase variable production costs.

BRAZIL









Note:
Average exchange rate EUR-BRL 2020 = 5.8978 / Average exchange rate EUR-BRL 2021 = 6.3773.

KEY OPERATING INDICATORS

	Unit	2021	2020	Var.
Clinker Production	**1,000 t**	**1,100**	**1,077**	**2.2%**
Cement Production	**1,000 t**	**1,510**	**1,586**	**-4.8%**
Cement and Clinker Sales				
Internal Market	1,000 t	1,497	1,560	-4.0%
Exports	1,000 t	14	32	-56.9%
Total	**1,000 t**	**1,511**	**1,591**	**-5.1%**
Ready-mix Sales*	1,000 m^3	227	180	26.0%

Note:
*Sales volumes concern total sales of each business unit, do not exclude intragroup values.

According to the estimates of SNIC (Preliminary Results of December 2021), cement consumption in Brazil increased circa 6.4% against the previous year.

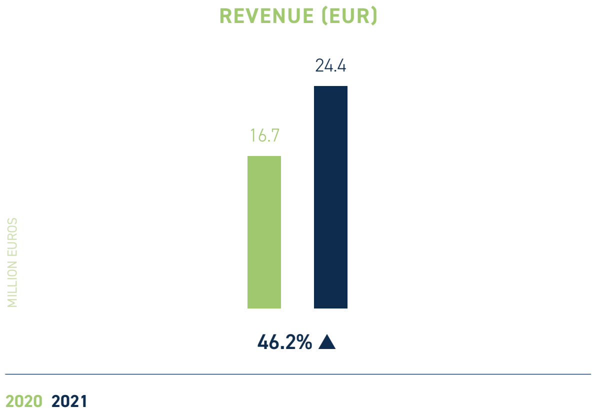
The main drivers of this performance are still the pick-up in construction of infrastructure (particularly state highways and urban pavement), real estate construction projects, and self-construction refurbishments, which continue to play an important role in cement sales, even after the emergency support suspension since January.

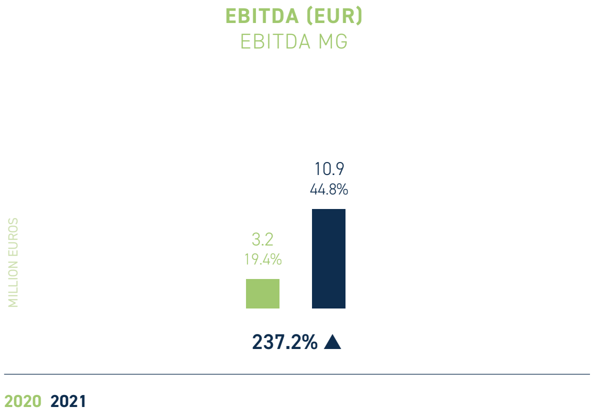
In 2021, revenue of combined operations in the country stood at 88.5 million euros, 16.6% growth over the previous year. However, discounting the effect of the exchange rate depreciation of the Real against the Euro, with a negative impact of around 7.2 million euros, revenue would have been higher by 19.8 million euros (+26%).

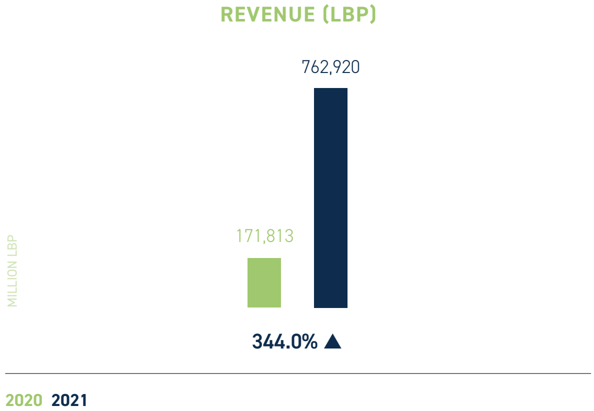
Cement revenue increased despite cement volumes being below the levels in the same period of the previous year, due to an increase in average selling price.

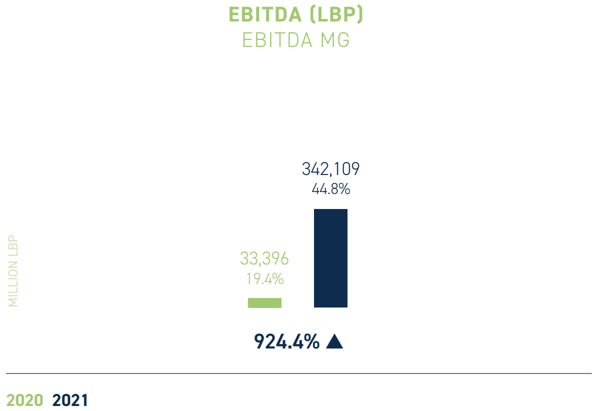
The EBITDA of activities in Brazil totalled 29.4 million euros, which compares with 20.8 million euros recorded year on year (i.e. 41.7% increase). Excluding the unfavourable exchange rate effect (-2.4 million euros), EBITDA would have increased by 53%, reflecting the good performance of the activity, which helped to offset the negative impact of higher variable production costs, energy in particular.

LEBANON









Note:
Average exchange rate EUR-LBP 2020 = 10,307.6 / Average exchange rate EUR-LBP 2021 = 31,316.4.

KEY OPERATING INDICATORS

	Unit	2021	2020	Var.
Clinker Production	**1,000 t**	**561**	**742**	**-24.4%**
Cement Production	**1,000 t**	**677**	**705**	**-4.0%**
Cement and Clinker Sales				
Internal Market	1,000 t	670	737	-9.1%
Exports	1,000 t	0	171	-100.0%
Total	**1,000 t**	**670**	**908**	**-26.3%**
Ready-mix Sales*	1,000 m^3	61	51	20.2%
Precast Sales*	1,000 t	22	35	-37.2%

Note:
*Sales volumes concern total sales of each business unit, do not exclude intragroup values.

Lebanon is plunged in a serious social and economic-financial crisis. Despite the efforts made by political forces to stabilise the situation, the outbreak of the Covid-19 pandemic and the effects of the explosion in Beirut port in August 2020 continue to contribute to its intensification. In addition, the constant power cuts in the last quarter negatively impacted Secil's operations in that country.

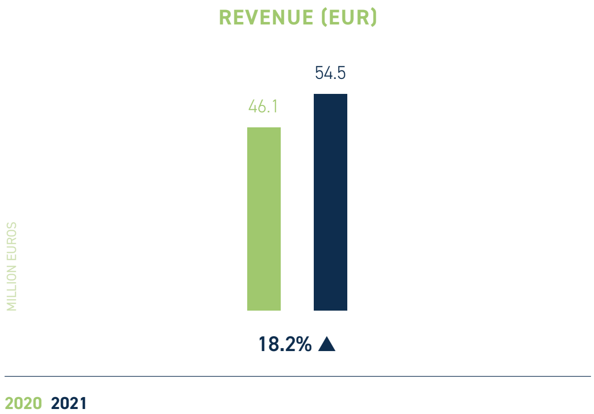
In spite of the context, revenue of combined operations in Lebanon increased 46.2%, compared to the same period in 2020, standing at 24.4 million euros. This growth results from the adjustment of sales prices in local currency to the hyperinflation situation, and the rapid depreciation of the currency. Note that the Lebanese pound ended the year at 27,650 LBP per 1 USD, which compares with 8,400 LBP per 1 USD at the end of 2020.

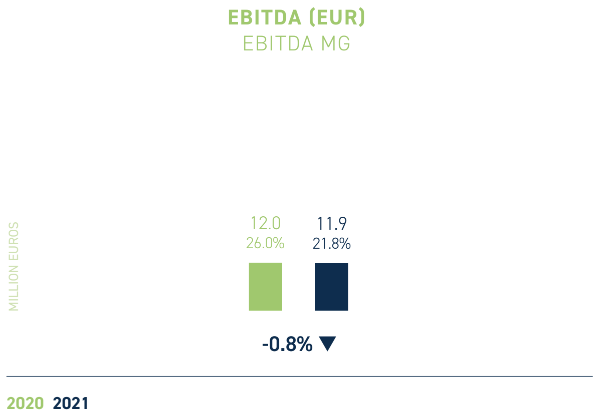
The volume of cement and clinker sold to the domestic market decreased 9.1% compared to the same period last year. Revenue in euros grew 38.4%, despite the high exchange rate depreciation of the Lebanese pound, which was more than compensated for by the price increase in local currency.

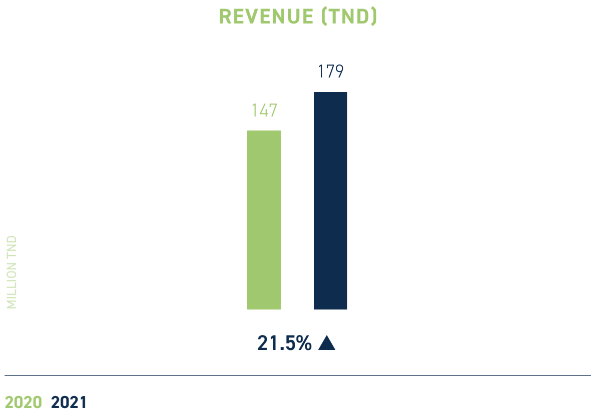
Concrete revenue in euros was also negatively impacted by the depreciation of the Lebanese pound, bringing revenue down by 53.2% year on year, despite the increase of 20% in volumes sold.

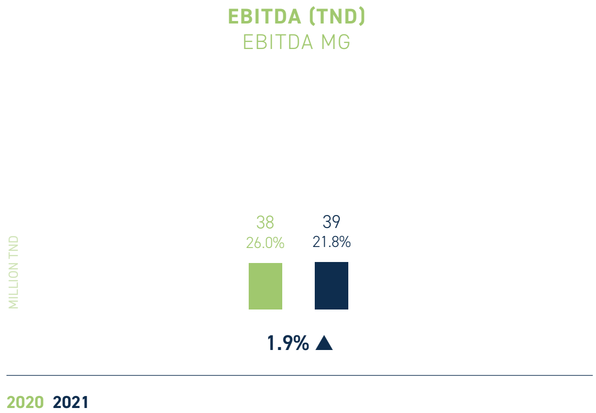
EBITDA from operations in Lebanon stood at 10.9 million euros, up by 237% in relation to 2020. This increase is mainly due to inflation in the local economy and to the cost containment measures implemented, which more than offset the effect of the depreciation of the Lebanese pound.

TUNISIA









Note:
Average exchange rate EUR-TND 2020 = 3.1998 / Average exchange rate EUR-TND 2021 = 3.2889.

KEY OPERATING INDICATORS

	Unit	2021	2020	Var.
Clinker Production	**1,000 t**	**831**	**705**	**17.9%**
Cement and Lime Production	**1,000 t**	**846**	**656**	**28.9%**
Cement and Clinker Sales				
Internal Market	1,000 t	578	567	1.9%
Exports	1,000 t	404	226	78.3%
Total	**1,000 t**	**981**	**793**	**23.7%**
Ready-mix Sales*	1,000 m3	127	109	16.2%
Precast Sales*	1,000 t	0	0	-28.7%

Note:
*Sales volumes concern total sales of each business unit, do not exclude intragroup values.

Tunisia is still facing significant challenges, including high foreign and fiscal deficits, rising debt, and insufficient growth to reduce unemployment. Some social unrest and pressure from union claims continue. Government deficit is reflected in public works and the real estate sector faces challenges due to difficulties in obtaining funding (in connection with the fragility of the banking sector), which impacts construction output.

In October, when the new government took office (after the previous government resigned in July), its composition of qualified personalities with no political ambitions was interpreted as a positive sign of the intention to lead the country's economic and financial recovery. Meanwhile, at the end of the year, the 2022 Finance Law was published, understood as a transitional law to prepare for the various fundamental economic and social reforms that the government is planning to carry out between 2022 and 2026.

In this difficult context, the domestic cement market is expected to have grown around 2.4% in comparison with the same period in 2020 (heavily impacted by the outbreak of the pandemic), and is still subject to strong competition due to excess installed capacity.

Revenue of the combined operations in Tunisia showed a positive year-on-year variation of 18.2%, totalling 54.5 million euros, negatively impacted by 1.5 million euros due to the depreciation of the Tunisian dinar against the Euro.

Revenue of the Cement business grew around 17.7% to 51.1 million euros, reflecting an increase in cement sales in the external market (+199.8%), also accompanied by a positive variation in average sales prices (+8%). In the domestic market, there was a slight increase in volumes sold (+1.9%) and prices remained practically at the level of the previous year.

Revenue of the Concrete business grew 19.7% year on year, mainly due to the increase in volumes sold (+16.2%).

Subsequently, EBITDA from operations in Tunisia amounted to 11.9 million euros, slightly below the figure in the same period of 2020 (12.0 million euros). The good commercial performance made it possible to mitigate the negative effects of higher variable costs, particularly in energy and industrial maintenance.

OTHERS

ANGOLA'S KEY OPERATING INDICATORS

	Unit	2021	2020	Var.
Cement Production	1,000 t	84	68	23.4%
Cement and Clinker Sales*	1,000 t	85	68	25.1%

Note:
*Sales volumes concern total sales of each business unit, do not exclude intragroup values.

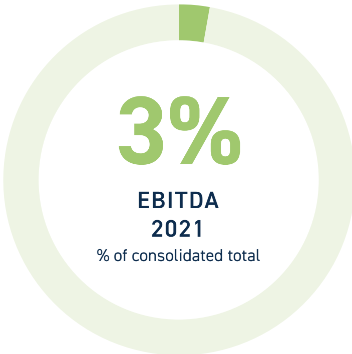
It is estimated that, according to the latest figures available, the Angolan cement market was up by 19% compared to the same period in 2020.

In a context of strong inflation and significant depreciation of the Kwanza vis-à-vis the Euro, Secil Lobito has been implementing a strict price policy that can help it tackle the increase in costs, either expressed in local currency or those arising from the necessary imports. In these terms, the price of cement in local currency increased compared to the same period in 2020 and the volumes of cement sold by Secil grew 25.1% compared to the same period in the previous year.

Consequently, revenue totalled 6.3 million euros, i.e., 49.7% above that in the same period of the previous year, still affected by the currency depreciation, which produced a negative effect of 558 thousand euros. Excluding the exchange rate effect, revenue would have been higher by 63%.

EBITDA in 2021 amounted to a positive figure of 681 thousand euros, which in contrast with the negative 778 thousand euros recorded over the same period in the previous year is a significant improvement.

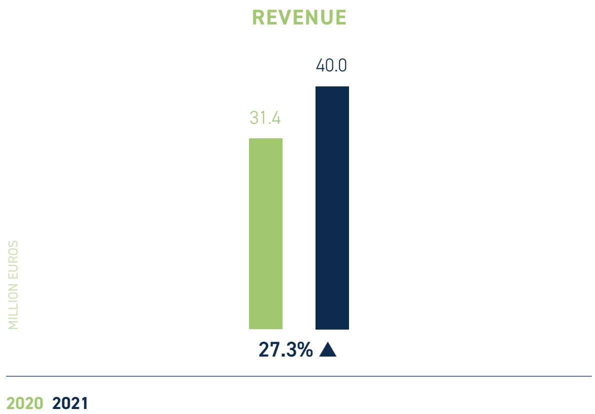
2.3 ENVIRONMENT BUSINESS UNIT



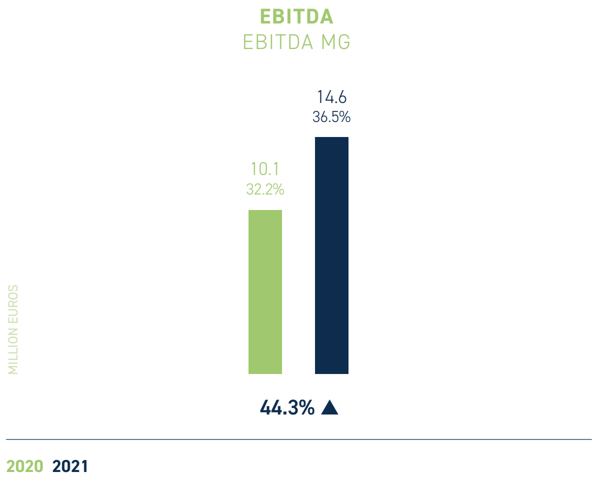
HIGHLIGHTS IN 2021 (VS. 2020)

- ETSA recorded revenue of approximately 40.0 million euros in 2021, up by around 27.3% against the previous year.

- The growth in revenue is mainly explained by the increase in sales of fat and meal of category 3 and used cooking oil.



- The EBITDA of ETSA totalled approximately 14.6 million euros in 2021, representing a growth of about 44.3% in comparison with 2020, essentially due to higher revenue and control of the main costs.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2021	2020	Var.
Revenue	**40.0**	**31.4**	**27.3%**
EBITDA	**14.6**	**10.1**	**44.3%**
EBITDA margin (%)	36.5%	32.2%	4.3 p.p.
Depreciation, amortisation and impairment losses	(3.2)	(3.1)	-2.5%
Provisions	-	-	-
EBIT	**11.4**	**7.0**	**63.1%**
EBIT margin (%)	28.5%	22.2%	6.2 p.p.
Net financial results	(0.2)	(0.3)	25.5%
Profit before taxes	**11.2**	**6.7**	**66.5%**
Income taxes	(2.3)	(1.3)	-71.1%
Net profit for the period	8.9	5.4	65.4%
Attributable to ETSA shareholders	**8.9**	**5.4**	**65.5%**
Attributable to non-controlling interests (NCI)	(0.0)	-	-
Cash flow	12.1	8.5	42.2%
Free Cash Flow	8.8	6.8	29.0%
	31/12/2021	**31/12/2020**	
Equity (before NCI)	86.6	78.7	
Interest-bearing net debt	**-8.2**	**-0.5**	
Lease liabilities (IFRS 16)	1.6	1.9	
Total	**-6.6**	**1.4**	

Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

KEY OPERATING INDICATORS

	Unit	2021	2020	Var.
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1,000 t	125.1	121.4	3.1%
Sales - Animal fats and used cooking oil	1,000 t	15.3	14.3	7.2%
Sales - Meal (categories 1, 2 and 3)	1,000 t	22.9	21.6	6.2%

OVERVIEW OF THE ENVIRONMENT ACTIVITY

ETSA recorded revenue of approximately 40.0 million euros in 2021, up by around 27.3% against the previous year.

This variation results from a 47.0% increase in sales compared to the previous year, which is essentially due to an increase in sales of **(i)** fat and category 3 meal, **(ii)** used cooking oil, and **(iii)** category 1 fat.

Consolidated services rendered increased around 4.6%, mostly as a result of the growth in the volumes of category 1 and 2 (collected from slaughterhouses and other points besides farms), but also a 4.6% increase in retainer fees from mass distribution.

The EBITDA of ETSA was approximately 14.6 million euros in 2021, representing a growth of about 44.3% in comparison with 2020, fundamentally due to higher revenue and control of the main costs. EBITDA margin stood at 36.5%, up by around 4.3 p.p. over the previous year.

Financial results improved by about 25.5% in relation to the previous year, mostly due to the reduction in average debt.

The combined impact of the mentioned factors resulted in a Net Profit attributable to the ETSA shareholders in 2021 of approximately 8.9 million euros, an increase of around 65.4% compared to the previous year.

In 2021, ETSA recorded an investment value in fixed assets of 3.8 million euros.

2.4 VENTURE CAPITAL BUSINESS UNIT

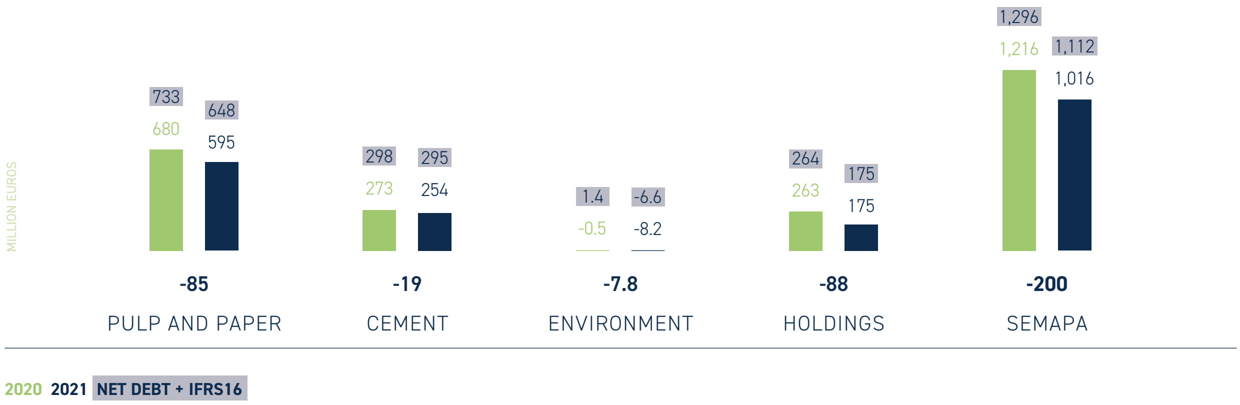
Overall, 2021 was a positive year for Semapa Next, with a number of investments and initiatives recorded. These include investments in European venture capital funds, namely Notion Capital, Firstminute Capital, and Kibo Ventures, as well as in LOQR, a company that develops digital identification and authentication technology for financial institutions. Semapa Next took part in the Global Sustainability Challenge led by Techstars and organised The Future of Food & Food Packaging Challenge, with the active participation of Navigator and ETSA, which identified 6 start-ups with potential for future collaboration with both companies.

The fourth quarter of 2021 featured the investment in Oceano Fresco, a company that specialises in sustainable food and a pioneer in clam aquaculture operations in the open sea, in a round of 6.1 million euros co-led by Semapa Next. In addition to the investments, Semapa Next also attended international events with the aim of strengthening relationships with Venture Capital investors and closely monitoring new technological trends and start-ups.

3 SEMAPA GROUP – FINANCIAL AREA

3.1 INDEBTEDNESS

NET DEBT



On 31 December 2021, consolidated net debt stood at 1,015.6 million euros, representing a reduction of around 200 million euros over the figure ascertained at the close of 2020. Including the effect of IFRS 16, net debt would have been 1,112.3 million euros, 183.6 million euros below the figure at the end of 2020. Besides the operating cash flow generated, these variations are explained by:

- Pulp and paper: -85.2 million euros, including investments in fixed assets of about 80 million euros and distribution of 150 million euros in dividends;

- Cement: -18.9 million euros, including investments in fixed assets of about 43.4 million euros, the reimbursement of 40.5 million euros in supplementary payments to Semapa, and the foreign exchange depreciation with a negative effect of approximately 10 million euros;

- Environment: -7.8 million euros, in spite of the difficulty in collecting the amounts billed to the Government; and,

- Holdings: -88.2 million euros, resulting namely from, investment in financial holdings (15 million euros) corresponding mostly to investments made by Semapa Next, dividends received from Navigator (104.6 million euros), supplementary payments received from Secil (40.5 million euros), and the payment of dividends (40.9 million euros).

On 31 December 2021, total consolidated cash and cash equivalents amounted to 382 million euros, in addition to 581 million euros in committed and undrawn credit lines, thus ensuring strong liquidity in the current context of uncertainty.

In 2021, two financing operations were carried out by Navigator, that pave the way towards sustainable finance. In the first half of the year, Navigator recorded an inflow of 27.5 million euros relating to a loan contracted from EIB in 2020. This grant was directly linked to the new biomass boiler at the Figueira da Foz industrial site, with a total investment of 55 million euros, which will allow the Company to reduce fossil carbon dioxide emissions. A bond issue of 100 million euros in the second half of the year was indexed to ESG goals.

The terms of the loan are indexed to two ESG indicators envisaged in the Navigator's Sustainability Agenda, which, in turn, are aligned with the United Nations Sustainable Development Goals. The first indicator sets targets for reduction of CO_2 emissions, consistent with the Company's Roadmap for Carbon Neutrality, in which Navigator commits itself to being carbon neutral at its industrial sites by 2035. The second indicator sets targets for increasing the percentage of certified wood purchased on the Portuguese market. Certification of wood is one of the most direct routes to achieving sustainability goals in our business sector, and the best guarantee that processes leading to sustainable forest management have been adopted.

3.2 FINANCIAL RESULTS

In 2021 financial results amounted to a negative figure of 49.3 million euros, representing an improvement of 16.2% year on year.

The following factors contributed to the variation in the financial results:

- Less interest paid on loans obtained as a result of lower debt levels;

- The unfavourable exchange differences recorded a positive variation due mainly to a decrease in exchange differences and related hedges, essentially due to the existence of exchange losses in 2020 resulting from the devaluation of the Brazilian real, which decreased very substantially in 2021.

3.3 DIVIDENDS

In May 2021 Semapa distributed dividends in the amount of 40.9 million euros, corresponding to 0.512 euros per share.

On 25 May, Navigator distributed dividends in the amount of 99.6 million euros, corresponding to a gross amount of 0.14 euros per share. At the end of the year, the Company announced an interim dividend (in relation to its 2021 profits), in the amount of around 50 million euros, that is, 0.0703 euros per share, the payment of which was made on 28 December.

In June 2021, ETSA paid dividends in the amount of 1 million euros.

3.4 NET PROFIT

In 2021, net profit attributable to Semapa shareholders was 198.1 million euros, which represents an increase of 91.5 million euros compared to the previous year, due essentially to the combined effect of the following factors:

- Increase in EBITDA of 89.4 million euros: the Pulp and Paper segment was up by 69.2 million euros and the Cement segment increased 16.2 million euros;

- Reduction in depreciation, amortisation and impairment losses and provisions of 21.5 million euros, with emphasis on Navigator;

- Improvement in net financial results by about 9.6 million euros, reflecting, in particular, the less negative exchange rate effects on Secil (Brazilian real);

- Lower impact of the net monetary position (6.7 million euros) that results from the implementation of accounting standard IAS 29 due to the fact that the economy of Lebanon was deemed hyperinflationary;

- Increase in income taxes by around 6.0 million euros. This item includes a positive impact of around 25.7 million euros due to the recognition of deferred tax assets at Semapa, relating to tax losses already tax audited and reportable up to and including 2028.

3.5 TENDER OFFER

Shareholder SODIM, SGPS, SA launched a general and voluntary tender offer (Offer), in cash, for the acquisition of Semapa's shares (11.40 euros per share), as per the Preliminary Announcement published on 18 February 2021. The Offer period ran from 27 April to 4 June 2021. Results were calculated on 7 June and the financial settlement took place on 9 June. The unit value of shares under the Offer was 11.66 euros, after revision, and corresponded to the value of the consideration revised on 6 April to 12.17 euros, deducted from the dividend paid in the meantime of 0.512 euros per share. Following the Offer and additional subsequent acquisitions, SODIM announced that it now holds, directly and indirectly, 66,468,323 shares representing 81.787% of the share capital, and 83.221% of Semapa's voting rights.

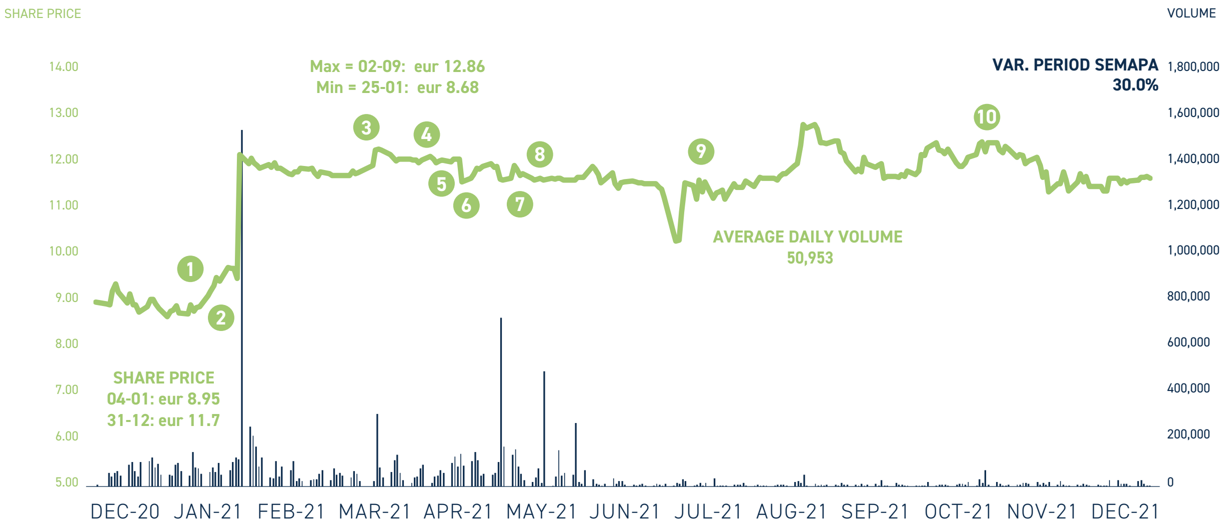
3.6 PERFORMANCE OF SEMAPA SHARES

After a highly volatile 2020, largely due to the pandemic, 2021 turned out to be very positive for world stock markets. Although several lockdown measures were put in place in 2021 and despite new Covid-19 waves of infection, with mandatory teleworking and distance learning, in the second half of the year economies gradually recovered, teaching activities returned to normal, and workers returned to their offices. Due to positive economic projections and the rollout of vaccination, most indices closed the year with gains of between 8% and 29%, except the Brazilian index, which declined almost 12%.

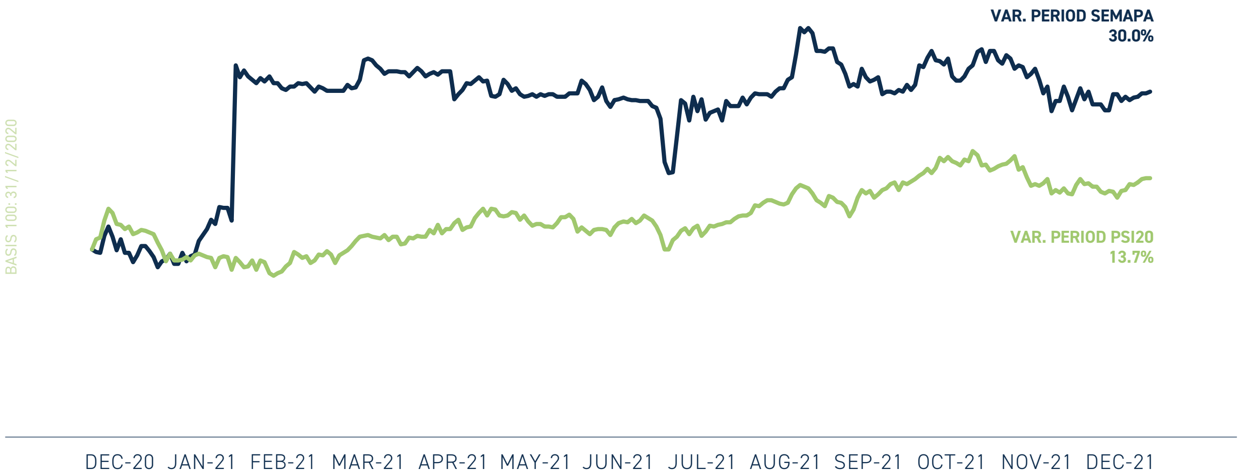
The second half of the year also saw an increase in the price of raw materials as a result of economic recovery and constraints felt on supply and logistics chains, in particular oil, natural gas, and carbon, which rose to record levels, affecting inflation rates.

In 2021, Semapa's share price performance was marked by the launch of the previously mentioned general and voluntary tender offer for the acquisition of Semapa's shares. As such, Semapa's shares appreciated by 30% during the period under review, which compares to the equally positive performance of the PSI20 index (13.7%). Semapa's share price reached a minimum of 8.68 euros on 25 January and a maximum of 12.86 euros on 2 September.

An average daily volume of 50,953 of Semapa's shares were traded, but after 15 June the average daily volume stood at 10,628 shares, that is, 79% less than the average for the year.



1. Disclosure of 2020 results
2. Announcement of the Tender Offer
3. Tender Offer price revision
4. Start of the Tender Offer
5. Announcement of payment of 2020 dividends
6. Ex-dividend date
7. Disclosure of Q1 2021 results
8. End of the Tender Offer
9. Disclosure of 2021 half-yearly results
10. Disclosure of results for the first 9 months of 2021



Note:
Closing prices.

4 STRATEGIC RISK MANAGEMENT

FRAMEWORK

The dynamic context in which the Group operates calls for the constant monitoring of the main internal and external factors affecting its activity, representing constant challenges to the accomplishment of its strategic plans and objectives. As an economic agent, Semapa is exposed to risks inherent to its activity, which can have a significant impact on the value of its assets. Semapa's performance as a Holding Company – (SGPS - Sociedade Gestora de Participações Sociais) is also very much linked to the performance of its subsidiaries.

Semapa promotes an environment of autonomy and liability in its subsidiaries, which is reflected in the exposure to a number of risks that affect not only each of the companies but can also spread to Semapa and the remaining Group companies.

With regard to the management of risks considered strategic, Semapa has been consolidating its strategic risk management and control system, designed based on the best practices and benchmark methods such as COSO and ISO 31000, following the recommendations of the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance (IPCG) and the Portuguese Securities Market Commission (CMVM).

The Group's annual risk monitoring model involves the collection, completion, discussion, and approval of individual risk sheets, which contain the identification and follow-up of existing mitigation measures. The Group has also designed Key Risk Indicators (KRIs) to enable timely monitoring of these risks and to anticipate events likely to cause significant disruptions.

Accordingly, the risk-taking policy approved by Semapa's Board of Directors defines qualitatively the level of risk Semapa is willing to take in order to achieve its business goals and strategy, and is in line with Semapa's key material topics, ensuring consistency in the risk management and control system.

The governance model established for risk monitoring and management is tailored to Semapa's structure, defines the areas of intervention, and assigns responsibility to the various parties involved in the risk management system. The Board of Directors is responsible for defining the overall risk strategy, which is supervised by the Audit Board. The Control and Risk Committee is responsible for controlling and monitoring risks through the aforementioned system, making it possible to promote, monitor and assess the risk framework and measures already in place and needed for mitigating such risks.

2021 FINANCIAL YEAR

While 2020 was undoubtedly marked by the outbreak of the coronavirus (Covid-19) and its consequences, framed in the management and monitoring system of strategic risks such as External Shock, 2021 continued to be influenced by the pandemic, which also affected the Group's operations. Semapa and its subsidiaries made tremendous efforts to adapt their internal processes and their relations with the outside world. Existing Contingency Plans remained in force in the various industrial units of the Group, allowing operations to continue to operate in this adverse environment.

With regard to Governance, during the first six months of 2021 the Crisis Management Office, created in 2020 at the start of the Covid-19 pandemic, continued to monitor, anticipate and mitigate its impacts on the Group's various companies and industrial sites. The four monitoring groups thus remained in place: **i)** Preservation of Employees' Health and Containment of the Pandemic, **ii)** Communication, **iii)** Business Development and Continuity Plans, and **iv)** Financial Plan (contingency). In the second half of 2021, only the following Monitoring Groups remained active: **i)** Preservation of Employees' Health and Containment of the Pandemic; and **ii)** Communication.

In this context, in 2021 Semapa continued to consolidate and run the risk management system, carrying out a number of activities that increased the system's level of maturity, in particular setting up an in-house extended risk forum that engaged those involved in the Risk Management System, namely the members of Semapa's Control and Risk Committee and the heads of risk areas in each of its subsidiaries. This forum meets every four months and aims to guarantee greater proximity, participation, and sharing of knowledge among those responsible for the Group's Risk Management.

In the 2021 financial year, Semapa also implemented another annual cycle of activities to monitor its strategic risks, seeking to stabilise the model and increase its efficiency in order to facilitate proactive management and reporting of risks by the different parties involved in the process.

STRATEGIC RISKS IDENTIFIED AND MONITORED

The work carried out in 2021 resulted in minor changes in the designations of some Top Risks, so as to better understand them in the internal and external context. These changes, however, have not affected their meaning and content. Throughout 2021, the risks considered strategic for the Group in this financial year were followed up and monitored, as follows:

RISK	DESCRIPTION/IMPACT	RISK MANAGEMENT
PORTFOLIO	Semapa's mission is to be a benchmark in investment management in key sectors of the economy. Maintaining a diversified portfolio is vital for alleviating the degree of dependence on some sectors or activities, which, in adverse scenarios, may have a negative impact on the Group's operational and financial performance.	Reduce Semapa's indebtedness to free up investment capacity. Invest in venture capital and growth equity, through Semapa Next. Boost and monitor the diversification of subsidiaries' activities.
BUSINESS	The Group is exposed to several markets operating in a competitive and unstable environment. Maintaining the consumption levels of the Group's products in the markets where it operates and an efficient cost structure necessary for producing them is an ongoing challenge that requires continued monitoring. Changes in these components may lead to a significant reduction in turnover and respective results, and may negatively affect the Group's operational and financial performance.	Implement measures to make companies more efficient than their competitors. Manage the business while seeking alternative, markets with greater sustainability and growth potential. Diversify production and trading of products derived from those that already exist in the Group. Geographical diversification of trading according to the markets more open to the Group's products. Substantially invest in R&D of substitute products.
REPUTATIONAL CAPITAL	Maintaining and strengthening the Group's reputational capital is essential to increasing the overall perception of the market and other stakeholders regarding its reputation, and to mitigate the risk of impact caused by potential adverse events, both in its operational and financial performance and in the appreciation of its assets.	Develop own communication plans and joint communication plans with subsidiaries. Engage with communities where the subsidiaries are located. Strengthen the position and commitment to environmental sustainability issues. Promote an organisational climate anchored in strong values and ethical principles. Existence of mechanisms for preventing and detecting events that may deteriorate reputational capital.
INVESTMENT DECISION-MAKING	The goal of creating value by managing, investing, and divesting in shareholdings in subsidiaries must be ensured through a robust and efficient investment management process, policy, and governance. A poor investment decision structure may result in inability to maximise the value of the existing portfolio and value creation.	Analyse and monitor major investment decisions of the Group and subsidiaries by a centralised team. Existence of a governance model with delegation of powers and definition of the investment decision-making process. Define general, financial, and non-financial criteria for organic and inorganic investment.

RISK	DESCRIPTION/IMPACT	RISK MANAGEMENT
TALENT	Maintaining and strengthening an effective system for monitoring and managing people is essential to ensuring the proper implementation of the Group's strategy. Limitations to the capacity to retain people and strengthen knowledge skills in critical business areas may jeopardise differentiation in relation to competitors and limit the implementation and scope of the strategies defined for the group.	Maintain a talent management area of the Group connected with its subsidiaries. Existence of attractive and competitive compensation policies, taking into account critical functions, performance merit, and market conditions. Existence of a human resource development and talent management policy. Identify and outline the Group's critical human resources. Disseminate the Group's culture and values. Rapprochement to the academic and digital world. Regularly measure organisational climate and employee satisfaction.
LEGAL AND REGULATORY FRAMEWORK IN PORTUGAL	The Group is exposed to the legal and regulatory framework in force in Portugal, as a significant part of its industrial sites is located in the Portuguese territory. Possible changes in the legal framework with the implementation of more restricted tax, environmental, labour or economic measures may have a negative impact on the Group's operational and financial performance.	Monitoring of the activity and definition of a regulatory agenda by the subsidiaries.
EXTERNAL SHOCK	The Group operates in a global context, with exports weighing significantly on its turnover. Significant or disruptive changes in the external context, with serious adverse effects on markets (demand, prices, logistics), productive factors (energy, chemicals, and raw materials) or on people may have a negative impact on the Group's operational and financial performance.	Continually analyse and monitor the macroeconomic environment in the countries where the Group operates and at a global level. Contingency plans. Insurance policy and contracts adequate to the operations of the subsidiaries. Technological and IT infrastructures primed for remote working.
FRAUD	Due to its size, the Group interacts continuously with a wide range of external and internal entities and people, thus being exposed to situations or events likely to have a negative impact on its reputation and/or lead to failures in reporting or losses in its financial position.	Existence of a good corporate governance practices. Existence of a code of ethics, integrity, and conduct. Existence of internal audit departments in subsidiaries. Existence of policies and procedure manuals in its subsidiaries. Existence of mechanisms for the prevention and detection of unethical events.
ACCESS TO RAW MATERIALS	The Group operates in sectors in which access to raw materials is a critical variable for pursuing its operations. Fewer raw materials available in national and international markets, their unaffordable prices given the existing cost structure, or restrictions to accessing them may have a negative impact on the Group's operational and financial performance.	Continually prospect and diversify countries for the purchase of raw materials. Continually monitor the Group's own raw material reserves and stock levels. Schemes to encourage good practices and support suppliers.

RISK	DESCRIPTION/IMPACT	RISK MANAGEMENT
CIBERSECURITY	The Group's production processes depend on technological information systems essential for maintaining its operation. Interruptions in information systems, security breaches or events leading to data loss may have a negative impact on the Group's operations, may expose confidential information, and lead to operational, property, and reputational damage	Allocate responsibilities in the security of information management systems. Implement cybersecurity policies and strategies in Semapa and its subsidiaries. Implement robust software to support all the information processed at the Board level. Capacity building, awareness-raising, and regular training of people.
ENVIRONMENTAL DISASTERS	The Group carries out its operations fully aware of its environmental responsibility and of the principles of sustainable development. The Group's operations involve industrial activities susceptible to incidents that may cause impacts on the environment. A serious environmental incident, whether internal or external to its operations, may lead to significant financial, reputational, people, operational and environmental losses for the Group.	Existence of the Group's letter of intent to ensure sustainable activity. Existence of regular audits to industrial installations and emergency plan drills. Existence of emergency, protection, and action plans in case of accidents. Existence of adequate insurance coverage policies. Existence of processes for monitoring and verifying compliance with regulatory and environmental obligations. Existence of maintenance plans for plants and raw material sources.

FUTURE CHALLENGES

The effect of the Covid-19 pandemic over the past two years, combined with a growing focus on ESG (Environment, Social, Governance) and climate change have stepped up the pressure of stakeholders on organisations, increasing their influence on operations and, consequently, on the risk environment in which they operate.

Even considering that these factors may represent an increased risk, the Group believes that they are also an opportunity for companies to be aware of this trend and for anticipating and adapting more rapidly to these new global circumstances. To this end, the Group has increased its investment in the research, development, and innovation of its products and processes, and in strengthening and empowering its Employees and systems.

The Group's risk management structure addresses climate change risks, which we have not detailed above as they are directly linked to the Group's business. Climate change is therefore addressed across the board, with mitigation controls described in the internal risk model and subject to monitoring. The sustainability of the Group's various industrial activities or the risk of environmental constraints to industrial production is partly fed by the issue of (de)carbonisation of economies, which the Group aims to anticipate.

Additionally, due to the recent geopolitical conflict between Russia and Ukraine, which constitutes a potentially relevant external shock, a deterioration of the economic and social context at international level is expected, with a special focus on Europe. Although the Group's direct exposure to the Ukrainian and Russian markets is reduced, there is still uncertainty regarding the impacts that this new context may have on the Group's operations.

5 SUSTAINABILITY IN THE BUSINESS UNITS

Sustainability is a key pillar of Semapa Group operations, as referred to every year in the Group's Sustainability Report.

Semapa's Sustainability Governance structure aims at strengthening the work already done by its subsidiaries, bringing greater consistency to the Group's operations.

The Sustainability Committee manages sustainability from a Group-level strategic perspective and is responsible for developing and carrying out sustainability-related activities. At an operational level, the Committee is made up of a number of Working Groups that develop various cross-cutting sustainability topics, aggregating and aligning the work of all Group companies.

These Working Groups aim at enhancing synergies across Semapa Group companies by collaborating on joint projects and activities in each of these areas. The Working Groups are autonomous and are run by their coordinators.

More than just sharing good practices within the Group, the Working Groups develop joint guidelines for the various priority areas, in order to establish Semapa's positioning in relation to them.

PULP AND PAPER BUSINESS UNIT

In 2021, Navigator continued to work towards the carbon neutrality of its industrial sites by 2035, a commitment made in 2019 that brings national and European targets forward by 15 years. It has thus become the first Portuguese company, and one of the first worldwide, to establish this ambitious project, for which it has allocated an overall investment of 154 million euros, 55 million euros of which already invested by the end of 2021. The Roadmap for Carbon Neutrality has four main objectives: to achieve 100% of electrical energy from renewable sources; reduce CO_2 emissions from fossil fuels by implementing cleaner technologies; cut specific energy consumption; and offset emissions that cannot be eliminated.

Navigator's Responsible Business Management Strategy, reflected in the 2020-2030 Responsible Management Agenda, takes Navigator to a new and even more ambitious and comprehensive level of commitment systematically made by the Company towards its sustainability.

Concluded in 2020 and consolidated in 2021, the 2030 Agenda reflects the Company's commitment to Create Value Responsibly, in line with global sustainability at a macro level, such as climate change and biodiversity loss, demographic and social changes, and technological innovations. With a view to creating long-term sustainable value and competitiveness, Navigator's 2030 Agenda, which guided the company's responsible business strategy in 2021, includes a key focus – Responsible Business – and three strategic main pillars. In addition to the Climate pillar, the Nature pillar aims at safeguarding and valuing Natural Capital, while the objective of the Society pillar is to develop its Employees, engage with communities, and share value with society in a fair and inclusive way.

Navigator has participated in the CDP Climate since 2018, seeking to respond to the growing demands of this tool for tracking the Company's progress in risk management and climate change action. In addition to the climate change questionnaire, in 2021 the Company answered the CDP Forest questionnaire on forest management. On both questionnaires, Navigator achieved a score of B (management level). This represents a change in the Company's score in the CDP Climate reporting, reflecting the increased stringency of this score, especially in some of the categories that value membership in another initiative – the Science Based Targets initiative (SBTi).

Navigator has been developing several strategies to measure and reduce its greenhouse gas (GHG) emissions footprint and promote the mitigation and adaptation to climate change risks. In 2021, Navigator completed its GHG inventory, which led to its admission to the SBTi at the end of the year. Contrary to common practice, Navigator waived the two-year period given to companies to submit their commitments, immediately delivering its targets for reducing GHG emissions to be validated, based on state-of-the-art climate science. The Navigator Company's short-term, science-based targets submitted are consistent with the ambition to reduce GHG emissions to levels needed to limit global warming to 1.5ºC, for Scope 1 and 2 targets, and well below 2°C for Scope 3 targets.

By joining the SBTi, the Company is aligned with internationally recognised science-based criteria and methodologies in the scope of the global climate agenda, asserting its sustainability leadership. Created in 2015, the Science Based Targets Initiative is a partnership between CDP, the United Nations Global Compact, the World Resources Institute, and the World Wide Fund for Nature to drive the private sector into taking on a leadership role in urgent climate change matters.

Navigator's sustainability performance was again recognised in 2022, improving its position in the Sustainalytics ESG Risk Rating 2021. The Company achieved a score of 14.3 (vs. 17.2 in the previous notation) in the 2021 Environmental, Social and Governance Risk Rating, ranking again among the best sustainable companies in the world, the best rating ever since it was included in the Sustainalytics evaluations. With this rating the Company remains in the "Low Risk" category, meaning that it presents low risk to investors, and ranks third in the "Paper and Forest" industry group – among the 81 global companies part of this cluster –, and in the "Paper and Pulp" sub-group, in a total of 60 companies worldwide.

The commissioning of the new biomass boiler at the end of 2020 at the Figueira da Foz industrial site was decisive for the sharp reduction in emissions recorded throughout 2021. Navigator has also invested in increasing self-consumption of renewable energy. Following the commissioning of the new solar power plants in Figueira da Foz and, at the end of the year, in Setúbal, Navigator now has a total installed capacity of 7 MW for self-consumption. Throughout 2021, Navigator assessed another solar power project which, with award of the contract at the beginning of 2022, will add more than 20 MW installed capacity for self-consumption. Navigator has made a number of investments throughout the year to improve its energy efficiency.

Sustainable forest management and biodiversity conservation is one of the priorities of Navigator's 2030 Responsible Management Agenda, in respect of Nature.

2021 was a particularly dry year, with weather conditions not being the best for forestry operations, affecting planting and planting rates. As a result, reforestation levels in the area managed by Navigator in Portugal dropped compared to the previous year – which had set a record in recent decades – standing at 2,162 hectares.

On the other hand, low rainfall helped wood cutting operations, which is good news given the greater difficulty in supplying the plants due to limited supply of wood on the market. As a result of this constraint, Navigator accelerated the usual timber harvesting plan by hiring more resources; however, although the volume of timber harvested was more than expected, it did not jeopardise the sustainability of the Company's forestry assets, as operations were only intensified in mature plantations.

Around 23% of total wood supplied to industrial sites in 2021 came from imports from outside the Iberian Peninsula, a relevant value that could be capitalised in Portugal, thus contributing to the national economy, Portuguese legislation permitting.

Scarcity of nacional raw materials makes the declining productivity of Portugal's forests an even more important issue. As such, in 2021 Navigator continued to invest in forest enhancement projects in Portugal, such as the Limpa & Aduba initiative (by CELPA – Paper Industry Association for encouraging the adoption of good practices for maintaining eucalyptus plantations), which encompassed 14,880 hectares this year, and the complementary Replantar programme, dedicated to low productivity plantations; Navigator's Premium Programme, which provides advice to landowners who want to boost the productivity of their forest and has already supported 2,184 hectares; and the rePLANT programme, for developing innovative technological solutions for forestry problems.

In 2021, the total forested area managed by the Company in Mainland Portugal decreased by around 2% compared to 2020, due to the expectations among landowners regarding the possible installation of photovoltaic power plants, which saw some leases expire, especially in the Alto Tejo region, with lower slopes and better exposure to the sun. The land managed in Galicia, under lease, increased by 69%.

Navigator continued to encourage certification of sustainable forest management, increasing again the percentage of Portuguese certified wood it acquires (since the wood it produces is 100% certified). In 2016 this figure was only of 12.5%, but reached 61% in 2020, and 63% in 2021. The percentage of certified wood purchased on the domestic market is one of the ESG indicators to which the financial conditions of a bond loan (Sustainability-linked bond 2021-2026) of 100 million euros issued by Navigator are indexed.

While the investment in habitat conservation and restoration has become part of the Company's daily activity over the last decade, the challenge in 2021 was to promote the quantification of gains in terms of biodiversity enabled by these projects. It should be noted that, in 2021, 12,364 hectares of areas managed by Navigator (11.8% of the total and 441 hectares more than in 2020) are classified as Conservation Areas of Interest, and that 31% of the total estate is traversed by different types of Classified Areas (31,961 hectares).

CEMENT AND OTHER BUILDING MATERIALS BUSINESS UNIT

Secil is strongly committed to the Sustainable Development Goals and since 2018 has set its priorities and aligned its business activity according to these sustainability guidelines.

Secil is a member of the GCCA (Global Cement and Concrete Association), which in 2021 disclosed its 2050 Roadmap to Carbon Neutrality along the cement-concrete value chain, which contains important targets defined for 2030. Secil also subscribes to the 5C Roadmap to Carbon Neutrality published in 2020 by Cembureau – European Cement Association.

In the wake of the release of these documents, the ATIC – Portuguese Cement Industry Technical Association, of which Secil is a member, published the Roadmap to Carbon Neutrality for the Portuguese Cement Industry in March 2021, which stipulates carbon neutrality along the cement-concrete value chain by 2050, with significant interim targets of reducing CO_2 emissions by 48% by 2030 having already been established.

In a context of climate change and energy transition, the entire legislative and regulatory framework of the new phase of the EU ETS, the European Green Deal, and the European Climate Law calls for significant action by the Company in matters concerning sustainability, inter alia: decarbonisation, energy efficiency, renewable energies, circular economy, biodiversity, and water management.

In line with these matters of concern, Secil has other ongoing investments and projects aimed at reducing its carbon intensity and integrating the concept of circular economy in its business model using innovative equipment and technologies, as well as in the research and development of innovative solutions for using concrete. The aim is to reduce carbon intensity in the production of clinker, using more alternative fuels instead of fossil fuels, improve energy efficiency, and promote the use of renewable energy sources. On the other hand, it is necessary to increase the rate of production of compound cements, incorporating secondary, low-carbon raw materials and producing low-cement concrete. Examples of ongoing projects under this commitment to Sustainability: the implementation of the CCL (Clean Cement Line), the LCC (Low Carbon Clinker), and Energreen (new refuse-derived liquid fuel).

The decarbonisation project at the Outão plant, in Portugal – CCL –, which is expected to be concluded in 2022, combines a number of mature and innovative technologies in a trailblazing process and will help reduce CO_2 emissions, increase energy efficiency by 20%, and produce 30% of electricity through heat recovery from the process itself. The low carbon clinker resulting from this process will enable the Company to respond competitively to requests for green procurement on the market.

ENVIRONMENT BUSINESS UNIT

ETSA has contributed to the decarbonisation of the Semapa Group by investing heavily in reducing fossil fuel consumption in its industrial units. Due to the acquisition of a biomass boiler for the Loures plant and a biomass-to-energy facility (IVEB) at the Coruche plant, ETSA has already cut fossil fuel emissions by more than 80%.

Using 2020 as the base year, the Company also calculated its carbon footprint, in a total of 12,000 tonnes of CO_2 equivalent for this year, of which 82% concern direct emissions (Scope 1) related to the combustion of all types of fuels in the manufacturing processes and in the transportation of raw materials, and 18% concern indirect emissions (Scope 2) related to electricity consumption.

The uptake in process efficiency at ETSA is also viewed as a process aiming to optimise circular indicators, as this is the core business of the Company.

ETSA's business is based on the rendering of food by-products, thus avoiding greenhouse gas emissions that would otherwise be produced with food by-product waste being disposed of and decomposed in landfills, releasing methane, a greenhouse gas more harmful than CO_2. Moreover, products resulting from this activity are used directly and indirectly for producing green energy (biodiesel) and for producing animal feed for livestock and pets, and organic fertilisers. The rendering process avoids around 90% of potential greenhouse gas emissions compared to the natural composting of these by-products and sequesters around 5 times the amount of emission of gases.

6 INNOVATION AND RESEARCH AND DEVELOPMENT

The Semapa Group is committed to sustained innovation and to research and development, not only to secure new business profitability but also to help improve process efficiency and produce innovative, low-impact products. All of the Group's business segments are aligned in this and their R&D departments ensure the production of scientific and technological knowledge and guarantee competitiveness in various sectors.

As regards Navigator, the activity carried out by RAIZ – Instituto de Investigação da Floresta e Papel (Forest and Paper Research Institute), a non-profit organisation acting in the interest of its members – Navigator and the universities of Aveiro, Coimbra, and Lisbon (the latter through the School of Agronomy), resulted in a record number of patents (8) and publications (80) in 2021.

In the forestry area and specifically in the production of enhanced genetic materials that enable increased forest productivity and resilience to climate change, in 2021 the RAIZ Institute developed two new clones that offer 40% gains in terms of tonnes of pulp per hectare of eucalyptus plantation compared to unimproved forests.

In 2021, Navigator developed new products and businesses. Following the "Inpactus – Innovative Products and Technologies from Eucalyptus" 3-year project activity, RAIZ presented three potential new businesses under evaluation in the biorefinery area: bioactive compounds from foliage and biomass, bioethanol removed from bark, and biocompounds (with bioplastics), the latter already in the pre-production stage and included in Navigator's application to the RRP – Recovery and Resilience Plan.

In terms of processes, RAIZ coordinated or participated in corporate projects aimed at optimising wood consumption and reducing the use of water in cooking, bleaching, and producing UWF paper and tissue. Industrial waste activities (UpCycling project) were also relevant, in that they contribute to reducing (internal measures) this waste and reprocessing waste to be used elsewhere, in a circular economy.

The highlight of the year, however, both from a business perspective and in terms of its contribution to speeding up the transition from a linear fossil-based economy to a circular bioeconomy, was the strategic packaging product projects. RAIZ's support to the industrial development of high yield pulp, using less wood, has enabled one patent to be submitted, and two more are in the pre-submission phase. These pulps are at the basis of the new line of gKraft packaging products, launched by Navigator on 1 November.

This product, which is in line with Navigator's commitment to replacing fossil-based products with renewable, biodegradable, recyclable, and carbon-neutral forest-based products, results from an intensive programme carried out by RAIZ – Forest and Paper Research Institute, in close cooperation with the Aveiro and Setúbal industrial sites and the Technical Product Department.

In 2021 Navigator also launched an innovative and differentiating tissue product, leveraged by the R&D activities developed under the Inpactus project, enabling the company to develop in-house expertise, recruit specialised staff, equip laboratories, and work with partner universities with a view to using unbleached pulp in the production of tissue paper. Thanks to the chemical and morphological characteristics of eucalyptus fibres, these have revealed excellent absorption and softness properties, enabling the submission of a patent application. The team worked with the industrial and commercial tissue segments to launch the Amoos Naturally Soft range.

In the At Home segment, the Naturally Soft range was launched with no bleaching chemicals, and two new product ranges that use additives – Amoos Aquactive™, with incorporated soap, and Amoos Air Sense™, with perfume-activated beads. In the Away from Home segment, a super absorption range was launched using a different technology that adds air pockets between the two layers of toilet paper, resulting in high-performance products. Existing technology was enhanced, in particular at the Cacia site in Aveiro.

To fulfil its commitment to sustainability, Secil is working on the design and application of new products, on production processes, and on the redefinition of the economic circuits that promote new and sustainable solutions.

To that extent, Secil is part of the Innovandi Consortium, the GCCA research network that brings together many scientific institutions, cement, and concrete producing companies, and technology and equipment suppliers to step up innovation and applied research in concrete production in view of climate change and decarbonisation.

In Portugal, Secil is a member of the C5Lab Collaborative Laboratory, which also comprises ATIC, Cimpor, IST, and LNEC, established to carry out research and development activities for the decarbonisation of the cement industry.

To this end, its main objective is the development of innovative technologies for the sustainable production of cement, mortars, and concrete with a smaller CO_2 footprint, while also encouraging research in new raw materials, alternative fuels, and new types of cement, among others.

The CCL project being implemented by Secil has a strong innovation component and involves various university researchers, whose activity has already given or will give rise to twelve patents. Some of the sub-projects of the CCL, in particular those concerning alternative fuels, hydrogen, and Low Carbon Clinker, are the result of research, innovation and development carried out by Secil and its partners.

Secil is also involved in other research projects, such as Beinahand, Becharged, Baterias 2030, Clean4G, or onthermalHP, financed by the Portugal 2020 (PT2020).

In 2021 Secil was awarded a special mention in the Sustainable Business Award, in the decarbonisation category, for using an innovative concrete with cork in the construction of Lisbon's Cruise Terminal, a project developed in partnership with architect João Luis Carrilho da Graça, Amorim Revestimentos, and ITECONS.

In the near future, the Company will also invest in innovative hydrogen and synthetic fuels projects.

In 2021, ETSA saw its Innovation, Research, and Development unit expand, and partnerships with various non-corporate entities of the National Scientific and Technological System strengthened, particularly in the field of Biotechnology, Chemical Technology, and Agrifood.

Following the Portugal 2020 CoPromotion project called MOREPEP, a Productive Innovation project called ETSAProHy, financed by the same framework, was submitted and approved, which aims at industrialising the knowledge developed so far. This project, for which the entire licensing process of the respective construction and industrial operation was being dealt with, finally obtained a positive opinion on its architecture and operation by the competent authorities in 2021. This new industrial unit will apply innovative technology developed at ETSA to produce three new high added value products in the animal feed market and, in the future, will focus on human food. Its construction and operation will take place throughout 2022 and 2023.

The Portugal 2020 Mobilisation project MOBFOOD was concluded successfully in 2021. ETSA worked on this with dozens of public and private entities of the Portuguese agrifood sector. Networks and interactions were set up under this project with various operators to reduce food waste and recover waste and by-products.

In 2021, ETSA capitalised on its increasingly solid industrialisation of innovation to intensify its strategy to increase and develop a pipeline of innovative products with the start of three Portugal 2020 CoPromotion projects: HealthyPetFood, FishColBooster, and Bugs@Pets. These projects embody ETSA's intention to innovate in the production of new proteins and fats for human food and animal feed from new and equally sustainable sources such as insects or fish by-products. In the short-term, ETSA aims to consolidate its position as a market leader in the collection and processing of animal by-products and as an innovator in the development of new products for animal feed, and in the medium-term to prepare its more solid and ambitious internationalisation with a broader portfolio of products and services. These projects will also provide the Research and Development Department with new equipment and advanced technologies.

The development of more knowledge and new products supported by research and development is aligned and in step with market trends and with the most recent European legislation, both in the reduction of food waste, by strengthening the collection and recovery of vegetable by-products, and in the offer of new, safe and sustainable products in the animal feed market for livestock and pets. ETSA has also confirmed its ambition to enter higher value-added markets with the acquisition of Tribérica, a company operating in the human food market. The Research and Development Department put forward a strategic analytical control plan that will enable the company to grow in even higher value-added markets.

ETSA has a sharp focus on sustainability, circular economy, and the optimisation of natural resources, thus investing in research and development, and subsequent industrialisation, as a key instrument to expand and emphasise its position as a national leader and make its international presence.

This year, the partnership with Techstars enabled Semapa Next to take part in the Global Sustainability Challenge together with other multinational companies and to launch its own programme - The Future of Food & Food Packaging Challenge - with the active participation of Navigator and ETSA. The aim of this initiative is to identify start-ups offering solutions that fit into the programme's theme.

7 HUMAN CAPITAL AND TALENT

Human Capital is one of the most relevant assets for the Semapa Group, employing around 6 thousand Employees. For this reason, employee development and growth within the Group companies has long been a priority. Semapa invests in training and capacity building to prepare its Employees for the current and future needs of its businesses. The Group designs and plans the professional careers of its Employees, defines short and medium-term objectives, and assesses their performance to manage the development of Employees according to their professional goals and in line with the Group's needs.

At the holding level Semapa Group's Talent Committee addresses human capital and talent issues, where policies, projects, and initiatives concerning the Group's Talent Management are presented and discussed. This allows the Group to better attract, develop, compensate and retain, at any given time, the best professionals in the knowledge areas it needs, and to offer career experiences/pathways in the various companies that are part of the Group.

The Talent Management project continued in 2021, aimed at developing policy and management programmes to ensure the attraction, development and retention of the talent needed for the Group's strategy and businesses. In 2021, this project resulted in the Succession Plan for executives and 1st line positions and the Internal Mobility Policy.

The groundwork of this activity includes, first and foremost, helping all Employees identify their strengths and provide training and development in areas of improvement, so that they can achieve higher performance levels and take on new responsibilities and challenges. Secondly, creating a leadership environment that promotes safe and regular feedback on and discussion of personal expectations. Thirdly, regularly matching the company's needs and Employees' needs and desires.

Some of the most relevant initiatives carried out in the course of 2021 are as follows:

- Semapa Leadership Model: producing a model to guide the behaviour of all Semapa Group leaders;

- Corporate Leadership Programme: training programme designed in 2021, to be implemented in 2022 and 2023; allows the Group's top management to work on the behaviours listed in the Semapa Leadership Model and to strengthen/ update their role as leaders in the difficult and challenging times in which we live.

Both initiatives aim at strengthening the leadership skills of the Group's top management, which will have a positive effect on the performance, development and retention of our teams. Taking part in the programme also facilitates team work among participants, within each company and within the Group. The programme will have an impact in the medium and longer term and will be monitored through regular 360-degree evaluations. Semapa worked on these two initiatives together with the Human Resource Departments of its subsidiaries and with inputs from the Group's CEOs.

Group Semapa also kicked off its Mobility Policy in 2021, with job opportunities shared between Human Resource Departments and inter-company solutions created for certain projects.

As part of our efforts in Employee Development, and in addition to individual training provided, the Group organised training sessions tailored to the Semapa Group and a number of conferences within the Semapa Talks activity with renowned speakers, in particular Lauri Reuter, "The Future of Food"; Sérgio Rebelo, "Motivation"; Peter Bakker BCSD, "Vision 2050"; Nuno Moreira da Cruz and Filipe Santos, "Leading with Purpose". These conferences are aimed at the Group's top management and executives and each conference was attended by more than 100 Employees.

HEALTH, SAFETY AND WELL-BEING AT WORK

Caring for in-house and external staff, whether permanent or temporary, is a priority for all Semapa Group companies. Despite the different stages of the safety culture, all companies aim to achieve excellence through an interdependent approach, where each employee takes care of themselves and others. This safety culture has become even more relevant due to the pandemic situation, given the need to protect each employee, thus ensuring the smooth running of all operations.

As the pandemic continued in 2021, the implementation of the Covid-19 Contingency Plan that had been put in place in the previous year remained on the agenda. Some of the measures implemented to deal with the pandemic situation included working from home, rotation of teams at the workplaces to avoid having too many Employees in facilities, Covid-19 testing where appropriate, and continuous and updated Covid-19 related information for all employees.

The impact of Covid-19 pandemic continued to be felt in 2021, during which the safety of Employees was the main priority. Having this in mind, the new ways of working and the new routines implemented allowed us to keep close contact between and with the teams and to monitor the situation of each of our Employees.

In 2021, some of the initiatives implemented to improve the health and safety culture of the Group included the definition of safety roadmaps, safe moments and discussions, safety walks, "Mission Zero", risk perception training, rounds of conversation, and the recognition and use of the positive safety concept.

As at the end of December 2021, the Group employed 5,823 people, broken down follows:

	31/12/2021	31/12/2020	Var.
Pulp and Paper	3,150	3,232	-82
Cement	2,340	2,386	-46
Environment	302	280	22
Holdings	31	28	3
Total	**5,823**	**5,926**	**-103**

8 INVOLVEMENT IN THE COMMUNITY

The promotion of sustainable development of the neighbouring communities is one of the strategic principles that guide the Semapa Group's activities. The Group has been aware at all times that sustainable growth depends on the well-being of its Employees, and on the support and ties it builds with the communities around its production and commercial activities.

The Group is, accordingly, involved in a wide array of initiatives designed in the last instance to improve the quality of life of the communities around its plants and facilities, and to preserve the environment.

Among countless activities and projects supported by the Group in 2021, the following are worthy of note:

- Support for the Fundação Nossa Senhora do Bom Sucesso: this foundation provides medical support to people in need, especially maternal care and child health care. It provided around 16,500 consultations for about 7,400 patients, a very significant part of whom are not in a position to pay for such services and would otherwise not have access to them;

- Support for Associação Salvador: this association works with physically disabled people, promoting the integration of people with physical disabilities and developing projects that meet their needs;

- At an international level, in 2021 Portucel Moçambique strengthened its areas of activity within the scope of the Social Development Programme, which covers several areas, promoting food safety, agriculture, livestock farming, apiculture, and fish farming, and in the area of improved well-being, health and school infrastructures, access to drinking water and energy, and roadways. As an example, Portucel contributed with 150 thousand dollars for the construction, which began in 2021, of an operating room at the district hospital of Ile, in Zambézia province, which will benefit several tens of thousands of inhabitants;

- Biodiversity conservation and safeguarding environmental sustainability continue to inspire the policy of Navigator, a forest-based company. Activities in this area include the sharing of knowledge, such as support for investment in multifunctional forestry projects and training programmes for improving the forestry industry, while others have an eminently social impact, for example, the provision of areas for grazing livestock (mostly local shepherds, this being their source of income) and for local beekeepers;

- In 2021, Secil continued to dedicate special attention to supporting the technical and scientific dissemination of knowledge in the Civil Engineering and Architecture fields, not only through the Secil Awards, but also sponsoring seminars, congresses, technical meetings, and the publication of scientific work in these areas of knowledge;

- Given the pandemic situation and the social needs that followed, Secil extended the support and volunteer activity with the Refood Portugal Association, which began in 2020 when the company commemorated its 90th anniversary. This commemoration, involving various activities, led to the establishment of a Corporate Volunteering Policy for Secil's Employees who wish to volunteer in social activities carried out with the institutional support of Secil. A working group made up of the founding volunteers was established, which designed and presented a volunteer policy and its regulatory framework;

- Establishment of protocols for supporting and encouraging institutions that promote social, sports, and cultural inclusion in the communities in which the Group operates.

9 OUTLOOK

The year begins with investors keeping a close eye on three major issues: the pandemic, inflation, and geopolitical tensions. Despite the rapid spread of the omicron variant, the relative minor severity of the cases has led to fewer fears of its impact on 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 projections of the IMF's World Economic Outlook Update (WEO Update), published in January 2022, the global economic growth forecast for 2022 is 4.4% (a downward revision of 0.5 p.p. relative to the October forecast). Rising energy prices and disruptions in supply chains have resulted in higher and wider-than-expected inflation, mainly in the United States and many emerging economies. A tighter real estate sector in China and a slower-than-expected recovery in private consumption are also expected to impact global growth.

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

The geostrategic issues, especially the very recent invasion of Ukraine by Russia and the resulting instability context, lead us to consider, without concluding, on the possible impacts on the world economy and on the possible mismatch in the forecasts referred to in this report.

PULP AND PAPER

As the economy recovers, the Covid-19 vaccination plan is rolled out and the herd immunity starts to be achieved, conditions in the pulp, paper, and tissue sector are expected to remain positive overall. However, uncertainties remain about the impact of logistical bottlenecks in global trade and the sharp acceleration of inflation in several countries.

In the paper business, the expected economic recovery combined with an improved balance between supply and demand in the United States and Europe, as a result of capacity closures and conversions already announced points to good prospects for 2022. This upturn will allow the majority of the population to gradually return to the office and consequently increase the consumption of office paper, a segment that has performed less well compared to other types of graphic paper. The very high order book, in particular Navigator's, persistently higher than the industry average, low import volumes, pressured by freight costs, and a well-balanced level of stocks in the pipeline, consolidate this positive outlook.

The focus on the packaging segment continues. The ambitious product development plan that began in 2021 will continue in 2022, both by expanding its range of weights and by innovating and developing new sustainable packaging solutions to replace fossil/plastic-based products. 2022 will also be a year of continued expansion of the packaging customer base (currently composed of 125 customers) and of geographic expansion.

In the pulp market in China, benchmark prices have been going up since the end of 2021, due to the relative scarcity of pulp supply, affected by logistical difficulties. On the other hand, constraints on graphic paper exports and the less dynamic domestic market (difficulty in increasing prices) continue to limit pulp consumption in China. Prices in Europe are supported by the post-pandemic economic recovery, the good level of demand, and ongoing logistics challenges affecting exports from Latin America to Europe. In the second half of the year, the significant increase in supply in Latin America and possible improvement in logistics should bring prices down.

In the tissue segment, as the vaccination programmes and the outlook for a progressive return to normality take a positive turn, stable recovery in the growth trajectory of demand for tissue products in Iberia is expected to occur in 2022, as a result of the recovery of tourism and activity in the Away from Home segment.

Consequently, Navigator will continue to develop its commercial presence in this segment, focusing on differentiating its products and creating new ranges of sustainable and environmentally responsible paper that meet its customers' needs. On the other hand, Navigator's current position allows it to analyse strategic opportunities that will maximise its growth potential.

Due to the current climate of high volatility and rising costs, particularly for wood, chemicals, energy, packaging, and logistics, Navigator raised prices in 2021 and again in 2022 for shipments beginning on January 1, with a high probability of further increases in the future, thus helping to consolidate profitability, particularly in the UWF and tissue segments.

In the energy segment, the shift in sales from all cogeneration facilities to market sales (OMIE) in 2022 will compensate for rising prices for the energy purchases component, not yet fixed for the period.

In the upcoming years, which should bring about a gradual recovery in activity, the investment plan will return to previous years' levels. The 2022 investment plan will be directed to investments needed to maintain production activities, Environmental and Decarbonisation projects, and Industry 4.0. In addition to the equipment and facility modernisation projects, some of which kicked off already in 2020, such as the New Wood Yard in Figueira, the New Evaporation Line in Aveiro, and the replacement of Fuel Oil Boilers for new Natural Gas boilers.

Navigator's commitment to innovation and to developing projects for the promotion of resilience and climate and digital transition places the company in a prime position for investment under the Recovery and Resilience Plan (RRP). Navigator has submitted applications that are in line with its strategy which, in the case of the Mobilisation Agendas, have passed on to the next phase that expires at the end of the first quarter of 2022.

Navigator will continue to manage fixed and variable costs across the board, all the while developing its investment and diversification plan and implementing the sustainability projects.

CEMENT AND OTHER BUILDING MATERIALS

Higher prices of several production factors, especially energy, and the disruption in the supply of raw materials or logistic chains at an international level, will influence the economic recovery and may weaken its pace. Secil is currently implementing supply management and production cost measures to reduce potential impacts.

According to the World Economic Outlook (WEO) published in October 2021, the IMF expects the GDP of Portugal to grow 4.4% in 2021 and 5.1% in 2022. December estimates by the Bank of Portugal put GDP growth at 4.8% in 2021 and 5.8% in 2022, followed by a more moderate pace of expansion in 2023 and 2024, at 3.1% and 2.0%, respectively. This forecast revises GDP growth in 2022 upwards by 0.2 p.p. (5.6% in the June Economic Bulletin forecast).

The Bank of Portugal estimates that inflation will be 0.9% in 2021 and 1.8% in 2022 (revised upwards from the June projection of 0.9%), settling at 1.1% in 2023, and 1.3% in 2024. The upward trend and subsequent moderation largely reflect developments in the prices of energy goods, which typically shadow the evolution of oil prices on the international markets.

AICCOPN and AECOPS expect activities in the construction sector to remain positive, reaching an average growth rate of +5.5% in real terms. The Gross Value of Production is expected to increase in all segments of the construction industry.

Secil is assessing potential investment opportunities, with emphasis on the decarbonisation of its industrial processes and R&D in 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. The execution of this Plan is expected to contribute positively to the economic recovery in Portugal. Secil expects to conclude the investment in the industrial facility in Outão (the CCL- Clean Cement Line) by the end of 2022.

According to the World Economic Outlook Update (WEO Update) published in January 2022, the IMF expects the Brazilian economy to recover 4.7% in 2021, and 0.3% in 2022. Projected levels of inflation (WEO October 2021) are 7.7% and 5.3% in 2021 and 2022, respectively. Higher inflation and, particularly, rising interest rates may affect the course of real estate financing and the respective investments, which may be offset by planned public investment in infrastructure.

In Lebanon, the political and economic environment has faced much uncertainty since the last quarter of 2019, leaving the country plunged into a serious economic and social crisis. The measures implemented to contain the pandemic, brought the country to almost a complete halt, and the explosion in the Beirut port only made matters worse.

Displaying one of the World's highest foreign debts, the country announced in March 2020 its first default after several months of declining foreign currency reserves and strong depreciation of the Lebanese pound in the parallel market. The IMF World Economic Outlook (WEO), published in October 2021 for the period 2021-26, does not provide any estimates due to the high level of uncertainty.

In September 2021 a new government was appointed with a view to creating the conditions for the opening of negotiation with the International Monetary Fund to enable the country's financial rebalancing.

With regard to Tunisia, the most recent forecasts published by the IMF (World Economic Outlook, IMF October 2021) expect GDP growth of 3.0% in 2021 and 3.3% in 2022. Projected levels of inflation are 5.7% and 6.5% in 2021 and 2022, respectively.

Tunisia already found itself in financial hardship and social instability due to the pandemic, and greater political instability in July after the government resigned has increased uncertainty as to the country's progress. The appointment of a new government in October 2021 could facilitate the resumption of 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) hints at a contraction of -0.7% in 2021, followed by a 2.4% growth in 2022. Projected levels of inflation are 24.4% and 14.9% in 2021 and 2022, respectively.

ENVIRONMENT

ETSA will continue **(i)** to focus on the horizontal expansion of its production and destination markets (exports accounted for around 38.7% of total sales on 31 December 2021), **(ii)** to identify new opportunities for vertical growth, channelling its investments to improve operational efficiency, extracting maximum value from the channels operated, and retaining the loyalty of the main conventional and alternative collection centres, and **(iii)** to focus on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

VENTURE CAPITAL

Semapa Next will continue to monitor in 2022 its investment portfolio to add value to its subsidiaries and assist them in their respective international expansions. Semapa Next will continue to focus on contributing to the development of the ecosystem in Portugal, participating in Series A investment rounds in technology companies with potential for accelerated growth.

10 EVENTS AFTER THE BALANCE SHEET DATE

Between 1 January 2022 and 18 March 2022, the following events occurred, which did not give rise to adjustments to the 2021 consolidated financial statements:

MILITARY CONFLICT IN UKRAINE AND ECONOMIC SANCTIONS ON THE RUSSIAN FEDERATION

On 21 February 2022, the Russian Federation officially recognized two breakaway republics in eastern Ukraine and authorized the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a generalized military conflict began in this country, which has resulted in high material and human losses, leading to massive displacements of the population. In response, multiple jurisdictions, including the European Union, the United Kingdom, Switzerland, the United States of America, Canada, Japan and Australia, condemned this conflict and began to apply various economic sanctions to Russia, to several of its economic agents and sometimes to Belarus. Additionally, Russia started retaliation with economic measures as well.

Therefore, the economic impact of this conflict is expected to be very relevant and could include: **i)** suspension and/or disruptions in business with entities based or originating in Russia and Ukraine; **ii)** increase in commodity prices, with emphasis on fossil fuels, metals and cereals; **iii)** increased global economic uncertainty, with more volatility in exchange rates, interest rates and an increase in the inflation rate; **iv)** possible increase in cyberattacks, which may arise on public and private entities in the main sectors of the economy, especially in countries that have imposed sanctions on Russia or that support Russia.

In this sense, Semapa and its subsidiaries are continuously following up and monitoring the situation in the markets where they operate geographically and throughout the energy supply chain, raw materials (including logistics issues), technical services and support provided by foreign companies, outsourcing service providers, among others.

Semapa is convinced that given the weight of the Russian and Ukrainian markets in the sales of its subsidiaries, and the fact that these markets have reduced impact on the supply chain, its direct exposure to the Ukrainian and Russian markets is not significant.

With regard to the international context, a deterioration of the current economic environment is expected, with high uncertainty and rapid evolution, so it is not possible to estimate with a reasonable degree of confidence the possible impacts, if any, on the activity of Semapa and its subsidiaries.

In accordance with accounting standards, these events, which occurred after the balance sheet date, were considered as non-adjustable subsequent events, so the assumptions considered by the Board of Directors for the assessment of impairment and recoverability of the value of Semapa's assets on 31 December 2021 do not take into account their potential effect.

ANTI-DUMPING DUTIES

After a period of five years since the beginning of the anti-dumping process, Navigator requested in 2021 a procedure called "sunset review", to reassess whether the process should be maintained or discontinued. The US authorities carried out a complete review of the anti-dumping proceeding on imports of UWF paper into the United States subject to the original order, including imports from Portugal, with Navigator actively participating in the proceeding.

In January 2022, the US authorities ordered the continuation of the anti-dumping proceeding for another 5 years, despite the continued increase in Navigator's prices in the US market and the reduction in supply in that market by local producers.

11 ACKNOWLEDGEMENTS

We would like to express our thanks to all those who contributed to the results obtained, namely:

- Our Shareholders, who have accompanied our progress and whose trust we believe we continue to deserve;
- Our Employees, whose efforts and dedication have made possible the Group's dynamism and development;
- The support and understanding of our Customers and Suppliers, who have acted as partners in our project;
- The cooperation of the Financial Institutions, and the Regulatory and Supervisory Authorities;
- The collaboration of the Audit Board, the General Meeting, and the governing Committees that exist within the Company.

12 PROPOSED ALLOCATION OF PROFITS

Considering that the Company needs to maintain a financial structure compatible with the sustained growth of the Group it manages in the various Business Units in which it operates, and

Considering that the Company's independence from the financial sector involves preserving consolidated levels of short, medium, and long-term debt which allow it to maintain a strong financial position,

It is proposed that the Net Profit for the period in the individual accounts, determined under the IFRS rules, in the amount of 198,128,027.72 euros (one hundred and ninety-eight million, one hundred and twenty-eight thousand and twenty-seven euros and seventy-two cents) be allocated as follows:

Dividends on shares in circulation .... 40,893,118.98 euros*
(0.512 euros per share)

Free reserves .... 157,234,908.74 euros

* Excluding own treasury shares held; 1,400,627 own shares were considered; on the payment date, if this amount is changed, the total dividends payable may be adjusted, while the amount payable per share will remain unchanged.

Lisbon, 18 March 2022

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Francisco José Melo e Castro Guedes

Vítor Paulo Paranhos Pereira

Lua Mónica Mendes de Almeida de Queiroz Pereira

António Pedro de Carvalho Viana-Baptista

Mafalda Mendes de Almeida de Queiroz Pereira

Carlos Eduardo Coelho Alves

Vítor Manuel Galvão Rocha Novais Gonçalves

Filipa Mendes de Almeida de Queiroz Pereira

DEFINITIONS

EBITDA = EBIT + Depreciation, amortisation and impairment losses + Provisions

EBIT = Operating profit

Operating profit = Earnings before taxes, financial results and results of associates and joint ventures as presented in the Income Statement in IFRS format

Cash-flow = Net profit for the period + Depreciation, amortisation and impairment losses + Provisions

Free Cash Flow = Variation in interest-bearing net debt + Variation in foreign exchange denominated debt + Dividends (paid-received) + Purchase of own shares

Interest-bearing net debt = Non-current interest-bearing debt (net of loan issue charges) + Current interest-bearing debt (including debts to shareholders) – Cash and cash equivalents

DISCLAIMER

This document contains statements that relate to the future and are subject to risks and uncertainties that can lead to actual results differing from those provided in these statements. Such risks and uncertainties are due to factors beyond Semapa's control and predictability, such as macroeconomic conditions, credit markets, currency fluctuations and legislative and regulatory changes. Statements about the future made in this document concern only the document and on the date of its publication, therefore Semapa does not assume any obligation to update them. This document is a translation of a text originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

CORPORATE GOVERNANCE REPORT

CONTENTS

PART I
INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. CAPITAL STRUCTURE

I. CAPITAL STRUCTURE

1. Capital structure (share capital, number of shares, distribution of capital between shareholders, etc.), including indication of shares not admitted to trading, different classes of shares, the rights and obligations attaching to these and the percentage of share capital that they represent (Article 245-A.1 a)).

Semapa has a share capital of 81,270,000 Euros, represented by a total of 81,270,000 shares without nominal value. All shares are ordinary shares and have the same rights and obligations attached to them, and are admitted for trading.

A breakdown of the capital structure, indicating shareholders with qualifying holdings, is provided in the table in paragraph 7 below.

2. Any restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A.1 b)).

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares (Article 245-A.1 a)).

On 31 December 2021, Semapa held 1,400,627 own shares, corresponding to 1.723% of its share capital. If the voting rights were not suspended, the percentage of voting rights would be the same as the percentage of the total capital.

4. Significant agreements to which the company is party and which take effect, are amended or terminate in the event of a change in the control of the company as a result of a takeover bid, together with the respective effects, unless, due to its nature, the disclosure of such agreements would be seriously detrimental to the company, except if the company is specifically required to disclose such information by other mandatory provision of law (Article 245-A.1 j)).

Semapa is not a party to any important loan agreement, debt instruments or other to which the company is a party and which take effect, alter or terminate upon a change of control of the company as a result of a takeover bid.

Semapa has not adopted any mechanisms that imply payments or assumption of fees in the case of change of control or in the composition of the managing body, and which are likely to harm the free transferability of shares and shareholder’s assessment of the performance of the members of the managing body.

5. Rules applicable to the renewal or revocation of defensive measures, in particular those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

There are no defensive measures in place in the company, namely any limiting shareholder's exercisable voting rights.

6. Shareholders' Agreements known to the company or which might lead to restrictions on the transfer of securities or voting rights (Article 245-A.1 g)).

On 31 December 2021, there are no Shareholders' Agreements known to the company which could lead to restrictions on the transfer of securities or voting rights.

II. HOLDINGS OF SHARES AND BONDS

7. Identification of persons and organizations who, directly or indirectly, own qualifying holdings (Article 245-A.1 c) and d) and Article 16), detailing the percentage of the share capital and votes imputable and the respective grounds.

The owners of qualifying holdings in Semapa on 31 December 2021 are identified in the following table:

	Entity	Number of shares	% share capital and voting rights	% non-suspended voting rights
A -	Sodim, SGPS, S.A.	27,508,892	33.849%	34.442%
	Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.938%	48.779%
	Total	**66,468,323**	**81.787%**	**83.221%**
B -	Bestinver Gestión, S.A., S.G.I.I.C.	-	-	-
	Bestinver Global, F.P.	362,428	0.446%	0.454%
	Bestinver Plan Mixto, F.P.	91,556	0.113%	0.115%
	Bestinver Mixto, F.I.	13,658	0.017%	0.017%
	Bestinver Bolsa, F.I.	649,964	0.800%	0.814%
	Bestinfond, F.I.	1,016,934	1.251%	1.273%
	Bestvalue, F.I.	198,367	0.244%	0.248%
	Bestinver Empleo II, F.P.	1,963	0.002%	0.002%
	Bestinver Futuro EPSV	8,776	0.011%	0.011%
	Bestinver Empleo III, F.P.	1,506	0.002%	0.002%
	Bestinver Empleo, F.P.	11,068	0.014%	0.014%
	Bestinver Iberian SICAV	54,420	0.067%	0.068%
	Bestinver Bestinfund SICAV	40,613	0.050%	0.051%
	Bestinver Crecimiento EPSV	7,370	0.009%	0.009%
	Total	**2,458,623**	**3.025%**	**3.078%**
C -	Norges Bank (the Central Bank of Norway)	1,699,613	2.091%	2.128%
D -	Cobas Asset Management, SGIIC, S.A.	1,637,038	2.014%	2.050%
	On behalf of the following shareholders, as investment management entity: Cobas Value, SICAV SA; AZ Multi Asset. Subfund: AZ Multi Asset - Bestvalue; Cobas Global, F.P.; Cobas Iberia, F.I.; Cobas Lux SICAV. Subfund Cobas Selection Fund; Cobas Lux SICAV. Subfund Cobas Iberian Fund; Cobas Mixto Global, F.P.; Cobas Selección, F.I.; Cobas Concentrados, F.I.L.; Cobas Renta, F.I. and Alternative Fund SICAV-SIF-Cobas Concentraded Value Fund			

The voting rights relating to the companies in group A are allocated on the basis of direct ownership of the shares and a controlling relationship of Sodim over Cimo.

The allocation to Sodim by virtue of the controlling relationship, in accordance with Article 20. 1 b) of the Securities Code, was on 31 December 2021 as follows:

Entity	Allocation	Number of shares	% share capital and voting rights	% non-suspended voting rights
Sodim, SGPS, S.A.		27,508,892	33.849%	34.442%
Cimo - Gestão de Participações, SGPS, S.A.	100% owned by Sodim	38,959,431	47.938%	48.779%
Total		**66,468,323**	**81.787%**	**83.221%**

In relation to the companies in groups B and C, voting rights are allocated on the basis of direct and indirect ownership of shares, by virtue of domain relations.

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies.

This information is provided in Annex I to this Report.

9. Special powers of the management board, in particular concerning resolutions to capital increase (Article 245-A.1 i)), indicating, with regard to these, the date on which they were granted, the period during which such powers may be exercised, the upper limit for the increase in share capital, shares already issued under the powers granted and the form taken by these powers.

In the terms of the Articles of Association, the Board of Directors has no powers to resolve on increases to the share capital.

10. Information on the existence of significant dealings of a commercial nature between qualifying shareholders and the company.

All transactions taking place in 2021 between the company and qualifying shareholders are described in Note 10.4 of the Notes to the Consolidated Financial Statements and Note 10.2 of the Notes to the Separate Financial Statements. In 2021, pursuant to the Regulation on Conflict of Interests and Transactions with Related Parties and under the terms and conditions set out therein at each moment, as described in paragraphs 89. and following of this report, there were no significant dealings of a commercial nature between qualifying shareholders and the company.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A) COMPOSITION OF THE GENERAL MEETING

11. Officers of the General Meeting and their term of office (starting and ending dates).

The officers of the General Meeting are:

CHAIRMAN:
Francisco Xavier Zea Mantero (term of office from 24/05/2018 to 31/12/2021)[1]

SECRETARY:
Luís Nuno Pessoa Ferreira Gaspar (term of office from 24/05/2018 to 31/12/2021)

1 Ceased his duties as President of the General Meeting after passing on June 10, 2021.

B) EXERCISE OF VOTING RIGHTS

12. Any restrictions on voting rights, such as limitations on the exercise of voting rights based on the ownership of a given number or percentage of shares, time limits for exercising voting rights, or systems for detaching voting rights from ownership rights (Article 245-A.1 f)).

Under Semapa's Articles of Association, each share in the Company carries one vote.

Despite the existence of time limits established in Semapa's Articles of Association for attendance of the General Meeting, the mandatory legal rules on this matter apply, such as Article 23-C of the Securities Code. The time limit established by the Articles of Association for exercise of postal rights is the day prior to the General Meeting.

The Articles of Association make no provision for electronic voting. Nevertheless, the Board of Directors might regulate on alternative ways to vote besides paper format, as long as authenticity and confidentiality of the votes are also guaranteed until the moment of the voting.

Although the Board of Directors never used this capacity, the Chairman of the General Meeting has always accepted electronic votes as long as they are received under comparable conditions as the postal vote, in what regards the deadline, comprehensibility, the guarantee of authenticity, confidentiality and other formal issues.

Considering the adverse context resulting from the Covid-19 pandemic outbreak, and as stated in the respective notice, shareholders were encouraged to exercise their voting rights at the company's Annual General Meeting held in 2021 preferably by electronic mail.

To exercise the right to vote by electronic mail, shareholders should send by e-mail a statement addressed to the Chairman of the General Meeting in PDF format, duly signed - in accordance with the signature on the relevant valid identification document, a copy of which must accompany said statement, or by means of a qualified digital signature, in which case it is not necessary to attach an identification document - expressing the wish to vote, and the declarations of vote, one for each item on the Agenda, in PDF format, with the indication in the title of the document of the agenda item for which it is intended. The votes cast by such means should be included in the vote count alongside the votes cast at the General Meeting and shall count as negative votes in relation to the resolutions submitted after the votes have been cast, if the shareholder does not attend the General Meeting by telematic means.

Still in the context of the pandemic, and taking into account the Recommendations regarding the conduct of General Meetings of 20 March 2020, issued under the cooperation between the Securities Market Commission (CMVM), the Portuguese Institute of Corporate Governance (IPCG) and the Association of Issuing Companies of Listed Securities on Market (AEM), the company has implemented the appropriate means for the shareholders to attend the 2021 Annual General Meeting, which was held exclusively by telematic means, as provided by Article 377.6 b) of the Companies Code.

To attend the meeting, shareholders had to declare their willingness to participate by providing an e-mail address to which the company sent the instructions for the remote session, and which was used to verify the identity of each shareholder on the electronic platform used.

There are no systems for detaching voting rights from ownership rights.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in Article 20.1.

There are no rules in the Articles of Association which lay down that voting rights are not counted if in excess of a given number, when cast by a single shareholder or shareholders related to him.

14. Identification of shareholder resolutions which, under the Articles of Association, can only be adopted with a qualified majority, in addition to those provided for in law, and details of the majorities required.

The Company has established no quorums for constituting meetings or adopting resolutions different from those provided for on a supplementary basis in law.

II. MANAGEMENT AND SUPERVISION

A) COMPOSITION

15. Identification of the governance model adopted.

The company has adopted the governance model provided for in Article 278.1 a) (Board of Directors and Audit Board) and in Article 413.1 b) (Audit Board and Statutory Auditor), of the Companies Code.

16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and substitution of members, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board (Article 245-A.1 h)) . Policy of diversity.

Currently, Semapa's Articles of Association set no special rules on the appointment and replacement of directors, and the general supplementary rules contained in the Companies Code therefore apply here, i.e. shareholders have the power to appoint the directors (and the supervisory body). However, the company does disclose on the company's website (**https://www.semapa.pt/index.php/en/investidores/governo/principiosdiversidade**) its Principles of Diversity, which lay down the profile requirements and criteria for new members of the governing bodies.

These Principles of Diversity are a formal recognition by the company of the benefits of diversity in its governing bodies, particularly for ensuring greater balance in its composition, boosting the performance of each member and, together, of each body, improving the quality of decision-making processes and contributing to its sustainable development.

Accordingly, and to promote corporate diversity, in addition to the individual features, such as competence, independence, integrity, availability and expertise, the company also acknowledged the importance of other requirements and criteria of diversity, such as diversity in gender, qualifications and professional expertise, inclusion of members of different ages and diverse life experiences or geographical origins.

The following analysis highlights a fairly reasonable level of diversity:

Diversity factor	Parameter	%
Age	< 50	36.36%
	50-65	36.36%
	>65	27.27%
Gender	Female	27.27%
	Male	72.73%
Education	Economy /Management	45.45%
	Engineering	27.27%
	Applied Mathematics	9.09%
	Non graduate	18.18%
Professional background	Professional experience abroad	45.45%
	Different sectors of the group	100%

The Talent Committee is endowed with consultative powers in matters of appointment of the corporate bodies, with competencies to support the identification of future members of the governing bodies and to assess the appropriate profile, knowledge and their curricula, and should foster transparent selection methods and ensure that the applications chosen present the highest degree of merit, are best suited to the demands of the functions to be carried out, and will best promote suitable diversity in the company, including gender diversity.

The company thus finds that all objectives arising from the adoption of the diversity policy have been met, as can be verified in practice.

Finally, to reinforce the gender diversity promotion measures, the Company adopted in 2021 the 2022 Plan for Equality, reflecting improvements to the 2021 Plan for Equality adopted in 2020. Semapa disclosed the Plan to the CMVM, and also published it in its website.

17. Composition, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board, detailing the provisions of the Articles of Association concerning the minimum and maximum number of directors, duration of term of office, number of full members, the date of the first appointed and the end of the term of office for each member.

The Company's Articles of Association (Article 11.1) stipulate that the Board of Directors comprises three to fifteen directors appointed each for a four-year term.

We indicate below the date of the first appointment of each member, alongside with the correspondent term of office:

Members of the Board of Directors	Date of the first appointment and end date of term of office
José Antônio do Prado Fay	2018-2021
João Nuno de Sottomayor Pinto de Castello Branco	2015-2021
Ricardo Miguel dos Santos Pacheco Pires	2014-2021
Vítor Paulo Paranhos Pereira	2014-2021
António Pedro de Carvalho Viana-Baptista	2010-2021
Carlos Eduardo Coelho Alves	2015-2021
Filipa Mendes de Almeida de Queiroz Pereira	2018-2021
Francisco José Melo e Castro Guedes	2001-2021
Lua Mónica Mendes de Almeida de Queiroz Pereira	2018-2021
Mafalda Mendes de Almeida de Queiroz Pereira	2018-2021
Vítor Manuel Galvão Rocha Novais Gonçalves	2010-2021

João Nuno de Sottomayor Pinto de Castello Branco ceased his duties as Member of the Board of Directors and Chairman of the Executive Board of Semapa by resignation with effect from 31 December 2021.

The Board of Directors of Semapa appointed, on 3 November 2021, the Director Ricardo Miguel dos Santos Pacheco Pires as Chairman of the Executive Board of Semapa, with effect from 1 January 2022.

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive directors, identification of those who can be regarded as independent or, if applicable, identification of the independent members of the General and Supervisory Board.

The executive members of the Board of Directors are those who belong to the Executive Board, as per paragraph 28 below, the others being non-executive members.

During the year of 2021, the Board of Directors of the company was composed by eleven members, three of whom were members of the Executive Board for the whole year. Since the number of non-executive directors in 2021 represented 72.73% of the members of the Board of Directors, we consider this proportion to be appropriate considering the size of the company and the complexity of the risks inherent to its activity, and sufficient to undertake efficiently the duties to which they are assigned. This judgment on the suitability of the proportion took into account, in particular, the size of the Executive Board and the powers assigned to it by the Board of Directors, the company's activities and its nature as a holding company, the stability of its shareholder structure, the diversity of skills and the availability of the non-executive members for the performance of their duties, which through close cooperation with the Chairman of the Board of Directors, guarantee the capacity to monitor, supervise and assess the activity of the executive members of the Board of Directors.

On the basis of the criteria laid down by the Corporate Governance Code adopted, Director Carlos Eduardo Coelho Alves may be classified as an independent non-executive director, as he is not associated with any group with specific interests in the Company, nor is he under any circumstance likely to affect the impartiality of his analyses or decisions.

On the other hand, Director Francisco José Melo e Castro Guedes was not classified as independent as he is member of the Board of Directors since 2001. Directors José Antônio do Prado Fay, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira were not qualified as independent in the light of the criteria referred, since they were also members of the Board of Directors of companies owning qualified holdings in Semapa in 2021. Director Vitor Manuel Galvão Rocha Novais Gonçalves may not be classified as independent in the light of the above-mentioned applicable criteria, since he is director of a company controlling Semapa, and receives remuneration for his office. Finally, Director António Pedro de Carvalho Viana-Baptista is not an independent director by virtue of the commercial ties existing between the company and the entity in which he holds management functions.

Thus, in the course of the 2021 financial year, the Board included only one non-executive director who fulfilled the independence requirements laid down by the Corporate Governance Code adopted, which the company finds adequate and consistent with a fully independent performance of the Board of Directors and sufficient to guarantee the real capacity to supervise, assess and monitor the activity of the other members of the Board of Directors.

In effect, considering the profile, age, background and professional experience and, above all, independent judgement and the integrity demonstrated by the members of the Board of Directors, the company finds that the current proportion between non-independent and independent non-executive directors, established through formal criteria of assessment of independence, is perfectly adjusted to the nature and size of the company, considering, in particular, that it is a family-owned company, with a stable capital structure, and taking into account the complex inherent risks of its business.

19. Professional qualifications and other relevant biographical details of each of the members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors.

JOSÉ ANTÔNIO DO PRADO FAY

José Antônio do Prado Fay has a degree in Mechanical Engineering from the Rio de Janeiro Federal University and he attended a specific post-graduate course in Equipment Engineering at Coppe\Petrobras (Coordination of Graduate Studies and Engineering Research). He initiated his professional activity at Copesul in 1978, where he was manager of the engineering sector until 1986. From 1986 to 1988 he was chief of the Engineering and Maintenance Division at Petroquímica Triunfo, S.A. From 1988 to 2000 he held several management functions at Bounge Group, in the areas of Engineering and Consumption Goods Business. He was in charge of the Commercial and Marketing department at Electrolux from 2000 to 2003 and from 2003 to 2007 he served as Chairman of Batavo, S.A., which was incorporated in Perdigão, S.A. in 2006, acting as Chairman of that company from 2008. He was Chairman of Brasil Foods S.A. from 2007 to 2013. He is a member of the Board of Directors of Camil, S.A. since 2013. He is Senior advisor at the Warburg Pincus fund and was Senior advisor atMckinsey & Co. until 2020. Since 2020 he has held office as Chairman of the Board of Directors of Semapa and other related companies, and as member of the Boards of Directors of São Salvador Alimentos, S.A. and Superbac Biotechnology Solutions.

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

João Castello Branco was CEO of Semapa from July 2015 to 31 December 2021, and Chairman of the Board of Directors of The Navigator Company and Secil from the end of 2018 to 31 December 2021. Since 2019 he is Chairman of the Board of Business Council for Sustainable Development (BCSD) Portugal and is member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD). He is also member of the General Board of AEM – Associação Portuguesa de Emitentes. Previously and after finishing his degree, he worked at the engine development centre of Renault, in France. He joined McKinsey in 1991, where he held positions in several industries, both in Portugal and in Spain, and was Managing Partner of the company's office in Iberia until July 2015. João Castello Branco is a graduate in mechanical engineering by the Instituto Superior Técnico and holds a master degree in management by INSEAD.

RICARDO MIGUEL DOS SANTOS PACHECO PIRES[2]

Ricardo Pires holds a degree in Business Administration and Management from Universidade Católica Portuguesa, and is specialised in Corporate Finance from ISCTE. He also has an MBA in Corporate Management from Universidade Nova de Lisboa. He began his career in the field of management consulting, from 1999 to 2002 for BDO Binder and later for GTE Consultores. From 2002 to 2008 he held several positions in the Corporate Finance Board at ES Investment, where he developed different M&A and capital market projects in the Energy, Paper and Pulp and Food & Beverages sectors. He has worked for Semapa since 2008, first as Director of Strategic Planning and New Business and afterwards, from 2011, as Chief of Staff of the Chairman of the Board of Directors. In 2014 he was appointed Executive Director of Semapa, and he also holds positions in other related companies. Since 2015, he has held positions in the board of The Navigator Company and Secil. He has been CEO of Semapa Next since 2017 and took over in March 2020 duties as Chairman of the Board of Directors in the ETSA group. In 2021 he was lecturer of a Master's programme at the Universidade Católica de Lisboa.

VÍTOR PAULO PARANHOS PEREIRA

Vitor Paranhos Pereira holds a degree in Economics by Universidade Católica Portuguesa and attended AESE (Universidade de Navarra). He began working in 1982 at the company Gaspar Marques Campos Correia & Cª. Lda. as Financial Director until 1987. From 1987 to 1989 he was Deputy Financial Director of the Instituto do Comércio Externo de Portugal (ICEP). Vítor Pereira joined the group in 1989 as Financial Director of Sodim, and in 2009 he became member of the Board of Directors of that company until May 2018, and afterwards from March 2020 to date. He also holds directorships in several companies related to Sodim, namely Hotel Ritz since 1998. From 2001 to 2016, he was Director of Hotel Villa Magna. He is director of Sonagi since 1995, where he serves as Chairman of the Board of Directors since June 2020. He was appointed director of Refundos in 2005, where he has served as Chairman of the Board of Directors from 2018 to May 2020. From 2006 to 2015 he was Chairman of the Audit Board of the Associação da Hotelaria de Portugal (AHP) and in April 2019 he was appointed as Chairman of the General Meeting of this organisation. From 2007 to 2016 he has been Chairman of the General Meeting of the Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios (APPFIPP). He has served as member of the Audit Board of Eurovida – Companhia de Seguros, S.A. and Popular Seguros – Companhia de Seguros, S.A. from 2009 to 2018. In 2014 he was appointed member of the Board of Directors of Semapa. He has held office as Executive Director of Semapa and other related companies since March 2020, and since February and March 2020 he also holds management positions at Secil and The Navigator Company, respectively.

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

António Viana-Baptista has a degree in Economics, a post-graduate degree in European Economy and holds an MBA (INSEAD). From 1984 to 1991, he was Principal Partner at Mckinsey & Co. Between 1991 and 1998, he was Director of the Banco Português de Investimento. Between 1998 and 2008, he held positions at Telefonica S.A., as Chairman of Telefonica Internacional from 1998 to 2002, Chairman of Telefonica Moviles S.A. from 2002 to 2006, and Chairman of Telefonica España from 2006 to 2008, and he was also Director of Telefonica S.A. and Portugal Telecom, representing Telefonica. From 2011 to 2016 he was CEO of Crédit Suisse AG for Spain and Portugal. He held office as non-Executive Director of Jasper Inc, California until 2016 and of Abertis, S.A. from 2017 to 2018. At present, he is non-executive Director of Jerónimo Martins, S.A. (where he also acted as member of the Audit Committee from 2010 to 2015) and of Atento, S.A., in addition to performing duties as Director of Alter Venture Partners G.P., SARL. He has been non-executive Director of Semapa since 2010.

CARLOS EDUARDO COELHO ALVES

Carlos Alves has a degree in mechanical engineering from Instituto Superior Técnico and he is an Expert Industrial Manager by the Portuguese Association of Engineers. He began working as lecturer of Machine Components I and II at Instituto Superior Técnico and he was a Trainee Expert of the Works Monitoring Division at Laboratório Nacional de Engenharia Civil in Lisbon. He was an engineer of technical services at Cometna – Companhia Metalúrgica Nacional, SARL, and later director in charge of manufacturing and managing director of Cobrascom S.A. (In Rio de Janeiro, Brazil). Between 1989 and 2009, he held directorship positions in Semapa, Sodim and other related companies. He was also CEO of Secil and CMP between 1994 and 2009, and held management positions at Portucel (currently The Navigator Company),

2 Ricardo Pires was appointed, as from 1 January 2021, Chief Executive Officer from Semapa and Chairman of the Board of Directors of Semapa Next, The Navigator Company and Secil

Soporcel, and Enersis, where he was Chairman of the Board of Directors. He was Chairman of ATIC – Associação Técnica da Indústria do Cimento between 2004 and 2009 and member of the Cembureau Steering Committee between 2004 and 2009. He has been non-executive director of Semapa since November 2015 and non-executive director of Secil since October 2020.

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Filipa Queiroz Pereira has a degree in Applied Mathematics from Universidade Lusíada and a post-graduate degree in Information Systems from Harvard Extension School. She completed executive programmes at Insead, London Business School, Harvard Business School and at Singularity University and has been involved in IT consultancy and real estate activities. She has been a director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Hotel Ritz.

FRANCISCO JOSÉ MELO E CASTRO GUEDES

Francisco Guedes has a degree in Economic and Financial Sciences and holds an MBA from INSEAD. He initiated his professional career in 1971 at the Companhia União Fabril. He performed military service from 1972 to 1975. In the following years, in 1976 he was Financial Director of Companhia Rio Moju and from 1977 to 1987 at the Anglo-American Corporation (in Brazil), holding office as Executive Director, the Holding's Financial Director, Director in charge of all (non-gold) mining and industrial companies in Brazil and Financial Director of Mineração Morro Velho. Between 1988 and 1989 Francisco Guedes he was in charge of the Ricardo Schedel brokerage. In 1990, he was manager of the Aroeira project at Formentur, and in the following years he was director and manager at Anglo American Corporation Portugal, Nacional – C.I.T.C., Nutrinveste and Sociedade Ponto Verde. Between 2009 and 2015 he was Director of The Navigator Company. From 2001 until June 2020, he occupied management positions at Secil, having also carried out executive positions from 2001 to 2014 at Semapa and other group companies.

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

After completing her Secondary Education, Lua Queiroz Pereira attended several international schools of management, namely Insead, where she obtained a certificate in Global Management, London Business School, Singularity University and Harvard Business School, where she completed courses for executives. In the past she was a business manager linked to equestrianism. She has been a director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Semapa Next, a venture capital company of the group.

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Mafalda Queiroz Pereira completed her Secondary Education, together with technical courses in Wood Carving and Carpentry by Fundação Ricardo Espírito Santo and in Interior Architecture by SENAI (Brazil). She completed executive programmes at Insead, London Business School and Harvard Business School and has been involved in the development of projects in real estate. She has been a director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Sonagi, company dedicated to the real estate management and operation.

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

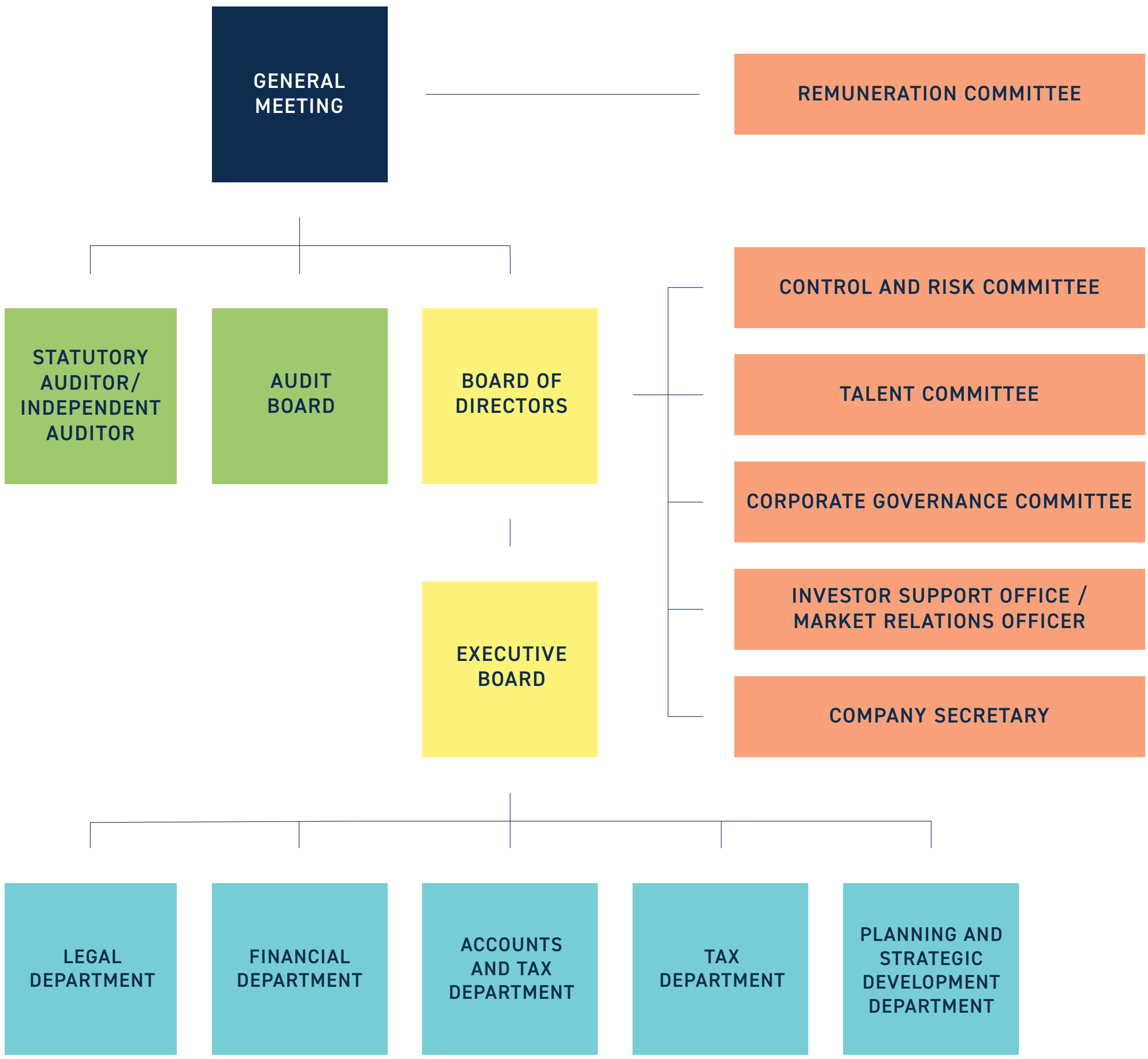
Vítor Novais Gonçalves has a Business and Administration Degree by ISC-HEC, in Brussels, and more than 30 years of professional experience with senior positions in Consumer Goods, Telecom and Financial sectors. He began his professional activity in 1984 at Unilever as Management Trainee and later as Product Manager and Market Manager. Between 1989 and 1992, he was Business Manager in the Venture Capital Area at Citibank Portugal and later he was Corporate Finance Head and member of the Management Committee. Between 1992 and 2000, in the financial area of Group José de Mello, he held board positions in several companies and, among others, was General Manager of Companhia de Seguros Império. Between 2001 and 2009, he was Director of SGC Comunicações at the SGC Group, in charge of International Business Development. He is currently Director of Zoom Investment, Semapa and The Navigator Company, among others.

20. Habitual and significant family, professional or business ties between members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors with shareholders to whom a qualifying holding greater than 2% of the voting rights may be allocated.

Besides the directorships held by several Directors in Sodim and Cimo, as companies which own qualifying holdings in Semapa, as described in paragraph 26 below, and the direct and indirect shareholdings of Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira, as heirs to the undivided estate of Pedro Mendonça Queiroz Pereira in Sodim and Vialonga, there are no habitual or significant family, professional or business ties between members of the Board of Directors and shareholders in Semapa which own qualifying holdings.

21. Organizational or functional charts showing the division of powers between the different corporate boards, committees and/or company departments, including information on delegated powers, in particular with regard to delegation of the day-to-day management of the company.

The following simplified chart shows the organization of Semapa's different bodies, committees and departments as at 31 December 2021[3]:



3 As per 1 January 2022 an Executive Officers Committee was set in place to support the Executive Board in the scope of its duties, issuing non-binding reports and performing the functions laid down on its regulations. It is composed by the members of the Executive Board and Semapa's Directors, Isabel Viegas (with extensive knowledge in Human Resources and Talent Management) and Hugo Pinto (with experience in Planning and Strategic Development).

The management of the company is centred on the relationship between the Board of Directors and the Executive Board.

The two bodies were coordinated and kept in contact through the close cooperation between the Chairman of the Board and the executive team, through the respective the CEO, João Castello Branco, through the availability of the members of the Executive Board to convey all relevant or urgent or requested information on the day-to-day management of the Company to the non-executive directors, in order to keep them abreast of the Company's life at all times. In addition, meetings of the Board of Directors are called for all strategic decisions regarded as especially important, even if they fall within the scope of the general powers delegated.

The information requested by the other members of corporate bodies is also provided in good time and in an appropriate form by the members of the Executive Board.

In order to assure that information is communicated on a regular basis, the Executive Board also sends to the Audit Board the notices and minutes of the meetings of the former. The remaining committees and corporate governing bodies also ensure that information flows in a timely and appropriate manner and in accordance with their respective operating regulations, by delivering notices and minutes in the necessary and appropriate terms for the other bodies and committees to exercise their legal and statutory powers.

Until 31 December 2021, although duties and responsibilities were not rigidly compartmentalised within the Executive Board, the distribution of functions was as follows:

1st Strategic planning and investment policy, management control, corporate governance, human resources, and talent management, which are the responsibility of the CEO, João Nuno de Sottomayor Pinto de Castello Branco.

2nd Financial, accounting and audit, taxation and legal affairs, which are the responsibility of the Director Vítor Paulo Paranhos Pereira

3rd Strategic development and IT issues, which are the responsibility of the Director Ricardo Miguel dos Santos Pacheco Pires.

Regarding Strategic Planning and Investments Policy, and without prejudice to the mentioned office, this is an area that naturally entails more intervention on behalf of the non-executive members and that counted with on the substantial involvement of the Chairman of the Board of Directors. Non-executive directors participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

As regards the definition of strategic planning and main policies, the company sought to incorporate and put into practice the Strategic Principles established by the company, which are as follows:

i. Grow, with the creation of value for the shareholder in a perspective of sustainable development and a high level of social conscience;

ii. Promote the development of the communities with which it is related;

iii. To develop its Human Resources, providing them with continuous professional valorization and attractive career opportunities, in accordance with the ambition and skills demonstrated; and

iv. To be aware of business opportunities and to make acquisitions with the potential for generating value.

Based on the aforementioned Strategic Principles, the company has set four Strategic Sustainability Axes, which together establish the drivers of the company's performance in this area and of the holding group:

1st Value creation in the business

Aware of the impact its activity has on society, Semapa aspires to create sustainable value and share it with its stakeholders. The Semapa Group impacts the lives of thousands of people throughout its value chain. It is increasingly clear that the way the Group manages its relationship with the community, with the resources and risks associated with its activities, has an impact on economic performance.

The Semapa Group's management approach is based on the principles of ethics, integrity and honesty in internal and external relations, and in the development of activities at all stages of the value chain. Its activities are governed by internal policies such as the Ethical Principles, the Code of Good Conduct and for the Prevention of Sexual Harassment, and the annual Plan for Equality, as well as whistleblowing mechanisms and procedures for the prevention of conflicts of interest.

Semapa's duty is to manage the risks inherent to its business and also to monitor the context and manage the risks to which its Subsidiaries are exposed. Semapa has an agile and robust risk control and management system in place to respond to the different businesses, geographies, and risk situations to which the Group is exposed.

Semapa focuses on sustained innovation and research and development, addressed at ensuring new profit thresholds for the business, while helping to improve the efficiency of processes and to produce innovative products with less impact. This alignment is common to all of the Group's business segments, which have their own R&D areas to ensure the production of scientific and technological knowledge and guarantee competitiveness in the different sectors.

2nd Valuing People

Human Capital is one of Semapa Group's most important assets. Their development and growth have for long been a priority of the Group companies. Investment in training and capacity building are Semapa's tools for preparing its employees for the businesses' current and future needs. Similarly, the design and planning of their careers, the definition of short- and medium-term objectives, and performance assessment, are the ways to manage the progress of employees, according to their aspirations and in line with the company's needs. Semapa puts special emphasis on how values are experienced and put into practice in the Group (published in **https://www.semapa.pt/en/grupo/missao**).

The care for internal employees and also for external ones, whether permanent or occasional, is a priority for all companies in the Semapa Group. Despite the different stages of its safety culture, all companies aim to achieve excellence through a culture of interdependence, where each employee takes care of themselves and others.

3rd Protecting the Planet

Given the challenges associated with protecting the planet, the Semapa Group acknowledges its key role in minimizing environmental impacts, particularly by focusing on Water Management, Circular Economy and Conservation of Biodiversity and Ecosystem Services.

Water management is one of today's biggest challenges, and a constant concern for the Group, since it is a scarce resource that we all share. However, among the anthropogenic activities and nature, this resource, although renewable, is limited to the amount available on the planet.

The Circular Economy has been on the Group's agenda over the last years. As the Group is mostly industrial, the circularity, reuse, and recycling of materials have brought high efficiency gains in resource consumption and, consequently, economic gains.

The Group's relationship of dependence with biodiversity is clear: all resources, such as water, food, raw materials and energy result from interactions with nature and the services it provides. For the Semapa Group, it is clear how important it is to maintain these interactions and the impact they may have on its activities.

4. Community Engagement:

Corporate Social Responsibility is one of the structural and essential elements of Semapa's operations, both in the development of its direct activities and in those carried out through its Subsidiaries. Heir to the long business tradition of philanthropy and patronage of the Queiroz Pereira Family, its largest shareholder, Semapa develops its own initiatives and supports Social Responsibility projects, in line with the UN Sustainable Development Goals.

In the scope of sustainability, an ad hoc committee has been set up, with various working groups to address specific matters, which has developed its activity under the supervision of the Executive Board and transversally involving all the group's companies. As a result of this activity, the company publishes its "Sustainability Report" every year which, from a consolidated perspective and in response to the legal requirements introduced by Portuguese and Community legislation, provides a detailed analysis of the company's approach and commitment to sustainability issues. Consequently, by adhering to and fulfilling the aforementioned strategic principles and according to the provisions in the aforementioned report, the company guarantees its long-term success, with a significant contribution to the community at large.

Regarding the powers of the Executive Board, broad management powers are delegated to the Executive Board, which are largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in Article 407.4 of the Companies Code. Powers are specifically delegated for the following:

a) To negotiate and resolve to enter into any commercial or civil contract, by public or private act, on the terms and conditions it deems most appropriate, and to take all decisions it sees fit in the performance of these contracts;

b) To resolve to issue, sign, draw, accept, endorse, guarantee, protest or carry out any other act in connection with the use of bills or credit instruments;

c) To resolve on all routine banking operations, with Portuguese or foreign financial institutions, namely opening, consulting and establishing the form of effecting movements in bank accounts, in all the legally admissible forms;

d) To negotiate and resolve to contract and amend loan agreements, with financial institutions or other entities, including the provision of the respective guarantees in cases where the law permits such delegation, all on the terms it sees fit;

e) To resolve to acquire, dispose of and encumber assets of all kinds, on the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contractual instrument, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;

f) To take all decisions and carry out all acts in connection with the exercise by the company of its position as shareholder, namely by appointing its representatives at the General Meetings of companies in which it has holdings and adopting unanimous resolutions in writing;

g) To draft the company reports, balance sheets, financial statements and proposals for allocation of profits;

h) To take all steps necessary or appropriate in connection with the company's labour relations with its employees, namely contracting, dismissing, transferring, defining terms of employment and remuneration and revising and amending the same;

i) To resolve on the representation of the company before any court or mediation or arbitration body, taking all decisions as may be necessary or appropriate in connection with any proceedings pending before the same or to bring the same, and namely to desist, confess or settle;

j) To appoint attorneys for the company within the powers delegated to it;

k) To take all steps necessary or appropriate in connection with existing or planned issues of bonds and commercial paper, including the actual decision to issue; and

l) In general, to carry out all acts of day-to-day management of the company, except for those which cannot be delegated under Article 407.4 of the Companies Code.

The Executive Board is barred from resolving on the following:

a) Selection of the Chairman of the Board of Directors;

b) Co-option of directors;

c) Requests for the call of a General Meeting;

d) Annual reports and accounts;

e) Provision of warranties and personal or real security by the company;

f) Change in registered offices and increases in share capital; and

g) Plans for merger, break-up or transformation of the company.

Some of the company's regular procedures that have always been the practice in the company were standardised, in order to guarantee intervention by the Board of Directors in strategic decisions according to its amounts, high risk or special characteristics.

In the case of the Audit Board, which has the powers established in law and which are further described in paragraph 38 of this report, there are no delegated powers or special areas of responsibility for individual members.

Among other duties, one of the main purposes of the Control and Risk Committee is to detect and control all relevant risks in the Company's affairs, and the Committee enjoys full powers to pursue this aim, as set out in paragraph 29 of this report.

The Corporate Governance Committee exists to monitor, on a permanent basis, compliance by the company with corporate governance requirements established in law, regulation and the Articles of Association, and to exercise the other powers detailed in paragraph 29 of this report.

The Talent Committee makes recommendations and is heard in matters of appointments and evaluations, as described in paragraph 29 of this report.

The functions of the Investor Support Office are detailed in paragraph 56 of this report.

The Company Secretary is appointed by the Board of Directors and has the powers defined in law.

The Remuneration Committee draws up the remuneration policy for the members of the Board of Directors and Audit Board, and conducts analyses and determines the remuneration of directors, in close collaboration with the Talent Committee.

The Legal Department provides the company with legal advice and is responsible by legal compliance to assure that procedures and proceedings comply with the relevant legislation. The Financial Department is primarily engaged in financial management and planning. The Accounts and Tax Department is mainly responsible for rendering the Company's accounts and complying with its tax obligations. The Tax directorate, on the other hand, provides tax advice, ensuring compliance with the applicable legislation and preventing unlawful fiscal planning. The Planning and Strategic Development Department is responsible for the group's planning, budgeting, and business control processes, and must also look into new investments and the group's strategic planning and development.

The governing bodies and internal committees mentioned above are required to exchange between them, in accordance with its regulations, all necessary information and documents for the exercise of legal and statutory duties of such bodies and committees. The respective directorates and services shall help with drawing up, processing and disclosing such information in an appropriate, strict and timely manner. According to these regulations and other applicable rules, these governing bodies and committees draw up complete minutes of their meetings.

The regulations of the Board of Directors and the Audit Board also establish, in particular, mechanisms that ensure, within the limits of the legislation and applicable regulations, access of its members to employees of the company and all information that is deemed necessary for assessing the Company's performance, status and development prospects, including without limitation, minutes, documentation supporting the decisions taken, notices and files of the meetings of the Board of Directors and its Executive Board, without prejudice to having access to other documents or persons to request clarifications.

B) FUNCTIONING

22. Existence of the rules of procedure of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where these may be consulted.

The Board of Directors has rules of procedure which are published on the company's website (**https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CA%20EN.pdf**) where they may be consulted.

23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be.

The Board of Directors met twelve times in 2021, and attendance by each member (physical attendances or through telematic means) was as follows:

Members of the Board of Directors	Members present (%)	Members present and represented (%)
João Nuno de Sottomayor Pinto de Castello Branco	100	100
José Antônio do Prado Fay	100	100
Ricardo Miguel dos Santos Pacheco Pires	91.7	91.7
Vítor Paulo Paranhos Pereira	100	100
António Pedro de Carvalho Viana-Baptista	100	100
Carlos Eduardo Coelho Alves	100	100
Filipa Mendes de Almeida de Queiroz Pereira	83.3	83.3
Francisco José Melo e Castro Guedes	100	100
Lua Mónica Mendes de Almeida de Queiroz Pereira	83.3	83.3
Mafalda Mendes de Almeida de Queiroz Pereira	83.3	83.3
Vítor Manuel Galvão Rocha Novais Gonçalves	100	100

24. Indication of the company bodies empowered to assess the performance of executive directors.

The Remuneration Committee is the entity in charge of preparing the framework for the evaluation of the executive directors under the Remuneration Policy. Performance evaluation of each executive director follows an internal process structured under the responsibility/leadership of the respective person in charge (i.e. under the responsibility of the person who manages the team, in the case of the members of the Executive Board, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chief Executive Officer) and with the involvement of the non-executive directors named by the person in charge.

The Talent Committee is also involved in this process. Currently it is composed by 5 non-executive members of the Executive Board's of Directors, who oversee the board performance evaluation system and the distribution of the company's remuneration, delivering an opinion on the assessment of the individual performance of the executive directors, which means that the Board of Directors does not need to be involved in the assessment of the executive directors.

Finally, the Remuneration Committee must confirm that the factors have been met for the performance evaluation, ensuring the overall consistency of the process of settling the variable remuneration.

Consequently, in 2021 and in relation to the 2020 financial year, the Talent Committee gave its opinion on the individual performance evaluation proposals for the members of the Executive Board issued by the respective CEO, and the performance proposals of the Chairman of the Board of Directors for the CEO, communicating his opinion to the Remuneration Committee.

In accordance with the Regulations of the Board of Directors and the Regulations of the Talent Committee, the Board of Directors, for its part, assisted by the Talent Committee, shall annually evaluate its performance as well as the performance of its committees, including the Executive Board, taking into account the implementation of the company's strategic and budget plans, risk management, the internal functioning and the contribution of each member to these objectives, as well as the relationship with other company's bodies and committees. The Talent Committee monitors the overall assessment of the Board of Directors' performance, as provided by its regulation.

The assessment of the performance of the executive directors and the self-assessment of the performance of the Board of Directors and its committees in 2020 were conducted in 2021, and the relevant performances in the 2021 financial year will be assessed in 2022, as described above.

25. Predetermined criteria for assessing the performance of executive directors.

The criteria for assessing the performance of executive directors in force from 2021 to 2024 are the criteria defined in paragraph 7 of chapter IV of the Remuneration Policy for setting the variable remuneration component. Such criteria are met through a system of quantitative and qualitative Key Performance Indicators (KPIs) of the company's performance (general business indicators weighing 65%) and of the relevant director (specific objectives weighing 20% and behavioural indicators, accounting for 15% of the total score). The general business indicators include, in particular, EBITDA, net income, cash flow, and Total Shareholder Return vs Peers, while the behavioural skills include the alignment of each director with the long-term interests and sustainability of the company. It should be clarified that in the 2020 performance evaluation carried out in 2021 the Total Shareholder Return vs Peers indicator was not yet part of the general business indicators considered for performance evaluation purposes.

26. Availability of each of the members of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period.

The members of the Board of Directors have the appropriate time available to perform the duties entrusted to them, and the other activities carried on by the executive members during the period, outside the business group to which Semapa belongs, are negligible when compared to the performance of their duties in the company and other companies in the same business group.

Besides the activities mentioned under paragraph 19, the members of the Board of Directors occupy the positions detailed below:

JOSÉ ANTÔNIO DO PRADO FAY

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

CAMIL ALIMENTOS, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Chairman of the Board of Directors
SÃO SALVADOR ALIMENTOS S. A.	Director
SODIM, SGPS, S.A.	Chairman of the Board of Directors
SUPERBAC Biotechnology Solutions	Director

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

Office held in other companies belonging to the same group as Semapa:

APHELION, S.A.	Chairman of the Board of Directors[4]
SEMAPA NEXT, S.A.	Chairman of the Board of Directors[5]

Office held in other companies:

AEM - Ass. de Emp. Emitentes de Valores Cotados em Mercado	Member of the General Committee
Business Roundtable Portugal Association	Member of the Board[6]
BCSD - Business Council for Sustainable Development	Chairman
FÓRUM PARA A COMPETITIVIDADE	Member of the Governing Board
THE NAVIGATOR COMPANY, S.A.	Chairman of the Board of Directors[7]
SECIL - Companhia Geral de Cal e Cimento, S.A.	Chairman of the Board of Directors[8]
SODIM, SGPS, S.A.	Director[9]
WBCSD - World Business Council of Sustainable Development	Member of the Executive Board

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

Office held in other companies belonging to the same group as Semapa:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Chairman of the Board of Directors
APHELION, S.A.	Director[10]
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager
ETSA LOG, S.A.	Chairman of the Board of Directors
ETSA - Investimentos, SGPS, S.A.	Chairman of the Board of Directors
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Chairman of the Board of Directors
SEBOL - Comércio e Indústria de Sebo, S.A.	Chairman of the Board of Directors
SEMAPA Inversiones, S.L.	Director
SEMAPA NEXT, S.A.	CEO[11]

4 In office until 31 December 2021.
5 In office until 31 December 2021.
6 In office until 31 December 2021.
7 In office until 31 December 2021.
8 In office until 31 December 2021.
9 In office until 31 December 2021.
10 Appointed Chairman of the Board of Directors on 1 January 2022.
11 Until 2 August 2021 he served as Managing Director, and from then until 31 December 2021, as Chief Executive Officer, having ceased these duties on 1 January 2022, being appointed Chairman of the Board of Directors as from that date.

Office held in other companies:

CIMO – Gestão de Participações, SGPS S.A.	Director
PYRUS AGRICULTURAL LLC	Director
PYRUS INVESTMENTS LLC	Director
PYRUS REAL ESTATE LLC	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director[12]
SODIM, SGPS, S.A.	Director
THE NAVIGATOR COMPANY, S.A.	Director[13]
UPSIS, S.A.	Director

VÍTOR PAULO PARANHOS PEREIRA

Office held in other companies belonging to the same group as Semapa:

APHELION, S.A.	Director
CELCIMO, S.L.	Chairman of the Board of Directors[14]
SEMAPA Inversiones, S.L.	Chairman of the Board of Directors

Office held in other companies:

ANTASOBRAL - Sociedade Agropecuária, S.A.	Director
CAPITAL HOTELS - Sociedade de Investimentos e Gestão, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Director
GALERIAS RITZ, S.A.	Chairman of the Board of Directors
HOTEL RITZ, S.A.	Director
PARQUE RITZ, S.A.	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SOCIEDADE AGRÍCOLA da HERDADE dos FIDALGOS, Unip., Lda	Manager
SONAGI, SGPS, S.A.	Chairman of the Board of Directors
SONAGI – Imobiliária, S.A.	Chairman of the Board of Directors
THE NAVIGATOR COMPANY, S.A.	Director
ASSOCIAÇÃO DA HOTELARIA DE PORTUGAL	Chairman of the General Meeting

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

ALTER VENTURE PARTNERS G.P., SARL	Director
ATENTO, S.A.	Director
JERÓNIMO MARTINS SGPS, S.A.	Director

CARLOS EDUARDO COELHO ALVES

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

SECIL - Companhia Geral de Cal e Cimento, S.A.	Director

12 Appointed Chairman of the Board of Directors on 1 January 2022.
13 Appointed Chairman of the Board of Directors on 1 January 2022.
14 Company wound up and liquidated on 23 December 2021.

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

ABSTRACTREASON, LDA.	Manager
BESTWEB, LDA.	Manager
CAPITAL HOTELS – Sociedade de Investimento e Gestão S.A.	Chairman of the Board of Directors
CIMO – Gestão de Participações, SGPS S.A.	Director
FUNDAÇÃO NOSSA SENHORA DO BOM SUCESSO	President of the General Council
HOTEL RITZ, S.A.	Director
LAGUM, LDA.	Manager
SODIM, SGPS, S.A.	Director
REALTRAJE, LDA.	Manager
REPRESENTAÇÕES CARVALHAL, S.A.	Director

FRANCISCO JOSÉ MELO E CASTRO GUEDES

Office held in other companies belonging to the same group as Semapa:

CELCIMO, S.L.	Director[15]

Office held in other companies:

CIMENTS DE SIBLINE S.A.L.	Director

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Office held in other companies belonging to the same group as Semapa:

SEMAPA NEXT, S.A	Director

Office held in other companies:

CIMO – Gestão de Participações, SGPS S.A.	Director
ECO MALHADA, Lda.	Manager
SODIM, SGPS, S.A.	Director
REPRESENTAÇÕES CARVALHAL, S.A.	Director

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

CIMO – Gestão de Participações, SGPS S.A.	Director
MONTE DA PRAIA RECURSOS NATURAIS, S.A.	Director
SOCIEDADE AGRÍCOLA da HERDADE dos FIDALGOS, Unip., Lda	Manager
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Director
REPRESENTAÇÕES CARVALHAL, S.A.	Chairman of the Board of Directors

15 Company wound up and liquidated on 23 December 2021

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

BELDEVELOPMENT, S.A.	Director
EXTRASEARCH, SGPS, S.A.	Director
EUROMIDLANDS - Sociedade Imobiliária, Lda.	Manager
MAGALHÃES E GONÇALVES – Consultoria e Gestão, Lda.	Manager
PRUDENTARBÍTRIO, Lda.	Manager
QUALQUER PONTO – Sociedade Imobiliária, Lda.	Manager
QUALQUER PRUMO – Sociedade Imobiliária, Lda.	Manager
TERRAPONDERADA, Lda.	Manager
THE NAVIGATOR COMPANY, S.A.	Director
VANGUARDINTEGRAL, Lda.	Manager
VRES – Vision Real Estate Solutions, S.A.	Director
ZOOM INVESTMENT, SGPS, S.A.	Director
ZOOM INVESTMENT TURISMO, S.A.	Director
2FOR VENTURE, SGPS, Lda.	Manager

According to the regulation of the Board of Directors, the directors of the Executive Board may not perform executive duties in entities outside of the Company's group, unless the activity of such entities is found to be ancillary or complementary to the group's activity or is not very time-consuming. The executive directors do not perform duties in other companies that do not fulfil the aforementioned criteria.

The same regulation provides that the directors who are not part of the Executive Board may perform management functions (either executive or not) in entities outside of the company's group, provided that such companies do not carry out activities that compete with that of the company or of directly or indirectly participated companies, and the Chairman of the Board of Directors must be notified before the start of such functions. The non-executive directors of the company do not perform duties in other companies which do not meet the requirements mentioned above.

C) COMMITTEES BELONGING TO THE MANAGEMENT OR SUPERVISORY BODIES AND MANAGING DIRECTORS

27. Identification of committees set up by the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where the rules of procedure may be consulted.

The following committees exist in the company within the Board of Directors: Executive Board, Control and Risk Committee, Corporate Governance Committee and Talent Committee.

The Control and Risk Committee, the Corporate Governance Committee and the Talent Committee have rules of procedure, which are published on the company website (**https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CCR_EN_0.pdf**), where they may be looked up.

Given its nature, composition and origin from the Board of Directors, which has its own regulation on autonomous functioning and specific rules on the organisation and functioning of its Executive Board, the latest does not have an autonomous regulation. Consequently, the following operating rules provided by said regulation and in the act of delegating power shall apply:

a) The Executive Board shall meet when convened by the Chairman or any other two members;

b) The members of the Executive Board may be represented by another member, and each person may not represent more than one member;

c) The Chief Executive Officer has a casting vote;

d) Absent members may cast written votes, and

e) The Chief Executive Officer is particularly responsible for reporting and communicating with the Board of Directors.

28. Composition, if applicable, of the executive board and/or identification of the managing director(s).

The following were the members of the Executive Board in 2021:

- João Nuno de Sottomayor Pinto de Castello Branco, who chairs the board;
- Vítor Paulo Paranhos Pereira; and
- Ricardo Miguel dos Santos Pacheco Pires.

João Castello Branco and Ricardo Pires were appointed members of the Executive Board by resolution of the Board of Directors on 05 June 2018, and Vítor Paranhos Pereira was appointed executive director by resolution of the Board of Directors on 31 January 2020, with effect from 01 March 2020.

29. Indication of the powers of each of the committees created and summary of the activities carried on the exercise of these responsibilities.

EXECUTIVE BOARD:

The powers of the Executive Board are described in paragraph 21 of this report.

The Executive Board is the company's executive body, which has performed its duties in the scope of the powers entrusted to it by the Board of Directors. The Board meets on a regular basis and whenever necessary in the light of ongoing business and monitoring of the company's activity. In 2021 it held 37 meetings. These meetings are attended by the members of the Executive Board, as well as by the Company Secretary, Rui Gouveia. When the matters to be discussed so require, non-executive directors, directors of the group's companies and some of the Company's managers may also take part in the meetings.

CONTROL AND RISK COMMITTEE:

In view of implementing its purpose to detect and control all relevant risks in the company's affairs, in particular financial risks, the Control and Risk Committee has the following responsibilities and powers:

a) To monitor the Company's business affairs, with integrated and permanent analysis of the risks associated;

b) To propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the Company's business risks, with a view to perfecting the internal control system, including in particular the risk management function;

c) To oversee the implementation of the adjustments to the internal control management system, and in particular to the risk management function, proposed by the Audit Board; and

d) To propose the discussion, alteration and introduction of new procedures to improve the detection, control and management of risks inherent to the company.

It is also up to the Control and Risk Committee to prepare for approval by the Board of Directors the company's risk policy for each fiscal year, which shall identify, without limiting:

a) The main risks to which the company is subject in the development of its activities and limits on risk-taking for the company;

b) The likelihood of such risks to occur and their impact on the company's operations; and

c) The necessary tools and measures to be adopted the mitigation of the risks identified as relevant for the company's activities.

The Control and Risk Committee met five times in 2021 and on 31 December 2021 it included Carlos Eduardo Coelho Alves, Chairman, Vítor Paulo Paranhos Pereira and Margarida Isabel Feijão Antunes Rebocho, Members, being Carlos Alves and Vítor Paranhos Pereira also directors of the company.

This committee conducted its activities, ensured the monitoring and made all the verifications corresponding to its duties, and held joint meetings with the members of the Audit Board, with the support of the Financial and the Accounts and Tax Departments.

CORPORATE GOVERNANCE COMMITTEE:

The Corporate Governance Committee monitors on a continuous basis the Company's compliance with the provisions of the law, regulations and Articles of Association applicable to corporate governance and is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the Company. The Corporate Governance Committee is also required to assess annually the corporate governance and submit to the Board of Directors any proposals as it sees fit.

The Corporate Governance Committee met twice in the financial year 2021. On 31 December 2021 it included Francisco José Melo e Castro Guedes, Chairman, José Antônio do Prado Fay and Rui Tiago Trindade Ramos Gouveia, Members, company Director, Chairman of the Board of Directors and Company Secretary, respectively.

The Corporate Governance Committee conducted its oversight and corporate governance assessment activities throughout the financial year. It also participated actively in the drafting of the Annual Report on Corporate Governance, for which it obtained the necessary information from Rui Gouveia, who is the Legal Director of the company, and ongoing contact and attendance of meetings by the Chief Executive Officer and a member of the Legal Department.

TALENT COMMITTEE:

The Talent Committee functions in compliance with the provisions of its regulations and is expected to perform the following duties in relation to the governing bodies:

a) **Concerning appointments:**

i. Assisting the Board of Directors in identifying and assessing the suitability of the profile, knowledge and curriculum of members of the governing bodies to be appointed, namely, the appointment by co-option to perform the duties of a member of the Board of Directors of the company, and the nomination of directors who will perform executive duties;

ii. Provide the terms of reference available and foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity; and

iii. Whenever deemed appropriate, to know and monitor the processes of selection of potential candidates for the performance of executive management duties in subsidiaries of the group, in cases where the company intends to present the respective elective proposal.

b) Concerning evaluation:

i. Monitor the management performance assessment system and the allocation of the company's remuneration;

ii. To issue an opinion on the proposals for the annual individual assessment of the performance of the members of the Executive Board, issued by the respective Chairman and on the assessment of the later issued by the Chairman of the Board of Directors; and

iii. Monitor the overall assessment of the performance of the Board of Directors as a body, taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this end.

The Commission is also responsible for talent management: **(i)** monitor and issue recommendations on internal policies and procedures relating to the group's talent management; and **(ii)** periodically assess the need and availability of talent in the group and recommend appropriate actions to ensure the group's ability to meet the rising challenges.

The Talent Committee met four times in the financial year of 2021. On 31 December 2021, the members of the Talent Committee were José Antônio do Prado Fay, Chairman, Carlos Eduardo Coelho Alves, Filipa Mendes de Almeida de Queiroz Pereira, Lua Mónica Mendes de Almeida de Queiroz Pereira and Mafalda Mendes de Almeida de Queiroz Pereira, as Members, all of whom are non-executive directors of the company.

The remuneration process, which is overseen by the Talent Committee, is the duty of the company's Remuneration Committee, set up under Article 399 of the Commercial Companies Code, with powers, namely, to prepare the remuneration policy and to oversee the process of analysis and establishment of the Director's remuneration.

III. AUDITING

A) COMPOSITION

30. Identification of the supervisory body corresponding to the model adopted.

The Company's affairs are supervised by the Audit Board and the Statutory Auditor, in accordance with Article 413.1 b) of the Companies Code.

31. Composition, as applicable, of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum numbers of members and duration of their term of office, as established in the Articles of Association, number of full members, date of first appointment and end date of the term of office of each member; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 17.

As established in the Articles of Association, the Audit Board consists of three to five full members, one of whom serves as Chairman with a casting vote, and of one or two alternate members, depending on whether there are three or more full members, all holding office for four-year terms.

Members of the Audit Board	Date of first appointment and end date of term of office
José Manuel Oliveira Vitorino (Chairman)	2014-2021
Gonçalo Nuno Palha Gaio Picão Caldeira (Full member)	2006-2021
Maria da Graça Torres Ferreira da Cunha Gonçalves (Full member)	2018-2021
Ana Isabel Moraes Nobre de Amaral Marques (Alternate member)	2016-2021

The company considers that it has a sufficient number of members of the Audit Board for its size and the complexity of the risks inherent in its activity, thus ensuring the efficient performance of its duties. This judgment on the suitability of the proportion took into account, in particular, the company's activities and its nature as a holding company, the stability of the shareholder structure, the diversity of skills and the availability of the members of the Audit Board for the performance of their duties, namely, through close collaboration with other bodies and committees of the company and the External Auditor and the Statutory Auditor.

32. Identification, as applicable, of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with Article 414.5 of the Companies Code; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 18.

The members of the Audit Board, José Manuel Oliveira Vitorino (Chairman) and Maria da Graça Torres Ferreira da Cunha Gonçalves are deemed independent by Semapa, in accordance with criteria laid down in Article 414.5 of the Companies Code. The former is currently in his second term and the latter in her first term in office.

Following the appointment of Gonçalo Nuno Palha Gaio Picão Caldeira by the Annual General Meeting on 24 May 2018 for a fourth term as member of the Audit Board, he became a non-independent member of this governing body, in accordance with Article 414.5-b of the Portuguese Commercial Companies Code.

33. Professional qualifications, as applicable, of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs and other relevant biographical details; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 21.

JOSÉ MANUEL OLIVEIRA VITORINO

José Manuel Vitorino has a degree in Corporate Organisation and Management by Instituto Superior de Economia da Universidade de Lisboa. He is a qualified Statutory Auditor and certified by the executive training programme of Universidade Nova de Lisboa. He was an Assistant Professor at the Faculdade de Economia da Universidade de Coimbra until 1980, after which he joined PricewaterhouseCoopers and performed functions in auditing and financial consultancy, in national and foreign companies and groups, and in projects by taking part in international teams. He had performed Partner duties for several years when he left PricewaterhouseCoopers in 2013, after reaching the default retirement age. He was the Chairman of the Audit Board of Novo Banco, S.A. until 2017 and currently is member of the Audit Board of ANA – Aeroportos de Portugal, S.A. He is a member of the Audit Board of The Navigator Company since 2015, and of Semapa and Secil since 2016, and became Chairman of these supervisory bodies in 2018.

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

Gonçalo Picão Caldeira has a degree in Law and joined the Portuguese Bar Association in 1991, after completing a legal internship. He holds an MBA from Universidade Nova de Lisboa and attended a course in real estate management and evaluation from ISEG. Gonçalo Caldeira has performed management and property development functions in family-owned companies since 2004. He collaborated previously with BCP Group (1992-1998) and Sorel Group (October 1998 to March 2002). He also worked for Semapa from April 2002 to February 2004. He has been a member of the Audit Board of Semapa since 2006, and of The Navigator Company and Secil since 2007 and 2013, respectively.

MARIA DA GRAÇA TORRES FERREIRA DA CUNHA GONÇALVES

Maria da Graça da Cunha Gonçalves holds a Degree in Business Organisation and Management from Instituto de Ciências do Trabalho e da Empresa (ISCTE), obtained in 1978. She is a qualified Statutory Auditor. She performed duties in General and Cost Accounting and Planning and Financial Analysis at Magnetic Peripherals Inc. Portugal (Control Data Corporation) until 1985, and Financial Analyst at Shell Portuguesa, S.A. from 1985 to 1989. She served as CFO, from 1989 to 1995 at United Distillers Comp. Velha, Lda. and at ITT Automotive Europe GmbH. She was Back Office Director at Pernod Ricard Portugal from 1995 to 2015. She is a member of the Audit Board of Semapa, The Navigator Company and Secil since 2018.

B) FUNCTIONING

34. Existence and place where the rules of procedure may be consulted for the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 22.

The Audit Board has rules of procedure which are published on the company website (**https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CF_EN.pdf**), where they can be looked up.

35. Number of meetings held and rate of attendance at meetings of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 23.

In the financial year 2021, the Audit Board met twenty-four times, with members present at all meetings (physical presence or through telematic means).

36. Availability of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period; reference may be made to the paragraph in the report where this information is contained in accordance with paragraph 26.

The members of the Audit Board have the appropriate time available to perform the duties entrusted to them.

Besides the activities mentioned in paragraph 33, the members of the Audit Board perform the duties detailed below:

JOSÉ MANUEL OLIVEIRA VITORINO

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

ANA Aeroportos de Portugal, S.A.	Member of the Audit Board
SECIL – Companhia Geral de Cal e Cimento, S.A.	Chairman of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Chairman of the Audit Board

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

LINHA DO HORIZONTE – Investimentos Imobiliários, Lda.	Manager
LOFTMANIA – Gestão Imobiliária, Lda.	Manager
SECIL – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Member of the Audit Board

MARIA DA GRAÇA TORRES FERREIRA DA CUNHA GONÇALVES

Office held in other companies belonging to the same group as Semapa:
No office held in other companies belonging to the same group as Semapa

Office held in other companies:

SECIL – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Member of the Audit Board

C) POWERS AND RESPONSIBILITIES

37. Description of the procedures and criteria applicable to the work of the supervisory body for the purposes of contracting additional services from the external auditor.

The Audit Board analyses the non-audit services and the proposals submitted by the External Auditor and the Statutory Auditor for provision of the same as transmitted to them by the directors, seeking to safeguard, essentially, that the independence and impartiality of the External Auditor and the Statutory Auditor needed for the provision of audit services is not undermined and that the additional services are provided to a high standard of quality and independence.

Note that such analysis by the Audit Board is conducted following the rules laid down in the new Regulation of the Statutory Auditors, as adopted by Law no. 140/2015 of 7 September, and the internal procedures established to guarantee that the new legal provisions are fulfilled.

38. Other duties of the supervisory bodies and, if applicable, of the Committee for Financial Affairs.

As stated above, the Audit Board has the duties established in law, in particular those stated in Article 420 of the Companies Code, as well as those indicated in the Rules of Procedure of the Audit Board, which include:

a) To supervise the management of the company, including, in this regard, an annual assessment of the budget, the internal operation of the Board of Directors and its committees, and the relation between the different corporate bodies and committees of the company;

b) To ensure compliance with the law and the Articles of Association;

c) To check that books, accounting records and the respective supporting documents are in order;

d) To verify, when it deems to be appropriate and as it sees fit, the state of cash and inventories of any type of goods or assets belonging to the company or received by the same as security, deposit or on another basis;

e) To verify the accuracy of financial reporting;

f) To verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of the company's assets and results;

g) To draw up an annual report on its audit activities and to issue its opinion on the report, accounts and proposals submitted by the Directors;

h) To convene the General Meeting when the Chairman of the Meeting fails to do so;

i) To evaluate and issue its opinion on the strategic lines and the risk policy prior to their final approval by the Board of Directors;

j) To supervise and assess the effectiveness of the internal control system, comprising the risk management, compliance and internal audit functions, if any, proposing the adjustments deemed to be necessary;

k) To issue its opinion on the work plans and resources allocated to the internal control system, including the risk management, compliance and internal audit functions, if any, proposing the adjustments deemed to be necessary;

l) To receive reports of irregularities (whistleblowing) submitted by shareholders, collaborators or others;

m) To contract the provision of services by experts who assist one or more of its members in the exercise of their duties, experts which shall be contracted and remunerated in line with the importance of the matters entrusted to them and the economic situation of the company;

n) To supervise the appropriateness of the procedure for preparation and disclosure of financial information by the Board of Directors, including the adequacy of the accounting policies, estimates, evaluations, relevant disclosures and a consistent implementation thereof in each year, that shall be fully documented and communicated;

o) To select the statutory audit firms to be proposed to the General Meeting and justifiably recommend its preference for such firm and propose the respective fees; the selection process shall begin with invitations addressed by the company to audit firms identified as reference in the provisioning of statutory audit services, which, in turn, submit their proposals for the internal analysis of the company, in accordance with the following selection criteria:

- **i.** Quality of the proposals received;
- **ii.** Knowledge of the sectors in which the Semapa Group operates;
- **iii.** Technical quality and seniority of the experts that make up the proposed teams; and
- **iv.** Financial conditions presented by each entity.

p) To propose to the General Meeting the dismissal of the Statutory Auditor or the termination of the services provision agreement whenever there are justifiable grounds for that purpose;

q) To supervise the auditing of the company's financial statements and reports;

r) To confirm if the disclosed report on the corporate governance structure and practices includes the information listed in Article 245-A of the Portuguese Securities Code;

s) To supervise the independence of the Statutory Auditor, namely with regard to the provision of additional services, and assess yearly the work carried out by the Statutory Auditor and its suitability for the performance of the tasks assigned to it;

t) To issue a previous and binding opinion on the Regulation on Conflicts of Interests and Related Party Transactions to be drawn up and approved by the Board of Directors or, in the absence of such Regulation, on the definition by the Board as to whether the transactions the company carries out with related parties are conducted within the scope of the company's current activity and under market conditions;

u) To issue, within a reasonable time, a prior opinion on any business with related parties that is not carried out within the scope of the company's current activity and under market conditions;

v) To verify that related party transactions carried out by the company are conducted within the scope of the company's current activity and under market conditions;

w) To monitor the process for preparation and disclosure of the financial information and submit recommendations or proposals to ensure their integrity;

x) To supervise the effectiveness of the internal quality control and risk management systems and, if applicable, of the internal audit, with regard to the procedure for preparing and disclosing financial information, while preserving its independence;

y) To monitor the statutory audit of annual separate and consolidated accounts, namely the execution thereof;

z) To verify and monitor the audit firm's independence in the exercise of its statutory audit activity or in the provision of other legally permitted services, as defined in the applicable law and regulations, by means of **(i)** the statement, during the audit firm's selection process, ensuring that the company has an internal mechanism guaranteeing independence and prevention of conflicts of interest, which it implements, **(ii)** the proof provided regularly by the audit firm that such internal mechanisms are adequate and comply with the applicable laws and regulations; **(iii)** by obtaining an annual declaration of its independence; **(iv)** the annual reporting on the separate audit services that have been provided; **(v)** the reasoned proposal on the possible extension of the statutory audit firm's functions beyond the maximum legal period, with consideration of the respective conditions of independence and the advantages and costs associated with its replacement, **(vi)** the communication by the audit firm regarding the exceeding of the fees threshold, and **(vii)** the joint analysis of possible threats to its independence, and on the application of mitigation safeguards;

aa) To verify that the proposals for the provision of non-audit services submitted by the audit firm do not fall within the scope of the non-audit services that are not permitted and ensure that the requirements for their delivery are met, including the assessment with regard to the maintenance of independence and the prevention of conflicts of interest and the adequacy of the services to be provided; under the terms and for the purposes of this subparagraph, non-audit services which as such are not allowed under the applicable laws and regulations in this area, in particular Article 77.8 of the Regulation of the Association of Statutory Auditors (approved by Law 140/2015, of 7 September), may not be provided; and

ab) To perform any other duties established in law or the Articles of Association.

The Audit Board is also the main point of contact with the External Auditor and the Statutory Auditor, with direct access to and knowledge of his work. The company believes that this direct supervision by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried on by the External Auditor and the Statutory Auditor, provided that it does not undermine a prompt and adequate information of the management body, which has ultimate responsibility for the company's affairs and financial statements. Complying with this principle, the External Auditor and Statutory Auditor's reports are addressed to the Audit Board and discussed at joint meetings of this board with a member of the Board of Directors, whom the Audit Board informs about the findings of the accounts audit, and the Audit Board ensures that the necessary conditions are in place in the Company for the provision of audit services. The Audit Board is further in charge of suggesting and monitoring, with the support of the Company's internal services, the External Auditor and Statutory Auditor's pay.

The Statutory Auditor also cooperates with the Audit Board to provide, immediately and in accordance with applicable legal and regulatory terms, information on irregularities relevant to the performance of the Audit Board's duties that it has detected, as well as any difficulties arising from the performance of his duties.

Pursuant to the rules of procedure of the Audit Board, the Statutory Auditor and the company shall maintain permanent and adequate channels of communication, namely through regular meetings with the management, the Audit Board and the services and departments with responsibilities in the areas concerned and with the consequent discussion and analysis of all information that may be pertinent in the exercise of the corresponding activity.

IV. STATUTORY AUDITOR

39. Identification of the Statutory Audit firm and the partner and Statutory Auditor representing the same.

STATUTORY AUDITOR

Full: KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. represented by Paulo Alexandre Martins Quintas Paixão (ROC)

Alternate: Vitor Manuel da Cunha Ribeirinho (ROC)

40. Indication of the consecutive number of years for which the Statutory Audit firm has held office in the company and/or group.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. has held office with the company since 2018.

41. Description of other services provided by the Statutory Auditor to the company.

In addition to legal auditing services, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. has provided the Company with other authorised services.

V. EXTERNAL AUDITOR

42. Identification of the External Auditor appointed for the purposes of Article 8 and the partner and Statutory Auditor representing such firm in the fulfilment of these duties, together with their respective registration number with the Securities Market Commission.

The company's External Auditor and its representative are indicated in paragraph 39, and KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. is registered with the Securities Market Commission under number 20161489.

43. Indication of the consecutive number of years for which the External Auditor and the respective partner and Statutory Auditor representing the same in the discharge of these duties has held office in the company and/or group.

The External Auditor is the Statutory Auditor KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by partner Paulo Alexandre Martins Quintas Paixão (ROC), both having held office with the Company since 2018.

44. Policy on rotation of the External Auditor and the respective partner and Statutory Auditor representing the same in the carrying out of these duties, and the respective frequency of rotation.

The Regulation of the Association of Statutory Auditors, as adopted by Law no. 140/2015 of 7 September, entered into force on 1 January 2016, and governs the new applicable laws that require the rotation of the auditors in companies of interest for society, like Semapa, while, previously, the company had no policy that required the rotation of the External Auditor, the Statutory Auditor or their representative.

In compliance with the new legal framework, and considering that PricewaterhouseCoopers & Associados – SROC, Lda. reached the maximum time limit of its functions as Statutory Auditors, in 2017 the Audit Board carried out, with the support of the administrations and services of the Semapa group companies involved, the process of selection of the Statutory Auditors for the 2018-2021 term, which was open to several entities. The proposals submitted were analysed and assessed by the Audit Board according to the criteria laid down in the selection process.

As a result of the selection process, the Audit Board recommended and proposed to the shareholders the selection of KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. as External Auditor, and the proposal was approved by the shareholders at the General Meeting.

45. Indication of the body responsible for assessing the External Auditor and the intervals at which this assessment is conducted.

As part of its supervisory work and auditing of the Company's accounts, the Audit Board assesses the External Auditor and the Statutory Auditor on an ongoing basis, particularly under the preparation of its Report and Opinion on the annual accounts.

46. Identification of work, other than audit work, carried out by the External Auditor for the company and/or companies in a controlling relationship with it, and indication of the internal procedures for approval of the contracting of these services and indication of the reasons for contracting them.

The services delivered by the external auditor and the Statutory Auditor other than audit work have always been approved by the Audit Board, in compliance with the applicable laws and internal procedures set up for this purpose.

These services consist essentially of support services to safeguard compliance with legal or contractual obligations laid down in the new legal framework provided by the new Regulation of the Association of Statutory Auditors in force in Portugal and abroad, and are approved by the Audit Board. The Board of Directors and the Audit Board consider that the occasional contracting of these services is due to the External Auditor and Statutory Auditor's accrued experience in the sectors in which the company operates and by the quality of their work, in addition to the careful definition of the scope of services required at the contracting stage, and to the fact that the Audit Board is supported by the analysis and internal opinions of the services.

In the framework of the provision of tax consultancy services and services other than auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the Company, in particular by the Audit Board and the Control and Risk Committee.

47. Indication of the annual remuneration paid by the company and/or controlled, controlling or group entities to the Auditor and other individuals or organizations belonging to the same network, specifying the percentage relating to the following services:

Services	Company		Group entities (including the company itself)	
	Amount	Percentage	Amount	Percentage
Value of auditing services	23,476.00	59.85%	639,557.00	73.216%
Value of reliability assurance services	15,750.00	40.15%	119,750.00	13.71%
Value of tax consultancy services	-	-	-	-
Value of other services other than auditing services	-	-	114,250.00	13.08%
Total	**39,226.00**	**100.00%**	**873,557.00**	**100.00%**

Note:
Amounts in Euros

In 2021, services other than audit services contracted by the Company or controlling entities from the External Auditor or the Statutory Auditor, including by entities belonging to the same corporate group or service network, represented 26.79% of the total services provided.

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendments of the articles of association (Article 245-A.1 h)).

There are no specific rules at Semapa on the amendment of the Articles of Association, and the general supplementary rules contained in the Companies Code therefore apply here.

II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

49. Whistleblowing - procedures and policy.

The company has a set of Regulations on Notification of Irregularities, which govern the Company's procedures that employees can use to report irregularities allegedly taking place within the Company.

These regulations lay down the general duty to report alleged irregularities, requiring that such reports are made to the Audit Board, and also provide for an alternative solution in the event of conflicts of interests on the part of the Audit Board regarding to the report in question.

The Audit Board, which may be assisted for these purposes by the Control and Risk Committee, shall investigate all facts necessary for assessment of the alleged irregularity. We further note that, in the event of conflict of interest regarding an irregularity committed by a member of the Audit Board, a copy of the report must also be sent to the Chairman of the Board of Directors.

This process ends with the report being filed or submitted to the Board of Directors or the Executive Board, depending on whether a Company officer is implicated or not, a proposal for application of the measures most appropriate in light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of the disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the Company.

The internal regulations of the company's bodies and committees also provide for the adoption and compliance with that regulation.

Access to the Regulations on Notification of Irregularities is reserved.

The Company also has a set of Principles of Professional Conduct, approved by the Board of Directors on 30 December 2002. This document establishes ethical principles and rules applicable to Company staff and officers.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to safeguard conflict of interest situations, and the duty of confidentiality, in relation to the treatment of relevant information.

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

The Ethical Principles were changed in late 2018 to include expressly the commitment to respect and promote the Human Rights, and combat money laundering and corruption.

With the entering into force of Law no. 73/2017, of 16 August, amending Article 127 of the Labour Code, which set forth the employer's duty to adopt good conduct codes to prevent and combat sexual harassment at work in companies with seven or more employees, on 1 October 2017 Semapa adopted a Good Conduct Code that contains specific rules aimed at reinforcing the prevention and combat against any type of harassment at work, without prejudice to any other regulations applicable.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

Although the Company has no specific independent structure for internal audits, the internal control - which comprises the risk management and compliance functions - is conducted by the Board of Directors and through an internal committee with special responsibilities in this area - the Control and Risk Committee - the Audit Board and the External Auditor and Statutory Auditor being responsible for oversight and monitoring of the internal control system, including the efficiency of these systems. These bodies and the Control and Risk Committee shall also identify and propose all necessary changes. The Audit Board has the knowledge and the chance to deliver an opinion on the activities performed by the Control and Risk Committee and Semapa's departments in this framework, on the resources allocated to the internal control system, and may propose the adjustments deemed necessary in this context, and is the recipient, where available, of the reports and opinions made by these services when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities and irregularities.

Additionally, the corporate universe represented by most of the group's workers, and which concerns the holding's main subsidiaries, The Navigator Company and Secil, is covered by separate auditing systems with organisational units having special auditing responsibilities. The company thus considers that these internal control systems, implemented by the bodies and Committees mentioned before, are suitable for the company's specificities and size and the complexity of the risks from its activity.

Thus, the decision not to have a special department in this area is due to Semapa's simplified administrative structure as a holding company and the way risk control is carried out in the company's group.

51. Description of the lines of command in this area in relation to other bodies or committees; an organizational chart may be used to provide this information.

The lines of command are shown in the organisational chart in paragraph 21 of this report, and the responsibilities of the bodies and committees involved are better described in paragraph 54.

52. Existence of other departments with responsibilities in the field of risk control.

Non-existence of other departments with responsibilities in the field of risk control.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

The dynamic environment in which the Group operates calls for the constant monitoring of the main internal and external factors affecting its activity, representing relentless challenges to the fulfilment of its strategic plans and objectives. As an economic agent, Semapa is exposed to risks inherent to its activity, which can have a significant impact on the value of its assets. Semapa's performance as a Holding Company – (SGPS - Sociedade Gestora de Participações Sociais) is also very much linked to the performance of its subsidiaries.

Semapa promotes an environment of autonomy and liability in its subsidiaries, which is reflected in the exposure to a number of risks that affect not only each of the companies but can also spread to Semapa and other Group companies.

Chapter 4 of the Management Report provides a detailed analysis of all strategic risks and Chapter 11 of the notes to the consolidated financial statements provides a detailed analysis of all operational risks, including economic and legal. The financial risks have been identified and detailed in Chapter 8.1 of the notes to the consolidated financial statements.

Strategic risks include portfolio risk, business risk, reputational capital risk, investment decision making risk, talent risk, legal and regulatory risk in Portugal, external shock risk, fraud risk, raw material access risk, cybersecurity risk, and the risk of environmental disasters.

Operational risks include, among others, raw material supply, sales price, product demand, competition, customer portfolio concentration risk, environmental risk, and the cost of energy.

Financial risks include exchange rate, interest rate, liquidity and credit risks.

The aforementioned strategic risks for Semapa and the Group, which have been identified following the work started in 2018 and which has been consolidated since 2019, are duly mapped and extensively described in the referred chapter 4 of Management Report. They are monitored in the year and addressed in a risk report that must be adopted every year by the Board of Directors.

The risk report identifies and characterises the main risks to which the company and the group are subject, the various risk contexts in which each company operates (global, regional, national, internal), the metrics for impact assessment and the likelihood that they will occur, the risk monitoring and follow-up procedures, and the measures to be adopted for their mitigation, with the approval of a plan of activities and concrete measures to be implemented the following year.

While 2020 was undoubtedly marked by the outbreak of the Covid-19 pandemic and its consequences, under the management and monitoring system for strategic risks, such as external shock risk, 2021 also unfolded against the backdrop of the pandemic. The Group's operations were also impacted by the pandemic, and both Semapa and its Subsidiaries put significant effort into adapting their internal processes and relationships to the outside world. The Contingency Plans implemented at the Group's plants helped to maintain normal operations in this adverse environment.

At the governance level, the Crisis Management Office, created in 2020 at the onset of the Covid-19 pandemic, was thus maintained during the first half of 2021, with the objective of monitoring, anticipating and mitigating its impacts on the Group's various companies and industrial sites. The Four Steering Groups thus remained operational during this period: **i)** Preservation of Employee Health and containment of the Pandemic, **ii)** Communication, **iii)** Business Development and Continuity Plans and **iv)** Financial (contingency) Plan. In the second half of 2021 the following Steering Groups, **i)** Preservation of Employee Health and Pandemic Containment and **ii)** Communication remained active.

Additionally, due to the recent geopolitical conflict between Russia and Ukraine, which represents a potentially relevant external shock, deterioration of the global economic and social context is expected, with a particular focus on Europe. Although the Group's direct exposure to the Ukrainian and Russian markets is reduced, there is still uncertainty regarding the impact that this new context may have on the Group's operations.

54. Description of the process of identification, assessment, monitoring, control and risk management.

With regard to the management of strategic risks, Semapa has been consolidating its strategic risk management and control system, designed based on the best practices and benchmark methods such as COSO and ISO 31000, following the recommendations of the Corporate Governance Code issued by the IPCG and the CMVM.

The Group's annual risk monitoring model involves the collection, completion, discussion and approval of individual risk sheets, which contain the identification and follow-up of existing mitigation measures. The Group has also designed key risk indicators (KRIs) to enable timely monitoring of these risks and to anticipate events likely to cause significant disruptions.

Accordingly, the risk-taking policy approved by Semapa's Board of Directors defines the type of risks Semapa is willing to take in order to achieve its business goals and strategy, and is in line with Semapa's key material topics, ensuring consistency in the risk management and control system.

The governance model established for risk monitoring and management is tailored to Semapa's structure, defines the areas of intervention, and assigns responsibility to the various parties involved in the risk management system.

Consequently, the Board of Directors is responsible for identifying the main risks and setting the overall risk strategy, which is supervised by the Audit Board. The main purpose of the Control and Risk Committee - whose powers are set out in paragraphs 21 and 29 – is to detect, control, manage and monitor all relevant risks in the Company's affairs, in particular financial and legal risks, through the aforementioned system, making it possible to promote, monitor and assess the risk framework and measures already in place and needed for mitigating such risks.

In addition to the important role played by the Audit Board in this field, internal procedures for risk control are also particularly important in each of the Company's main subsidiaries. The nature of the risks and the degree of exposure vary from company to company, and each subsidiary therefore has its own independent system for controlling the risks which it is subject to.

The external audit to Semapa and the companies controlled by it was conducted by KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. until the end of the year 2021. The company's External and Statutory Auditor checks, in particular, the application of remuneration policies and systems, and the effectiveness and workings of internal control procedures through the information and documents provided by the Company, and in particular by the Remuneration Committee and the Control and Risk Committee. The respective conclusions are reported by the External and Statutory Auditor to the Audit Board, which then reports the shortcomings detected, if any.

The implemented internal control systems, including the risk management function, have proven to be effective, and no situations have so far arisen which have not been duly guarded against or expressly accepted in advance as controlled risks. As stated above, in addition to its own powers in this field and in order to safeguard against the acceptance of excessive risks by the Company, the Board of Directors created the Control and Risk Committee which, in accordance with the responsibilities defined by the Board of Directors, is responsible for assuring internal control and risk management.

The Audit Board in turn is responsible for overseeing and assessing every year the effectiveness of its own internal control system, including the risk management and compliance functions, proposing adjustments to the existing system whenever necessary, while the Control and Risk Committee is responsible for implementing these adjustments. Finally, it should be noted that this system is monitored and overseen at all times by the Board of Directors, which has ultimate responsibility for the company's internal activities.

In this context, the company approved the Risk Management System (Risk Policy) at a meeting of the Board of Directors held at the beginning of 2019. This system, which results every year in a Risk Report, namely, sets the objectives and thresholds in issues of risk-taking and identifies the likelihood of such risks occurring and their impacts, which provides for the assessment of the degree of internal compliance and the performance of the risk management system, and addresses changes to the previous risk framework. It also approved the instruments and measures to be adopted with a view to their mitigation, providing the follow-up procedures for monitoring these risks. The 2020 Risk Report was adopted at a meeting of the Board of Directors in April 2021, and the 2021 Risk Report shall be adopted together with this Report. Its content is described in paragraph 53 above.

The Audit Board, which plays a particularly important role in this area, with all the powers resulting directly from the law and from the Audit Board's Regulations, has been informed of, provided its opinion on, and assessed the aforementioned Risk Policy, and has also followed up on the monitoring of these risks at the meetings that the Audit Board with the Control and Risk Committee and the Executive Board hold in the year, and until the respective annual Risk Report is issued.

The strategic lines of action were assessed by the Audit Board in 2019. Since then, the Board of Directors has not approved any new strategic guidelines. Whenever new strategic guidelines are approved, the Audit Board will evaluate and comment on them prior to their final approval by the Board of Directors.

The Audit Board also oversaw the progress of the work carried out by the Control and Risk Committee in 2021. In this context, the Audit Board, in conjunction with the Control and Risk Committee and, where necessary, with the company's management, has been implementing mechanisms and procedures for periodic control to ensure that the risks that the company runs are consistent with the objectives set by the management body. Such procedures include **(i)** holding meetings regularly with the other corporate bodies and committees with powers in this area, in particular to assess the findings and reliability of the risk monitoring model, to discuss and monitor the model and Key Risk Indicators and risk sheets, some of these meetings being attended by the external consultant who assists Semapa in this process, **(ii)** engaging with the parties involved in the risk management system, requesting checks and clarification whenever necessary and appropriate.

55. Main elements of the internal control and risk management systems implemented in the company with regard to the process of disclosure of financial information (Article 245-A.1 m)).

The disclosure of financial information is the responsibility of the Market Relations Officer and, where applicable, it falls to the Audit Board, the Control and Risk Committee and the External and Statutory Auditor to assess the quality, reliability and completeness of the financial information approved by the Company's Board of Directors and drawn up by the Financial and Accounts and Tax departments.

The process of preparing financial information is subject to an internal control system and to rules, which are designed to assure that the accounting policies adopted by the company are properly and consistently applied and that the estimates and judgements used in preparing this information are reasonable.

With regard to internal control procedures for the process of disclosing financial information, the Company has implemented rules, which are intended to assure that disclosures are made in good time and to mitigate the risk of unevenness in the information provided to the market.

IV. INVESTOR SUPPORT

56. Office responsible for investor support, composition, functions, information provided and contact details.

The investor support service is provided by an office reporting to the Financial Director of the company, Susana Coutinho. This office is adequately staffed and enjoys swift access to all bodies, committees and departments of the Company, and where necessary and according to the procedures laid down and the limits provided by law, of the Group's companies, in order to ensure an effective response to requests, and also to produce, process and transmit relevant information to shareholders, investors and other stakeholders, as well as to financial analysts and to the market in general, in due time and without any inequality, pursuant to applicable legal and regulatory terms.

Susana Coutinho can be contacted through the email address **investors@semapa.pt** or on the company's general telephone numbers (+351 21 318 47 00). All public information regarding the company can be accessed by these means. It should be noted, in any case, that the information most frequently requested by investors is available at the Company's website **https://www.semapa.pt/en**, and it generally concerns information about the Semapa group, the Company's business, corporate governance and financial information.

57. Market Relations Officer.

The Market Relations Officer is Susana Coutinho.

58. Information on the number of enquiries received in the period or pending from previous periods, and enquiry response times.

Semapa receives various types of enquiries, which are normally answered within 24 hours of receipt, although some enquiries, due to their breadth, scope or complexity, necessarily take longer to process. There are also specific times of the year when Semapa receives more enquiries, in particular in the run-up to General Meetings and the payment of dividends, when response times may sometimes be longer. There are no enquiries pending from previous years.

V. WEBSITE (59 TO 65)

Description	Website address
59. Semapa Website	https://www.semapa.pt/en
60. Address where information is provided on the company's name, public company status, registered office and other data required by Article 171 of the Companies Code.	https://www.semapa.pt/en/form/contact
61. Address where the Articles of Association and rules of procedures of company boards and/or committees can be consulted.	https://www.semapa.pt/index.php/en/investidores/governo/estatutos
62. Address where information is provided on the identity of company officers, market relations officer, the Investor Support Office or equivalent structure, respective powers and responsibilities and contact details.	https://www.semapa.pt/en/investidores/governo/os https://www.semapa.pt/index.php/en/frmcontacto
63. Address for consultation of financial statements and reports, which must be accessible for no less than five years, together with the six-monthly corporate diary, disclosed at the start of each semester, including, amongst other things, General Meetings, disclosure of annual, half-yearly and, if applicable, quarterly accounts.	https://www.semapa.pt/index.php/en/investidores/informacao/demonstracoes https://www.semapa.pt/index.php/en/investidores/calendario
64. Address where notice of general meetings is posted, together with all preparatory information and subsequent information related to meetings.	https://www.semapa.pt/index.php/en/investidores/assembleia/ags/AG2021-04-30
65. Address for consultation of historical archives, with resolutions adopted at the company's General Meetings, the share capital represented and the results of votes, for the past three years.	https://www.semapa.pt/index.php/en/investidores/assembleias

D. REMUNERATIONS AND THE REMUNERATION REPORT

In accordance with Article-G.26.8 of the Securities Code, Semapa has chosen to include the Remuneration Report for Semapa's management and supervisory bodies in this chapter of the Corporate Governance Report, thereby including in the relevant sections of this chapter the information required to comply with the aforementioned legal provision.

I. POWERS TO DETERMINE THE REMUNERATION

66. Indication of powers to set the remuneration of company officers, members of the executive board or managing director and the company managers.

The powers to determine the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

The powers to determine the remuneration of company managers lie with the Board of Directors.

II. THE REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including identification of individuals or organizations contracted to provide support, and declaration regarding the independence of each member and adviser.

The Remuneration Committee comprises José Gonçalo Ferreira Maury, João Rodrigo Appleton Moreira Rato and João do Passo Vicente Ribeiro, and does not subcontract auxiliary staff. The company may decide freely to hire the services it deems necessary or appropriate, within budget parameters, a right that has been exercised in the past, in which case it must ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee. The company considers the Remuneration Committee to be independent of the Board, since all of its members are independent.

José Maury ceased in 2014 from office at Egon Zehnder, an HR services company which over the years supported Semapa and other related companies in procurement procedures. Due to the temporal distance referred to, in our view the independence of this member of the Committee is not affected.

The Remuneration Committee provides all information or clarifications to the shareholders of the company in the respective Annual General Meetings or in any other general meetings, if its agenda includes a matter related to the remuneration of the members of the corporate bodies and committees or if the shareholders require its presence, through the presence of at least one of its members. This was the case at the Annual Shareholders' Meeting held on 30 April 2021, which all members attended by telematic means.

68. Expertise and experience of the members of the remuneration committee in the field of remuneration policy.

One of the members of the Remuneration Committee, José Maury has vast knowledge and experience in matters of remuneration policy and he was a partner of the company Egon Zehnder for a number of years, which is a leading recruitment company, and is often guest speaker on remuneration topics at training sessions, involving thorough knowledge of assessment procedures and criteria and related remuneration packages.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy for members of the management and supervisory bodies as referred to in Article 2 of Law no. 28/2009, of 19 June[16].

The remuneration policy for members of the management and supervisory bodies ("Remuneration Policy") for 2021 fiscal year issued by the Remuneration Committee, was approved at the Annual General Meeting of 30 April 2021 for the period from 2021 to 2024, corresponding to Annex II of this report, and there is no deviation from the procedures for the implementation of the approved remuneration policy.

70. Information on how remuneration is structured in order to align the interests of members of the management body with the long-term interests of the company, and on how it is based on performance assessment and discourages excessive risk-taking.

The way in which remuneration of company officers is structured and how it was based on the executive directors' performance in 2021 follows clearly the model and principles - *duties performed, the company's economic status and market criteria* - of the Remuneration Policy of Semapa's managing and audit bodies' members, specifically chapters III, IV and V, to which we make reference. Paragraph 24 above describes the process and the bodies in charge of assessing the executive directors' performance.

The remuneration system at Semapa sets out its corporate strategy and, in the long-term, aligns the interests of the governing body's members with the interests' of the company and its sustainability, in particular because the remuneration is intended to be fair and equitable in the light of the principles set out, and because it links the directors to results by means of a variable remuneration component which is set primarily in the light of these results, but also considers the behavioural skills of the individual directors, such as the alignment with the company's long-term interests and its sustainability.

Concerning remuneration: **(i)** the remuneration of the members of the Board of Directors is made up of a fixed component, corresponding to an annual amount, payable in the year, and, for the Executive Directors, it also includes a variable component that may correspond to a percentage not exceeding five percent of the net income for the previous year, in accordance with the Company's Articles of Association; **(ii)** the remunerations of the members of the Audit Board consists of a fixed annual amount paid in the year, and **(iii)** the remuneration of the officers of the General Meeting consists only of a fixed amount based on the meetings actually held.

The variable component of the remuneration of the executive directors is based on the target amount applied to each director and is paid according to the individual's performance and performance of the company that meet the expectations and the criteria previously set. The target amount is weighted by the aforementioned principles - market, specific functions, state of the company -, in particular comparable market circumstances in positions equivalent in function. Actual performance compared to the expectations and goals, which determine target variations, is weighed against a set of quantitative and qualitative KPIs, as mentioned in paragraph 25 above, of the company's performance (general business indicators) and of the relevant director (specific objectives and behavioural indicators). The general business indicators include, in particular, EBITDA, net income, cash flow, and Total Shareholder Return vs. Peers, while the behavioural skills include the alignment of each director with the long-term interests of the sustainability of the company. With this system, it is possible to guarantee that Semapa has no discretionary variable remuneration.

In addition to the statutory limit on management's share of profits for the year, the company also has mechanisms in place to limit variable compensation: **(i)** the variable remuneration is eliminated in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway and **(ii)** the amount of the variable component attributable has a cap set to prevent good performance at one moment, with immediate remuneration benefits for the administration, from being obtained to the detriment of good performance in the future. In light of the above, it is clear that the criteria for awarding remuneration contribute to the achievement of the Semapa's strategy, and to the long-term interests and sustainability of the company.

16 Currently, this matter is regulated by Articles 26A and following of the Securities Market Code.

Although the company does not have any independent remuneration mechanism in place with the specific purpose of discouraging excessive risk-taking, Semapa does not integrate in its directors' performance objectives any specific objectives that promote excessive risk-taking, nor has any mechanism that allows for anticipated payments of future remuneration. Risk is an intrinsic characteristic of any act of management and, as such, it is unavoidably and continuously considered in all management decisions. A quantitative or qualitative assessment of risk as good or bad cannot be made autonomously, but only in the light of its impact on Company's performance over the time. It is thus confused with long-term interests, and consequently benefits from the aforementioned incentives to overall alignment over time.

71. Reference, if applicable to the existence of a variable remuneration component and information on any impact on this from performance assessments.

The remuneration of executive directors includes a variable component, which depends on a performance assessment, as described in the previous paragraph and in the Remuneration Policy, in particular in paragraphs 3 and 7 of chapter IV. Paragraph 24 above describes the process and the bodies in charge of assessing the executive directors' performance.

The individual and qualitative component of the performance evaluation had, in fiscal year 2021, a 35% impact on this component of remuneration.

In the case of non-executive directors, it should be noted that although it is only a fixed part, it can be differentiated according to the accumulation of increased responsibilities, namely through the performance of duties in specialised committees.

In addition to the statutory limit on management's share of profits for the year, the Company does not have other mechanisms in place to limit variable compensation and there is no mechanism allowing the company to demand the refund of the variable remuneration paid.

The remuneration of the members of the Audit Board includes no variable component.

72. Deferred payment of the variable component of remuneration, indicating the deferral period.

Payment of the variable component of remuneration is not deferred at Semapa.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or risk transferring, the respective limits and the respective proportion represented on its total annual remuneration.

At Semapa, the variable remuneration has no component consisting of shares.

74. Criteria applied in allocating variable remuneration on options and indication of the deferral period and the price for exercising options.

At Semapa, the variable remuneration has no component consisting of options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

The criteria for setting annual bonuses are those related to the variable remuneration, as described in paragraph 7 of chapter IV of the Remuneration Policy, and in paragraphs 25 and 70 above.

In addition to the variable component that may be paid to the members of the management bodies, no other non-cash benefits are paid to directors and auditors, without prejudice to the means made available to them for the performance of their duties and a personal health and accident insurance policy, in line with market practices.

76. Main features of complementary or early retirement schemes for directors and the date of approval by the General Meeting, on an individual basis.

There are no complementary or early retirement schemes for directors currently in place in the company. Nevertheless, Frederico José da Cunha Mendonça e Meneses receives a monthly pension, because he exercised an option under the expiry of a past pension scheme for directors.

At present, this is the only pension which Semapa pays. It is a lifelong monthly pension paid 12 months per year, for which the following is provided (i) the transferability of half of its value to the surviving spouse or minor or disabled children and (ii) mandatory deduction from this pension either the value of remunerated services later delivered to Semapa or controlled companies, or the value of pensions that the beneficiary is entitled to receive from the National Social Insurance scheme related to the same period of service. On 31 December 2021, Semapa's liability with this pension is 794,744 Euros, as mentioned in Note 7.3 to the Consolidated Financial Statements and Note 7.2 to the Separate Financial Statements.

IV. DISCLOSURE OF REMUNERATION

77. Indication of the annual remuneration earned from the company, on an aggregate and individual basis, by the members of the company's management body, including fixed and variable remuneration and, in relation to the latter, reference to the different components.

Below we specify the remunerations in 2021 paid by Semapa to the members of the Company's management body, distinguishing between fixed and variable and relative weights, remuneration, though the variable remuneration was paid in 2021 but refers to the performance of 2020, but without a breakdown of the different components of the latter, insofar as it is set as a whole, taking into account the factors described in the Remuneration Policy, without identifying components.

Board of Directors	Fixed Remuneration		Variable Remuneration	
	Amount	Relative percentage	Amount	Relative percentage
Executive Board				
João Nuno de Sottomayor Pinto de Castello Branco	925,763.13	54.61%	769,537.08	45.39%
Ricardo Miguel dos Santos Pacheco Pires	315,969.50	35.03%	586,133.40	64.97%
Vítor Paulo Paranhos Pereira	315,969.50	35.18%	582,159.05	64.82%
Subtotal	**1,557,702.13**	**-**	**1,937,829.53**	**-**
Non- Executive Directors				
António Pedro de Carvalho Viana-Baptista	128,305.13	100%	-	-
Carlos Eduardo Coelho Alves	77,825.00	100%	-	-
Filipa Mendes de Almeida de Queiroz Pereira	77,825.00	100%	-	-
Francisco José Melo e Castro Guedes	77,825.00	100%	-	-
José Antônio do Prado Fay	400,020.50	100%	-	-
Lua Mónica Mendes de Almeida de Queiroz Pereira	77,825.00	100%	-	-
Mafalda Mendes de Almeida de Queiroz Pereira	77,825.00	100%	-	-
Vítor Manuel Galvão Rocha Novais Gonçalves	77,825.00	100%	-	-
Subtotal	**995,275.63**	**-**	**-**	**-**
Total	**2,552,977.76**	**-**	**1,937,829.53**	**-**

Note:
Figures in Euros

The table above specifies the annual amount paid to the members of the Board of Directors during the performance of their duties.

The tables below detail, for the purposes of Article G.26.2 c) of the Securities Code, the annual variations over the last five fiscal years of the compensations paid individually by the Company to the members of the Board of Directors, as well as the average compensation of the Company's full-time equivalent employees, and the Company's performance indicators verified:

Board of Directors		2017	2018	2019	2020	2021
António Pedro de Carvalho Viana-Baptista	Fixed Remuneration	128,305	128,305	128,305	128,305	128,305
	Variation in %	0.0%	0.0%	0.0%	0.0%	0.0%
Carlos Eduardo Coelho Alves	Fixed Remuneration	77,825	77,825	77,825	77,825	77,825
	Variation in %	-14.4%	0.0%	0.0%	0.0%	0.0%
Filipa Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	-	47,467	77,825	77,825	77,825
	Variation in %	-	-	64.0%	0.0%	0.0%
Francisco José Melo e Castro Guedes	Fixed Remuneration	77,825	77,825	77,825	77,825	77,825
	Variation in %	0.0%	0.0%	0.0%	0.0%	0.0%
Heinz-Peter Elstrodt	Fixed Remuneration	-	-	347,414	275,149	-
	Variation in %	-	-	-	-20.8%	-
João Nuno de Sottomayor Pinto de Castello Branco	Fixed Remuneration	749,950	761,199	761,199	761,199	925,763
	Variable Remuneration	718,595	662,411	688,623	546,953	769,537
	Variation in %	31.0%	-3.1%	1.8%	-9.8%	29.6%
José Antônio do Prado Fay	Fixed Remuneration	-	78,260	128,816	243,524	400,021
	Variation in %	-	-	64.6%	89.0%	64.3%
José Miguel Pereira Gens Paredes	Fixed Remuneration	311,300	315,970	315,970	129,817	-
	Variable Remuneration	540,442	564,464	567,864	381,541	-
	Variation in %	-0.6%	3.4%	0.4%	-42.1%	-
Lua Mónica Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	-	47,467	77,825	77,825	77,825
	Variation in %	-	-	64.0%	0.0%	0.0%
Mafalda Mendes de Almeida de Queiroz Pereira	Fixed Remuneration	-	47,467	77,825	77,825	77,825
	Variation in %	-	-	64.0%	0.0%	0.0%
Manuel Custódio de Oliveira	Fixed Remuneration	128,305	45,338	-	-	-
	Variation in %	0.0%	-64.7%	-	-	-
Paulo Miguel Garcês Ventura	Fixed Remuneration	311,300	315,970	192,013	-	-
	Variable Remuneration	504,644	541,667	512,811	143,449	-
	Variation in %	-2.8%	5.1%	-17.8%	-79.6%	-
Pedro Mendonça de Queiroz Pereira	Fixed Remuneration	430,308	344,576	-	-	-
	Variable Remuneration	894,198	922,866	-	-	-
	Variation in %	0.7%	-4.3%	-	-	-
Ricardo Miguel dos Santos Pacheco Pires	Fixed Remuneration	279,463	295,381	315,970	315,970	315,970
	Variable Remuneration	499,937	535,403	557,560	462,202	586,133
	Variation in %	0.5%	6.6%	5.1%	-10.9%	15.9%
Vítor Manuel Galvão Rocha Novais Gonçalves	Fixed Remuneration	77,825	77,825	77,825	77,825	77,825
	Variation in %	-4.4%	0.0%	0.0%	0.0%	0.0%
Vitor Paulo Paranhos Pereira*	Fixed Remuneration	128,305	128,305	128,305	289,445	315,970
	Variable Remuneration	-	-	-	-	582,159
	Variation in %	0.0%	0.0%	0.0%	125.6%	210.3%

Note:
Figures in Euros
* Vitor Paulo Paranhos Pereira initiated executive functions on 1 March 2020.

Company Employees		2017	2018	2019	2020	2021
Total Remuneration	Average Remuneration	80,379	77,100	85,744	66,243	77,188
	Variation in %	3.7%	-4.1%	11.2%	-22.7%	16.5%

Note:
Figures in Euros

Group Performance		2017	2018	2019	2020	2021
EBITDA	Million Euros	500.7	548.5	486.8	419.3	508.7
	Variation in %	2.4%	9.5%	-11.2%	-13.9%	21.3%
EPS (Earnings per Share)	Euros/share	1.538	1.643	1.540	1.333	2.481
	Variation in %	8.5%	6.8%	-6.3%	-13.4%	86.1%

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control.

It should be clarified that the amounts referred to in this paragraph do not relate only to companies controlled by Semapa. They also include amounts over which Semapa and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved.

The following directors earned remunerations in other controlling or controlled companies or companies under common control: Filipa Mendes de Almeida de Queiroz Pereira (70,750.00 Euros) José Antônio do Prado Fay (100,000.03 Euros), Lua Mónica Mendes de Almeida de Queiroz Pereira (70,750.00 Euros), Mafalda Mendes de Almeida de Queiroz Pereira (70,750.00 Euros) and Vítor Manuel Galvão Rocha Novais Gonçalves (98,000.00 Euros). It should be noted that the members of the Board of Directors did not receive remuneration in other companies in a group relationship.

79. Remuneration paid in the form of profit sharing and/or payment of bonuses, and the grounds on which these bonuses and/or profit sharing were granted.

The amount of the remuneration paid by Semapa in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration referred to in paragraph 77 of this report, the amounts of which were determined by the Remuneration Committee based on the implementation of the criteria described in paragraph 7 of chapter IV of the Remuneration Policy.

80. Compensation paid or owing to former executive directors in relation to termination of their directorships during the period.

No compensation was paid, nor is foreseen or due to former executive directors for termination of their directorships.

81. Indication of the annual remuneration earned, on an aggregate and individual basis, by the members of the company's supervisory body, for the purposes of Law 28/2009, of 19 June.

Audit Board	Fixed Remuneration		Variable Remuneration	
	Amount	Relative percentage	Amount	Relative percentage
José Manuel Oliveira Vitorino	22,000.00	100%	-	-
Gonçalo Nuno Palha Gaio Picão Caldeira	15,999.97	100%	-	-
Maria da Graça Torres Ferreira da Cunha Gonçalves	15,999.97	100%	-	-
Total	**53,999.94**	**-**	**-**	**-**

Note:
Figures in Euros

The table below shows, for the purposes of Article 26 G.2 c) of the Securities Code, the annual variation over the last five fiscal years of the compensation paid individually by the Company to the members of the Audit Board:

Audit Board		2017	2018	2019	2020	2021
José Manuel Oliveira Vitorino	Fixed Remuneration	16,000	20,304	22,000	22,000	22,000
	Variation in %	4.0%	26.9%	8.4%	0.0%	0.0%
Gonçalo Nuno Palha Gaio Picão Caldeira	Fixed Remuneration	16,000	16,000	16,000	16,000	16,000
	Variation in %	4.0%	0.0%	0.0%	0.0%	0.0%
Maria da Graça Torres Ferreira da Cunha Gonçalves	Fixed Remuneration	-	9,759	16,000	16,000	16,000
	Variation in %	-	-	64.0%	0.0%	0.0%
Miguel Camargo de Sousa Eiró*	Fixed Remuneration	22,000	13,369	-	-	-
	Variation in %	3.4%	-39.2%	-	-	-

Note:
Figures in Euros
*Miguel Camargo de Sousa Eiró resigned in 2018.

82. Indication of remuneration earned in the reporting period by the Chairman of the General Meeting.

In 2021, the Chairman of the General Meeting earned a fixed remuneration of 3,000 Euros.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. Contractual limits for compensation payable for the unfair dismissal of directors and the respective relationship with the variable remuneration component.

Semapa has no contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination; the Remuneration Policy provides that, where directors resign, the supplementary legal rules will apply in this respect.

Therefore, considering the absence of individual contracts with directors in this regard and the provisions of the above-mentioned Remuneration Policy, where the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the company is obliged to pay a compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received until the end of their term of office.

Dismissal before the expiry of the mandate does not entitle the director, either directly or indirectly, to compensation beyond the statutory amounts.

84. Reference to the existence and description of agreements between the company and directors or managers, as defined by Article 248-B.3 of the Securities Code, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the company, indicating the amounts involved (Article 245.-A.1 l)).

There are also no agreements between the company and the company officers or managers providing for compensation in the event of resignation, unfair dismissal or redundancy as the result of a takeover.

VI. STOCK OR STOCK OPTION PLANS

85. Identification of plan and beneficiaries.

The company has no stock or stock option plans.

86. Description of plan (terms of allocation, non-transfer of share clauses, criteria on the price of shares and the price of exercising options, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase shares and/or exercise options)

Not applicable.

87. Stock option rights allocated to company employees and staff.

Not applicable.

88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by employees (Article 245-A.1 e)).

There is no employee ownership scheme in Semapa.

E. RELATED PARTY TRANSACTIONS . CONFLICTS OF INTEREST

I. CONTROL MECHANISMS AND PROCEDURES

89. Procedures implemented by the company for controlling related party transactions (reference is made for this purpose to the concept deriving from IAS 24) and Conflicts of Interest.

The company has a Regulation of Conflicts of Interests and Related Party Transactions, which establishes the rules that govern conflicts of interest and related party transactions to which the company is a party, in addition to the internal mechanisms that the company has in place to ensure compliance with the international accounting standard (IAS) 24 (Related Party Disclosures). It is applicable, without prejudice to the Company's obligations and of its Directors concerning Inside Information, the legal framework of company business with directors and the internal Regulation on the Reporting of Irregularities and other relevant legislation. This regulation was amended in 2020 due to the changes arising from Law 50/2020 of August 25 and, more recently, to accommodate recommendations, by resolution of the Board of Directors of 3 November 2021, with a favourable and binding opinion of the Audit Board, and now they include the applicable legal and regulatory framework in force on this matter.

This regulation is available on the company's website:
https://www.semapa.pt/sites/default/files/participacoes/Regulamento_CITPR_EN%20rev.%20%2820211108%29%20docx.pdf.

According to the Regulation on Conflicts of Interests and Related Party Transactions, the transactions between the company and related parties, qualified as such in accordance with the international accounting standards adopted under Regulation (EC) no. 1606/2002 of the European Council and Parliament of July 19, namely IAS 24 (Related Party Disclosures), are subject to the following approval procedures:

The following transactions are approved by the Executive Board:

a) Loans granted to the company by shareholder companies with a value of less than or equal to one hundred million Euros;

b) Transactions under the taxation regime for company groups, with a value of less than or equal to one hundred million Euros;

c) Transactions with controlled companies that consolidate accounts with the company, with an individual or accumulated annual value of less than or equal to two percent of the controlled company's revenue, assessed according to the latest approved annual accounts;

d) Loans to controlled companies that have consolidated accounts with the company and, thus, holds their debt, **(i)** with a maturity of less than six months, **(ii)** individual or cumulative annual value of less than one fifth of the controlled company's revenue, assessed according to the latest approved annual accounts and not exceeding one hundred million Euros, and **(iii)** as long as the controlled company ensures credit lines for the reimbursement of the operation, and

e) All other transactions with an individual or cumulative annual amount of less than or equal to one million Euros.

Transactions that **(i)** do not fall within the scope of the previous sub-paragraphs, or **(ii)** fall within these sub-paragraphs but are not carried out as part of the company's current business, are adopted by resolution of the Board of Directors preceded by the Audit Board's approval.

Under the terms of the aforementioned regulation, only transactions carried out under market conditions and in full respect of the justified interest of the company shall be permitted.

Concerning reporting, oversight and approval of transactions with related parties, the regulation provides that:

a) The Board of Directors must be informed biannually of the resolutions concerning related party transactions which they were not a party to;

b) The Audit Board must be informed of the transactions that the company carries out for the purpose of verifying the compliance of the transactions with the regime described above and with the applicable laws and regulations, and the related parties may not participate in such verification;

c) The Directors of the company who intervene in the formalisation of related party transactions must ensure that such transactions are previously submitted to the regime provided herein and in the applicable laws and regulation, and

d) The Executive Board is responsible for monitoring the formalisation and the execution of resolutions concerning Related Party Transactions.

The company will disclose the transactions which are required to be disclosed under the laws and applicable regulations, in particular because they have not met any of the requirements legally provided for and according to their respective amount, under the terms and deadlines provided in the applicable legislation and regulations.

The regulation will not apply to the transactions that are considered exempt by the applicable laws and regulations.

Concerning the procedures applicable to conflicts of interest, the regulation provides for a conflict situation where the Director is in a position that, in objective terms, may compromise his independence and influence his judgement with interests distinct from the Company's interests, either financial or other, own or other, and for the appropriate prevention, identification and resolution, the Director must:

a) Report the existence of a conflict of interest, even if potential, to its superior, or, in the case of a member of a collegial body, to the body in question in the terms of the relevant rules of procedure; and

b) Refrain from interfering or participating where there is conflict of interest, and where a decision must be taken, have noted such impediment in the minutes or other written document where the decision is laid down, without prejudice to the duty to provide all information and clarification which the relevant company body and its members may request.

Furthermore, all rules of procedures of the governing bodies and internal committees include provisions on conflicts of interest aligned with the rules described before.

90. Indication of transactions subject to control during the reporting period.

In 2021, there were related party transactions that have been identified in the information on related party transactions in Note 10.4 of the Notes to the Consolidated Financial Statements and Note 10.2 of the Notes to the Separate Financial Statements, which were analysed and approved in line with the new Regulation on Conflicts of Interests and Related Party Transactions.

In 2021, in compliance with the Regulation on Conflict of Interest and Related Party Transactions, the Board of Directors informed the Audit Board of all transactions carried out for the purpose of verifying the compliance of such transactions with the provisions in clause four of the aforementioned Regulation and with applicable legislation and regulations, the Audit Board having carried out such check.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior assessment of transactions to be carried out between the company and qualifying shareholders or related entities, under Article 20 of the Securities Code.

The procedures and criteria are as described in paragraphs 89 and 90 above.

II. DETAILS OF TRANSACTIONS

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

Information on related party transactions is contained in Note 10.4 of the Notes to the Consolidated Financial Statements and Note 10.2 of the Notes to the Separate Financial Statements.

PART II
ASSESSMENT OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

Semapa adopted the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG), revised in 2020, in conformity with the Regulation of the Portuguese Securities Market Commission (CMVM Regulation no. 4/2013).

The Code adopted is disclosed by the IPCG and may be consulted on the website.

2. ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE GOVERNANCE CODE

The following table indicates the recommendations adopted and not adopted. For the recommendations adopted, we indicate only the place in the report where detailed information is contained. For recommendations not adopted, information is provided below the table on the respective grounds for non-adoption and any alternative measures taken.

#	Adoption	Text	Reference
I. GENERAL PROVISIONS			
General Principle Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.			
I.1 Company's relationship with investors and disclosure			
Principle: Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.			
I.1.1	Adopted	The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Part I, item 21 Part I, items 55 to 65
I.2 Diversity in the composition and functioning of the company's governing bodies			
Principle: I.2.A - Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders. I.2.B - Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions. I.2.C - Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.			
I.2.1	Adopted	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Part I, item 16

#	Adoption	Text	Reference
I.2.2	Adopted	The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members — which shall be fully disclosed on the company's website, and minutes of the meetings of each of these bodies should be carried out.	Part I, items 21, 22, 27, 29, 34 and 61
I.2.3	Adopted	The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Part I, items 23, 29 and 35
I.2.4	Adopted	A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Part I, item 49
I.3 Relationships between the company bodies			
Principle: Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.			
I.3.1	Adopted	The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Part I, item 21
I.3.2	Adopted	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Part I, items 21 and 29
I.4 Conflicts of interest			
Principle: The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.			
I.4.1	Adopted	The members of the managing and supervisory boards and the internal committees are bound by internal regulation or equivalent to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Part I, item 89
I.4.2	Adopted	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Part I, item 89
I.5 Related party transactions			
Principle: Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.			
I.5.1	Adopted	The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Part I, items 38, 89 to 91
I.5.2	Not applicable	The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Recommendation not applicable under the Interpretative Note no. 3 of 2018 on the IPCG Corporate Governance Code as amended in 2020.

#	Adoption	Text	Reference
II. SHAREHOLDERS AND GENERAL MEETINGS			
Principles: II.A - As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance. II.B - The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself. II.C - The company should implement adequate means for the participation and remote voting by shareholders in meetings.			
II.1	Adopted	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Part I, items 12 and 13
II.2	Adopted	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Part I, item 14
II.3	Adopted	The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Part I, item 12
II.4	Adopted	The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Part I, item 12
II.5	Not applicable	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Part I, items 5 and 13
II.6	Adopted	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Part I, items 4 and 84
III. NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION			
Principles: III.A - The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance. III.B - The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience. III.C - The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.			
III.1	Not adopted	Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions, and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Explanation of Recommendations not adopted below
III.2	Adopted	The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The judgment on the suitability should be included in the corporate governance report.	Part I, items 18 and 31
III.3	Adopted	In any case, the number of non-executive directors should be higher than the number of executive directors.	Part I, item 18

#	Adoption	Text	Reference
III.4	Not adopted	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons with direct or indirect qualifying holdings; vi. Having been a qualified holder or representative of a shareholder of qualifying holding.	Explanation of Recommendations not adopted below
III.5	Not applicable	The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Part I, item 18
III.6	Adopted	The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Part I, items 38 and 54
III.7	Adopted	Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be met by conferring competence on such committee in the aforementioned matters.	Part I, items 16, 21, 27 and 29
IV. EXECUTIVE MANAGEMENT			
Principles: IV.A - As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development. IV.B - In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.			
IV.1	Adopted	The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Part I, items 26 and 27
IV.2	Adopted	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Part I, item 21
IV.3	Adopted	In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Part I, item 21

#	Adoption	Text	Reference
V. EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT			
V.1 Annual evaluation of performance			
Principle: The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.			
V.1.1	Adopted	The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Part I, items 24 and 25
V.2 Remuneration			
Principle: V.2.A. -The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company. V.2.B. - Directors should receive remuneration: **i)** that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company; **ii)** that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and **iii)** that rewards performance.			
V.2.1	Adopted	The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Part I, items 66 and 67
V.2.2	Adopted	The remuneration is to be set by the remuneration committee or by the general meeting, at the proposal of the remuneration committee.	Part I, items 29 and 66 and Annex II
V.2.3	Not adopted	For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Explanation of recommendations not adopted below
V.2.4	Adopted	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Part I, item 67
V.2.5	Adopted	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Part I, item 67
V.2.6	Adopted	The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Part I, item 67
V.2.7	Adopted	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Part I, items 70 and 71
V.2.8	Not adopted	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Explanation of recommendations not adopted below
V.2.9	Not applicable	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Part I, items 73 and 74
V.2.10	Adopted	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Part I, item 71

#	Adoption	Text	Reference
V.3 APPOINTMENTS			
Principle: Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.			
V.3.1	Adopted	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Part I, item 16
V.3.2	Not adopted	The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Explanation of recommendations not adopted below
V.3.3	Not adopted	This nomination committee includes a majority of non-executive, independent members.	Explanation of recommendations not adopted below
V.3.4	Not applicable	The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Part I, item 29
VI. INTERNAL CONTROL			
Principle: Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.			
VI.1	Adopted	The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Part I, items 29 and 54
VI.2	Adopted	The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Part I, items 21, 29, 53 and 54
VI.3	Adopted	The internal control system, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Part I, items 38, 50 and 54
VI.4	Adopted	The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Part I, items 38 and 50
VI.5	Adopted	The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Part I, item 50
VI.6	Adopted	Based on its risk policy, the company should establish a risk management function, identifying **(i)** the main risks it is subject to in carrying out its activity; **(ii)** the probability of occurrence of those risks and their respective impact; **(iii)** the devices and measures to adopt towards their mitigation; and **(iv)** the monitoring procedures, aiming at their accompaniment.	Part I, items 53 and 54
VI.7	Adopted	The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Part I, item 54

#	Adoption	Text	Reference
VII. FINANCIAL STATEMENTS AND ACCOUNTING			
VII.1 Financial information			
Principles: VII.A - The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit. VII.B - The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.			
VII.1.1	Adopted	The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgements, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Part I, item 38
VII.2 Statutory audit of accounts and supervision			
Principle: The supervisory body should establish and monitor clear and transparent formal procedures on the form of selection of the company's statutory auditor and on their relationship with the company, as well as on the supervision of compliance, by the auditor with rules regarding independence imposed by law and professional regulations.			
VII.2.1	Adopted	By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Part I, item 38
VII.2.2	Adopted	The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Part I, item 38
VII.2.3	Adopted	The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Part I, item 38

EXPLANATION OF RECOMMENDATIONS NOT ADOPTED BELOW

RECOMMENDATION III.1.

This recommendation states that "Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: **(i)** act, when necessary, as an interlocutor near the chair of the board of directors and other directors, **(ii)** make sure there are the necessary conditions and means to carry out their functions, and **(iii)** coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1."

Given the size and specificities of the company, namely its family nature and concentration of its capital structure, and the total number of non-executive directors and, among them, independent directors, as well as the characteristics and position of the Chairman of the Board of Directors, the company considers that the appointment of a coordinator would be inappropriate and would only aim at the mere formal fulfilment of this recommendation, which the company would not adhere to.

In effect, as has been highlighted in this report, the company has several rules and procedures that provide for close and regular contact between members of the Board of Directors, namely between the chairman and the directors, and provides the conditions and necessary means for the performance of their functions.

This recommendation has therefore not been adopted by the company, although all of its objectives have been met.

RECOMMENDATION III.4.

This recommendation states that "Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. (…)."

In the course of the 2021 financial year, as best described in paragraph 18 of this report, the Board of Directors included only one non-executive director who fulfilled the independence requirement. Consequently, the recommended threshold of one third was not met and recommendation III.4 was not complied with.

However, the company finds that the proportion of independent directors mentioned is adequate and consistent with a fully independent performance of the Board of Directors and sufficient to ensure the effective supervision, evaluation and oversight of the activity of the other members of the management body.

In effect, considering the profile, age, background and professional experience and, above all, independent judgement and integrity demonstrated by the members of the Board of Directors, the company finds that the current proportion between non-independent and independent non-executive directors, established through formal criteria of assessment of independence, is perfectly adjusted to the nature and size of the company, considering, in particular, that it is a family-owned company, with a stable capital structure, and taking into account the complex inherent risks of its business.

In conclusion, there is a real independence of the board, thus meeting the objectives proposed by this recommendation.

RECOMMENDATION V.2.3.

This recommendation states that "For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report."

This recommendation is not met because, although it falls within their competence, the Remuneration Committee has not set the maximum amount of all compensation to be paid to the member of any corporate body or committee of the company due to termination of office.

In fact, the Remuneration Committee has never, to date, felt the need to set for itself the aforementioned cap, regardless of the form of termination of employment in question. The specific circumstance to which this limitation relates is not a common one, and when it happens, sensitivity and specificity are always so vast that it cannot fail to impose a case-by-case evaluation, even if it is integrated into the general remuneration and historically weighted scheme.

Furthermore, Semapa believes that, given the existing regulation in the Portuguese regime, the prior setting of a maximum amount may produce an effect opposite to that intended by the scope of this recommendation, constituting an incentive for the premature termination of management functions.

However, it should be noted that, where the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the company is obliged to pay compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received through to the end of their term of office.

As for the resignation of João Castello Branco from his duties as a director, effective 31 December 2021 and described in this report, the termination of these duties did not entitle him to compensation.

RECOMMENDATION V.2.8.

This recommendation states that "A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation."

The justification for not adopting this recommendation can be found in the Remuneration Policy in force, Annex II hereto, which states in particular that:

"Literature sustains profusely the deferral to a later time of the payment of the variable part of remuneration, which will enable the establishment of a direct link between remuneration and the impact of management on the company over a longer period.

In abstract, the principle is good, but the historical element, coupled with stability and the practice that has already been followed successfully for many years without this element of deferral means that we will not adopt this measure for the time being."

Therefore, this recommendation is not adopted by the company, without prejudice to the underlying substance, which is guarantee to a greater extent than if such recommendation were implemented.

It should also be noted that the consolidated result of the Semapa exercise has always been repeatedly and consistently very positive, evidencing the sustainability of performance that the Recommendation seeks to caution. It follows from this background that the possible partial deferral, for a period of not less than three years, of the variable remuneration component, would not have had an impact on the right to the variable component by the directors of Semapa.

However, it is important to clarify that Semapa is analysing the model for the deferred payment of the variable part of remuneration with a view to its possible implementation.

RECOMMENDATION V.3.2

Recommendation V.3.2 states that "The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size."

Semapa must be regarded individually as a holding company with a simplified administrative structure and a small number of Departments and employees, which is why the size of the company does not justify the appointment of a committee for monitoring and supporting the appointment of holders of management positions.

Considering the size of Semapa, this task falls under the Executive Board, although the Talent Committee may present recommendations on the Group's managers.

RECOMMENDATION V.3.3.

Recommendation V.3.3 states that "This Nomination committee includes a majority of non-executive, independent members", referring to the internal committee for the assessment of the performance.

Semapa's Talent Committee consists entirely of non-executive directors, but only one director is independent. The members of the committee were appointed with an emphasis on the diversity in profiles (age, gender, qualifications, experience and professional backgrounds), while ensuring unbiased analysis and decision capability and proven integrity.

The company considers that this diversity of profiles, combined with the fact that the Talent Committee uses, whenever necessary, market studies and analysis of comparable situations within the group, is enough to ensure that its analyses are aligned with the best practices and strengthen independent and unbiased decision-making.

3. ADDITIONAL INFORMATION

There are no other disclosures or additional information which would be relevant to an understanding to the governance model and practices adopted.

ANNEX I
DISCLOSURES REQUIRED BY ARTICLE 447 OF THE COMPANIES CODE

(with regard to the fiscal year 2021)

1. Securities issued by the company and held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 of the Companies Code:

None.

2. Securities issued by companies controlled by or belonging to the same group as Semapa held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 of the Companies Code:

Undivided estate of Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira, with company directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira as parties concerned - 1,000 shares in The Navigator Company, S.A.

Filipa Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.

Mafalda Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.

Lua Mónica Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.

Undivided estate of Pedro Mendonça de Queiroz Pereira, with company directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira as parties concerned - 134,422 shares in Sodim, SGPS, S.A.

3. Securities issued by the company and controlled companies held by companies in which directors and auditors hold corporate office:

Cimo – Gestão de Participações, SGPS, S.A. – 38,959,431 shares in the company, 1,000 shares in Secil – Companhia Geral de Cal e Cimento, S.A. and 5,000 shares in ETSA – Investimentos, SGPS, S.A.

Sodim, SGPS, S.A. - 27,508,892 shares in the company.

4. Acquisition, disposal, encumbrance or pledge of securities issued by the company, controlled companies or companies in the same group by company officers and the companies referred to in 3:

In 2021, Sodim, SGPS, S.A. purchased the following shares in the company:

- On 10 May 2021, 1,816 shares for 11.66 Euros per share;

- On 11 May 2021, 2,953 shares for 11.66 Euros per share;

- On 20 May 2021, 619,508 shares for 11.66 Euros per share;

- On 21 May 2021, 118,231 shares for 11.66 Euros per share;

- On 24 May 2021, 90,095 shares for 11.66 Euros per share;

- On 25 May 2021, 57,379 shares, of which 313 shares were purchased for 11.52 Euros per share, 417 shares for 11.45 Euros per share, 4,501 shares for 11.56 Euros per share, 2,183 shares for 11.58 Euros per share, 9,512 shares for 11.60 per share, 1,658 shares for 11.62 Euros per share, 3,509 shares for 11.64 Euros per share and 35,286 shares for 11.66 Euros per share;

- On 1 June 2021, 2,151 shares for 11.66 Euros per share;

- On 2 June 2021, 1 share for 11.66 Euros per share;

- On 3 June 2021, 725 shares for 11.66 Euros per share;

- On 4 June 2021, 359,773 shares for 11.66 Euros per share;

- On 7 June 2021, by way of a voluntary public tender offer launched by Sodim, SGPS, S.A., 6,402,799 shares for 11.66 Euros per share;

- On 8 June 2021, 100 shares for 11.66 Euros per share;

- On 9 June 2021, 49,936 shares for 11.66 Euros per share;

- On 11 June 2021, 29,799 shares for 11.66 Euros per share;

- On 14 June 2021, 29,758 shares for 11.66 Euros per share;

- On 15 June 2021, 264,965 shares for 11.66 Euros per share.

In 2021, Filipa Mendes de Almeida de Queiroz Pereira sold the following company shares:

- On 7 June 2021, by way of a voluntary public tender offer launched by Sodim, SGPS, S.A., 5,488 shares for 11.66 Euros per share.

In 2021, Mafalda Mendes de Almeida de Queiroz Pereira sold the following company shares:

- On 7 June 2021, by way of a voluntary public tender offer launched by Sodim, SGPS, S.A., 5,888 shares for 11.66 Euros per share.

In 2021, Lua Mendes de Almeida de Queiroz Pereira sold the following company shares:

- On 7 June 2021, by way of a voluntary public tender offer launched by Sodim, SGPS, S.A., 5,888 shares for 11.66 Euros per share.

5. Transactions in own shares:

In 2021 Semapa neither acquired nor disposed of any shares in its own capital.

ANNEX II
REMUNERATION POLICY

"REMUNERATION POLICY OF THE DIRECTORS AND AUDITORS OF SEMAPA (2021-2024)

I. INTRODUCTION

The Remuneration Committee of Semapa has been drawing up a remuneration policy statement since 2007, originally in the context of a recommendation from the CMVM, from 2009 according to Law no. 28/2009 of 19 June, and more recently in line with the recommendations of the 2018 Corporate Governance Code of the Portuguese Corporate Governance Institute.

The new Law no. 50/2020 of 25 August and the repealed of Law no. 28/2009 of 19 June requires Semapa's Remuneration Committee to draw up a Remuneration Policy for its directors and auditors in accordance with the new legal framework.

It should be noted that once the Corporate Governance Code of the Portuguese Institute of Corporate Governance was reviewed in 2020, and in view of the necessary harmonisation of Law no. 50/2020 of 25 August, the content of the remuneration policy is no longer based on a recommendation.

This Remuneration Policy is thus the reflection of the work developed by the Remuneration Committee, based on the previous remuneration policy statement and taking into account the new framework mentioned above.

Taking into account Semapa's track record, the company has continued to opt for reconciliation between, on the one hand, new trends of management remuneration options and, on the other hand, the weight of history, previous options and the specific features of the company.

The remuneration policy is the exclusive responsibility of the Remuneration Committee, which has three members, all independent from the Board. It must be approved by the General Meeting at least every four years and whenever a relevant change occurs.

In its work, namely in determining, reviewing and applying the Policy, the Remuneration Committee complies with applicable legislation and Semapa's current policies and regulations, namely the regulation on Conflicts of Interest and Related Party Transactions, which sets out rules for preventing, identifying and resolving conflicts of interest between the company and its managers.

II. RULES DERIVING FROM LAW AND THE ARTICLES OF ASSOCIATION

The framework of this policy is the Law no. 50/2020, of 25 August, which amended the Securities Code.

Regarding the Law no. 50/2020, of 25 August, in addition to rules on the frequency with which the Policy must be issued and approved and on disclosure of its content, Article 26-C.2 of the Securities Code establishes that it content should include:

a) An explanation of how it contributes to the company's business strategy, its long-term interests, and its sustainability;

b) An explanation of how the employment and remuneration conditions of the company's employees were taken into account when this policy was established;

c) A description of the components of the fixed and variable remuneration;

d) An explanation of all bonuses and other benefits, regardless of their form, which may be paid to directors and auditors, and indication of the respective proportion;

e) An indication of the duration of the contracts or agreements with the directors and auditors, notice periods, termination clauses and payments associated with their termination;

f) A description of the main features of complementary or early retirement schemes.

In addition, Article 26-C.3 of the Securities Code stipulates that if variable remuneration is to be awarded to directors, the remuneration policy must lay out:

a) The criteria for awarding variable remuneration, including financial and non-financial criteria and, where applicable, criteria related to corporate social responsibility, in a clear and comprehensive manner, and explain how these criteria contribute to the company's business strategy, long-term interests and sustainability;

b) The methods applied to determine the extent to which the performance criteria have been met;

c) The deferral periods and the possibility for the company to request the refund of variable remuneration that has been paid.

On the other hand, Article 26-C.4 of the Securities Code stipulates that if part of the remuneration is to be paid through shares, the remuneration policy must lay out:

a) The entitlement vesting periods;

b) If applicable, the term for holding the shares after the rights have been acquired;

c) How the share-based remuneration contributes to the company's business strategy, its long-term interests, and its sustainability.

In addition to the stated in Law no. 50/2020, of 25 August, any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the Articles of Association.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

- Powers to fix the remuneration lie with the general meeting of shareholders of a committee appointed by the same.

- The remuneration is to be fixed in accordance with the duties performed and the company's state of affairs.

- Remuneration may be fixed, or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the Articles of Association, and shall not apply to distribution of reserves or any part of the profits for the period which could not be distributed to shareholders, according to the law.

For the members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the company's affairs.

Semapa's Articles of Association contain a specific clause, number seventeen, dealing only with the directors and governing also retirement provisions, stating the following:

"2 – The remuneration of the directors [...] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.

3 –The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."

This is the formal framework to be observed in defining remuneration policy.

III. GENERAL PRINCIPLES

The general principles to be observed when setting the remuneration of the company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

The duties performed by each member of the governing bodies cover both the functions in a formal sense and also the duties in the broader sense of the concrete level of responsibility of the position held, considering different criteria, such as the commitment and time dedicated, the nature, size, complexity, and skills required for the duty, or the added value to the company that results from a specific intervention or institutional representation.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation due to the added responsibility this represents, and to the existence of another source of income.

b) The state of the company's affairs.

The size of the company and the inevitable complexity of the related management responsibilities are clearly relevant aspects of the state of affairs understood in the broadest sense. These aspects have implications for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of payment, and the officers of a corporation are no exception.

It is essential to be able to attract, develop and retain competent professionals, which requires the Remuneration Policy to be competitive and attractive in order to ensure the legitimate interests of individuals but essentially those of Semapa and the creation of sustainable value for shareholders.

Given its characteristics and size, market criteria and practices to be taken into account are, in Semapa's case, both national and international, and in order to keep up to date with these practices, Semapa regularly uses market research and benchmarking.

IV. COMPLIANCE WITH LEGAL REQUIREMENTS

Having established the general principles adopted, we shall now consider principles with the relevant legal requirements.

1. Article 26-C.2 a) of the Securities Code. Strategy, long-term interests, and sustainability

Practice has shown that the remuneration system in place at Semapa has successfully supported its business strategy and also, in the long term, the alignment of the interests of members of the management body with those of the company and its sustainability, in particular for the reasons set out below.

Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set forth, and secondly because it links the directors to results by means of a variable remuneration component which is set primarily in the light of these results, but also considers the behavioural skills of the individual directors, such as the alignment with the company's long-term interests.

2. Article 26-C.2 b) of the Securities Code. Employment and remuneration conditions of the company's employees

The alignment between this Policy and the remuneration scheme and employment conditions of Semapa employees is assured, given that both remuneration systems are based on the same General Principles set out in this Remuneration Policy, in particular the market conditions in the reference markets for the duties performed.

3. Article 26-C.2 c) of the Securities Code. Components of the fixed and variable remuneration

The remuneration of the members of the Board of Directors is made up of a fixed component, corresponding to an annual amount, payable in the year, and, for the Executive Directors, it also includes a variable component that may correspond to a percentage not exceeding five percent of the net income for the previous year in accordance with the Company's Articles of Association.

The remunerations of the members of the Audit Board shall consist of a fixed annual amount paid in the year.

Finally, the remuneration of the officers of the General Meeting consists only of a fixed amount based on the meetings actually held.

Note that the concrete amounts of remuneration are fixed according to the principles mentioned above in chapter III of this Policy.

4. Article 26-C.2 d) of the Securities Code. Bonuses and other benefits

In addition to the variable component that may be paid to the members of the management bodies, no other non-cash benefits are paid to directors and auditors, without prejudice to the means made available to them for the performance of their duties and a personal health and accident insurance policy in line with market practices.

5. Article 26-C.2 e) of the Securities Code. Agreements relating to the termination of Directors' duties

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination of Directors' duties. This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature. Only the supplementary legal rule in this matter apply here, as established in the Companies Code, which governs the payment to the Directors of any amounts before the end of the term of office due to termination of duties.

6. Article 26-C.2 f) of the Securities Code. Complementary or early retirement arrangements

There are no complementary or early retirement arrangements for directors currently in place in the company.

7. Article 26-C.3 a) of the Securities Code. Criteria for the variable component

The variable component of remuneration, which is set by this Committee, is based on the target amount applied to each director and is paid according to the individual's performance and performance of the company that meet the expectations and the criteria set previously. The target amount is weighted by the aforementioned principles - market, specific functions, state of the company -, in particular comparable market circumstances in positions equivalent in function. Another important factor taken into account when setting the targets is Semapa's option not to provide any share or share acquisition option plans.

Actual performance compared to the expectations and goals, which determine target variations is weighed against a set of quantitative and qualitative KPIs of the company's performance (general business indicators) and of the relevant director (specific objectives and behavioural indicators). The general business indicators include, in particular, EBITDA, net income, cash flow, and Total Shareholder Return compared to Peers, while the behavioural skills include the alignment of each director with the long-term interests of the company.

In addition to the statutory limit on management's share of profits for the year, the company also has mechanisms in place to limit variable compensation.

On the one hand, the variable remuneration is eliminated in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway. On the other hand, the amount of the variable component attributable has a cap set to prevent good performance at one moment (with immediate remuneration benefits for the administration) from being obtained to the detriment of good performance in the future.

In light of the above, it is clear that the criteria for awarding remuneration contribute to the achievement of the Semapa's strategy, and to the long-term interests and sustainability of the company.

8. Article 26-C.3 b) of the Securities Code. Fulfilment of performance criteria

Performance criteria mentioned in the previous paragraph is applied mathematically for its quantitative part, and using value assessments for the qualitative part.

Under the process of determining the variable remuneration, the Remuneration Committee draws up this Policy, and the performance evaluation of each executive director follows an internal process structured under the responsibility/leadership of the respective person in charge (i.e. under the responsibility of the person who manages the team, in the case of the members of the Executive Board, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Board) and with the involvement of the non-executive directors named by the person in charge.

The Talent Committee is also involved in this process. It is responsible for monitoring the system for assessing management performance and distributing the company's remuneration, and delivering its opinion on the proposals for individual performance evaluation of the executive board.

Finally, the Remuneration Committee must confirm that the respective achievement factors have been met for the performance evaluation, and ensure the overall consistency of the process by setting the variable remuneration.

9. Article 26-C.3 c) of the Securities Code. Deferral and refund of the remuneration

Literature sustains profusely the deferral to a later time of the payment of the variable part of remuneration, which will enable the establishment of a direct link between remuneration and the impact of management on the company over a longer period.

In abstract, the principle is good, but the historical element, coupled with stability and the practice that has already been followed successfully for many years without this element of deferral means that we will not adopt this measure for the time being.

With regard to the obligation to return the variable remuneration that has been paid, and without prejudice to the applicable legal regime, the company does not possess any mechanism that enables it to request the refund from the directors.

10. Article 26-C.4 of the Securities Code. Share plans

At Semapa, the remuneration has no component consisting of shares.

V. SPECIFIC OPTIONS

The specific options for the remuneration policy we are proposing may therefore be summarized as follows:

1st In setting all remuneration, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

2nd Executive Directors

- The remuneration of executive directors of the Board of Directors shall comprise a fixed component and a variable component;

- The fixed component of the remuneration shall consist of an annual amount payable in the year;

- The variable component of remuneration is linked both to Semapa's performance and to the individual performance of each director;

- The procedure for awarding variable remunerations to the executive Directors of the Board, which is overseen by the Talent Committee, shall comply with the criteria set by the Remuneration Committee, and such remuneration shall not exceed five per cent of the consolidated net profit (IFRS format) as provided by the Articles of Association.

3rd Non-Executive Directors

- The remuneration of non-executive directors shall comprise only a fixed component that may vary according to the piling on of added responsibilities, e.g. committee and specialised committee members.

- The fixed component of the remuneration shall consist of an annual amount payable in the year or of a predetermined amount for each meeting of the Board of Directors attended.

4th Audit Board

- The remuneration of the members of the Audit Committee will consist only of a fixed component, i.e. a fixed annual amount paid in the year.

5th General Meeting

- The remuneration of the officers of the General Meeting shall consist of a fixed amount only that will be set for every meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.

Lisbon, 06 April 2021

The Remuneration Committee
José Gonçalo Ferreira Maury
João Rodrigo Appleton Moreira Rato
João do Passo Vicente Ribeiro"

ANNEX III
DECLARATION REQUIRED UNDER ARTICLE 245.1 C) OF THE SECURITIES CODE

Article 245.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of statements, as described in this Article. In the case of Semapa, a standard statement has been adopted, worded as follows:

"I hereby declare, under the terms and for the purposes of Article 245.1 c) of the Securities Code that, to the best of my knowledge, the management report, annual accounts, legal accounts certificate and other financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year of 2021, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of said company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of said company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face."

Considering that the members of the Audit Board and the Statutory Auditor sign an equivalent declaration in relation to the documents for which they are responsible, a separate declaration with the above text was signed by the directors only, as it was deemed that only the Company officers fall within the concept of "persons responsible for the issuer". As required by this rule, we provide below a list of the names of the people signing the declaration and their functions in the company:

Name	Function
José Antônio do Prado Fay	Chairman of the Board of Directors
Ricardo Miguel dos Santos Pacheco Pires	Member of the Board of Directors
Vítor Paulo Paranhos Pereira	Member of the Board of Directors
António Pedro de Carvalho Viana-Baptista	Member of the Board of Directors
Carlos Eduardo Coelho Alves	Member of the Board of Directors
Filipa Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Francisco José Melo e Castro Guedes	Member of the Board of Directors
Lua Mónica Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Mafalda Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Vítor Manuel Galvão Rocha Novais Gonçalves	Member of the Board of Directors


04

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	2021	2020
Revenue	2.1	2,131,384,149	1,867,370,709
Other operating income	2.2	96,921,389	98,888,960
Change in fair value of biological assets	3.7	(1,260,392)	16,814,611
Costs of goods sold and materials consumed	4.1.3	(787,618,058)	(711,172,799)
Variation in production	4.1.4	5,111,833	(31,009,753)
Services and supplies	2.3	(607,961,284)	(547,553,328)
Payroll costs	7.1	(248,316,920)	(217,298,957)
Other operating expenses	2.3	(79,586,925)	(56,731,506)
Net provisions	9.1	(4,674,414)	(5,453,390)
Depreciation, amortisation and impairment losses on non-financial assets	3.6	(193,920,507)	(214,630,503)
Operating profit		**310,078,871**	**199,224,044**
Income from associates and joint ventures	10.3	2,101,110	1,490,686
Financial income and gains	5.11	5,042,207	21,646,417
Financial expenses and losses	5.11	(56,492,927)	(82,049,680)
Net monetary position (gains / (losses))	5.12	7,214,110	13,940,475
Profit before tax		**267,943,371**	**154,251,942**
Income tax	6.1	(17,989,082)	(12,003,086)
Net profit for the period		**249,954,289**	**142,248,856**
Attributable to Semapa's Shareholders		198,128,028	106,588,079
Attributable to non-controlling interests	5.6	51,826,261	35,660,777
Earnings per share			
Basic earnings per share, Euro	5.3	2.481	1.333
Diluted earnings per share, Euro	5.3	2.481	1.333

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	2021	2020
Net profit for the period without non-controlling interests		**249,954,289**	**142,248,856**
Items that may be reclassified to the income statement			
Derivative financial instruments | Hedging			
Fair value changes	8.2	2,277,728	(499,123)
Tax on items above		(626,376)	136,092
Currency translation differences		(29,452,019)	(140,526,161)
Other comprehensive income		(1,926,753)	499,867
Items that may not be reclassified to the income statement			
Remeasurements of post-employment benefits			
Remeasurements	7.3.11	2,276,241	(9,822,581)
Tax on items above	7.3.11	(317,651)	138,256
Total other comprehensive income (net of tax)		**(27,768,830)**	**(150,073,650)**
Total comprehensive income		**222,185,459**	**(7,824,794)**
Attributable to:			
Semapa's shareholders		183,876,625	3,044,911
Non-controlling interests		38,308,834	(10,869,705)
		222,185,459	**(7,824,794)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	2021	2020
ASSETS			
Non-current assets			
Goodwill	3.1	333,842,893	331,146,928
Intangible assets	3.2	345,068,211	313,145,496
Property, plant and equipment	3.3	1,732,729,259	1,802,961,376
Right-of-use assets	3.5	97,398,364	81,006,516
Biological assets	3.7	147,324,061	148,584,452
Investment in associates and joint ventures	10.3	4,097,178	3,117,099
Investment properties	3.9	368,848	371,260
Other financial investments	8.3	21,244,092	9,403,561
Receivables and other non-current assets	4.2	12,120,307	37,194,260
Deferred tax assets	6.2	90,299,604	73,621,270
		2,784,492,817	**2,800,552,218**
Current asset			
Inventories	4.1.1	259,384,961	236,543,966
Receivables and other current assets	4.2	432,077,177	331,854,764
Income tax	6.1	8,287,130	13,126,350
Cash and cash equivalents	5.9	382,287,392	444,755,259
		1,082,036,660	**1,026,280,339**
Non-current assets held for sale	3.8	4,162,459	4,162,459
		1,086,199,119	**1,030,442,798**
Total assets		**3,870,691,936**	**3,830,995,016**
EQUITY AND LIABILITIES			
Capital and reserves			
Share Capital	5.2	81,270,000	81,270,000
Treasury Shares	5.2	(15,946,363)	(15,946,363)
Currency translation reserve	5.5	(234,772,441)	(218,994,285)
Fair value reserve	5.5	(2,291,184)	(3,922,725)
Legal reserve	5.5	16,695,625	16,695,625
Other reserves	5.5	1,048,397,118	982,702,158
Retained earnings	5.5	832,780	429,769
Net profit for the period		198,128,028	106,588,079
Equity attributable to Semapa's Shareholders		**1,092,313,563**	**948,822,258**
Non-controlling interests	5.6	253,113,874	259,154,345
Total Equity		**1,345,427,437**	**1,207,976,603**
Non-current liabilities			
Interest-bearing liabilities	5.7	1,119,730,077	1,199,559,876
Lease liabilities	5.8	81,377,645	67,729,016
Pension and other post-employment benefits	7.3.6	6,878,807	14,511,206
Deferred tax liabilities	6.2	231,393,956	231,285,380
Provisions	9.1	52,482,945	50,940,318
Payables and other non-current liabilities	4.3	37,014,427	30,234,239
		1,528,877,857	**1,594,260,035**
Current liabilities			
Interest-bearing liabilities	5.7	278,153,916	460,926,030
Lease liabilities	5.8	15,312,306	12,410,630
Payables and other non-current liabilities	4.3	647,350,258	503,814,326
Income tax	6.1	55,570,162	51,607,392
		996,386,642	**1,028,758,378**
Total liabilities		**2,525,264,499**	**2,623,018,413**
Total Equity and Liabilities		**3,870,691,936**	**3,830,995,016**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share Capital	Treasury Shares	Currency translation reserve	Fair value reserve	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2021		**81,270,000**	**(15,946,363)**	**(218,994,285)**	**(3,922,725)**	**16,695,625**	**982,702,158**	**429,769**	**106,588,079**	**948,822,258**	**259,154,345**	**1,207,976,603**
Net profit for the period		-	-	-	-	-	-	-	198,128,028	198,128,028	51,826,261	249,954,289
Other comprehensive income (net of tax)		-	-	(15,778,156)	1,631,541	-	-	(108,044)	-	(14,254,659)	(13,514,171)	(27,768,830)
Total comprehensive income for the period		**-**	**-**	**(15,778,156)**	**1,631,541**	**-**	**-**	**(108,044)**	**198,128,028**	**183,873,369**	**38,312,090**	**222,185,459**
Appropriation of 2020 profit:												
- Transfer to reserves	5.5	-	-	-	-	-	65,694,960	-	(65,694,960)	-	-	-
- Dividends paid	5.4	-	-	-	-	-		-	(40,893,119)	(40,893,119)	-	(40,893,119)
- Bonus to employees		-	-	-	-	-	-	-	-	-	-	-
Acquisitions/Disposals to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	344,462	344,462
Dividends paid by subsidiaries to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	(45,218,594)	(45,218,594)
Other operations - Hyperinflationary economies (Lebanon)	5.6	-	-	-	-	-	-	548,779	-	548,779	526,227	1,075,006
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**65,694,960**	**548,779**	**(106,588,079)**	**(40,344,340)**	**(44,347,905)**	**(84,692,245)**
Other movements		-	-	-	-	-	-	(37,724)	-	(37,724)	(4,656)	(42,380)
Equity as of 31 December 2021		**81,270,000**	**(15,946,363)**	**(234,772,441)**	**(2,291,184)**	**16,695,625**	**1,048,397,118**	**832,780**	**198,128,028**	**1,092,313,563**	**253,113,874**	**1,345,427,437**

Amounts in Euro	Note	Share Capital	Treasury Shares	Currency translation reserve	Fair value reserve	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2020		81,270,000	(8,922,980)	(122,926,540)	(3,030,775)	16,695,625	868,632,110	5,098,854	124,053,720	960,870,014	300,848,910	1,261,718,924
Net profit for the period		-	-	-	-	-	-	-	106,588,079	106,588,079	35,660,777	142,248,856
Other comprehensive income (net of tax)		-	-	(96,067,745)	(891,950)	-	-	(6,598,857)	-	(103,558,552)	(46,515,098)	(150,073,650)
Total comprehensive income for the period		-	-	(96,067,745)	(891,950)	-	-	(6,598,857)	106,588,079	3,029,527	(10,854,321)	(7,824,794)
Appropriation of 2019 profit:												
- Transfer to reserves	5.5	-	-	-	-	-	114,070,048	-	(114,070,048)	-	-	-
- Dividends paid	5.4	-	-	-	-	-	-	-	(9,983,672)	(9,983,672)	-	(9,983,672)
- Bonus to employees		-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	5.2	-	(7,023,383)	-	-	-	-	-	-	(7,023,383)	-	(7,023,383)
Dividends paid by subsidiaries to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	(32,690,726)	(32,690,726)
Acquisitions/Disposals to non-controlling interests	5.6	-	-	-	-	-	-	1,929,772	-	1,929,772	1,850,482	3,780,254
Total transactions with shareholders		-	(7,023,383)	-	-	-	114,070,048	1,929,772	(124,053,720)	(15,077,283)	(30,840,244)	(45,917,527)
Other movements		-	-	-	-	-	-	-	-	-	-	-
Equity as of 31 December 2020		81,270,000	(15,946,363)	(218,994,285)	(3,922,725)	16,695,625	982,702,158	429,769	106,588,079	948,822,258	259,154,345	1,207,976,603

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in Euro	Note	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		2,212,815,890	2,081,001,182
Payments to suppliers		(1,556,971,990)	(1,413,698,283)
Payments to personnel		(170,235,475)	(169,502,371)
Cash flows from operations		**485,608,425**	**497,800,528**
Income tax received/(paid)		(23,250,071)	11,834,059
Other receipts/(payments)		23,954,396	(11,289,690)
Cash flows from operating activities (1)		**486,312,750**	**498,344,897**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		5,789,524	9,680,823
Property, plant and equipment		6,626,339	2,191,595
Interest and similar income		5,891,587	5,256,803
Dividends of associates and joint ventures		1,115,004	772,090
		19,422,454	**17,901,311**
Outflows:			
Financial investments		(17,660,181)	(6,404,087)
Cash and cash equivalents by changes in the perimeter		155,089	-
Property, plant and equipment		(125,733,783)	(116,754,827)
Intangible assets		(17,416,194)	(4,611,698)
Other assets		-	(211,548)
		(160,655,069)	(127,982,160)
Cash flows from investing activities (2)		**(141,232,615)**	**(110,080,849)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		1,928,819,790	2,064,031,284
		1,928,819,790	**2,064,031,284**
Outflows:			
Interest-bearing liabilities		(2,187,632,702)	(2,095,936,529)
Amortisation of finance leases	5.10	(19,948,814)	(19,200,860)
Interest and similar expenses	5.11	(38,828,331)	(49,446,871)
Dividends	5.4 and 5.6	(86,198,246)	(70,416,811)
Acquisition of treasury shares	5.2	-	(7,023,383)
Other financing operations		(4,472,875)	(1,371,910)
		(2,337,080,968)	**(2,243,396,364)**
Cash flows from financing activities (3)		(408,261,178)	(179,365,080)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(63,181,043)	208,898,968
Effect of exchange rate differences		(6,901)	(23,318,886)
Effect of hyperinflation on Cash and Cash Equivalents		(469,363)	(297,786)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5.9**	**444,755,259**	**259,241,193**
Impairment		1,189,440	231,770
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5.9**	**382,287,392**	**444,755,259**

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

1 INTRODUCTION

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

ACCOUNTING POLICIES
This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.

MAIN ESTIMATES AND JUDGEMENTS
This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. The most significant estimates and judgements are presented in Note 1.6.

REFERENCE
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 SEMAPA GROUP

The SEMAPA Group (Group) comprises Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (Semapa), whose name has remained unchanged for the year, as well as that of its subsidiaries. Semapa is located at Av. Fontes Pereira de Melo, 14, 10º Piso, Lisboa was incorporated on 21 June 1991 and its corporate purpose is to manage holdings in other companies as an indirect form of performing economic activities. The Company has been listed on NYSE Euronext Lisbon since 1995 with ISIN PTSE-M0AM0004 and LEI code 549300HNGOW85KIOH584.

Company:	Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Head Office:	Av. Fontes Pereira de Melo, 14, 10º Piso, Lisboa | Portugal
Country:	Portugal
Legal Form:	Public Limited Company
Share Capital:	Euro 81,270,000
N.I.P.C.:	502 593 130
Parent company:	Sodim, SGPS, S.A.

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cement and derivatives, and environment, developed respectively through its subsidiaries The Navigator Company ("Navigator" or "Navigator Group"), Secil – Companhia Geral de Cal e Cimento, S.A. ("Secil" or "Secil Group") and ETSA – Investimentos, SGPS, S.A. ("ETSA" or "ETSA Group").

Semapa also holds a venture capital business unit, carried out through its subsidiary Semapa Next, S.A., whose objective is to promote investments in startups and venture capital funds with high growth potential.

A more detailed description of the Group activity in each business line is disclosed in Note 2.1 – Revenue and segment reporting.

Semapa is included in the consolidation perimeter of Sodim, SGPS, S.A., which is its parent company and the final controlling entity.

1.2 RELEVANT EVENTS OF THE PERIOD

SODIM | PUBLIC OFFER FOR ACQUISITION OF SEMAPA'S SHARES

On 26 April 2021, the shareholder Sodim, SGPS, S.A. published the announcement and prospectus for the launch of a general and voluntary Public Offer for the Acquisition of common shares representing the share capital of Semapa, SGPS, S.A. The offer period started on 26 April and ends on 4 June 2021. The results of the offer were analysed on 7 June 2021 and, as a result, Sodim now holds, directly and indirectly, 66,093,765 shares representing 81.326% of the respective share capital and 82.752% of Semapa's voting rights.

NAVIGATOR | STRATEGY UPDATE

The Navigator Company Group's strategic thinking has led it to move decisively into the production of new packaging products, developing a new business area in a fast-growing segment and responding to the need felt worldwide to reduce consumption of plastics, namely single-use plastics, confirming its role in replacing plastics with sustainable materials.

From Fossil to Forest - a strategy to create sustainable value, for its shareholders, and society as a whole, leaving future generations a better planet. Through natural, recyclable, and biodegradable sustainable products and solutions which contribute upstream to carbon fixing, oxygen production, biodiversity protection, soil formation and the fight against climate change, Navigator has decided to invest in making safer and more hygienic packaging paper available to the food industry without the risks of contamination by bacteria, microorganisms and even dangerous substances that recycled fibre typically contains. With a unique texture and printing performance, these products are resistant and fully in line with the concept of sustainable shelf-ready packaging.

This new development strategy foresees gradual growth and will allow taking advantage, in this first phase, of Setúbal's PM1 and PM3 paper machines, which are smaller but with great production flexibility, creating the opportunity for future conversions or a greenfield investment in new machines.

In 2021 sales of more than Euro 40 million were achieved for the packaging sector, serving the bag, flexible packaging and corrugated paperboard manufacturing industries. The Company aims is to gradually increase production until it reaches around 200,000 tonnes in 2025/2026. The Capex forecasted in this first to produce these products is approximately 10-Euro 12 million, per year, in the coming years.

NAVIGATOR | SUSTAINABILITY LINKED BOND

The subsidiary Navigator negotiated a Sustainability Linked Bond, a loan in the amount of Euro 100 million with a maturity of five years, whose conditions are indexed to compliance with ESG indicators, reflecting the subsidiary's full commitment to sustainability goals.

CORONAVIRUS

Semapa 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,by the indications of the Portuguese General Directorate of Health (*Direção-Geral de Saúde*) and the Government. 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.

Against a background of great adversity, the Semapa 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.

Semapa 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 Portugal, according to IMF and Bank of Portugal, which could indicate the existence of impairment of goodwill. No impairments on goodwill were identified, leaving a comfortable gap in the book value of the assets associated with each of the business segments (Note 3.1). Similar conclusions were reached in the valuations performed on the identified brands except for the Cement and Derivatives segment brand in Tunisia, on which an impairment of Euro 1.4 million was recorded as described in Note 3.2.

RECOVERABILITY, USEFUL LIFE AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Considering the prospects of the overall consumption of the main products manufactured by the Group in its business segments, as well as the expected evolution in prices and the substantial gaps concerning the book values of the assets, no evidence of impairment on property, plant and equipment was identified.

BIOLOGICAL ASSETS

When calculating the fair value of forests, the discounted cash-flows method is used, being the discount rate, growth period and price are some of the key assumptions that may be subject to change due to the COVID-19 pandemic. In this regard, during 2021, the cut-off plans were as expected and no significant impacts were recorded that could affect the fair value model.

Regarding the discount rates, the Group presents in Note 3.7 a sensitivity analysis that allows assessing the impact of a possible change in the discount rate, considering the current discount rate as the Board of Directors' best estimate in this matter.

INVENTORIES

Given the impacts on demand, the Group considers that given 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 Semapa Group, the impacts of IFRS 9 on the consolidated statement of financial position are low considering that a significant part of its sales is 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. The definition of the rates used to discount the liabilities (technical interest rate) is based on yield curves of highly rated bonds with a maturity consistent with the duration of liabilities of the plans in force in the various group companies. As a result of this evaluation and based on the actuarial studies carried out as of 31 December 2021, the discount rates were maintained concerning to those used in the previous year, since they are in line with the reference interest rates. In Note 7.2, the Group presents a sensitivity analysis that allows assessing the impact of a possible change in the discount rate.

CURRENCY IMPACT

The Semapa Group develops activities outside Portugal through its subsidiaries in the Pulp and Paper and Cement and Derivatives segments and is thus exposed to the foreign exchange risk of operating activities denominated in currencies other than its functional currency.

The limitations caused by the pandemic, particularly regarding the movement of people, impacted the economy and added uncertainty to the markets. Accordingly, there was a significant exchange rate impact during 2021 (even so less expressive than that verified in 2020), namely in the Cement and Derivatives segment, resulting from the conversion of assets and liabilities denominated in a foreign currency recognised in equity under the currency translation reserve (Note 5.5), 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 significant increase in its short-term assets and careful management of working capital. As of 31 December 2021, the Group has contracted and unused credit lines amounting to approximately Euro 581 million (Note 5.7).

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 and wellbeing of its employees. It should be noted that, as of 31 December 2021, the Group complies with the negotiated covenants and the safety margin of these covenants is comfortable.

1.3 SUBSEQUENT EVENTS

Between 1 January 2022 and 18 March 2022 (Note 1.4) the following events occurred, which did not give rise to adjustments to the consolidated financial statements of 2021:

MILITARY CONFLICT IN UKRAINE AND ECONOMIC SANCTIONS IMPOSED ON THE RUSSIAN FEDERATION

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements. In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents and, in some cases, Belarus. Among the sanctions imposed were a ban on transactions in some essential and conflict-relevant goods, a freeze of assets and reserves of certain Russian financial institutions, companies and individuals of Russian nationality. Moreover, a large number of Russian banks were removed from the SWIFT international payment system, limiting their ability to operate globally. Some countries also announced the closure of airspace to Russian aircraft and stopped operating flights to Russia. In addition, several companies suspended the purchase of oil products from both Russia and Russian companies, and the Nord Stream 2 gas pipeline project linking Russia to Germany was suspended.

Further sanctions may be implemented in the short term and could cover more individuals, entities and a wider range of goods and services. Moreover, Russia has also begun to retaliate with economic measures, and, at the international level, a growing number of companies have announced voluntary measures to limit their business with Russia.

Thus, the economic impact of this conflict is expected to be highly relevant and may include: **i)** suspension and/or disruption of business with entities headquartered or with origins in Russia and Ukraine; **ii)** increase in commodity prices, with emphasis on fossil fuels, metals and cereals; **iii)** increase in global economic uncertainty, with more volatility expected in exchange rates, interest rates and an increase in the inflation rate; **iv)** possible increase in cyber-attacks, which may arise on public and private entities in the main sectors of the economy, especially in countries which have imposed sanctions on Russia or which support Russia.

Accordingly, Semapa is monitoring the situation on an ongoing basis in the markets in which it operates, geographically and throughout the energy supply chain, raw materials (including logistical issues), technical and support services provided by foreign companies, outsourcing service providers, and others. The Navigator Group has already decided to suspend the sales of its products to the Russian and Belarusian markets.

Semapa is convinced that, given the significance of the Russian and Ukrainian markets in the sales of its subsidiaries, and the fact that these markets have little impact on the supply chain, its direct exposure to the Ukrainian and Russian markets is not significant.

In the international context, a deterioration of the current economic environment is expected, which is forecasted to be one of high uncertainty and rapid evolution, so it is not possible to estimate with reasonable confidence the possible impacts, if any, on the activity of Group.

According to the accounting standards, these events, which occurred after the balance sheet date, were considered non-adjustable subsequent events, and therefore the assumptions made by the Board of Directors to assess the impairment and recoverability of the Semapa's assets as of 31 December 2021 do not consider the potential effect of these events.

NAVIGATOR | ANTI-DUMPING RATE

After five years since the beginning of the anti-dumping proceeding, Navigator requested in 2021 a so-called sunset review procedure to reassess whether the proceeding should be maintained or discontinued. The US authorities conducted a full review of the anti-dumping proceeding on UWF paper imports to the United States that was the subject of the original order, including imports from Portugal, with Navigator actively participating in the proceeding.

In January 2022, the North American authorities determined the continuation of the anti-dumping proceeding for another 5 years, despite the continued increase in Navigator's prices in the North American market and the reduced supply in this market by local producers.

NAVIGATOR| SUSTAINALYTICS ESG RISK RATING 2021

The annual ESG (Environmental, Social and Governance) performance rating was published in January 2022, having the subsidiary Navigator obtained a score of 14.3, placing it in 3rd place out of a total of 81 global companies belonging to the Paper & Forestry cluster of industries, and in 3rd place in the subset of 60 global companies belonging to the Paper & Pulp cluster. The assessment and good positioning in this ranking reflect the continuous work carried out by the Navigator Group to integrate sustainability as a priority in its business model, demonstrating its ability to anticipate and manage ESG risks in the course of its operations.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 18 March 2022. However, they are still subject to approval by the General Shareholders' Meeting, by the Portuguese commercial legislation.

The Group's senior management, consisting of 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 FRAMEWORK

The consolidated financial statements for the period ended 31 December 2021 were prepared under 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.

BASIS FOR MEASUREMENT AND GOING CONCERN

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 biological assets (Note 3.7) and for financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.3), in which derivative financial instruments are included (Note 8.2). The liability for Pension and other post- employment benefits is recognised at its present value less the respective asset.

COMPARABILITY

These financial statements are comparable in all material aspects with those of the previous period of 2021.

BASIS FOR CONSOLIDATION

SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group 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 can 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 the 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 5.5).

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 upon with the seller/shareholder (e.g. fair value of acquired assets).

Any contingent payments to be transferred 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 profit and loss.

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 to ensure consistency with the policies adopted by the Group.

ASSOCIATES

Associates are all the entities over which the Group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Investments in associates are equity accounted for.

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

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 for and measured using the equity method.

Joint operations are accounted for 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 by 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 income) and dividends received.

When the share of loss attributable to the Group is equivalent to 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 of the Group entities included in the consolidation perimeter are measured using the currency of the economic environment in which the entity operates (the 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 the collection, payment or at the statement of financial position dates, are recorded as income and expenses in the period (Note 5.11).

The income captions of foreign transactions are translated at the average rate for the period. The differences arising from the application of this rate, as compared with the balance before the conversion, are reflected under the Currency translation reserve caption in shareholders' equity (Note 5.5). 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 book value of non-current assets under IAS 36 – Impairment of Assets, so that the restated amount is reduced to the recoverable amount, ensuring that the book value 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 of 31 December 2021 and 2020, the exchange rates used for the translation of assets and liabilities expressed in currencies other than the Euro are detailed as follows:

	31/12/2021	31/12/2020	Valuation/ (devaluation)		31/12/2021	31/12/2020	Valuation/ (devaluation)
TND (Tunisian dinar)				DKK (Danish krone)			
Average exchange rate for the period	3.2889	3.1998	(2.78%)	Average exchange rate for the period	7.4370	7.4542	0.23%
Exchange rate for the end of the period	3.2673	3.2879	0.63%	Exchange rate for the end of the period	7.4364	7.4409	0.06%
LBN (Lebanese pound)				HUF (Hungarian forint)			
Average exchange rate for the period	31,316.40	10,307.60	(203.82%)	Average exchange rate for the period	358.5161	351.2494	(2.07%)
Exchange rate for the end of the period	31,316.40	10,307.60	(203.82%)	Exchange rate for the end of the period	369.1900	363.8900	(1.46%)
USD (US dollar)				AUD (Australian dollar)			
Average exchange rate for the period	1.1828	1.1422	(3.55%)	Average exchange rate for the period	1.5749	1.6549	4.83%
Exchange rate for the end of the period	1.1326	1.2271	7.70%	Exchange rate for the end of the period	1.5615	1.5896	1.77%
GBP (Pound sterling)				MZM (Mozambican metical)			
Average exchange rate for the period	0.8596	0.8897	3.38%	Average exchange rate for the period	77.7469	80.2346	3.10%
Exchange rate for the end of the period	0.8403	0.8990	6.53%	Exchange rate for the end of the period	78.0900	92.9200	15.96%
PLN (Polish zloty)				BRL (Brazilian real)			
Average exchange rate for the period	4.5652	4.4430	(2.75%)	Average exchange rate for the period	6.3773	5.8978	(8.13%)
Exchange rate for the end of the period	4.5969	4.5597	(0.82%)	Exchange rate for the end of the period	6.3199	6.3768	0.89%
SEK (Swedish krona)				MAD (Moroccan dirham)			
Average exchange rate for the period	10.1465	10.4848	3.23%	Average exchange rate for the period	10.6728	10.8163	1.33%
Exchange rate for the end of the period	10.2503	10.0343	(2.15%)	Exchange rate for the end of the period	10.5165	10.9351	3.83%
CZK (Czech koruna)				NOK (Norwegian krone)			
Average exchange rate for the period	25.6405	26.4551	3.08%	Average exchange rate for the period	10.1633	10.7228	5.22%
Exchange rate for the end of the period	24.8580	26.2420	5.27%	Exchange rate for the end of the period	9.9888	10.4703	4.60%
CHF (Swiss franc)				AOA (Angolan kwanza)			
Average exchange rate for the period	1.0811	1.0705	(0.99%)	Average exchange rate for the period	751.3343	689.8670	(8.91%)
Exchange rate for the end of the period	1.0331	1.0802	4.36%	Exchange rate for the end of the period	632.4237	822.3820	23.10%
TRY (Turkish lira)				MXN (Mexican peso)			
Average exchange rate for the period	10.5124	8.0547	(30.51%)	Average exchange rate for the period	23.9852	24.5194	2.18%
Exchange rate for the end of the period	15.2335	9.1131	(67.16%)	Exchange rate for the end of the period	23.1438	24.4160	5.21%
ZAR (South African rand)				AED (United Arab Emirates dirham)			
Average exchange rate for the period	17.4766	18.7655	6.87%	Average exchange rate for the period	4.3416	4.1931	(3.54%)
Exchange rate for the end of the period	18.0625	18.0219	(0.23%)	Exchange rate for the end of the period	4.1595	4.5065	7.70%
RUB (Russian rouble)				CAD (Canadian dollar)			
Average exchange rate for the period	87.1527	82.7248	(5.35%)	Average exchange rate for the period	1.4826	1.5300	3.10%
Exchange rate for the end of the period	85.3004	91.4671	6.74%	Exchange rate for the end of the period	1.4393	1.5633	7.93%

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED IN 2020

	Amendment
Standards and amendments endorsed by the European Union	
COVID-19 - Related Rent Concessions (Amendment to IFRS 16)	In May 2020, the International Accounting Standards Board (IASB) 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 COVID-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they did 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 throughout the contract as would be the case where 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.
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 with 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 Applying IFRS 9 (amendments to IFRS 4)	IASB has issued an Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) ('the Amendments') 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) 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

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa 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
Annual Improvements to IFRS Standards 2018- 2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs: a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9); c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41. The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.	1 January 2022

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
Amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2: Accounting policy disclosures	Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements. The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements". The amendments are effective from 1 January 2023 but may be applied earlier.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications of 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 how 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

	Amendment	Effective date
Standards and amendments not yet endorsed by the European Union		
Clarification of 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 the Board'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 equity instruments. This amendment is effective for periods starting on 1 January 2023.	1 January 2023
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 amendments aim to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. 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 to improve the usefulness of information for investors on the 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 MAIN 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 Board's estimates and judgements are based on:

- the best information and knowledge of current events and in certain cases on the reports of independent experts;
- the actions that the Group considers it may have to take in the future; and
- on the date on which the operations are realised, the outcome could differ from those estimates.

MAIN ESTIMATES AND JUDGEMENTS

Estimates and judgements	Notes
Recoverability of Goodwill and brands	3.1 – Goodwill 3.2 - Intangible assets
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 – Employee benefits
Fair value of biological assets	3.7 – Biological assets
Recognition of provisions	9.1 – Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment

2 OPERATIONAL PERFORMANCE

2.1 REVENUE AND SEGMENT REPORTING

ACCOUNTING POLICIES

SEGMENT REPORTING

Under IFRS 8, an operating segment is a component of an entity:

i) business activities that can generate revenues and incur in expenses (including revenues and expenses related to transactions with other components of the same entity);

ii) whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about allocating resources to the segment and evaluating its performance; and

iii) for which different information is available.

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

The information used in segment reporting corresponds to the financial information prepared by the Group. All the inter-segment sales and services are performed at market prices and eliminated on consolidation.

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group:

PULP AND PAPER

The Navigator Group's main business is the production and sale of writing and printing thin paper (UWF) and domestic consumption paper (Tissue), and it is present in the whole value-added chain, from research and development of forestry and agricultural production, to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP – and electric and thermal energy, as well as its commercialisation.

The Navigator Group has four industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, only produces tissue paper.

Wood and cork are produced from woodlands owned or leased by the Group in Portugal and Spain, and also from granted lands in Mozambique. The production of cork and pine wood is sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's BEKP production is consumed in the production of UWF and tissue paper in Aveiro. Sales of BEKP, UWF and tissue paper are made to more than 130 countries around the world.

Energy, heat and electricity are mainly produced from biofuels in three cogeneration plants. Heat production is used for internal consumption while electricity is sold to the national energy grid. The Navigator Group also owns another two cogeneration units using natural gas, integrated into the production of paper in Figueira da Foz and Setúbal, and two independent biomass-fuelled plants, the output of the last two being sold to the national energy grid or on the market. It also has three photovoltaic plants for self-consumption, two in Setúbal and one in Figueira da Foz.

CEMENT AND DERIVATIVES

The Cement and derivatives segment is led by Secil - Companhia Geral de Cal e Cimento, S.A., which has a strong presence in the cement industry, is a business group with several operations in Portugal and several countries around the world (Secil Group).

The main product marketed by the Secil Group is cement. The sale of ready-mixed concrete, aggregates, mortars and precast concrete constitutes a verticalisation of the cement segment allowing the Group to obtain synergies.

Secil Group has 3 cement plants in Portugal, Secil-Outão, Maceira-Liz and Cibra-Pataias, and the cement is sold in its various forms (in bulk or bagged, on pallets or big bags) through the different trading hubs owned by the Group. The Secil Group also owns other factories located in Brazil, Tunisia, Lebanon, and Angola.

A significant factor in the marketing of cement is the transportation cost, which is why the Secil Group maintains a private wharf in Secil-Outão, a sea terminal in Spain and a sea terminal in the Netherlands.

With regards to cement "derivatives", the ready-mixed concrete represents the greatest weight in the Group's revenue, with the Secil Group owning several production and marketing centres in Portugal, Spain, Tunisia, Lebanon and Brazil.

Secil Group has also the licence to exploit several quarries, from which it extracts materials for incorporation in cement production or commercialisation as aggregates.

ENVIRONMENT

The Environment segment is led by ETSA - Investimentos, S.G.P.S., S.A., whose operating activities in Portugal and Spain refer mainly to the rendering of services associated with the cumulative recovery of animal by-products and food products containing animal origin substances, and the sale of the products resulting from this recovery for incorporation in the production of fertilisers, animal feed and biodiesel ("ETSA Group").

The activities developed by the ETSA Group play a very important role in the defence of the population and the environment, providing new life to products that would otherwise be directed to landfills or undifferentiated waste treatment centres.

The main activities developed by the Group are:

- collection, packaging, sorting, unpacking and upgrading of animal by-products (categories 1, 2 and 3), other foodstuffs and waste oils, from collection sites such as slaughterhouses, cutting plants, butchers, municipal markets and modern retail;

- the sale of animal fats, meals, and used cooking oil.

ETSA Group develops its activity through the transformation units located in Coruche and Loures, and the collection network is assured by its road fleet, duly certified by the Portuguese National Authority for Food and Animal Health (DGAV - *Direção Geral de Alimentação e Veterinária).*

HOLDINGS

This segment refers to the management activities of the Semapa Group, that is, the services rendered by Semapa to its subsidiaries in various areas such as strategic planning, legal, financial, accounting, tax, talent management, among others, while incurring in payroll expenses and the contracting of specialised services.

Since 2018, the new venture capital unit has been included in this segment, which is not yet reflected in the Group's financial information.

REVENUE

Revenue is presented by operating segment and by geographic area, based on the country of destination of the goods and services sold by the Group.

Revenue recognition in each operating segment is described as follows:

Pulp and paper
Commercial contracts with customers refer essentially to the sale of goods such as paper, pulp, tissue, and energy, and to an extent limited to the transportation of those goods, when applicable. Paper revenue refers to sales made through Retail Stores (B2C) or Commercial Distributors (B2B) which include large distributors, wholesalers, or commercial operators. Revenue is recognised at a specific time, when control is transferred by the agreed incoterm, at the amount of the performance obligation satisfied, and the price of the transaction is a fixed amount invoiced based on quantities sold, fewer cash discounts and quantity discounts, which are reliably estimated. Pulp revenue results from sales to international paper producers. Revenue is recognised at a specific time, by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced based on quantities sold, fewer cash discounts and quantity discounts, which are reliably determinable. On the export side, the transfer of control of the products occurs in general when there is a transfer of control to the customer, according to the Incoterms negotiated. Tissue revenue results from sales of tissue paper produced for the private label of modern national and international retail chains. Revenue is recognised at a specific time by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to the quantities sold. Revenue is recognised against the delivery of the product, at which time the transfer of control over the product is deemed to take place. Energy revenue results from the valuation of the energy produced and delivered to the national electricity system, according to the metering, valued at the tariff defined in the contract for 25 years in progress.

Cement and derivatives

Cement

A significant part of Secil Group's 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.

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.

Revenue is recognised at a specific time, when the control is transferred, by the amount of the performance obligation satisfied. The transaction price 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, at a specific moment, on the date of delivery of the product to the customer, even if the contract involves phased deliveries, due to the different phases 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 based on quantities sold, fewer cash discounts and quantity discounts, 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.

Environment

Revenue recorded by the Environment segment refers to the sale of products and the rendering of services.

Product sales are mainly lard, tallow, animal fat, flour (for the feed industry), and oils (for the biodiesel market). Revenue is recognised, at a specific moment, when the products are delivered to the customer's premises or location designated by the customer, at which time the transfer of control to the customer is considered to occur.

The main customers are national and international animal feed producers.

The services rendered by the ETSA Group refer mainly to the following:

- collection and treatment of Category 1 and 2 materials from farmed and domestic animal carcasses, following the contract with DGAV - Direcção Geral de Alimentação e Veterinária, as well as from slaughterhouses and other conventional collection centres; and

- packing in refrigerated equipment, collection, transport, sorting and unpacking of Category 3 materials (meat and fish) and other foodstuffs (fresh or frozen), in bulk or packaged, in the network of modern retail shops and town markets.

Revenue recognition is made on a monthly basis for services rendered on a regular and uniform basis to the modern retail network. As for the contract with DGAV, revenue is recognised for each service rendered, as calculated on a monthly basis.

MAIN ESTIMATES AND JUDGEMENTS

SEGMENT REPORTING

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group: Pulp and Paper, Cement and Derivatives, and Environment, consistent with the way the Semapa Group's management team monitors and analyses performance.

FINANCIAL INFORMATION BY OPERATING SEGMENT IN 2021 AND 2020

2021 Amounts in Euro	Note	Pulp and paper	Cement and Derivatives	Environment	Holdings	Within-Group Eliminations	Total
Revenue		1,595,870,445	495,863,777	39,972,442	16,090,072	(16,412,587)	2,131,384,149
Other operating income (a)	2.2 and 3.7	29,176,014	66,357,185	68,996	102,779	(43,977)	95,660,997
Cost of goods sold and materials consumed	4.1	(629,794,745)	(150,103,844)	(7,719,469)	-	-	(787,618,058)
Services and supplies	2.3	(449,402,361)	(157,576,119)	(9,850,613)	(7,588,755)	16,456,564	(607,961,284)
Other operating expenses (b)	2.3	(191,133,025)	(114,806,024)	(7,870,065)	(8,982,898)	-	(322,792,012)
Depreciation and amortisation	3.6	(137,269,249)	(53,459,382)	(3,209,954)	(252,836)	-	(194,191,421)
Impairment losses	3.6	(1,646)	272,560	-	-	-	270,914
Net provisions	9.1	(3,142,944)	(1,531,470)	-	-	-	(4,674,414)
Interest expense	5.11	(16,061,895)	(19,528,580)	(73,312)	(6,212,710)	75	(41,876,422)
Group share of (loss) / gains of associates and joint ventures	10.3	-	1,767,749	-	333,361	-	2,101,110
Net monetary position (Lebanon)	5.11	-	7,214,110	-	-	-	7,214,110
Other financial gains and losses	5.11	(1,715,313)	(8,833,333)	(118,624)	1,093,048	(76)	(9,574,298)
Profit before tax		**196,525,281**	**65,636,629**	**11,199,401**	**(5,417,939)**	**(1)**	**267,943,371**
Income tax	6.1	(36,178,643)	(9,457,032)	(2,288,855)	29,935,448	-	(17,989,082)
Net profit for the period		**160,346,638**	**56,179,597**	**8,910,546**	**24,517,509**	(1)	**249,954,289**
Attributable to Shareholders		**112,190,169**	**52,503,014**	**8,917,336**	**24,517,509**	**-**	**198,128,028**
Non-controlling interests	5.6	48,156,469	3,676,583	(6,790)	-	(1)	51,826,261
OTHER INFORMATION (31/12/2021)							
Total Segment assets		2,474,786,454	1,195,545,725	95,630,789	128,302,129	(23,573,161)	3,870,691,936
Goodwill	3.1	122,907,528	172,126,164	38,809,201	-	-	333,842,893
Intangible assets	3.2	176,240,529	168,827,682	-	-	-	345,068,211
Property, plant and equipment	3.3	1,195,663,348	512,215,525	24,259,948	590,438	-	1,732,729,259
Biological assets	3.7	147,324,061	-	-	-	-	147,324,061
Deferred tax assets	6.2	28,037,408	35,984,124	596,664	25,681,408	-	90,299,604
Investments in associates and joint ventures	10.3	-	629,077	-	3,468,101	-	4,097,178
Cash and cash equivalents	5.9	239,171,252	75,222,758	8,920,334	58,973,048	-	382,287,392
Total segment liabilities		1,537,721,851	733,936,297	17,134,307	260,045,205	(23,573,161)	2,525,264,499
Interest-bearing liabilities	5.7	833,944,049	329,081,019	681,389	234,276,331	(98,795)	1,397,883,993
Acquisition of property, plant, and equipment	3.	80,033,573	36,400,488	3,792,902	45,463	-	120,272,426

(a) Includes "Other operating income" and "Fair value adjustments of biological assets"

(b) Includes "Variation in production", "Payroll costs" and "Other operating expenses"

NOTE: The figures presented by business segments may differ from those presented individually by each Group, following the harmonisation adjustments made in the consolidation in compliance with the applicable accounting standards, as well as of the allocation of goodwill of the different segments, independently of the entity that holds the shareholding

2020 Amounts in Euro	Note	Pulp and paper	Cement and Derivatives	Environment	Holdings	Within-Group Eliminations	Total
Revenue		1,385,360,624	451,000,152	31,391,237	14,724,764	(15,106,068)	1,867,370,709
Other operating income (a)	2.2 and 3.7	45,827,502	69,524,411	305,779	46,127	(249)	115,703,570
Cost of goods sold and materials consumed	4.1	(569,724,151)	(136,771,995)	(4,676,653)	-	-	(711,172,799)
Services and supplies	2.3	(392,254,700)	(154,416,503)	(8,996,924)	(6,991,518)	15,106,317	(547,553,328)
Other operating expenses (b)	2.3	(183,701,475)	(105,765,041)	(7,906,706)	(7,666,994)	-	(305,040,216)
Depreciation and amortisation	3.6	(158,042,780)	(47,330,451)	(3,132,674)	(388,199)	-	(208,894,104)
Impairment losses	3.6	(1,645)	(5,734,753)	-	-	-	(5,736,398)
Net provisions	9.1	(2,310,288)	(3,143,102)	-	-	-	(5,453,390)
Interest expense	5.11	(17,007,463)	(21,425,510)	(119,307)	(10,401,424)	6,229	(48,947,475)
Group share of (loss) / gains of associates and joint ventures	10.3	-	1,490,686	-	-	-	1,490,686
Net monetary position (Lebanon)	5.11	-	13,940,475	-	-	-	13,940,475
Other financial gains and losses	5.11	2,321,831	(13,540,212)	(138,379)	(92,799)	(6,229)	(11,455,788)
Profit before tax		**110,467,455**	**47,828,157**	**6,726,373**	**(10,770,043)**	**-**	**154,251,942**
Income tax	6.1	(12,323,078)	4,891,441	(1,337,553)	(3,233,896)	-	(12,003,086)
Net profit for the period		**98,144,377**	**52,719,598**	**5,388,820**	**(14,003,939)**	-	**142,248,856**
Attributable to Shareholders		**68,670,195**	**46,533,606**	**5,388,217**	**(14,003,939)**	**-**	**106,588,079**
Non-controlling interests	5.6	29,474,182	6,185,992	603	-	-	35,660,777
OTHER INFORMATION (31/12/2020)							
Total Segment assets		2,516,169,216	1,214,686,765	83,844,958	36,318,463	(20,024,386)	3,830,995,016
Goodwill	3.1	122,907,528	171,816,466	36,422,934	-	-	331,146,928
Intangible assets	3.2	163,400,684	149,744,812	-	-	-	313,145,496
Property, plant, and equipment	3.3	1,249,639,984	529,719,529	22,914,551	687,312	-	1,802,961,376
Biological assets	3.7	148,584,452	-	-	-	-	148,584,452
Deferred tax assets	6.2	30,629,217	42,543,120	448,933	-	-	73,621,270
Investments in associates and joint ventures	10.3	-	3,117,099	-	-	-	3,117,099
Cash and cash equivalents	5.9	302,399,831	130,609,827	1,635,351	10,110,250	-	444,755,259
Total segment liabilities		1,586,945,132	724,710,131	13,598,823	317,788,713	(20,024,386)	2,623,018,413
Interest-bearing liabilities	5.7	982,410,783	403,416,182	1,167,072	273,609,764	(117,895)	1,660,485,906
Acquisition of property, plant, and equipment	3.3	80,639,102	26,098,481	2,147,946	49,846	-	108,935,375

(a) Includes "Other operating income" and "Fair value adjustments of biological assets"

(b) Includes "Variation in production", "Payroll costs" and "Other operating expenses"

NOTE: The figures presented by business segments may differ from those presented individually by each Group, following the harmonisation adjustments made in the consolidation in compliance with the applicable accounting standards, as well as of the allocation of goodwill of the different segments, independently of the entity that holds the shareholding

PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC LOCATION

Amounts in Euro	31/12/2021		31/12/2020	
Portugal	1,469,456,792	84.81%	1,523,157,237	84.48%
Rest of Europe	8,007,389	0.46%	8,548,406	0.47%
America	170,635,423	9.85%	174,771,705	9.69%
Africa	64,192,963	3.70%	64,300,332	3.57%
Asia	20,436,692	1.18%	32,183,696	1.79%
	1,732,729,259	**100.00%**	**1,802,961,376**	**100.00%**

REVENUE BY BUSINESS SEGMENT, BY GEOGRAPHIC AREA AND BY RECOGNITION PATTERN

2021	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
Portugal	255,177,473	269,882,937	29,875,811	554,936,221	26.04%
Rest of Europe	796,014,559	40,838,204	9,539,753	846,392,516	39.71%
America	202,621,906	90,554,519	-	293,176,425	13.76%
Africa	210,722,215	69,877,919	24,351	280,624,485	13.17%
Asia	129,519,943	24,520,101	532,526	154,572,570	7.25%
Oceania	1,681,932	-	-	1,681,932	0.08%
	1,595,738,028	**495,673,680**	**39,972,441**	**2,131,384,149**	**100.00%**
Measurement standard					
At a specific point in time	1,595,738,028	495,673,680	24,726,233	2,116,137,941	99.28%
Over time	-	-	15,246,208	15,246,208	0.72%

2020	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
Portugal	256,352,591	252,046,074	23,542,570	531,941,235	28.49%
Rest of Europe	768,272,869	36,755,017	7,366,478	812,394,364	43.50%
America	131,790,512	79,105,003	-	210,895,515	11.29%
Africa	137,691,549	66,388,378	-	204,079,927	10.93%
Asia	90,445,770	16,523,656	482,189	107,451,615	5.75%
Oceania	608,053	-	-	608,053	0.03%
	1,385,161,344	**450,818,128**	**31,391,237**	**1,867,370,709**	**100.00%**
Measurement standard					
At a specific point in time	1,385,161,344	450,818,128	16,819,439	1,852,798,911	99.22%
Over time	-	-	14,571,798	14,571,798	0.78%

In 2021 and 2020, the revenue presented in different business and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group, not representing any of them, individually, 10% or more of the overall revenue of the Group

2.2 OTHER OPERATING INCOME

ACCOUNTING POLICIES

OPERATING GRANTS AND GRANTS RELATED TO BIOLOGICAL ASSETS

Government grants are recognised at their fair value and only when there is a reasonable assurance that the grant will be received, and the Group will comply with all required conditions. Operating grants, received to compensate the Group for costs incurred are systematically recorded in the income statement during the periods in which the costs that those grants are intended to compensate are recorded.

Grants related to biological assets (Note 3.7) carried at the fair value, under IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

As of 31 December 2021 and 2020, Other operating income is detailed as follows:

Amounts in Euro	2021	2020
Grants - CO_2 emission allowances	52,114,959	41,320,210
Gains on the disposal of non-current assets	7,707,805	8,601,699
Disposal of CO_2 emission allowances	5,194,370	16,043,290
Power interruption - REN	4,392,012	4,596,624
Own work capitalised	3,818,727	418,565
Operating grants	3,122,470	2,794,926
Compensations received	6,005,195	2,124,279
Supplementary income	1,178,392	1,525,146
Gain on inventories	1,100,847	1,739,428
Income from waste treatment	1,049,311	846,082
Recovery/settlement of uncollectibles	16,133	27,586
Other operating income	11,221,168	18,851,125
	96,921,389	**98,888,960**

The amount recorded under Grants - CO_2 emission allowances correspond to the recognition of the free allocation of emission allowances, which are offset with the expense recognised for the issue of allowances granted free of charge, and therefore its effect on the consolidated income statement is neutral.

The caption Gains on the disposal of non-current assets includes, in 2021, the gain obtained with the sale of the wood and biomass park in Albergaria-a-Velha which was inactive, by the subsidiary Navigator, and generated a gain of Euro 2,458,230. It also includes the gain generated by the subsidiary Secil with the sale of Prébetão, in the amount of Euro 1,434,537. The remaining amount relates to the sale of land and other property, plant and equipment by the various companies that make up the Group. In 2020 this caption included: Euro 6.2 million corresponding to the gains determined by the subsidiary Secil with the disposal of: 1) 25% of the associate Setefrete (Euro 4.9 million) and 2) 50% of the subsidiary Allmicroalgae (Euro 1.2 million).

In 2021, the subsidiary Secil recorded gains from the disposal of CO_2 emission allowances, in the amount of Euro 5,194,370, corresponding to the disposal of 129,000 tons of allowances (2020: 603,500 tons of allowances were disposed of).

The increase in the caption Own work capitalised results essentially from the capitalisation of costs incurred under the Clean Cement Line (CCL) project underway in the subsidiary Secil, a project for the technological upgrading of its production unit in Outão, which uses more efficient mature technologies and innovative technologies that will allow a reduction in carbon emissions and more efficient consumption of electricity and thermal energy.

The caption Compensations received includes, in 2021, Euro 1.25 million relating to the accident that occurred in a mill of Secil's Tunisian subsidiary, SCG. It also includes Euro 1.3 million in compensation for lost profits received by the Brazilian subsidiary Margem, following an accident involving a belt. In 2020, this caption includes the compensation related to the failure of the combined cycle gas and steam turbine at the Setúbal plant (Navigator subsidiary).

The operating grants correspond to grants granted under research and development projects carried out by the Raiz Institute, such as the IPLANT project, INPACTUS, FitoGlobulus, Proteus, among others.

2.3 OTHER OPERATING EXPENSES

As of 31 December 2021 and 2020, Other operating expenses are detailed as follows:

Amounts in Euro	Note	2021	2020
Cost of goods sold and materials consumed	**4.1.3**	**787,618,058**	**711,172,799**
Variation in production	**4.1.4**	**(5,111,833)**	**31,009,753**
Services and supplies			
Energy and fluids		176,636,021	162,836,141
Inventory transportation		198,380,951	158,712,819
Professional fees		105,580,817	90,531,928
Repair and maintenance		48,845,457	53,381,272
Fees		5,958,355	6,189,781
Insurance		12,166,075	11,889,951
Subcontracts		3,101,478	2,740,597
Other		57,292,130	61,270,839
		607,961,284	**547,553,328**
Payroll costs	**7.1**	**248,316,920**	**217,298,957**
Other operating expenses			
Membership fees		750,813	1,645,591
Donations		1,049,229	1,120,912
Cost with CO_2 emission allowances		62,064,166	47,227,842
Impairment on receivables		487,598	945,353
Impairment losses in inventories	4.1.5	1,403,190	(8,952,838)
Other losses on inventories		2,072,767	2,840,450
Indirect taxes		4,768,893	5,707,000
Losses on the disposal of non-current assets		298,375	155,218
Other operating expenses		6,691,894	6,041,978
		79,586,925	**56,731,506**
Net provisions	**9.1**	**4,674,414**	**5,453,390**
Total operating expenses		**1,723,045,768**	**1,569,219,733**

In the last two years, the Group has been implementing several measures to reduce costs to mitigate the impacts resulting from the pandemic COVID-19. Notwithstanding, during 2021, and as a result of a global economy still experiencing the effects of the pandemic, there was a significant increase in logistics, electricity, and natural gas costs, which had a significant impact on the caption Supplies and Services of the Group.

In 2020, the caption Impairment losses on inventories include the reversal of impairment resulting essentially from the sale of UWF (Euro 8,624,342) and Tissue (Euro 1,196,905) paper waste by the subsidiary Navigator.

FEES REGARDING STATUTORY AUDIT AND AUDIT SERVICES

Amounts in Euro	2021 Expenses in the period	2021 Invoices fees	2020 Expenses in the period	2020 Invoices fees
KPMG (SROC) and other entities belonging to the same network				
Statutory audit and audit services	518,214	639,557	727,596	833,756
Other reliability assurance services	157,341	119,750	45,300	88,402
Other services	109,250	114,250	800	8,228
	784,805	873,557	773,696	930,386

The services indicated as Other reliability assurance services concern essentially the issue of reports on financial information, certification of R&D expenses for subsidy purposes and services to verify the Group's sustainability information and limited reviews relating to financial information. Other services refer to opinions provided within the scope of merger operations between Group companies and Due Diligence of financial statements.

The Board of Directors believes adequate procedures are 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.

3 INVESTMENTS

3.1 GOODWILL

ACCOUNTING POLICIES

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

Amortisation and impairment	Goodwill is not amortised. The Group annually carries out impairment tests on 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 5.5) 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, the differentiated tax treatment is applied.

MAIN 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 are included in the defined business segments. The goodwill analysis already includes the results of impairment tests of individual assets that are carried out for each of the Group's business segments.

ASSUMPTIONS BASED ON THE BUSINESS PLANS

Assumptions (CAGR 2022-2026)	Pulp and paper	Cement and derivatives*	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and clinker	Fat [3.5]
CAGR Sales in quantity (kt)	0.7%	-0.8% - 7.3%	-0.5%
Average selling price LC/t			
Reference	UWF paper	Cement and clinker in the Internal Market	Fat [3.5]
CAGR Average selling price LC/t	-1.2%	0.6% - 9.6%	-3.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-1.90%	-0.40% - 19.28%	0.69%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon, and Angola

Assumptions (CAGR 2021-2025)	Pulp and paper	Cement and derivatives*	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and clinker	Fat [3.5]
CAGR Sales in quantity (kt)	1.9%	-0.1% - 3.4%	1.3%
Average selling price LC/t			
Reference	UWF paper	Cement and clinker in the Internal Market	Fat [3.5]
CAGR Average selling price LC/t	0.9%	1.0% - 13.9%	0.6%
Total Cash Costs LC			
CAGR Total Cash Costs LC	1.35%	2.0% - 12.8%	2.13%

* Interval corresponding to the geographies of Portugal, Brazil, Tunisia, Lebanon, and Angola

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 (Portugal for all CGUs and also Tunisia, Lebanon, Brazil and Angola in the Cement and Derivatives segment). The sources of forecasts are the IMF and Banco de Portugal.

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

Financial assumptions	31/12/2021				31/12/2020			
	Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate	Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate
Pulp and paper								
Portugal								
Explicit Planning Period	0.30%	4.46%	-	27.50%	0.53%	4.67%	-	27.50%
Perpetuity	2.31%	6.34%	0.00%	27.50%	2.71%	6.66%	0.00%	27.50%
Cement and derivatives								
Portugal								
Explicit Planning Period	0.30%	4.47%	-	27.50%	0.53%	4.61%	-	27.50%
Perpetuity	2.31%	6.30%	1.71%	27.50%	2.71%	6.50%	1.70%	27.50%
Environment								
Portugal								
Explicit Planning Period	0.30%	4.59%	-	25.50%	0.53%	4.45%	-	27.50%
Perpetuity	2.31%	6.50%	1.25%	25.50%	2.71%	6.42%	1.25%	27.50%

Note: In Cement and derivatives, the WACC rates in Euro were also considered for Brazil, Tunisia, Angola, and Lebanon with values between 6.47% and 17.19%.

* Includes the Country Risk Premium

IMPAIRMENT TESTS

As a result of the impairment tests performed in 2021 and 2020, no impairment loss was identified in goodwill.

SENSITIVITY ANALYSIS

A sensitivity analysis was performed on the assumptions regarded as key (independently for each assumption), WACC rate and free cash flow, which did not determine any impairment for the goodwill allocated to each CGU.

VARIATION OF SEMAPA EQUITY BY A CHANGE IN THE WACC RATE:

WACC Rate Sensitivity Analysis	-50bps	+50bps	-1%	+1%
Pulp and paper				
Explicit Planning Period	3%	-3%	6%	-5%
Perpetuity	8%	-7%	18%	-13%
Explicit Planning and Perpetuity	11%	-10%	25%	-18%
Cement and derivatives				
Explicit Planning Period	3%	-3%	6%	-6%
Perpetuity	11%	-9%	25%	-16%
Explicit Planning and Perpetuity	14%	-12%	32%	-21%
Environment				
Explicit Planning Period	2%	-2%	5%	-4%
Perpetuity	9%	-7%	19%	-13%
Explicit Planning and Perpetuity	11%	-9%	25%	-17%

VARIATION OF SEMAPA EQUITY BY A CHANGE IN FREE CASH FLOW:

FCF sensitivity analysis	-5%	+5%	-10%	+10%
Pulp and paper	-6%	6%	-12%	12%
Cement and derivatives	-7%	7%	-13%	13%
Environment	-5%	5%	-10%	10%

GOODWILL – NET AMOUNT

Goodwill is attributed to the Group's cash-generating units (CGUs) that correspond to the operating segments identified in Note 2.1, as follows:

Amounts in Euro	31/12/2021	31/12/2020
Pulp and paper	122,907,528	122,907,528
Cement and derivatives	172,126,164	171,816,466
Environment	38,809,201	36,422,934
	333,842,893	**331,146,928**

MOVEMENTS IN THE PERIOD

Amounts in Euro	31/12/2021	31/12/2020
Net book value at the beginning of the period	**331,146,928**	**345,172,676**
Acquisitions	2,386,267	-
Exchange rate adjustment	309,698	(14,025,748)
Net book value at the end of the period	**333,842,893**	**331,146,928**

On 1 September 2021, the subsidiary ETSA completed the acquisition of 70% of the capital of Tribérica, S.A., a company based in Vila Nova de Famalicão which manufactures packaging from the collection and processing of animal products. The acquisition value amounted to Euro 2,950,478 with goodwill under IFRS 3 amounting to Euro 2,386,267.

3.2 INTANGIBLE ASSETS

ACCOUNTING POLICIES

Intangible assets are stated at cost of acquisition, deducted from accumulated amortisation and impairment losses. Depreciation is calculated using the straight-line method, over a period between 3 to 5 years and annually for CO_2 emission rights.

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

CO_2 emission rights	
Recognition of free allowances and subsequent measurement	CO_2 emission allowances granted to the Group within the European Union Emissions Trading Scheme (EU ETS) at no cost, give rise to an intangible asset for the allowances, a government grant, and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period. Emission allowances are only recorded as intangible assets when the Group can exercise control. At inception, they are initially measured at the fair value (Level 1). When the market value of the emission allowances falls significantly below its book value and such a decrease is considered permanent, an impairment loss is recognised for emission allowances that the Group will not use in its operations. The liability to deliver allowances is recognised based on actual emissions (Note 4.3 – Payables and other current liabilities). This liability will be settled using allowances on hand, being measured at the book value of those allowances. Any additional emissions are measured using the market value as of the balance sheet date.
Recognition in the income statement	In the Consolidated Income Statement, the Group recognises as expenses, under Other operating expenses, the emissions recorded at fair value on the grant date, except for acquired allowances, where the expense is measured at their purchase price. Such costs will offset other operating income resulting from the recognition of the original government grant (also recognised at fair value at grant date) as well as any disposal of excess allowances. The effect on the Income statement will, therefore, be neutral regarding the consumption of granted allowances. Any net effect on the Income Statement will result from the purchase of additional allowances to cover excess emissions, from the sale of effective consumption or from impairment losses recorded to allowances that are not used at an operational level.

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.
Subsequent measurement and impairment	At a cost fewer impairment losses. Brands are not subject to amortisation as their useful life is indefinite. The Group annually carries out impairment tests on the brands, or where there are signs of impairment.

INTANGIBLE ASSETS DEVELOPED INTERNALLY

ACCOUNTING POLICIES

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.

MAIN ESTIMATES AND JUDGEMENTS

BRANDS – IMPAIRMENT TEST

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.

PULP AND PAPER - MAIN ASSUMPTIONS USED IN BRAND EVALUATIONS

2021 Brand	Markets	Discount rate	Taxe rate
Navigator and Soporset	Europe	4.46%	27.5%
	USA	4.46%	27.5%
	Rest of the World	4.46%	27.5%

2020 Brand	Markets	Discount rate	Taxe rate
Navigator and Soporset	Europe	4.67%	27.5%
	USA	4.67%	27.5%
	Rest of the World	4.67%	27.5%

CEMENT AND DERIVATIVES - MAIN ASSUMPTIONS USED IN BRAND EVALUATIONS

2021 Brand	Markets	Discount rate	Taxe rate
Secil Portugal	Portugal	4.47%	27.5%
Supremo Cimentos	Brazil	8.72%	34.0%
Société des Ciments de Gabés	Tunisia	12.68%	15.0%

2020 Brand	Markets	Discount rate	Taxe rate
Secil Portugal	Portugal	4.61%	27.5%
Supremo Cimentos	Brazil	8.35%	34.0%
Société des Ciments de Gabés	Tunisia	13.17%	25.0%

* Local currency | Explicit period

BRANDS - IMPAIRMENT TEST AND SENSITIVITY ANALYSIS

As a result of the assessments carried out in 2021, an impairment loss amounting to Euro 1,412,628 was recorded on the Secil Tunisia brand explained essentially by the adverse political, social, and financial context in which this geography is found.

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 have determined any additional impairment loss except the Secil brand in Tunisia, for which an impairment increase of: 1) around Euro 240 thousand by the reduction of EVA by 5% and 2) around Euro 540 thousand by the increase of WACC by 0.5%.

BRANDS

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

Amounts in Euro	31/12/2021	31/12/2020
Pulp and paper		
Navigator	107,568,000	107,568,000
Soporset	43,919,000	43,919,000
Cement and derivatives		
Secil Portugal	71,700,000	71,700,000
Supremo (Brazil)*	14,577,044	14,446,973
Gabés (Tunisia)*	4,774,585	6,143,739
Other	4,137	2,101
	242,542,766	**243,779,813**

* The value of these brands is subject to exchange rate adjustment.

CO_2 EMISSION ALLOWANCES

The movement in CO_2 allowances, in 2021 and 2020, were as follows:

	31/12/2021		31/12/2020	
Amounts in Euro	Tons	Amount	Tons	Amount
Opening balance	**2,939,553**	**66,930,220**	**2,782,955**	**61,732,182**
Allowances awarded free of charge	1,882,815	63,474,545	2,441,299	54,642,535
Purchased allowances	368,598	22,706,518	510,962	10,269,089
Allowances sold	(129,000)	(2,905,080)	(603,500)	(15,386,205)
Allowances returned to the Licensing Coordinating Entity	(2,091,641)	(56,993,136)	(2,192,163)	(44,327,381)
Closing balance	**2,970,325**	**93,213,067**	**2,939,553**	**66,930,220**

As of 31 December 2021 and 2020, the Group held CO_2 allowances recorded by the policy described above, as follows:

Amounts in Euro	31/12/2021	31/12/2020
CO_2 allowances (ton)	2,970,325	2,939,553
Average unit value	31.38	22.77
	93,213,067	**66,930,219**
Market price	**80.65**	**32.72**

MOVEMENTS IN INTANGIBLE ASSETS

Amounts in Euro	Brands	Industrial property and other rights	CO_2 emission allowances	Intangible assets in progress	Total
Gross amount					
Balance as of 1 January 2020	**278,671,558**	**23,830**	**61,732,182**	**295,052**	**340,722,622**
Acquisitions/Attributions	-	4,335	64,911,624	1,790,877	66,706,836
Disposals	-	-	(29,741,191)	-	(29,741,191)
Adjustments, transfers and write-offs	-	-	(29,972,396)	339,470	(29,632,926)
Exchange rate adjustment	(8,550,290)	-	-	-	(8,550,290)
Balance as of 31 December 2020	**270,121,268**	**28,165**	**66,930,219**	**2,425,399**	**339,505,051**
Acquisitions/Attributions	-	17,823	86,181,063	6,886,980	93,085,866
Disposals	-	-	(2,905,080)	-	(2,905,080)
Adjustments, transfers and write-offs	-	-	(56,993,136)	-	(56,993,136)
Exchange rate adjustment	(3,015,411)	-	-	-	(3,015,411)
Balance as of 31 December 2021	**267,105,857**	**45,988**	**93,213,066**	**9,312,379**	**369,677,290**
Accumulated amortisation and impairment losses					
Balance as of 1 January 2020	**(28,768,601)**	**(13,628)**	**(1,782,394)**	**-**	**(30,564,623)**
Amortisation for the period	(15,381)	(4,473)	-	-	(19,854)
Impairment losses for the period	-	-	1,782,394	-	1,782,394
Adjustments, transfers and write-offs	-	-	-	-	-
Exchange rate adjustment	2,442,528	-	-	-	2,442,528
Balance as of 31 December 2020	**(26,341,454)**	**(18,101)**	**-**	**-**	**(26,359,555)**
Amortisation for the period	-	(19,400)	-	-	(19,400)
Impairment losses for the period	(1,405,093)	-	-	-	(1,405,093)
Adjustments, transfers, and write-offs	8,487	(8,487)	-	-	-
Exchange rate adjustment	3,174,969	-	-	-	3,174,969
Balance as of 31 December 2021	**(24,563,091)**	**(45,988)**	**-**	**-**	**(24,609,079)**
Net book value as of 1 January 2020	**249,902,957**	**10,202**	**59,949,788**	**295,052**	**310,157,999**
Net book value as of 31 December 2020	**243,779,814**	**10,064**	**66,930,219**	**2,425,399**	**313,145,496**
Net book value as of 31 December 2021	**242,542,766**	**-**	**93,213,066**	**9,312,379**	**345,068,211**

The amount of intangible assets in progress relates essentially to the Clean Cement Line (CCLI) project in progress in the subsidiary Secil.

3.3 PROPERTY, PLANT, AND EQUIPMENT

ACCOUNTING POLICIES

Recognition and initial measurement	Property, plant, and equipment acquired up to 1 January 2004 (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 the transition date are recorded at acquisition cost, less depreciation and impairment losses.

Depreciation and impairment	The straight-line method is used 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 the land, considering the period of extraction of raw material.

Estimated useful life (years)	
Land	14
Buildings and other constructions	12 – 30
Basic equipment	
Transportation equipment	4 – 9
Tools	2 – 8
Administrative equipment	4 – 8
Returnable containers	6
Other property, plant and equipment	4 – 10

	The residual values of the assets and respective useful lives are reviewed and adjusted, when necessary, at the statement of financial position date. 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 recorded (Note 3.6).
Subsequent costs	Scheduled maintenance expenses are considered a component of the acquisition cost of property, plant, and equipment and are fully depreciated by the next forecasted maintenance date. Other expenses with repairs and maintenance are recognised as an expense in the period in which they are incurred.
Spare and maintenance parts	Spare parts are considered strategic as they are directly related to production equipment and their use is expected to last for more than two financial years. Maintenance parts considered as "critical spare parts" are recognised in non - current assets, such 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.
Borrowing costs	Borrowing costs directly related to the acquisition or construction of fixed assets are capitalised when their construction period exceeds one year, and forms part of the asset's cost. During the periods presented, no financial charges for loans directly related to the acquisition or construction of property, plant and equipment 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 fewer transaction costs and the carrying amount of the asset and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).

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.

Given the relevance of this estimate, the Group makes regular use of external and independent experts to assess the adequacy of the estimates used.

MOVEMENTS IN PROPERTY, PLANT, AND EQUIPMENT

Amounts in Euro	Land	Buildings and other constructions	Equipment and other assets	Assets under construction	Total
Gross amount					
Balance as of 1 January 2020	**425,023,485**	**1,129,940,316**	**5,567,582,362**	**153,482,669**	**7,276,028,832**
Changes in the perimeter	-	(9,137)	(662,550)	(43,478)	(715,165)
Acquisitions	92,016	708,075	746,231	107,389,053	108,935,375
Disposals	(1,537,652)	(2,571,328)	(10,468,951)	-	(14,577,931)
Effect of hyperinflationary economies	17,210,206	4,657,427	46,651,609	577,930	69,097,172
Adjustments, transfers, and write-offs	2,270,309	11,805,738	79,174,924	(112,324,284)	(19,073,313)
Exchange rate adjustment	(35,403,463)	(76,992,994)	(221,443,153)	(7,202,550)	(341,042,160)
Balance as of 31 December 2020	**407,654,901**	**1,067,538,097**	**5,461,580,472**	**141,879,340**	**7,078,652,810**
Changes in the perimeter	(1,106,923)	(2,235,163)	(13,366,629)	(110,635)	(16,819,350)
Acquisitions	-	70,294	15,919,069	104,283,063	120,272,426
Disposals	(806,562)	(2,799,659)	(12,175,147)	(4,208)	(15,785,576)
Adjustments, transfers and write-offs	746,302	921,716	133,070,549	(166,462,115)	(31,723,548)
Exchange rate adjustment	(13,394,043)	(8,213,049)	(48,609,655)	(322,970)	(70,539,717)
Effect of hyperinflationary economies	17,423,483	5,026,230	49,324,921	584,812	72,359,446
Balance as of 31 December 2021	**410,517,158**	**1,060,308,466**	**5,585,743,580**	**79,847,287**	**7,136,416,491**
Accumulated depreciation and impairment losses					
Balance as of 1 January 2020	**(83,499,951)**	**(729,014,570)**	**(4,434,875,274)**	**(3,629,921)**	**(5,251,019,716)**
Changes in the perimeter	-	76	6,474	-	6,550
Depreciation for the period	(4,757,327)	(18,392,458)	(183,721,653)	-	(206,871,438)
Disposals	158,105	2,189,403	10,246,186	-	12,593,694
Impairment losses	(976,509)	24,426	248,116	(786)	(704,753)
Adjustments, transfers and write-offs	(39,592)	1,146,285	20,349,328	-	21,456,021
Effect of hyperinflationary economies	(5,539,103)	(3,073,748)	(40,426,784)	-	(49,039,635)
Exchange rate adjustment	3,630,912	35,881,789	158,375,142	-	197,887,843
Balance as of 31 December 2020	**(91,023,465)**	**(711,238,797)**	**(4,469,798,465)**	**(3,630,707)**	**(5,275,691,434)**
Changes in the perimeter	-	1,782,441	13,176,376	-	14,958,817
Depreciation for the period	(5,078,568)	(20,671,079)	(155,936,627)	-	(181,686,274)
Disposals	10,898	7,742,529	10,607,739	-	18,361,166
Impairment losses	1,435,557	(570,155)	812,251	-	1,677,653
Adjustments, transfers and write-offs	52,754	3,363,590	26,075,526	102,292	29,594,162
Exchange rate adjustment	3,990,393	5,428,878	41,770,527	-	51,189,798
Effect of hyperinflationary economies	(6,165,694)	(3,364,090)	(52,561,336)	-	(62,091,120)
Balance as of 31 December 2021	**(96,778,125)**	**(717,526,683)**	**(4,585,854,009)**	**(3,528,415)**	**(5,403,687,232)**
Net book value as of 1 January 2020	**341,523,534**	**400,925,746**	**1,132,707,088**	**149,852,748**	**2,025,009,116**
Net book value as of 31 December 2020	**316,631,436**	**356,299,300**	**991,782,007**	**138,248,633**	**1,802,961,376**
Net book value as of 31 December 2021	**313,739,033**	**342,781,783**	**999,889,571**	**76,318,872**	**1,732,729,259**

As of 31 December 2021, the caption Assets under construction includes investments associated with development projects in progress, in the Paper Pulp business segment, where the highlights are the new wood preparation stack in Figueira da Foz (Euro 7.2 million), the new evaporation line in Aveiro (Euro 3.5 million), the replacement of the lime kiln cooler in Figueira da Foz (Euro 1.3 million) and in the Cement and Derivatives business segment where the CCL project (Euro 7.6 million) stands out. The remainder is related to various projects for improving and optimising the production process in the Group's manufacturing units.

In 2020, IAS 29 – Financial Reporting in Hyperinflationary Economies was applied to the financial statements of the Lebanese subsidiaries, before translation to the Group's presentation currency. As of 31 December 2020, the application of this standard had a net impact on property, plant, and equipment of Euro 20,057,538, with an increase in the gross amount of property, plant, and equipment of Euro 69,097,172 and accumulated depreciation of Euro 49,039,635. As of 31 December 2021, the net value of property, plant and equipment relating to the Lebanese subsidiaries in the Group's consolidated financial statements amounts to Euro 20,441,256 (31-12-2020: Euro 32,221,355).

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.

During 2021 and 2020, no financial charges for loans directly related to the acquisition, construction or production of fixed assets were capitalised. Additionally, as of 31 December 2021 and 2020 there are no property, plant and equipment given as collateral.

The commitments made by the Group for the acquisition of property, plant and equipment are detailed in Note 9.2 - Commitments.

3.4 GOVERNMENT GRANTS

ACCOUNTING POLICIES

Government grants received to offset the Group for investments made in Property, plant and equipment, including those granted as tax credits, are classified as Deferred income (Note 4.3 – Payables and other current liabilities) and are recognised in income over the estimated useful life of the respective subsidised assets, and are associated with the depreciation of the period (Note 3.6), for presentation purposes.

GOVERNMENT GRANTS REPAYABLE

Government grants, in the form of loans repayable at a subsidised rate, are discounted on the date of initial recognition based on the market interest rate at the date of grant, the value of the discount constitutes the value of the grant to be amortised throughout the loan or asset whose acquisition it is intended to finance, depending on the activities financed. These liabilities are included in Payables and other current liabilities (Note 4.3).

GOVERNMENT GRANTS – DETAIL

Amounts in Euro	Nature	31/12/2021	31/12/2020
Under AICEP agreements			
Enerpulp, S.A.	Financial	328,243	859,211
Navigator Pulp Aveiro, S.A.	Financial/Tax	6,806,000	8,296,893
Navigator Pulp Setúbal, S.A.	Financial	101,018	254,271
Navigator Pulp Figueira, S.A.	Financial/Tax	8,898,687	9,612,781
Navigator Parques Industriais, S.A.	Financial	1,869,640	1,928,996
Navigator Tissue Aveiro, S.A.	Financial/Tax	11,690,181	12,450,222
Navigator Brands, S.A.	Financial	499,805	-
Other			
Raiz	Financial	1,479,841	1,748,208
Viveiros Aliança, SA	Financial	21,307	81,090
Secil | Clean Cement Line	Financial	7,462,387	7,462,387
Closing balance		**39,157,109**	**42,694,058**

GOVERNMENT GRANTS – MOVEMENTS

Amounts in Euro	31/12/2021	31/12/2020
Opening balance	**42,694,058**	**42,776,572**
Attribution	721,599	8,574,452
Charge-off	(4,633,832)	(9,587,344)
Other	375,284	930,378
Closing balance	**39,157,109**	**42,694,058**
Of a financial nature	*19,548,144*	*21,230,438*
Of a fiscal nature	*19,608,965*	*21,463,620*

The Group expects to recognise grants in profit or loss as follows:

Amounts in Euro	31/12/2021	31/12/2020
2021	-	3,780,335
2022	3,456,831	3,566,679
2023	3,320,612	3,432,419
2024	3,275,288	3,390,887
2025	2,658,793	2,774,450
2026	2,588,156	2,408,591
After 2026	23,857,429	23,340,698
	39,157,109	**42,694,058**

INCENTIVE TO INCREASE PULP PRODUCTION CAPACITY IN FIGUEIRA DA FOZ

On 27 December 2018, Navigator Pulp Figueira, S.A signed a tax investment agreement with AICEP, related to the investment associated with the increase of pulp production capacity in Figueira da Foz, which includes a tax incentive up to the maximum amount of Euro 17,278,657, corresponding to 19.5% of the investment made, through the fulfilment, until 31 December 2025, of the contractually defined objectives. This grant is being recognised for over 20 years, although it has been fully utilised since 2018.

INCENTIVES FOR THE EXPANSION PROJECT OF THE CACIA PULP MILL

On 18 June 2014, the subsidiary Navigator Pulp Aveiro, S.A., signed two financial and tax incentive agreements with the AICEP - Agência para o Investimento e Comércio Externo de Portugal (Agency for Investment and Foreign Trade of Portugal) to support the investment to be promoted by that company in the capacity increase project of Aveiro pulp mill, with a total amount of Euro 49.3 million.

The grants approved amount to Euro 9,264 million (repayable) and Euro 5,644 million (tax incentive) to be used until 2024, being fully used since the end of 2016, although it will be recognised in results until 2034. The contract includes an achievement bonus, which corresponds to the conversion of the repayable grant into a non-repayable grant, up to a limit of 75% (Euro 6,947,450), subject to compliance with the objectives established in the contract until 31 December 2023.

GOVERNMENT GRANTS REPAYABLE

As of 13 December 2017, the subsidiary Navigator Tissue Aveiro, S.A. entered into an investment agreement with AICEP, for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a repayable grant, which includes a grace period of two years, without payment of interest, up to a maximum amount of Euro 42,166,636, corresponding to 35% of the amount due of expenses considered eligible, which were estimated at Euro 120,476 million. On 20 April 2018, the same entity was also awarded a tax incentive granted through the compliance of contractually defined requirements until 31 December 2028, whose maximum amount will be Euro 11,515,870, corresponding to 10% of the expenses associated with the project investment. This amount has been fully utilised since 2019 and will be recognised in profit or loss in 24 years.

There are no unfulfilled conditions and other contingencies linked to government grants that have been recognised and the subsidiary Navigator is complying with the conditions according to plan.

3.5 RIGHT-OF-USE ASSETS

ACCOUNTING POLICIES

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 grants 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.

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 is reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The useful life considered for each class of assets under the right of use 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.

SHORT-TERM LEASES AND LOW-VALUE ASSET LEASES

The Group recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than USD 5,000 directly as operating expenses of the year (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Industrial property and other rights	Land	Buildings and other constructions	Equipment and other assets	Total
Gross amount					
Balance as of 1 January 2020	**1,211,963**	**54,030,858**	**10,343,874**	**23,162,843**	**88,749,538**
Acquisitions	201,575	6,652,397	1,033,782	14,327,741	22,215,495
Adjustments, transfers and write-offs	(219,150)	(1,350,612)	(899,283)	(1,926,274)	(4,395,319)
Exchange rate adjustment	-	(534,074)	(795,498)	(661,592)	(1,991,164)
Balance as of 31 December 2020	**1,194,388**	**58,798,569**	**9,682,875**	**34,902,718**	**104,578,550**
Changes in the perimeter	-	-	-	38,830	38,830
Acquisitions	-	12,623,101	1,450,037	19,562,945	33,636,083
Adjustments, transfers and write-offs	(215)	(2,323,924)	(384,346)	(652,520)	(3,361,005)
Exchange rate adjustment	-	(55,559)	(141,418)	(16,445)	(213,422)
Balance as of 31 December 2021	**1,194,173**	**69,042,187**	**10,607,148**	**53,835,528**	**134,679,036**
Accumulated amortisation, depreciation and impairment losses					
Balance as of 1 January 2020	**(233,138)**	**(4,669,081)**	**(2,567,622)**	**(5,615,437)**	**(13,085,278)**
Depreciation and impairment losses (Note 3.6)	(71,690)	(4,657,861)	(1,651,461)	(7,514,032)	(13,895,044)
Adjustments, transfers and write-offs	(2)	174,108	326,899	1,800,222	2,301,227
Exchange rate adjustment	-	155,987	652,599	298,475	1,107,061
Balance as of 31 December 2020	**(304,830)**	**(8,996,847)**	**(3,239,585)**	**(11,030,772)**	**(23,572,034)**
Changes in the perimeter	-	-	-	(31,330)	(31,330)
Depreciation and impairment losses (Note 3.6)	(69,279)	(4,482,717)	(1,573,832)	(11,526,874)	(17,652,702)
Adjustments, transfers and write-offs	-	1,799,613	222,443	1,755,878	3,777,934
Exchange rate adjustment	-	31,329	145,398	20,733	197,460
Balance as of 31 December 2021	**(374,109)**	**(11,648,622)**	**(4,445,576)**	**(20,812,365)**	**(37,280,672)**
Net book value as of 1 January 2020	978,825	49,361,777	7,776,252	17,547,406	75,664,260
Net book value as of 31 December 2020	889,558	49,801,722	6,443,290	23,871,946	81,006,516
Net book value as of 31 December 2021	**820,064**	**57,393,565**	**6,161,572**	**33,023,163**	**97,398,364**

The increase in the caption Land during 2021 relates essentially to the rights to use land:

- for forest exploitation in the subsidiary Navigator amounting to around Euro 3.5 million, whose contracts usually have a duration of 24 years, and may be terminated early if the 2nd harvest occurs before the 24th year of the term; and

- associated with long term port concession contracts of the subsidiary Secil amounting to around Euro 8 million.

3.6 DEPRECIATION, AMORTISATION, AND IMPAIRMENT LOSSES

As of 31 December 2021 and 2020, the caption Depreciation, amortisation and impairment losses was detailed as follows:

Amounts in Euro	Note	2021	2020
Depreciation of property, plant and equipment for the period	3.3	182,217,530	206,871,438
Investment grants charge-off	3.4	(4,633,832)	(10,232,574)
Depreciation of property, plant and equipment, net of subsidies used		**177,583,698**	**196,638,864**
Impairment on property, plant and equipment - losses		570,155	977,295
Impairment on property, plant and equipment - reversals		(2,247,808)	(272,542)
Impairment losses on property, plant and equipment for the period	**3.3**	**(1,677,653)**	**704,753**
Amortisation of intangible assets for the period	**3.2**	**19,399**	**19,854**
Impairment on intangible assets - losses	**3.2**	1,405,093	-
Impairment on intangible assets - reversals		-	-
Impairment of intangible assets for the period	**3.2**	**1,405,093**	-
Depreciation of right-of-use assets for the period	**3.5**	**17,652,702**	**13,895,044**
Impairment on assets held for sale	3.8	-	5,030,000
Depreciation of investment properties	3.9	766	766
Impairment losses on investment properties	3.9	1,646	1,645
ICMS - Value-added tax on goods and services included in depreciation (Brazil)		(1,065,144)	(1,660,423)
		193,920,507	**214,630,503**

The decrease in Depreciation of property, plant and equipment in comparison with the previous period is due essentially to the change in the useful lives of the assets allocated to pulp production in Figueira da Foz and the assets allocated to tissue production, by the valuation report carried out by an independent entity requested by the subsidiary Navigator, with prospective effect from 1 January 2021.

3.7 BIOLOGICAL ASSETS

ACCOUNTING POLICIES

The Group's biological assets mainly comprise the forests held for the production of timber, suitable for incorporating in the production process of BEKP or to sell in the market, mainly eucalyptus, also including other species such as pine and cork oak.

Biological assets are measured at fair value less estimated selling expenses at the time of harvest.

Fair Value (level 3 of the IFRS 13 fair value hierarchy)	When calculating the fair value of forests, the Group used the discounted cash flows method, based on a model developed in house, regularly tested by independent external assessments. In the model developed, assumptions are considered corresponding to the nature of the assets under evaluation, namely, the development cycle of the different species, the productivity of the forests, the wood sales price (when there is an active market) less the cost of harvesting, the rents of own, leased land, replanting and transport, the costs of planting and maintenance, the cost inherent in leasing the forest land; and the discount rate. The discount rate corresponds to a market interest rate without inflation, consistent with the structure of projections, determined based on the Group's expected rate of return on its forests, which are intended to be sold intra-group.
Concession areas	The costs incurred with the site preparation before the first afforestation are recorded as property, plant and equipment and depreciated in line with its expected useful lives corresponding to the concession period.
Change of estimates	Changes in estimates of growth, growth period, price, cost and other assumptions are recognised in the income statement as fair value adjustments of biological assets.
Harvesting	At the time of harvest, wood is recognised at fair value less estimated costs at the point of sale or consumption, which corresponds to the initial carrying amount of the inventory.

MAIN ESTIMATES AND JUDGEMENTS

ASSUMPTIONS

Assumptions corresponding to the nature of the assets being valued were considered:

- Productivity of forests;
- Wood sales price (when there is an active market) less the cost of harvesting, rents for own, leased and concessioned land, replanting and transport, planting and maintenance costs, the cost inherent in leasing forest land;
- Discount rate for 2021 corresponding to 2.99% (2020: 3.07%). Note that the Group incorporates the fire risk into the model's cash flows. If this risk were incorporated into the discount rate, it would be 4.61%.

These values, calculated by the expected extraction of their productions, correspond to the following future production expectations:

	31/12/2021	31/12/2020
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,207	10,245
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc (1)	2,758	3,394
Pine (Portugal) - Potential future of wood extractions k ton	311	306
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork Oak (Portugal) - Potential future of cork extractions k @	461	573

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in 2021, 651,654 m3ssc of wood from its owned and explored forests (31 December 2020: 574,507 m3ssc).

Additionally, as of 31 December 2021 and 2020 (i), there are no amounts of biological assets whose property is restricted and/or pledged as a guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no government subsidies related to biological assets recognised in the Group's consolidated financial statements.

SENSITIVITY ANALYSIS

The Group considers the discount rate used in Portugal and the forward price of wood as the most significant variables. Changes in assumptions may imply the valuation/depreciation of these assets:

Amounts in Euro	31/12/2021	31/12/2020
1) Increase of 0.5% in the discount rate in Portugal		
Devaluation of forestry assets in Portugal	7,896,515	7,039,798
2) Decrease of 3% in the forward price		
Devaluation of forestry assets in Portugal	11,731,495	11,335,171

DETAIL OF BIOLOGICAL ASSETS

Amounts in Euro	31/12/2021	31/12/2020
Eucalyptus (Portugal)	113,826,448	118,916,833
Pine (Portugal)	6,697,561	6,311,003
Cork Oak (Portugal)	6,268,821	6,050,894
Other species (Portugal)	1,015,078	591,289
Eucalyptus (Mozambique)	19,516,153	16,714,433
	147,324,061	**148,584,452**

Concerning Mozambique's forestry, work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, among other goals, to put Mozambique on the world map for this forest-based industry.

In the first half of 2021, Portucel Moçambique made its first export of wood produced in Mozambique, from its plantations in Manica, with the shipment of a vessel containing 32,000 cubic metres of bark-free solid wood from the port of Beira, in Mozambique, to the port of Aveiro, bound for the Figueira da Foz Industrial Complex. Two more ships were dispatched in the second half of the year, with a total of 58 thousand cubic metres.

Under IAS 41, the Navigator Company Group considers mature assets those that have reached the necessary specifications to obtain the maximum yield in terms of profitability, supply needs and opportunity cost. Typically, forests in Portugal reach their maturity between 8 and 12 years, depending on the species, soil, and climate conditions. Data on the forest, its condition and its future potential are measured at least twice during its growth cycle. As of 31 December 2021, mature assets represented about 48% of Navigator Company's forests in Portugal and are valued at fair value.

MOVEMENTS IN BIOLOGICAL ASSETS

Amounts in Euro	31/12/2021	31/12/2020
Opening balance	**148,584,452**	**131,769,841**
Variations:		
Logging	(25,277,834)	(23,238,185)
Growth	19,653,667	20,134,057
New plantations	3,313,648	4,313,757
Other changes in fair value:		
- change in the price of wood	-	466,300
- change in the cost of capital rate	1,212,800	8,854,000
- impact of fires	(68,795)	(424,914)
- transport logistics costs	(2,417,701)	(3,152,001)
- impairment reversal in the Mozambique project	-	16,714,433
- other changes in expectation	2,323,824	(6,852,836)
Total variation in the period	**(1,260,391)**	**16,814,611**
Closing balance	**147,324,061**	**148,584,452**

3.8 NON-CURRENT ASSETS HELD FOR SALE

ACCOUNTING POLICIES

Non-current assets (or discontinued operations) are classified as held for sale, if their 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 are classified as non-current assets held for sale, they are measured at the lower of book value or at fair value with fewer costs to sell and their depreciation ceases. When the fair value fewer costs to sell is lower than the book value, the difference is recognised in the income statement.
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 2.3).

As of 31 December 2021 and 2020, the assets presented as non-current assets held for sale correspond to industrial equipment acquired by the subsidiary Secil from the insolvent estate of CNE – Cimentos Nacionais ou Estrangeiros, S.A..

In 2020, the subsidiary Secil recorded an impairment of Euro 5,030,000 (Note 3.6) corresponding to industrial equipment recognised as Assets Held for Sale.

3.9 INVESTMENT PROPERTIES

ACCOUNTING POLICIES

The Group classifies the assets held for 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 compared to those considered in the initial recognition

MOVEMENTS IN INVESTMENT PROPERTIES

Amounts in Euro	31/12/2021	31/12/2020
Opening balance	371,260	373,673
Disposals	-	-
Amortisation and impairment losses	(2,412)	(2,413)
	368,848	**371,260**

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.

4 WORKING CAPITAL

4.1 INVENTORIES

ACCOUNTING POLICIES

Goods and raw materials	Goods and raw materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs, and it is determined using the weighted average cost as the valuation method.
Finished and intermediate products and work in progress	Finished and intermediate products and work in progress are valued at the lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) and their net realisable value. The net realisable value corresponds to the estimated selling price, after deducting estimated completion and selling costs. The difference between production cost and net realisable value, if lower, is recorded as an operational cost.

4.1.1 INVENTORIES – DETAIL BY NATURE

AMOUNTS NET OF ACCUMULATED IMPAIRMENT LOSSES

Amounts in Euro	31/12/2021	31/12/2020
Raw materials	145,524,442	129,104,493
Goods	10,744,001	6,657,118
Sub-products and waste	5,318,819	3,596,468
	161,587,262	**139,358,079**
Finished and intermediate products	94,230,580	92,979,177
Work in progress	3,567,119	4,206,710
	97,797,699	**97,185,887**
Total	**259,384,961**	**236,543,966**

4.1.2 INVENTORIES – DETAIL BY SEGMENT AND GEOGRAPHY

Amounts in Euro	31/12/2021	%	31/12/2020	%
Pulp and paper				
Portugal	167,690,434	89.9%	151,157,200	85.5%
Rest of Europe	6,277,358	3.4%	10,675,568	6.0%
America	12,582,866	6.7%	14,902,369	8.4%
	186,550,658	**100.0%**	**176,735,137**	**100.0%**
Cement and derivatives				
Portugal	33,416,204	46.8%	29,328,910	50.0%
Rest of Europe	2,173,368	3.0%	2,374,773	4.0%
America	13,387,577	18.8%	6,964,793	11.9%
Africa	20,286,081	28.4%	17,251,056	29.4%
Asia	2,103,515	2.9%	2,766,287	4.7%
	71,366,745	**100.0%**	**58,685,819**	**100.0%**
Environment - Portugal	**1,467,558**	**100.0%**	**1,123,010**	**100.0%**
	259,384,961		**236,543,966**	

The amount related to Portugal, from Pulp and Paper segment, includes Euro 11,739,049 (31 December 2020: Euro 9,419,705) relating to inventories for which invoices have already been issued but whose control has not been transferred to customers.

As of 31 December 2021 and 2020, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

4.1.3 COST OF GOODS SOLD AND MATERIALS CONSUMED IN THE PERIOD

Amounts in Euro	Note	31/12/2021	31/12/2020
Opening balance		139,358,079	176,721,064
Purchases		809,847,241	673,809,814
Closing balance		(161,587,262)	(139,358,079)
Cost of goods sold, and materials consumed	**2.3**	**787,618,058**	**711,172,799**

4.1.4 VARIATION IN PRODUCTION DURING THE PERIOD

Amounts in Euro	Note	31/12/2021	31/12/2020
Opening balance		(97,185,887)	(129,675,671)
Adjustments		4,500,021	1,480,031
Closing balance		97,797,699	97,185,887
Variation in production	**2.3**	**5,111,833**	**(31,009,753)**

4.1.5 MOVEMENTS IN IMPAIRMENT LOSSES IN INVENTORIES

Amounts in Euro	Note	31/12/2021	31/12/2020
Opening balance		**(10,509,972)**	**(24,918,865)**
Increases		(2,990,582)	(1,392,781)
Reversals		1,587,392	10,345,619
Impact on profit for the period	**2.3**	**(1,403,190)**	**8,952,838**
Exchange rate adjustment		520,745	3,023,339
Hyperinflationary Economies		-	(287,836)
Charge-offs		(73,657)	2,720,552
Changes in the perimeter		254,933	-
Closing balance		**(11,211,141)**	**(10,509,972)**

Inventory impairment (and reversals) recorded in 2021 and 2020 refer mainly to other movements to the stock of UWF and Tissue paper. In 2020, the Group reversed impairments on inventories arising mainly from the sale of UWF (Euro 8,624,342) and Tissue (Euro 1,174,906) paper waste (Note 2.2).

From 2020 onwards, IAS 29 – Financial Reporting in Hyperinflationary Economies started to be applied to the financial statements of the Lebanese subsidiaries, before translation to the Group's presentation currency. As of 31 December 2020, the application of the aforementioned hyperinflation standard had an impact on Inventories of Euro 743,655. As of 31 December 2021, the value of inventories relating to the Lebanese subsidiaries in the Group's consolidated financial statements amounts to Euro 2,192,208 (2020: Euro 2,725,706).

4.2 RECEIVABLES AND OTHER CURRENT ASSETS

ACCOUNTING POLICIES

TRADE AND OTHER RECEIVABLES

Classification	Trade receivables result from the Group's main activities and the business model followed is "hold to collect", although sometimes the Cement and Derivatives segment 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 based on the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk.
Impairment from other debtors	Impairment losses are recorded based on the general estimated credit loss model of IFRS 9.

As of 31 December 2021 and 2020, Receivables and other current and non-current assets were as follows:

Amounts in Euro	Note	31/12/2021			31/12/2020		
		Non-current	Current	Total	Non-current	Current	Total
Trade receivables							-
Pulp and paper segment	8.1.4	-	210,789,083	210,789,083	-	133,591,397	133,591,397
Cement and derivatives segment	8.1.4	-	56,370,752	56,370,752	-	49,602,293	49,602,293
Environment segment	8.1.4	-	13,516,485	13,516,485	-	12,917,744	12,917,744
		-	**280,676,320**	**280,676,320**	**-**	**196,111,434**	**196,111,434**
Receivables - Related parties	10.4	-	1,301,899	1,301,899	-	946,445	946,445
State		-	57,035,474	57,035,474	-	59,271,883	59,271,883
Department of Commerce (USA)		-	281,653	281,653	3,245,517	6,608,333	9,853,850
Enviva Pellets Greenwood, LLC (USA)		7,826,849	25,384,072	33,210,921	30,747,820	2,747,317	33,495,137
Accrued income		-	22,161,246	22,161,246	-	18,451,205	18,451,205
Deferred costs		-	14,094,535	14,094,535	-	12,133,566	12,133,566
Derivative financial instruments	8.2	-	3,066,689	3,066,689	-	7,331,771	7,331,771
Other		4,293,458	28,075,289	32,368,747	3,200,923	28,252,810	31,453,733
		12,120,307	**432,077,177**	**444,197,484**	**37,194,260**	**331,854,764**	**369,049,024**

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.

DEPARTMENT OF COMMERCE (USA)

As of 31 December 2021 and 2020, the balance corresponds to the amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

During the first quarter of 2021, Navigator received the outstanding amount related to the first review period (POR 1), amounting to Euro 6,608,333.

In January 2021, the Department of Commerce confirmed the final rate to be applied for the third period of review from March 2018 to February 2019 at 6.75%. The final rate remained unchanged from the preliminary rate at 6.75%, so the Group received around Euro 4.4 million for the difference between the deposits made and the final rate payable.

During 2021, the Department of Commerce also confirmed the final rate to be applied for the fourth period of review from March 2019 to February 2020 at 2.21%, therefore the Group will soon receive Euro 281,653 million for the difference between the deposits made and the final rate payable.

For the subsequent review periods (5 and 6), Navigator is estimated to pay to the DoC approximately Euro 8.5 million (Note 4.3).

ENVIVA PELLETS GREENWOOD, LLC (USA)

Reflects the present value of the amount still to be received from the sale of the pellet business by Navigator (Note 2.2). The nominal receivable shall bear interest at the rate of 2.5% (note 5.11).

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

Amounts in Euro	31/12/2021	31/12/2020
Value added tax - recoverable	9,095,712	17,727,119
Value added tax - repayment requests	37,924,732	27,006,418
Tax on Goods and Services (ICMS)	1,477,913	1,381,325
Industrialised Products Tax (IPI)	720,250	515,339
Social Security Financing Contribution (COFINS)	358,057	1,635,279
PIS and COFINS credit on fixed assets	7,362,187	8,117,401
Other taxes	94,153	605,190
Amounts pending repayment (tax proceedings decided in favour of the Group)	2,470	2,283,812
	57,035,474	**59,271,883**

As of 31 December 2021 and 2020, Accrued income and deferred costs were detailed as follows:

Amounts in Euro	31/12/2021	31/12/2020
Accrued income		
Energy sales	17,470,569	12,314,111
Receivable Compensations	1,636,141	2,982,965
Other	3,054,536	3,154,129
	22,161,246	**18,451,205**
Deferred expenses		
Insurance	1,584,282	421,201
Rentals	8,386,747	7,209,419
Other	4,123,506	4,502,946
	14,094,535	**12,133,566**
	36,255,781	**30,584,771**

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 5.11).

As of 31 December 2021 and 2020, Payables and other current liabilities were detailed as follows:

Amounts in Euro	Note	31/12/2021	31/12/2020
Trade payables - current account		345,144,866	237,879,202
Trade payables - Property, plant and equipment - current account		7,275,993	5,629,661
State		62,922,234	59,806,065
Instituto do Ambiente		58,822,137	48,927,954
Related parties	10.4	874,436	859,487
Other payables		9,214,444	3,104,168
Derivative financial instruments	8.2.2	9,811,872	6,404,465
Accrued costs - payroll costs		52,954,299	38,682,709
Other accrued costs		53,139,891	58,013,473
Non-repayable grants		46,802,840	44,105,975
Other deferred income - ISP		387,246	401,166
Payables - current		**647,350,258**	**503,814,325**
Non-repayable grants		28,460,138	30,234,239
Department of Commerce (USA)		8,554,289	-
Payables - non-current		**37,014,427**	**30,234,239**
		684,364,685	**534,048,565**

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

Amounts in Euro	31/12/2021	31/12/2020
Personal income tax withhold (IRS)	4,464,393	4,407,347
Value added tax	25,788,642	31,649,269
Social security contributions	4,140,623	4,074,130
Tax on Goods and Services (ICMS)	570,096	375,222
Programa de Desenvolvimento da Empresa Catarinense (PRODEC)	653,577	627,605
Programa Paraná Competitivo	25,598,165	17,398,977
Social Security Financing Contribution (COFINS)	73,997	21,372
Other	1,632,741	1,252,143
	62,922,234	**59,806,065**

As of 31 December 2021 and 2020, there were no arrears debts to the State.

NON-REPAYABLE GRANTS - DETAILS

Amounts in Euro	Note	31/12/2021	31/12/2020
Government grants	3.4	10,696,971	12,459,819
Grants - CO_2 emission allowances		31,001,180	24,048,529
Other grants		5,104,689	7,597,627
Non-repayable grants - current		**46,802,840**	**44,105,975**
Government grants	3.4	28,460,138	30,234,239
Non-repayable grants - non-current		**28,460,138**	**30,234,239**
		75,262,978	**74,340,214**

5 CAPITAL STRUCTURE

5.1 CAPITAL MANAGEMENT

CAPITAL MANAGEMENT POLICY

The objectives of Semapa Group, when managing capital, are to safeguard the Group´s ability to continue as a going concern and value creation for shareholders, through a conservative dividend policy based on principles of financial strength. The aim has been to maintain a financial structure compatible with the Group´s sustained growth and different business areas, whilst maintaining a solid financial position. Accordingly, capital considered for the purposes of capital management corresponds to Equity. Equity does not include any financial liabilities.

To maintain or adjust its capital structure, the Group can adjust the amount of dividends payable to its shareholders, return capital to its shareholders, issue new shares or sell assets to lower its borrowings.

5.2 SHARE CAPITAL AND TREASURY SHARES

ACCOUNTING POLICIES

Semapa's share capital is fully subscribed and paid up, represented by shares with no nominal value.

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 is included in the acquisition cost, as part of the purchase price.

TREASURY 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 5.5).
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.

SEMAPA'S SHAREHOLDERS

As of 31 December 2021 and 2020, Semapa's shareholders are detailed as follows:

Description	31/12/2021		31/12/2020	
	No. of shares	%	No. of shares	%
Shares without nominal value				
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.94	38,959,431	47.94
Sodim, SGPS, S.A.	27,508,892	33.85	19,478,903	23.97
Bestinver Gestión, S.A., S.G.I.I.C.	2,458,623	3.03	4,032,051	4.96
Cobas Asset Management, SGIIC, S.A.	1,637,038	2.01	-	-
Norges Bank (the Central Bank of Norway)	1,699,613	2.09	1,699,613	2.09
Sociedade Agrícola da Quinta da Vialonga, S.A.	-	-	625,199	0.77
Treasury Shares	1,400,627	1.72	1,400,627	1.72
Other shareholders with less than 2% interest	7,605,776	9.36	15,074,176	18.55
	81,270,000	**100.00**	**81,270,000**	**100.00**

TREASURY SHARES - MOVEMENTS

The movement in treasury shares, in 2021 and 2020, were as follows:

	2021		2020	
	No. of shares	Book value (Euro)	No. of shares	Book value (Euro)
Treasury shares held at the beginning of the period	1,400,627	15,946,363	823,337	8,922,980
Acquisition of shares by Semapa	-	-	577,290	7,023,383
Disposals in the period	-	-	-	-
Treasury shares at the end of the period	**1,400,627**	**15,946,363**	**1,400,627**	**15,946,363**

5.3 EARNINGS PER SHARE

ACCOUNTING POLICIES

The basic earnings per share are determined based on the division of profits or losses attributable to the ordinary shareholders of Semapa by the weighted average number of common shares outstanding during the period.

To calculate diluted earnings per share, Semapa adjusts the profit or loss attributable to ordinary equity holders, as well as the weighted average number of outstanding shares, for all potentially dilutive common shares.

Amounts in Euro	2021	2020
Net profit attributable to the Shareholders of Semapa	**198,128,028**	**106,588,079**
Total number of shares issued	81,270,000	81,270,000
Average number of treasury shares in the portfolio	(1,400,627)	(1,321,762)
Weighted average number of shares	**79,869,373**	**79,948,238**
Basic earnings per share	**2.481**	**1.333**
Diluted earnings per share	**2.481**	**1.333**

5.4 DIVIDENDS

Dividends per share presented are calculated based on the number of shares outstanding on the grant date.

DIVIDENDS DISTRIBUTED IN THE PERIOD

Amounts in Euro	Data	Montante atribuído	Dividendos por ação
Dividends distributed in 2021			
Approval at the Semapa Annual Shareholders' Meeting of the payment of dividends relating to the 2020 net profit on an individual basis by IFRS	30 April 2021	40,893,119	0.512
Dividends distributed in 2020			
Approval at the Semapa Annual Shareholders' Meeting of the payment of dividends relating to the 2019 net profit on an individual basis by IFRS	29 May 2020	9,983,672	0.125

5.5 RESERVES AND RETAINED EARNINGS

ACCOUNTING POLICIES

FAIR VALUE RESERVE

Fair value reserve 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.

Changes relating to derivatives are reclassified to profit or loss for the period (Note 5.11) as hedged instruments affect profit or loss for the period. The change in fair value of financial investments recorded under this item is not recycled to profit or loss.

CURRENCY TRANSLATION RESERVE

The currency translation reserve corresponds to the cumulative amount related to the Group's appropriation of exchange rate differences resulting from the translation of the financial statements of the subsidiaries, and associates operating outside the Eurozone, mainly in Brazil, Tunisia, Lebanon, Angola, Mozambique, the United States of America, Switzerland, and the United Kingdom.

LEGAL RESERVES

The Portuguese Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the share capital. This reserve cannot be distributed, unless in the event of the Company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves available for distribution to shareholders that were constituted through the appropriation of the prior year's earnings and other movements. The part of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	31/12/2021	31/12/2020
Currency translation reserve	**(234,772,441)**	**(218,994,285)**
Fair value of derivative financial instruments	(2,291,184)	(3,922,725)
Fair Value reserve	**(2,291,184)**	**(3,922,725)**
Legal reserves	**16,695,625**	**16,695,625**
Other reserves	**1,048,397,118**	**982,702,158**
Retained earnings	**832,780**	**429,769**
Reserves and retained earnings	**828,861,898**	**776,910,542**

CURRENCY TRANSLATION RESERVE

The impact of foreign exchange risk by currency (see Note 8.1.1 - Exchange rate risk) is as follows:

Amounts in Euro	31/12/2021	31/12/2020
Opening balance	**(218,994,285)**	**(122,926,540)**
Brazilian real	1,028,156	(44,989,752)
Tunisian dinar	319,175	(2,019,548)
Lebanese pound	(14,496,061)	(46,196,978)
US dollar	1,656,367	(5,181,329)
Mozambican metical	(2,684,188)	549,900
Other currencies	(1,601,605)	1,769,962
Closing balance	**(234,772,441)**	**(218,994,285)**

During 2020, the variation in this reserve was essentially driven by:

- the strong devaluation of the Brazilian real against the Euro (Note 1.4) and through the integration of the financial statements of the subsidiaries with head office and operating in Brazil (belonging to the Cement and Derivatives segment);
- the strong devaluation of the Lebanese pound against the Euro (Note 1.4) and through the integration of the financial statements of the subsidiaries Ciment de Sibline and Soime (belonging to the Cements and Derivatives segment) with headquarters and operating in Lebanon (Note 1.2).

5.6 NON-CONTROLLING INTERESTS

DETAIL OF NON-CONTROLLING INTERESTS, BY SUBSIDIARY

Amounts in Euro	%	Equity		Net profit	
	held	31/12/2021	31/12/2020	2021	2020
Pulp and paper					
The Navigator Company, S.A.	30.56%	244,577,443	242,226,481	48,149,411	29,471,650
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	286,896	275,182	7,058	2,532
Portucel Moçambique	9.98%	-	-	-	-
Cement and derivatives					
Secil - Companhia Geral de Cal e Cimento, S.A.	0.00%	7,621	6,789	1,077	956
Société des Ciments de Gabés	1.28%	710,606	724,773	40,128	106,551
IRP - Indústria de Rebocos de Portugal, S.A.	25.00%	458,262	431,141	272,121	241,541
Secil - Companhia de Cimento do Lobito, S.A.	49.00%	(3,995,565)	(2,693,304)	(415,215)	(1,164,449)
Ciments de Sibline, S.A.L.	48.95%	10,163,827	17,615,243	3,774,622	7,002,915
Madebritas - Sociedade de Britas da Madeira, Lda.	0.00%	57,637	59,049	(1,411)	(921)
Other	0.00%	505,451	500,196	5,263	(600)
Environment					
ETSA - Investimentos, SGPS, S.A.	0.01%	9,680	8,795	997	602
Tribérica, S.A.	30.00%	332,016	-	(7,790)	-
		253,113,874	**259,154,345**	**51,826,261**	**35,660,777**

In 2014, the Navigator Group signed agreements with IFC – International Finance Corporation – for the entry of this institution into the share capital of the subsidiary Portucel Moçambique, S.A., thus ensuring the construction phase of the Group's forestry project in Mozambique. In 2015, this Company performed a capital increase from MZM 1,000 million to MZM 1,680,798 million subscribing to MZM 332,798 million corresponding to 19.98% of the capital at that date.

In February 2019, occurred a reduction of the subscribed, underwritten, and paid capital of the shareholder The Navigator Company, S.A. to MZM 456,596,000, which reflect 90.02% of the Company's share capital, and the participation of the IFC was reviewed to MZM 50,620,000, which reflect 9.98% of the Portucel Moçambique's share capital.

The surplus of the share capital reduction previously owned by The Navigator Company, S.A., of MZM 891,404,000 was employed to offset negative retained earnings. The differential between the MZM 332,798,000 previously subscribed by IFC and the MZM 50,620,000 which were paid in February 2019 were included in the share capital of Portucel Moçambique, as share premium.

At the reporting date, there are no rights of protection of non-controlling interests that significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

MOVEMENTS OF NON-CONTROLLING INTERESTS BY OPERATING SEGMENT

Amounts in Euro	Pulp and paper	Cement and Derivatives	Environment	Total
Balance as of 1 January 2020	**246,191,135**	**54,649,514**	**8,261**	**300,848,910**
Hyperinflationary economies (Lebanon)	-	1,850,482	-	1,850,482
Dividends	(29,771,068)	(2,919,592)	(66)	(32,690,726)
Currency translation reserve	(350,455)	(43,122,371)	-	(43,472,826)
Financial instruments	(77,163)	(3)	-	(77,166)
Actuarial gains and losses	(2,964,968)	(138)	-	(2,965,106)
Other movements in equity	-	3	(3)	-
Net profit for the period	29,474,182	6,185,992	603	35,660,777
Balance as of 31 December 2020	**242,501,663**	**16,643,887**	**8,795**	**259,154,345**
Changes in the perimeter	-	-	339,807	339,807
Hyperinflationary economies (Lebanon)	-	526,227	-	526,227
Dividends	(44,912,881)	(305,601)	(112)	(45,218,594)
Currency translation reserve	(1,040,357)	(12,633,505)	-	(13,673,862)
Financial instruments	311,495	13	-	311,508
Actuarial gains and losses	510,885	232	-	511,117
Other movements in equity	(662,935)	-	-	(662,935)
Net profit for the period	48,156,469	3,676,583	(6,791)	51,826,261
Balance as of 31 December 2021	**244,864,339**	**7,907,836**	**341,699**	**253,113,874**

The accounting policies applicable to non-controlling interests, as well as the information about the Group subsidiaries with significant non-controlling interests are disclosed in Note 10.1 - Companies included in the consolidation.

5.7 INTEREST-BEARING LIABILITIES

ACCOUNTING POLICIES

Interest-bearing liabilities	Interest-bearing liabilities include Bonds, Commercial Paper, bank loans and other financings.
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 expenses on other loans" in Note 5.11 - Net financial results.
Fair value	The carrying amount 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.
Presentation	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.

MAIN ESTIMATES AND JUDGEMENTS

DISCLOSURE BY OPERATING SEGMENT

Given that treasury management is performed autonomously by each business segment, as disclosed in Note 8.1 - Financial Risk Management, the information on interest-bearing liabilities that is disclosed in this Note follows that structure.

COMMERCIAL PAPER

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

INTEREST-BEARING LIABILITIES

Amounts in Euro	31/12/2021			31/12/2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	748,214,286	22,500,000	**770,714,286**	665,714,286	171,000,000	**836,714,286**
Commercial paper	158,250,000	144,750,000	**303,000,000**	325,000,000	200,000,000	**525,000,000**
Bank loans	191,422,385	106,537,708	**297,960,093**	179,083,327	90,946,320	**270,029,647**
Loan-related charges	(13,124,546)	266,304	**(12,858,242)**	(8,651,088)	(1,054,771)	**(9,705,859)**
Debt securities and bank debt	**1,084,762,125**	**274,054,012**	**1,358,816,137**	**1,161,146,525**	**460,891,549**	**1,622,038,074**
Short-term shareholder loans (Note 10.4)	-	-	**-**	-	-	-
Other interest-bearing debts	34,967,952	4,099,904	**39,067,856**	38,413,351	34,481	**38,447,832**
Other interest-bearing liabilities	**34,967,952**	**4,099,904**	**39,067,856**	**38,413,351**	**34,481**	**38,447,832**
Total interest-bearing liabilities	**1,119,730,077**	**278,153,916**	**1,397,883,993**	**1,199,559,876**	**460,926,030**	**1,660,485,906**

Other interest-bearing liabilities mainly include incentives from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of several research and development projects, which includes the incentive under the investment agreement entered into with the Navigator Group subsidiary for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a repayable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last repayment happening in 2027.

BOND LOANS

Amounts in Euro	31/12/2021	31/12/2020	Maturity date	Interest rate
Segment - Pulp and Paper				
Navigator 2015-2023	150,000,000	150,000,000	September 2023	Indexed to Euribor
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Indexed to Euribor
Navigator 2021-2026	20,000,000	-	April 2026	Indexed to Euribor
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Indexed to Euribor
Navigator 2021-2026	100,000,000	-	August 2026	Fixed rate
Navigator 2020-2023	-	15,000,000	August 2023	Indexed to Euribor
Navigator 2016-2021	-	100,000,000	April 2021	Fixed rate
Navigator 2016-2021	-	45,000,000	August 2021	Indexed to Euribor
	445,000,000	**485,000,000**		
Segment - Cement and Derivatives				
Secil 2016 / 2021	-	26,000,000	January 2021	Fixed rate
Secil 2017 / 2022	20,000,000	20,000,000	October 2022	Fixed rate
Secil 2016 / 2023	25,714,286	25,714,286	February 2023	Fixed rate
Secil 2018 / 2023	20,000,000	20,000,000	June 2023	Fixed rate
Secil 2019 / 2026	60,000,000	60,000,000	December 2026	Fixed rate
Secil 2020 / 2023	50,000,000	50,000,000	May 2023	Indexed to Euribor
Secil 2020 / 2027	-	50,000,000	April 2027	Indexed to Euribor
	175,714,286	**251,714,286**		
Holdings				
Semapa 2021 / 2026	50,000,000	-	July 2026	Indexed to Euribor
Semapa 2016 / 2023	100,000,000	100,000,000	June 2023	Fixed rate
	150,000,000	**100,000,000**		
	770,714,286	**836,714,286**		

COMMERCIAL PAPER

As of 31 December 2021, loans in the form of Commercial Paper were detailed as follows:

Contracted amount	Amount used			Maturity date	Interest rate
	Non-current	Current	Total		
Segment - Pulp and Paper					
175,000,000	140,000,000	35,000,000	175,000,000	February 2026	Fixed rate
65,000,000	-	65,000,000	65,000,000	February 2026	Indexed to Euribor
75,000,000	-	-	-	February 2026	
50,000,000	-	-	-	December 2025	
365,000,000	**140,000,000**	**100,000,000**	**240,000,000**		
Segment - Cement and Derivatives					
50,000,000	-	8,000,000	8,000,000	April 2026	Indexed to Euribor
20,000,000	-	-	-	December 2022	
50,000,000	-	-	-	January 2023	
75,000,000	-	-	-	October 2023	
195,000,000	**-**	**8,000,000**	**8,000,000**		
Segment – Environment					
5,000,000	-	-	-	November 2022	
5,000,000	-	-	-	January 2024	
2,600,000	-	-	-	January 2022 to July 2023	
12,600,000	**-**	**-**	**-**		
Holdings					
25,000,000	-	25,000,000	25,000,000	February 2022	Fixed rate
40,000,000	-	-	-	August 2026	
25,000,000	10,000,000	10,000,000	20,000,000	October 2023	Fixed rate
40,000,000	-	-	-	May 2024	
80,000,000	-	-	-	July 2026	
20,000,000	8,250,000	1,750,000	10,000,000	October 2026	Indexed to Euribor
230,000,000	**18,250,000**	**36,750,000**	**55,000,000**		
802,600,000	**158,250,000**	**144,750,000**	**303,000,000**		

As of 31 December 2020, loans in the form of Commercial Paper were detailed as follows:

Contracted amount	Amount used			Maturity date	Interest rate
	Non-current	Current	Total		
Segment - Pulp and Paper					
175,000,000	175,000,000	-	175,000,000	February 2026	Fixed rate
70,000,000	-	70,000,000	70,000,000	April 2021	Fixed rate
65,000,000	65,000,000	-	65,000,000	February 2026	Indexed to Euribor
25,000,000	-	25,000,000	25,000,000	April 2021	Indexed to Euribor
40,000,000	-	40,000,000	40,000,000	March 2021	Indexed to Euribor
125,000,000	-	-	-		
500,000,000	**240,000,000**	**135,000,000**	**375,000,000**		
Segment - Cement and Derivatives					
15,000,000	-	15,000,000	15,000,000	April 2021	Fixed rate
240,000,000	-	-	-		
255,000,000	**-**	**15,000,000**	**15,000,000**		
Segment – Environment					
1,250,000	-	-	-	October 2020	Indexed to Euribor
3,200,000	-	-	-	November 2022	Indexed to Euribor
4,450,000	**-**	**-**	**-**		
Holdings					
30,000,000	20,000,000	10,000,000	30,000,000	October 2023	Fixed rate
25,000,000	25,000,000	-	25,000,000	February 2022	Fixed rate
40,000,000	-	40,000,000	40,000,000	August 2021	Indexed to Euribor
40,000,000	40,000,000	-	40,000,000	May 2024	Indexed to Euribor
87,500,000	-	-	-		
222,500,000	**85,000,000**	**50,000,000**	**135,000,000**		
981,950,000	**325,000,000**	**200,000,000**	**525,000,000**		

BANK LOANS

Amounts in Euro	31/12/2021			31/12/2020		
	Non-current	Current	Total	Non-current	Current	Total
Pulp and Paper - variable rate	29,166,667	7,083,333	36,249,999	21,250,000	8,750,000	30,000,000
Pulp and Paper - fixed rate	79,920,634	5,634,921	85,555,555	58,055,555	2,777,778	60,833,333
Cement and derivatives - variable rate	47,839,892	70,727,747	118,567,639	50,434,693	54,847,692	105,282,385
Cement and derivatives - fixed rate	15,861,677	12,502,176	28,363,853	20,343,079	13,362,121	33,705,200
Environment - variable rate	133,515	89,531	223,046	-	708,729	708,729
Holdings - variable rate	2,500,000	2,500,000	5,000,000	5,000,000	2,500,000	7,500,000
Holdings - fixed rate	16,000,000	8,000,000	24,000,000	24,000,000	8,000,000	32,000,000
	191,422,385	**106,537,708**	**297,960,092**	**179,083,327**	**90,946,320**	**270,029,647**

LOAN REPAYMENT PERIODS OVER ONE YEAR

Amounts in Euro	31/12/2021	31/12/2020
1 to 2 years	442,707,780	388,414,940
2 to 3 years	101,816,761	173,787,895
3 to 4 years	139,499,524	58,646,438
4 to 5 years	353,496,208	370,829,187
Above 5 years	95,334,350	216,532,504
Total	**1,132,854,623**	**1,208,210,964**

FINANCIAL COVENANTS

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 of 31 December 2021 and 2020, the Group comply with the limits of the financial ratio imposed under its financing contracts.

5.8 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 5.11 - Net Financial Results) and decreased by the lease payments.

EAs of 31 December 2021 and 2020, lease liabilities comprised the following:

	31/12/2021			31/12/2020		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Pulp and paper	47,417,092	5,823,833	**53,240,925**	47,473,102	5,607,817	**53,080,919**
Cement and derivatives	32,640,299	8,965,972	**41,606,271**	18,683,350	6,282,929	**24,966,279**
Environment	1,163,717	434,784	**1,598,501**	1,479,955	435,121	**1,915,076**
Holdings	156,537	87,717	**244,254**	92,609	84,763	**177,372**
	81,377,645	**15,312,306**	**96,689,951**	**67,729,016**	**12,410,630**	**80,139,646**

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

5.9 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents include 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. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.7).

Amounts in Euro	Notes	31/12/2021	31/12/2020
Cash		896,996	1,232,309
Bank deposits available on demand	8.1.4	363,812,915	408,707,406
Other short-term investments	8.1.4	18,576,390	37,003,891
Cash and cash equivalents in the consolidated statement of cash flows		**383,286,301**	**446,943,606**
Impairment	8.1.4	(998,909)	(2,188,347)
Cash and cash equivalents		**382,287,392**	**444,755,259**

In 2021 and 2020, the amount presented under Other short-term investments corresponds to amounts invested by the subsidiary Navigator in a portfolio of short-term financial assets, highly liquid and issuers with an appropriate rating.

The movements under Impairments in 2021 are detailed as follows:

Amounts in Euro	Opening balance	Increase	Reversal	Exchange rate variation	Closing balance
Lebanon	**2,175,515**	327,076	(44,228)	(1,459,454)	**998,909**
Other	**12,832**	-	(13,313)	481	**-**
	2,188,347	**327,076**	**(57,541)**	**(1,458,973)**	**998,909**

As of 31 December 2021 and 2020, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group companies.

5.10 CASH FLOWS FROM FINANCING ACTIVITIES

MOVEMENTS IN LIABILITIES FOR GROUP FINANCING ACTIVITIES

In 2021 and 2020, the movements in liabilities for financing activities are detailed as follows:

Amounts in Euro	01/01/21	Cash flows from financing activities	Transactions not affecting cash and cash equivalents			31/12/21
			Lease recognition	Exchange rate adjustment	Accrued interest	
Interest-bearing liabilities (Note 5.7)						
Bond loans	836.714.286	(66.000.000)	-	-	-	770.714.286
Commercial paper	525.000.000	(222.000.000)	-	-	-	303.000.000
Bank loans	270.029.647	25.416.410	-	2.514.036	-	297.960.093
Loan-related charges	(9.705.859)	3.770.678	-		(6.923.061)	(12.858.242)
Other interest-bearing liabilities	38.447.832	(4.472.875)	-	-	5.092.899	39.067.856
Lease liabilities (Note 5.8)	80.139.646	(19.948.814)	33.636.083	(213.422)	3.076.458	96.689.951
Total	**1.740.625.552**	**(283.234.601)**	**33.636.083**	**2.300.614**	**1.246.296**	**1.494.573.944**

Amounts in Euro	01/01/20	Cash flows from financing activities	Transactions not affecting cash and cash equivalents			31/12/20
			Lease recognition	Exchange rate adjustment	Accrued interest	
Interest-bearing liabilities (Note 5.7)						
Bond loans	861.000.000	(24.285.714)	-	-	-	836.714.286
Commercial paper	518.700.000	6.300.000	-	-	-	525.000.000
Bank loans	311.849.450	(11.622.379)	-	(30.197.424)	-	270.029.647
Loan-related charges	(10.975.647)	(829.722)	-	-	2.099.510	(9.705.859)
Other interest-bearing liabilities	49.345.538	(10.897.706)	-	-	-	38.447.832
Lease liabilities (Note 5.8)	75.151.290	(19.200.860)	15.829.012	-	8.360.204	80.139.646
Total	**1.805.070.631**	**(60.536.381)**	**15.829.012**	**(30.197.424)**	**10.459.714**	**1.740.625.552**

5.11 NET FINANCIAL RESULTS

ACCOUNTING POLICIES

Borrowing costs relating to loans are generally recognised as financial costs, by the accrual accounting principle.

The Semapa Group classifies as Financial Income the 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.

In 2021 and 2020, Net financial results are detailed as follows:

Amounts in Euro	Note	2021	2020
Interest paid on debt securities and bank debt	5.7	(30,819,249)	(35,636,981)
Interest paid on other interest-bearing liabilities	5.7	-	(4,974)
Commissions on loans and expenses with credit facilities		(7,855,757)	(10,129,276)
Interest expense by applying the effective interest method		**(38,675,006)**	**(45,771,231)**
Interest expense on lease liabilities	5.8	(3,201,416)	(3,176,244)
Financial expenses related to the Group's capital structure		**(41,876,422)**	**(48,947,475)**
Financial discounting of provisions | Environmental recovery	9.1	(59,257)	(119,990)
Unfavourable exchange differences		(4,236,776)	(30,268,938)
Losses on hedging derivatives	8.2	(3,191,640)	(3,647,914)
Losses on trading derivatives		(5,936,014)	-
Other financial expenses and losses		(1,192,818)	934,637
Financial expenses and losses (excluding changes in fair value)		**(56,492,927)**	**(82,049,680)**
Interest income on financial assets at amortised costs	4.2	2,107,531	2,479,458
Gains from trading derivatives	8.2	-	15,141,107
Fair value gains on other financial investments		236,350	22,609
Other financial income and gains		2,698,326	4,003,243
Financial income and gains		**5,042,207**	**21,646,417**
Net financial results		**(51,450,720)**	**(60,403,263)**

In 2020, the amount reflected in Unfavourable exchange rate differences derives, essentially, from the exchange rate variation in financing in USD and Euro, held by the Brazilian subsidiaries of Secil, Supremo and Margem, due to the devaluation of the Brazilian real against these currencies, as well as the strong devaluation occurred in the Lebanese pound (Note 1.4).

5.12 NET MONETARY POSITION | 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 effect, as of 31 December 2020, the accumulated inflation rate for the last three years exceeded 100%, which was an objective quantitative condition to designate Lebanon a hyperinflationary economy.

The inflation rates and CPI index recorded in 2021 and 2020 were as follows:

	CPI	Inflation rate
31 December 2020	2.46	146%
31 December 2021	3.24	224%
Average in 2021	2.50	150%

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.

By IAS 29, 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.

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 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 13,940,212, respectively.

6 INCOME TAX

6.1 INCOME TAX FOR THE PERIOD

ACCOUNTING POLICIES

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the consolidated statement of financial position date.

According to the legislation in force, the gains and losses relating to associates and joint ventures, resulting from the application of the equity method, are deducted from, or added to, respectively, the net profit to calculate taxable income. Dividends are considered, when determining the taxable income, in the year in which they are received, if the financial investments are held for less than one year or if they represent less than 10% of the share capital.

TAX BUSINESS GROUP

Semapa Group is subject to the Special Tax Regime for Groups of Companies (RETGS - Regime Especial de Tributação de Grupos de Sociedades), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in Article 69 and following of the Corporate Income Tax Code (IRC Code).

Companies included within the tax business group calculate and recognise corporate income tax (IRC) as though they were taxed on an individual basis. Liabilities are recognised as due to the controlling company of the tax business Group, currently Semapa, SGPS, S.A., which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the controlling company's financial statements.

In the periods presented, the tax business group led by Semapa comprises the Secil and ETSA Groups, as well as all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code. The companies that comprise the Navigator Group are part of a special taxation regime for company groups (RETGS - Regime Especial de Tributação dos Grupos de Sociedades) controlled by The Navigator Company, S.A. in Portugal. In 2018, a tax business group was also established in Spain, which includes the three subsidiaries of the group based in that country, held by more than 90%, and Bosques do Atlântico, S.L. is the controlling company in the tax business group.

MAIN ESTIMATES AND JUDGEMENTS

The Group recognises liabilities for additional settlements that may result from tax authorities' revisions 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 statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented, they may be subject to review by the tax authorities for a period of 6 years. In other countries in which the Group operates, these periods are different, usually higher.

The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the tax authorities will not have a significant impact on the consolidated financial statements as of 31 December 2021, although the years up to and including 2018 have already been reviewed.

UNCERTAIN TAX POSITIONS

The amount of estimated assets and liabilities recorded on account of tax proceedings arises from an assessment made by the Group, at the date of the Consolidated Statement of Financial Position, regarding potential differences of interpretation against the Portuguese Tax Authorities, considering the developments in tax matters.

Concerning the measurement of uncertain tax positions, the Group takes into consideration the provisions of IFRIC 23 – "Uncertainty over income tax treatments", namely the measurement of risks and uncertainties in defining the best estimate of the expenditure required to settle the obligation, by weighting all possible results controlled by the Company and their related probabilities.

INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Amounts in Euro	2021	2020
Current tax	(40,074,078)	(28,673,271)
Variation of uncertain tax positions in the period	8,542,808	17,121,118
Deferred tax (Note 6.2)	13,542,188	(450,933)
	(17,989,082)	**(12,003,086)**

In 2021 and 2020, the caption Variation in uncertain tax positions 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

Amounts in Euro	2021	2020
Portugal		
Nominal rate of income tax	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge - on taxable income between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%
Other countries		
Brazil - nominal rate	34.0%	34.0%
Tunisia - nominal rate	15.0%	25.0%
Lebanon - nominal rate	17.0%	17.0%
Angola - nominal rate	30.0%	30.0%

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro	2021	2020
Profit before tax	**267,943,371**	**154,251,942**
Expected tax at a nominal rate (22,5%)	60,287,258	34,706,687
State surcharge	9,929,488	7,804,544
Tax resulting from the applicable rate	**70,216,746**	**42,511,231**
Differences (a)	(6,445,901)	(6,875,740)
Tax for prior years	(12,494,372)	(14,557,717)
Recoverable tax losses	(26,119,748)	(1,014,165)
Non-recoverable tax losses	3,471,669	7,260,154
Increase of additional tax liabilities	578,976	3,746,670
Reversal of additional tax liabilities	-	(5,239,524)
Effect of the reconciliation of nominal rates of the different countries	381,208	(5,243,006)
Tax benefits	(136,034)	3,314,645
Hyperinflationary economies	(1,257,598)	(2,381,416)
Other tax adjustments	(10,205,864)	(9,518,046)
	17,989,082	**12,003,086**
Effective tax rate	**6.71%**	**7.78%**

(a) This value essentially amounts to:	2021	2020
Effect of application of the equity method (Note 10.3)	(2,101,110)	(1,490,685)
Gains/(losses) for tax purposes	1,992,370	14,122,161
(Gains)/losses for accounting purposes	(4,384,901)	(7,619,181)
Impairment and taxed provisions	(4,110,529)	(1,059,779)
Tax benefits	(7,989,610)	(7,403,739)
Reduction of impairment and taxed provisions	(4,250,993)	(14,062,044)
Post-employment benefits	(5,225,157)	(4,222,992)
Net financial expenses from prior periods	-	(3,275,420)
Other	(2,578,519)	(5,547,166)
	(28,648,449)	**(30,558,845)**
Tax effect (22.5%)	**(6,445,901)**	**(6,875,740)**

TAX RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	31/12/2021	31/12/2020
Assets		
Corporate Income Tax (IRC)	7,168,315	9,643,588
Amounts pending repayment (tax proceedings decided in favour of the Group)	1,118,815	3,482,762
	8,287,130	**13,126,350**
Liabilities		
Corporate Income Tax (IRC)	21,475,157	15,022,835
Additional tax liabilities	34,095,005	36,584,557
	55,570,162	**51,607,392**

DETAIL OF CORPORATE INCOME TAX - IRC (NET)

Amounts in Euro	31/12/2021	31/12/2020
Income tax for the period	43,253,448	30,436,809
Exchange rate adjustment	14,615	(43,723)
Payments on account, special payments and additional payments on account	(24,829,291)	(15,782,591)
Withholding tax recoverable	(1,462,104)	(1,757,100)
Income tax recoverable from prior years	(2,669,826)	(7,474,148)
	14,306,842	**5,379,247**

UNCERTAIN TAX POSITIONS - LIABILITIES

Amounts in Euro	31/12/2021	31/12/2020
Balance at the beginning of the period	**36,584,557**	**52,491,460**
Increases	8,094,261	2,625,169
Reversals	379,153	(18,079,844)
Charge-offs	(10,962,966)	(452,228)
Balance at the end of the period	**34,095,005**	**36,584,557**
Variation in the period	**(8,542,808)**	**(17,121,118)**

TAXES PAID IN LITIGATION

As of 31 December 2021 and 2020, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	31/12/2021	31/12/2020
Pulp and Paper segment		
2005 Aggregate Corporate Income Tax	10,394,386	10,394,386
2006 Aggregate Corporate Income Tax	8,150,146	8,150,146
2015 Corporate Income Tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2016 Aggregate Corporate Income Tax	-	2,697,180
2016 State surcharge	3,761,397	3,761,397
2017 State surcharge	8,462,724	8,462,724
2018 State surcharge	12,223,705	12,223,705
Corporate Income Tax - CDTJI - 2016 and 2017	1,522,660	-
	52,101,379	**53,275,899**

6.2 DEFERRED TAXES

ACCOUNTING POLICIES

Deferred tax is calculated based on the financial position, on temporary differences between the book values of assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax. Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased, whenever it is likely that tax losses will not be used.

Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under shareholders' equity, the 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.

MAIN ESTIMATES AND JUDGEMENTS

DEFERRED TAXES RECOGNISED RELATING TO UNUSED TAX LOSSES

As of 31 December 2021, the deferred tax assets recorded in relation to unused tax losses are related to:

- Deferred tax assets (amounting to Euro 25,681,408) recorded in 2021, on tax losses generated in previous years within the tax group controlled by Semapa (amounting to Euro 122,292,417), to the extent that the medium-term business plans of the subsidiary Secil (integrated into Semapa's RETGS) provide for the generation of taxable income in an amount sufficient to recover this asset in the tax reporting period of those losses.

- Tax losses generated by the subsidiary Margem Companhia de Mineração, S.A., in the amount of Euro 59,486,833, a Group's subsidiary based in Brazil which owns a Cement plant built by the Group in Adrianópolis, State of Paraná. As the current Brazilian tax legislation does not impose any time limit for its use against future taxable profits, management is convinced that, by 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.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As of 1 January 2021	Exchange rate adjustment	Income Statement			Equity	Transfers	Assets held for sale	Changes in the perimeter	As of 31 December 2021
			Increases	Decreases	Net monetary position					
Temporary differences originating deferred tax assets										
Tax losses carried forward	60,109,268	530,184	122,301,499	(1,210,915)	-	-	-	-	49,214	181,779,250
Taxed provisions	31,062,839	(629,423)	5,120,617	(4,980,869)	-	-	(1)	-	(22,003)	30,551,160
Adjustment of property, plant and equipment	73,884,043	-	-	(9,097,605)	-	-	-	-	-	64,786,438
Pensions and other post-employment benefits	3,478,059	5,735	52,163	(330,823)	-	(117,421)	-	-	-	3,087,713
Financial instruments	8,879,578	-	-	-	-	(1,430,747)	-	-	-	7,448,831
Deferred accounting gains on inter-group	16,784,840	-	7,400,909	-	-	(402,532)	-	-	-	23,783,217
Government grants	3,237,155	-	-	(412,740)	-	-	-	-	-	2,824,415
Fair value of business combinations	267,331	(179,340)	-	-	-	-	-	-	-	87,991
Conventional capital remuneration	7,000,000	-	-	(3,360,000)	-	560,000	-	-	-	4,200,000
Other temporary differences	11,651,364	(1,303,544)	2,674,214	(4,222,258)	-	(1,249,513)	2	-	-	7,550,265
	216,354,476	(1,576,388)	137,549,402	(23,615,210)	-	(2,640,213)	1	-	27,211	326,099,280
Temporary differences originating deferred tax liabilities										
Revaluation of property, plant and equipment	(31,862,821)	(268,117)	-	452,834	-	-	-	-	11,705	(31,666,399)
Pensions and other post-employment benefits	(2,036,760)	-	(19,866)	649,357	-	(1,047,284)	-	-	-	(2,454,552)
Financial instruments	(966,562)	16,458	-	2,770,244	-	-	-	-	-	1,820,140
Tax incentives	(6,406,374)	-	-	489,447	-	1,774,300	-	-	-	(4,142,627)
Adjustment of property, plant and equipment	(389,933,230)	(191,423)	(6,623,000)	13,750,000	-	-	-	-	-	(382,997,653)
Deferred accounting losses on inter-group	(26,656,333)	(1,353)	(218,403)	-	-	9,929,599	-	-	-	(16,946,490)
Valuation of biological assets	(23,121,032)	-	(2,173,145)	-	-	-	-	-	-	(25,294,177)
Fair value of intangible assets - brands	(232,227,585)	1,349,592	-	-	-	-	-	-	-	(230,877,993)
Fair value of fixed assets	(65,690,391)	-	-	15,271,550	-	-	-	-	-	(50,418,841)
Fair value of business combinations	(57,305,287)	(749,797)	-	1,038,607	-	-	-	-	843,367	(56,173,110)
Hyperinflationary economies	(22,147,892)	14,858,050	(114,796)	-	(8,958,759)	(975,987)	-	-	-	(17,339,384)
Other temporary differences	(674,355)	(1,446)	(35,092,263)	290,595	-	-	(4)	-	-	(35,477,473)
	(859,028,622)	15,011,964	(44,241,473)	34,712,634	(8,958,759)	9,680,628	(4)	-	855,072	(851,968,560)
Deferred tax assets	**73,621,270**	**(170,510)**	**28,173,721**	**(10,647,476)**	**-**	**(570,342)**	**(112,443)**	**-**	**5,384**	**90,299,604**
Deferred tax liabilities	**(231,285,380)**	**2,435,617**	**(9,874,126)**	**5,890,069**	**(1,522,989)**	**2,764,539**	**-**	**-**	**198,314**	**(231,393,956)**

Amounts in Euro	As of 1 January 2021	Exchange rate adjustment	Income Statement		Equity	Transfers	Asset held for sale	Other movements	As of 31 December 2021
			Increases	Decreases					
Temporary differences originating deferred tax assets									
Tax losses carried forward	81,798,374	(23,855,084)	2,165,978	-	-	-	-	-	60,109,268
Taxed provisions	36,081,917	(5,658,949)	642,618	(2,747)	-	-	-	-	31,062,839
Adjustment of property, plant and equipment	72,086,199	-	6,827,844	-	-	(5,030,000)		-	73,884,043
Pensions and other post-employment benefits	4,028,595	(4,106)	21,715	(431,556)	(136,589)	-	-	-	3,478,059
Financial instruments	8,588,917	-	-	(63,762)	354,423	-	-	-	8,879,578
Deferred accounting gains on inter-group	21,420,752	-	-	(4,635,912)	-	-	-	-	16,784,840
Government grants	3,764,504	-	-	(527,349)	-	-	-	-	3,237,155
Fair value of business combinations	1,627,125	(1,359,794)	-	-	-	-	-	-	267,331
Conventional capital remuneration	9,660,000	-	-	(3,220,000)	560,000	-	-	-	7,000,000
Other temporary differences	12,527,057	(7,120,723)	7,375,725	(1,275,396)	144,701	-	-	-	11,651,364
	251,583,440	(37,998,656)	17,033,879	(10,156,722)	922,535	(5,030,000)	-	-	216,354,476
Temporary differences originating deferred tax liabilities									
Revaluation of property, plant and equipment	(44,680,764)	12,373,425	-	444,518	-	-	-	-	(31,862,821)
Pensions and other post-employment benefits	(2,014,981)	-	(660,031)	-	638,253	-	-	-	(2,036,760)
Financial instruments	1,568,413	(285,293)	(2,249,682)	-	-	-	-	-	(966,562)
Tax incentives	(6,077,043)	-	-	862,557	(1,191,888)	-	-	-	(6,406,374)
Adjustment of property, plant and equipment	(388,461,099)	14,347,008	(30,272,547)	14,453,408	-	-	-		(389,933,230)
Deferred accounting losses on inter-group	(26,741,562)	-	-	85,229	-	-	-	-	(26,656,333)
Valuation of biological assets	(25,999,474)	-	-	2,878,442	-	-	-	-	(23,121,032)
Fair value of intangible assets - brands	(237,283,867)	6,536,916	(1,480,634)	-	-	-	-	-	(232,227,585)
Fair value of fixed assets	(80,961,941)	-	-	15,271,550	-	-	-	-	(65,690,391)
Fair value of business combinations	(70,569,404)	10,887,653	-	2,376,464	-	-	-	-	(57,305,287)
Hyperinflationary economies	-	-	(714,073)	-	(21,433,819)	-	-	-	(22,147,892)
Other temporary differences	(762,831)	73,999	(905,231)	919,708	-	-	-	-	(674,355)
	(881,984,554)	43,933,708	(36,282,198)	37,291,876	(21,987,454)	-	-	-	(859,028,622)
Deferred tax assets	**89,970,779**	**(10,877,976)**	**(2,140,550)**	**(2,199,783)**	**252,050**	**(1,383,250)**	**-**	**-**	**73,621,270**
Deferred tax liabilities	**(243,892,373)**	**12,511,645**	**(1,563,835)**	**5,453,235**	**(3,794,052)**	**-**	**-**	**-**	**(231,285,380)**

UNUSED TAX LOSSES WITHOUT RECOGNISED DEFERRED TAXES

31 December 2021 Amounts in Euro	Total	2022	2023	2024	2025	2026	2027 and beyond
Tax losses of the Semapa Tax Group (RETGS)	187,275,773	-	-	-	-	-	187,275,773
Tax losses of companies outside of Semapa RETGS							
ALLMA, Lda.	162,851	-	-	300	20,401	78	142,072
Florimar, SGPS, Lda.	1,312,241	-	-	-	-	48,192	1,264,049
Madebritas, Lda.	15,678	-	-	1,905	1,905	1,905	9,963
Secil Angola, SARL	1,156,153	592,485	563,668	-	-	-	-
Secil Lobito	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, SA	38,290,197	-	-	-	-	-	38,290,197
Semapa Inversiones SL	13,249,366	-	-	-	-	-	13,249,366
Portucel Moçambique	4,069,634	-	-	113,267	-	3,956,367	-
Raíz	805,290	-	-	40,040	232,864	148,616	383,770
Raíz Ventures	438,599	-	-	-	-	183,617	254,982
Navigator Africa	15,357	-	-	-	-	-	15,357
Cementos Secil	4,407	-	-	-	-	-	4,407
AISIB	174,790	-	-	-	-	-	174,790
Semapa Tax Group in Spain	2,693,596	-	-	-	-	-	2,693,596
Tax losses carried forward without deferred tax	**277,097,469**	**714,563**	**1,148,248**	**2,333,365**	**2,704,459**	**5,375,216**	**264,821,618**

7 PAYROLL

7.1 SHORT-TERM EMPLOYEE BENEFITS

ACCOUNTING POLICIES

ENTITLEMENTS – HOLIDAY AND HOLIDAY ALLOWANCE

By current legislation, employees are entitled to 22 working days of leave, annually, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

BONUSES

According to the current Performance Management System (Sistema de Gestão de Desempenho), employees have the right to a bonus, based on annually defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

The entitlement of this bonus is usually acquired in the year preceding its payment. These liabilities are recorded in the year in which the Employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities

TERMINATION BENEFITS

The benefits arising from the termination of employment are recognised when the Group can no longer withdraw the offer of such benefits or when 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.

PAYROLL COSTS RECOGNISED IN THE PERIOD

Amounts in Euro	Note	2021	2020
Statutory bodies remuneration	7.2	21,163,020	12,863,300
Other remunerations		163,940,161	155,201,779
Post-employment benefits	7.3.10	3,120,359	3,083,367
Other payroll costs		60,093,380	46,150,511
Payroll costs		**248,316,920**	**217,298,957**

OTHER PAYROLL COSTS

Amounts in Euro	2021	2020
Contributions to Social Security	36,125,589	33,320,358
Insurance	6,251,717	5,549,708
Social welfare costs	7,807,275	5,984,055
Compensations	6,544,629	(1,970,319)
Other payroll costs	3,364,170	3,266,709
	60,093,380	**46,150,511**

The increase in Payroll costs was in line with the recovery of the Pulp and Paper segment and the Group's good performance in 2021, which enabled the recognition of accrued expenses for the payment of bonuses to employees in 2022. In the case of the Pulp and Paper segment, the rejuvenation program that had been suspended in 2020 was also resumed.

NUMBER OF EMPLOYEES AT THE END OF THE PERIOD

	31/12/2021	31/12/2020	Var. 21/20
Pulp and paper	3,150	3,232	(82)
Cement and derivatives	2,340	2,386	(46)
Environment	302	280	22
Holdings e Outros	31	28	3
	5,823	**5,926**	**(103)**

7.2 REMUNERATION OF CORPORATE BODIES

Amounts in Euro	Note	2021	2020
Semapa's Statutory Bodies			
Board of Directors		4,568,856	3,884,887
Audit Board		54,000	54,000
Remuneration Committee		24,000	24,000
General Meeting Board		4,000	5,500
		4,650,856	**3,968,387**
Board of Directors of other Group companies		**16,512,164**	**8,894,913**
Total	**7.1**	**21,163,020**	**12,863,300**

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All details of the remuneration policy of the Board members of Semapa's management are detailed in the Company's Corporate Governance Report, Part I - Section D.

Concerning post-employment benefits and as described in Note 7.3, as of 31 December 2021, the number of liabilities related to post-employment benefit plans, related to one Board Member of the Navigator Group, amounted to Euro 956,764 (31 December 2020: Euro 971,706). In addition, three of the current directors of the subsidiary Navigator were participants in Navigator Brands, S.A.'s pension plans, as employees of the company, before joining management positions.

As of 31 December 2021 and 2020, for the members of the Board of Directors of Semapa, there were no **(i)** additional liabilities related to other long-term benefits, **(ii)** termination benefits, **(iii)** share-based payments, **(iv)** any outstanding balances.

7.3 POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICIES

DEFINED BENEFIT PLAN

Some of the Group's subsidiaries committed to making 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 to fund part of its liabilities. Based on the projected unit credit method, the Group recognises the costs with the granting of these benefits and when services are rendered by the employees. Accordingly, the Group's total liability is estimated at least every six months at the date of the interim and 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 curtailment or settlement of a defined-benefit plan are recognised in the income statement when the curtailment or settlement occurs. 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 the income statement for the period.

DEFINED CONTRIBUTION PLAN

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, to provide retirement, disability and survivors' pensions.

For this purpose, Pension Funds were set up to capitalise on those contributions, to which employees can still make voluntary contributions, but for which the Group does not assume any additional contribution liabilities or a pre-fixed return. Therefore, the contributions made are recorded as expenses in the income statement in the period to which they relate, regardless of their settlement date.

7.3.1 PLANS | NAVIGATOR SUBGROUP

Navigator – Defined Benefit Plans	
Description	The Group has liabilities with post-employment benefit plans for a reduced group of employees who have chosen to maintain the defined benefit plan or who have chosen to maintain a safeguard clause, the latter following the conversion of their plan into a Defined Contribution Plan. In effect, the safeguard clause gives the employee the option, at the time of retirement, to pay a pension by the provisions laid down on the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (Conta 1) will be used to finance the liability of the Defined Benefit Plan.
Navigator - Defined contribution plans	
Description	As of 31 December 2021, three Defined Contribution plans were in force covering 2,936 employees (2020: 2,816 employees).

7.3.2 PLANOS | SUBGRUPO SECIL

Secil - Retirement and survivors' pension supplement liabilities (defined benefit plans with funds managed by third parties)	
Description	Secil and its subsidiaries Unibetão - Indústrias de Betão Preparado, S.A., Cimentos Madeira, Lda., Betomadeira, S.A. and Societé des Ciments de Gabès have assumed the commitment to pay their employee's amounts by way of complementary old age, disability, early retirement and survivor's pensions and a retirement subsidy. The liabilities arising from these plans are guaranteed by independent funds, administered by third parties, or covered by insurance policies. These plans are valued every six months, at the dates of closing of the interim and annual financial statements, by specialised and independent entities, using the projected unit credit method.
Secil - Retirement and survivors' pension supplement liabilities (Group defined benefit plans)	
Description	The liabilities of Secil's retired employees on 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.
Secil - Liabilities for health care (defined benefit plan)	
Description	The subsidiary Cimentos Madeira, Lda. provides to their retired employees a healthcare scheme that supplements the official health services through an insurance contract.
Secil – Liabilities for retirement and death (defined benefit plan)	
Description	The subsidiary Societé des Ciments de Gabès (Tunisia) assumed the commitment to its employees to pay an old-age retirement and disability subsidy, according to the terms of the General Labour Agreement, Article No. 52, representing: (i) 3 months of the last salary if the worker has less than 30 years' service to the company, and (ii) 4 months of the last salary, if the worker has 30 years or more service to the company. Secil assumed with its employees hired prior to January 1 January 2011, the responsibility for the payment of a subsidy on the death of a current employee, of an amount equal to 3 months of the last salary earned, or 1 month in the case of former employees of CMP - Cimentos Maceira e Patais, S.A.
Secil - Defined contribution plans	
Secil and CMP Plan (Applicable to Secil, CMP and Secil Brands)	Secil and CMP Plans include all workers who, as of 31 December 2009, had an open-ended employment contract (and who were covered by the defined benefits plan in force in the companies) and who have opted for the transition to these Plans and all the workers admitted under an agreement without term, as from 1 January 2010, also applying to the members of the Board of Directors.

SBI Plan (Applicable to Unibetão, Secil Britas, Betomadeira, Cimentos Madeira, Brimade)	Unibetão and Secil Britas: Include all employees who as of 31 December 2009 had an open-ended employment contract. In the case of Unibetão, under the CCT between APEB and FETESE, and all workers admitted under a contract without term, as from 1 January 2010, except Unibetão Employees who are covered by the CCT entered into between APEB and FEVICCOM, who continue to benefit from the defined benefit plan. The plan applies to members of the Board of Directors. Betomadeira: Includes all employees who as of 31 December 2010 had an open-ended employment contract concluded under the CCT entered into between APEB and FETESE, and all employees hired under an open-ended contract as from 1 January 2011. The plan applies to members of the Board of Directors. Cimentos Madeira and Brimade: Include all employees who as of 1 January 2012 and 1 July 2012, for Cimentos Madeira and Brimade, respectively, had an open-ended employment contract and all employees admitted under an open-ended contract as from the aforementioned dates. The plan applies to members of the Board of Directors.
Secil - Liabilities for long-service awards	
Description	Secil has assumed the commitment to pay their Employees bonuses to those who attain 25 years of service, which are paid in the year that the employee reaches the number of years of service within the company.

7.3.3 RISK MANAGEMENT POLICY ASSOCIATED WITH DEFINED BENEFIT PLANS

The Group's 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:

- Risk of change in the longevity of participants
- Market rate risk - rate changes affect 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 fixed rate of return on assets.
- Risk of change in the rate of growth of wages and pensions

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 (consisting mostly of fixed income assets), 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 aims to keep a 90% level of liability coverage.

MAIN ESTIMATES AND JUDGEMENTS

7.3.4 ACTUARIAL ASSUMPTIONS

	31/12/2021	31/12/2020
Social Security Benefits Formula	Decree-Law no. 187/2007 of 10 of May	
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate	1%	1.00%
Technical interest rate - cement segment	1.25%	1.25%
Technical interest rate - other segments	1.25%	1.25%
Pensions growth rate - cement segment	0.45%	0.45%
Pensions growth rate - other segments	0.75%	0.75%
Semapa pension reversability rate	50.00%	50.00%
Number of Semapa's complement annual payments	12	12

7.3.5 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.

As of 31 December 2021, a decrease of 0.25 percentage points in the discount rates used to calculate pension liabilities would increase liabilities by approximately Euro 7,9 million (31 December 2020: a decrease of 0.25 percentage points in the discount rate used would increase liabilities of approximately Euro 8,3 million).

7.3.6 NET PENSION LIABILITIES

Net liabilities reflected in the consolidated statement of financial position and the number of beneficiaries of the defined benefit plans in force in the Group are detailed as follows:

31 December 2021	Pulp and paper		Cement and derivatives		Holdings		Total	
	No. Benef.	Amount	No. Benef.	Amount	No. Benef.	Amount	No. Benef.	Amount
Group liabilities for past services								
Active	408	71,291,405	52	4,918	-	-	460	71,296,323
Former employees	126	26,059,671	-	-	-	-	126	26,059,671
Retired employees	567	93,651,512	612	16,224,680	1	794,744	1,180	110,670,936
Market value of pension funds	-	(185,327,671)	-	(15,866,510)	-	-	-	(201,194,181)
Insurance capital	-	-	-	187,856	-	-	-	187,856
Insurance policies	-	-	-	(108,746)	-	-	-	(108,746)
Reserve account*	-	-	-	(613,826)	-	-	-	(613,826)
Unfunded pension liabilities	**1,101**	**5,674,917**	**664**	**(171,628)**	**1**	**794,744**	**1,766**	**6,298,033**
Other unfunded liabilities								
Healthcare assistance	-	-	5	39,915	-	-	5	39,915
Retirement and death	-	-	467	146,179	-	-	467	146,179
Total post-employment liabilities	**1,101**	**5,674,917**	**1,136**	**14,466**	**1**	**794,744**	**2,238**	**6,484,127**
Long-service award liabilities	-	-	405	394,680	-	-	405	394,680
Total net liabilities	**1,101**	**5,674,917**	**1,541**	**409,146**	**1**	**794,744**	**2,643**	**6,878,807**

* Overfunding due to the change to a defined contribution plan

31 December 2020	Pulp and paper		Cement and derivatives		Holdings		Total	
	No. Benef.	Amount	No. Benef.	Amount	No. Benef.	Amount	No. Benef.	Amount
Group liabilities for past services								
Assets	458	77,829,641	55	36,796	-	-	513	77,866,437
Former employees	103	22,158,138	-	-	-	-	103	22,158,138
Retired employees	547	91,265,747	650	18,154,324	1	901,825	1,198	110,321,896
Market value of pension funds	-	(178,691,062)	-	(17,128,207)	-	-	-	(195,819,269)
Insurance capital	-	-	-	208,970	-	-	-	208,970
Insurance policies	-	-	-	(125,955)	-	-	-	(125,955)
Reserve account*	-	-	-	(619,718)	-	-	-	(619,718)
Unfunded pension liabilities	**1,108**	**12,562,465**	**705**	**526,210**	**1**	**901,825**	**1,814**	**13,990,500**
Other unfunded liabilities								
Healthcare assistance	-	-	5	44,218	-	-	5	44,218
Retirement and death	-	-	486	105,281	-	-	486	105,281
Total post-employment liabilities	**1,108**	**12,562,465**	**1,196**	**675,709**	**1**	**901,825**	**2,305**	**14,139,999**
Long-service award liabilities	-	-	395	371,207	-	-	395	371,207
Total net liabilities	**1,108**	**12,562,465**	**1,591**	**1,046,916**	**1**	**901,825**	**2,700**	**14,511,206**

* Overfunding due to the change to a defined contribution plan

HISTORICAL INFORMATION - LAST FIVE YEARS

Amounts in Euro	2017	2018	2019	2020	2021
Present value of liabilities	176,018,521	177,168,200	201,578,121	211,076,149	208,795,561
Fair value of plan assets and reserve account	167,895,186	166,390,298	192,082,763	196,564,942	201,916,753
Surplus / (deficit)	**8,123,335**	**10,777,902**	**9,495,358**	**14,511,207**	**6,878,808**
Remeasurements	**2,657,177**	**(13,696,791)**	**(15,257,474)**	**(9,822,581)**	**2,276,241**

7.3.7 CHANGES IN PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The average expected duration of Pensions and other post-employment benefits is 7 years for the Cement segment plans and 13 years for the Pulp and Paper segment plans.

31 December 2021 Amounts in Euro	Opening balance	Exchange rate adjustment	Change in assumptions	Income and expenses	Actuarial deviation	Payments	Closing balance
Pulp and Paper segment							
Pensions with autonomous fund	191,253,525	-	-	2,398,059	3,350,242	(5,999,239)	191,002,587
Cement and Derivatives segment							
Pensions assumed by the Group	2,860,025	-	-	32,991	(38,853)	(440,647)	2,413,516
Pensions with autonomous fund	15,331,096	-	-	(19,788)	267,112	(1,762,337)	13,816,083
Insurance capital	208,970	1,172	-	14,914	(4,726)	(32,474)	187,856
Retirement and death	105,281	5,313	-	37,483	(1,897)	-	146,180
Healthcare assistance	44,219	-	-	639	(2,095)	(2,849)	39,914
Long-service award	371,207	-	-	50,385	-	(26,912)	394,680
Holdings							
Pensions assumed by the Group	901,825	-	-	23,431	2	(130,514)	794,744
	211,076,148	**6,485**	**-**	**2,538,114**	**3,569,785**	**(8,394,972)**	**208,795,560**

31 December 2020 Amounts in Euro	Opening balance	Exchange rate adjustment	Change in assumptions	Income and expenses	Actuarial deviation	Payments	Closing balance
Pulp and Paper segment							
Pensions with autonomous fund	179,880,751	-	-	3,165,782	13,875,538	(5,668,545)	191,253,525
Cement and Derivatives segment							
Pensions assumed by the Group	3,428,821	-	-	47,300	(151,199)	(464,897)	2,860,025
Pensions with autonomous fund	16,510,078	-	-	235,082	378,149	(1,792,213)	15,331,096
Insurance capital	223,392	(7,429)	-	24,907	11,463	(43,363)	208,970
Retirement and death	99,044	(1,372)	-	8,685	(1,075)	-	105,282
Healthcare assistance	44,254	-	-	641	2,254	(2,931)	44,218
Long-service award	382,874	-	-	45,711	-	(57,378)	371,207
Holdings							
Pensions assumed by the Group	1,008,908	-	-	23,431	-	(130,514)	901,825
	201,578,122	**(8,801)**	**-**	**3,551,539**	**14,115,130**	**(8,159,841)**	**211,076,148**

7.3.8 CHANGES IN FUNDS ALLOCATED TO THE DEFINED BENEFIT PENSION PLANS

Amounts in Euro	31/12/2021		31/12/2020	
	Autonomous fund	Insurance capital	Autonomous fund	Insurance capital
Initial Amount	**195,819,269**	**125,955**	**191,292,929**	**163,567**
Exchange rate adjustment	-	673	-	(4,695)
Contribution to the period	5,318,407	-	4,300,000	-
Interest	2,618,803	4,102	3,903,510	10,446
Expected return of plan assets	5,275,230	-	3,783,581	-
Pensions paid	(7,684,143)	(21,985)	(7,460,753)	(43,363)
Retirements paid	-	-	-	-
Other	(153,385)	-	-	-
Amount at the end of the period	**201,194,181**	**108,745**	**195,819,269**	**125,955**

During 2021 and 2020, the contributions to the defined benefit plans presented above as Contributions for the period were fully realised by the Group's subsidiaries and no contributions were made by the participants.

FUNDS ALLOCATED TO DEFINED BENEFIT PLANS - ESTIMATED CONTRIBUTIONS FOR THE NEXT PERIOD

The expected contributions for the next reporting period depend, among other factors, on the profitability of the funds' assets.

7.3.9 COMPOSITION OF THE ASSETS OF THE FUNDS ALLOCATED TO DEFINED BENEFIT PLANS

Amounts in Euro	31/12/2021	%	31/12/2020	%
Securities listed in the active market				
Bonds	122,349,754	60.8%	121,392,591	62.0%
Shares	53,641,068	26.7%	50,960,760	26.0%
Public Debt	14,558,914	7.2%	12,142,648	6.2%
Liquidity	4,371,480	2.2%	4,495,304	2.3%
Other treasury investments	6,272,965	3.1%	6,827,967	3.5%
	201,194,181	100.0%	195,819,269	100.0%
	201.194.181	**100,0%**	**195.819.269**	**100,0%**

The amounts shown in Bonds, Shares and Public Debt categories 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.

7.3.10 EXPENSES INCURRED WITH POST-EMPLOYMENT BENEFIT PLANS

Amounts in Euro	2021					
	Cost service expenses	Interest expenses	Expected return on assets	Other expenses	Period contributions (DC Plans)	Impact on net profit for the period (Note 7.1)
Pensions assumed by the Group	-	56,422	-	-	-	56,422
Pensions with autonomous fund	45,806	338,227	(201,346)	-	1,362,558	1,545,245
Insurance policies	7,445	18,010	(10,541)	-	-	14,914
Retirement and death	35,159	5,067	(2,744)	-	-	37,482
Healthcare assistance	640	-	-	-	-	640
Long-service award	57,855	5,193	(12,666)	-	-	50,382
Contribution to defined contribution plans	-	-	-	-	1,415,274	1,415,274
	146,905	**422,919**	**(227,297)**	**-**	**2,777,832**	**3,120,359**

Amounts in Euro	2020					
	Cost service expenses	Interest expenses	Expected return on assets	Other expenses	Period contributions (DC Plans)	Impact on net profit for the period (Note 7.1)
Pensions assumed by the Group	-	70,730	-	-	-	70,730
Pensions with autonomous fund	68,740	348,775	(256,061)	-	1,398,753	1,560,207
Insurance policies	7,949	16,958	(12,208)	-	-	12,699
Retirement and death	8,522	4,170	-	-	-	12,692
Healthcare assistance	-	642	-	(4,007)	-	(3,365)
Long-service award	27,685	5,728	-	12,298	-	45,711
Contribution to defined contribution plans	-	-	-	-	1,384,693	1,384,693
	112,896	**447,003**	**(268,269)**	**8,291**	**2,783,446**	**3,083,367**

7.3.11 REMEASUREMENTS RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME

2021 Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred taxes	Impact on Equity (Note 5.5)
Post-employment benefits					
Pensions assumed by the Group	94,420	-	94,420	(25,966)	68,454
Pensions with autonomous fund	1,874,490	303,339	2,177,829	(290,961)	1,886,868
Retirement and death	1,897	-	1,897	(273)	1,624
Healthcare assistance	2,095	-	2,095	(450)	1,645
	1,972,902	**303,339**	**2,276,241**	**(317,650)**	**1,958,590**

2020 Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred taxes	Impact on Equity (Note 5.5)
Post-employment benefits					
Pensions assumed by the Group	151,199	-	151,199	(41,594)	109,605
Pensions with autonomous fund	(10,634,941)	662,340	(9,972,601)	179,492	(9,793,109)
Retirement and death	1,075	-	1,075	(103)	972
Healthcare assistance	(2,254)	-	(2,254)	462	(1,792)
	(10,484,921)	**662,340**	**(9,822,581)**	**138,257**	**(9,684,324)**

8 FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore, the fulfilment of the obligations assumed depends on the cash-flows generated by them. The Company thus depends on the eventual distribution of dividends by its subsidiaries, payment of interest, repayment of loans granted, and other cash-flows generated by these companies.

The ability of Semapa's subsidiaries to make funds available will depend, partly, on their ability to generate positive cash flows and, on the other hand, on the respective earnings, available reserves for distribution and financial structure.

The Semapa group has a risk-management program, which focuses its analysis on the financial markets to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by the Financial Management of the holding and main subsidiaries, by the policies approved by the Board of Directors and monitored by the Risks and Control Committee.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the foreign exchange risk, the interest rate risk, and the risk of access to financing.

8.1.1 FOREIGN EXCHANGE RISK

FOREIGN EXCHANGE RISK MANAGEMENT POLICY

PULP AND PAPER

Regarding the Pulp and Paper segment, a significant portion of its sales is denominated in currencies other than Euro. Thus, its development could have a significant impact on cash flows obtained with future sales of the Group, mainly regarding USD exposure. Also, sales in Pound sterling (GBP), Polish zloty (PLN) and Swiss franc (CHF) have some expression, as sales in other currencies are less significant.

Purchases of some raw materials are also made in USD, namely part of the wood and long-fibre pulp imports of wood and acquisitions of long-fibre pulp.

Furthermore, and although there is a partial natural hedge, once a purchase or sale is made in a currency other than in Euro, the Group takes on a foreign exchange risk up to the time it receives the proceeds of that purchase or sale, if no hedging instruments are in place. As a result, there is a significant number of receivables and payables, the latter with lesser expression, exposed to foreign exchange risk.

CEMENT AND DERIVATIVES

The foreign exchange risk inherent to the segment of Cement and derivatives is mainly due to the current investments held in Brazil and to the purchases of fuel and freight ships, both paid in USD. This segment continued its policy of maximising the potential of covering its foreign exchange exposure. This segment also comprises assets located in Tunisia, Angola and Lebanon, therefore any change in these countries' exchange rates could have an impact on Semapa's consolidated statement of financial position.

The segment analyses its currency exposure from a consolidated perspective at the Secil Group level, and its policy is to maximise natural hedging of flows in a currency other than the presentation currency.

USE OF FINANCIAL DERIVATIVE INSTRUMENTS

Occasionally, when considered appropriate, the Group manages foreign exchange risks through the use of derivative financial instruments, by a policy that is subject to periodic review, the prime purpose of which is to limit the exchange risk associated with future sales and purchases and accounts receivable and payable, which are denominated in currencies other than the Euro. However, when a unit trades in a currency other than the Group's presentation currency or its functional currency, immediate hedging is performed.

In the periods presented, the Group holds derivatives that hedge the foreign exchange risk of future operations in currencies other than the reporting currency (see Note 8.2 - Derivative financial instruments).

EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES TO FOREIGN EXCHANGE RISK AND SENSITIVITY ANALYSIS

31 December 2021	US dollar	Pound sterling	Polish zloty	Swedish krona	Turkish lira	Swiss franc
Exchange rate at the end of the period	**1.133**	**0.840**	**4.597**	**10.250**	**17,821.000**	**1.033**
Valuation/ (devaluation)	(7.70%)	(6.53%)	0.82%	2.15%	95.55%	(4.36%)
Average exchange rate in the period	**1.183**	**0.860**	**4.565**	**10.146**	**18,550.000**	**1.081**
Valuation/ (devaluation)	3.55%	(3.38%)	2.75%	(3.23%)	130.30%	0.99%
Amounts in Foreign Currency						
Cash and cash equivalents	3,988,396	442,905	546,861	-	102,302	117,265
Receivables and other current assets	63,348,587	7,550,211	6,306,245	-	-	1,498,477
Other assets	20,207,653	1,637,386	-	-	-	-
Total financial assets	**87,544,636**	**9,630,502**	**6,853,106**	**-**	**102,302**	**1,615,742**
Interest-bearing liabilities	(47,819,676)	-	-	-	-	-
Payables and other current liabilities	(18,243,458)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)
Total financial liabilities	**(66,063,134)**	**(24,525)**	**(12,180)**	**(62,730)**	**(1,312)**	**(4,062)**
Net financial position in foreign currency	**21,481,502**	**9,605,977**	**6,840,926**	**(62,730)**	**100,990**	**1,611,680**
Net financial position in Euro	**18,966,539**	**11,431,876**	**1,488,161**	**(6,120)**	**5,667**	**1,560,043**
Impact of +10% on the foreign exchange rate	*(1,724,231)*	*(1,039,261)*	*(135,287)*	*556*	*(515)*	*(141,822)*
Impact of -10% on the foreign exchange rate	*2,107,393*	*1,270,208*	*165,351*	*(680)*	*630*	*173,338*

31 December 2021	Brazilian real	Mozambican metical	Moroccan dirham	Lebanese pound	Tunisian dinar	Angolan kwanza	South African rand
Exchange rate at the end of the period	**6.320**	**78.090**	**10.517**	**31,316.4**	**3.267**	**632.424**	**18.063**
Valuation/ (devaluation)	(0.9%)	(15.96%)	(3.83%)	203.82%	(0.6%)	(23.10%)	0.23%
Average exchange rate in the period	**6.377**	**77.747**	**10.673**	**31,316.4**	**3.289**	**751.334**	**17.477**
Valuation/ (devaluation)	8.1%	(3.10%)	(1.33%)	203.82%	2.8%	8.91%	(6.87%)
Amounts in Foreign Currency							
Cash and cash equivalents	236,507,513	10,352,877	651,982	104,796,938	8,840,005	96,270,753	40,922
Receivables and other current assets	5,038,156	3,588,455	-	9,785	4,547,351	1,680,000	-
Other assets	45,127,775	-	-	30,589,678	26,431,863	(441,729,608)	-
Total financial assets	**286,673,444**	**13,941,332**	**651,982**	**135,396,401**	**39,819,219**	**(343,778,855)**	**40,922**
Interest-bearing liabilities	(307,237,219)	-	-	(916,248)	(85,099,325)	-	-
Payables and other current liabilities	(249,408,855)	(6,579,943)	(71,000)	(113,265,268)	(35,054,215)	(791,822,896)	-
Total financial liabilities	**(556,646,074)**	**(6,579,943)**	**(71,000)**	**(114,181,516)**	**(120,153,540)**	**(791,822,896)**	-
Net financial position in foreign currency	**(269,972,630)**	**7,361,389**	**580,982**	**21,214,885**	**(80,334,321)**	**(1,135,601,751)**	**40,922**
Net financial position in Euro	**(42,717,864)**	**94,268**	**55,245**	**677**	**(24,587,372)**	**(1,795,634)**	**2,266**
Impact of +10% on the foreign exchange rate	*3,883,442*	*(8,570)*	*(5,022)*	*(62)*	*2,235,216*	*163,239*	*(206)*
Impact of -10% on the foreign exchange rate	*(4,746,429)*	*10,474*	*6,138*	*75*	*(2,731,930)*	*(199,515)*	*252*

31 December 2020	US dollar	Pound sterling	Polish zloty	Swedish krona	Turkish lira	Swiss franc
Exchange rate at the end of the period	**1.227**	**0.899**	**4.560**	**10.034**	**9.113**	**1.080**
Average exchange rate in the period	**1.142**	**0.890**	**4.443**	**10.485**	**8.055**	**1.071**
Amounts in Foreign Currency						
Cash and cash equivalents	21,972,217	380,848	75,379	-	13,525	5,427
Receivables and other current assets	70,534,945	7,550,211	6,306,245	-	-	1,498,477
Other assets	9,299,149	-	-	-	-	-
Total financial assets	**101,806,311**	**7,931,059**	**6,381,624**	**-**	**13,525**	**1,503,904**
Interest-bearing liabilities	(12,183,550)	-	-	-	-	-
Payables and other current liabilities	(10,419,779)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)
Total financial liabilities	**(22,603,329)**	**(24,525)**	**(12,180)**	**(62,730)**	**(1,312)**	**(4,062)**
Net financial position in foreign currency	**79,202,982**	**7,906,534**	**6,369,444**	**(62,730)**	**12,213**	**1,499,842**
Net financial position in Euro	**64,544,847**	**8,794,516**	**1,396,900**	**(6,252)**	**1,340**	**1,388,485**
Impact of +10% on the foreign exchange rate	*(5,867,713)*	*(799,501)*	*(126,991)*	*568*	*(122)*	*(126,226)*
Impact of -10% on the foreign exchange rate	*7,171,650*	*977,168*	*155,211*	*(695)*	*149*	*154,276*

31 December 2020	Brazilian real	Mozambican metical	Moroccan dirham	Lebanese pound	Tunisian dinar	Angolan kwanza	South African rand
Exchange rate at the end of the period	**6.377**	**92.920**	**10.935**	**10,307.600**	**3.288**	**822.382**	**18.022**
Valuation/ (devaluation)	**5.898**	**80.235**	**10.816**	**10,307.600**	**3.200**	**689.867**	**18.765**
Average exchange rate in the period							
Valuation/ (devaluation)							
	162,040,100	12,706,712	718,347	102,686,429	15,923,623	(70,312,883)	40,922
Amounts in Foreign Currency	27,373,061	3,588,455	-	13,299,248	26,799,470	54,352,711	-
Cash and cash equivalents	21,122,072	-	-	3,474	120,160	9,272,000	-
Receivables and other current assets	**210,535,233**	**16,295,167**	**718,347**	**115,989,151**	**42,843,253**	**(6,688,172)**	**40,922**
Other assets	(344,454,004)	-	-	(6,338,090)	(73,034,766)	(1,721,718,575)	-
Total financial assets	(481,476,650)	(6,579,943)	(71,000)	(44,330,791)	(31,189,583)	(373,264,547)	-
Interest-bearing liabilities	**(825,930,654)**	**(6,579,943)**	**(71,000)**	**(50,668,881)**	**(104,224,349)**	**(2,094,983,122)**	**-**
Payables and other current liabilities							
Total financial liabilities	**(615,395,421)**	**9,715,224**	**647,347**	**65,320,270**	**(61,381,096)**	**(2,101,671,294)**	**40,922**
	(96,505,366)	**104,555**	**59,199**	**6,337**	**(18,668,784)**	**(2,555,590)**	**2,271**
Net financial position in foreign currency	*8,773,215*	*(9,505)*	*(5,382)*	*(576)*	*1,697,162*	*232,326*	*(206)*
Net financial position in Euro	*(10,722,818)*	*11,617*	*6,578*	*704*	*(2,074,309)*	*(283,954)*	*252*
Impact of +10% on the							
foreign exchange rate	*6.377*	*92.920*	*10.935*	*10,307.600*	*3.288*	*822.382*	*18.022*
Impact of -10% on the							
foreign exchange rate	*5.898*	*80.235*	*10.816*	*10,307.600*	*3.200*	*689.867*	*18.765*

8.1.2 INTEREST RATE RISK

INTEREST RATE RISK MANAGEMENT POLICY

A significant share of the Group's financial liabilities cost is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Group's income statement.

The interest rate risk management strategy is periodically reviewed by the Group. Given the current level of interest rates, the Group has focused on contracting fixed-rate debt.

Where the Board considers appropriate, the Group relies on the use of derivative financial instruments (Note 8.2), namely interest rate swaps to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters, considered appropriate by the Group's risk management policies.

MAIN ESTIMATES AND JUDGEMENTS

SENSITIVITY ANALYSIS

Semapa carries out a sensitivity analysis to assess the impact on the income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is a mere illustrative analysis, since changes in market rates rarely occur separately.

The sensitivity analysis is based on the following assumptions:

i) Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;

ii) Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;

iii) 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 a 0.5% increase in market interest rates for all currencies in which the Group has interest- bearing liabilities and assets, and derivative financial instruments as of 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 profit before tax - increase / (decrease)	(773,200)	(2,473,670)

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:

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2021						
Assets						
Non-current						
Other non-current assets	-	-	-	-	-	-
Current						
Cash and cash equivalents	382,287,392	-	-	-	-	382,287,392
Total financial assets	**382,287,392**	**-**	**-**	**-**	**-**	**382,287,392**
Liabilities						
Non-current						
Interest-bearing liabilities	52,500,000	-	8,250,000	948,485,018	89,109,997	1,098,345,015
Other liabilities	-	-	-	28,877,757	5,631,853	34,509,610
Current						
Interest-bearing liabilities	86,744,908	147,286,559	39,756,240	-	-	273,787,707
Other liabilities	-	-	4,099,903	-	-	4,099,903
Total financial liabilities	**139,244,908**	**147,286,559**	**52,106,143**	**977,362,775**	**94,741,850**	**1,410,742,235**
Net financial position	**243,042,484**	**(147,286,559)**	**(52,106,143)**	**(977,362,775)**	**(94,741,850)**	**(1,028,454,843)**

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2020						
Assets						
Non-current						
Other non-current assets	-	-	3,312,331	-	-	3,312,331
Current						
Cash and cash equivalents	440,929,270	5,671,973	342,363	-	-	446,943,606
Total financial assets	**440,929,270**	**5,671,973**	**3,654,694**	**-**	**-**	**450,255,937**
Liabilities						
Non-current						
Interest-bearing liabilities	181,502,156	49,666,461	50,000,000	607,358,375	281,728,963	1,170,255,955
Other liabilities	-	-	-	23,516,208	14,438,800	37,955,008
Current						
Interest-bearing liabilities	88,084,464	92,849,184	281,047,153	-	-	461,980,801
Other liabilities	-	-	-	-	-	-
Total financial liabilities	**269,586,620**	**142,515,645**	**331,047,153**	**630,874,583**	**296,167,763**	**1,670,191,764**
Net financial position	**171,342,650**	**(136,843,672)**	**(327,392,459)**	**(630,874,583)**	**(296,167,763)**	**(1,219,935,827)**

8.1.3 LIQUIDITY RISK

LIQUIDITY RISK MANAGEMENT POLICY

The Group manages liquidity risk in two ways:

i) by ensuring that its financial debt has a high medium- and long-term component with maturities appropriate to the characteristics of the industries where it operates, and

ii) through contracting with financial institutions of credit facilities available at all times, for an amount that guarantees adequate liquidity.

CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES (UNDISCOUNTED CASH FLOWS, INCLUDING INTEREST)

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	+ than 5 years	Total
As of 31 December 2021						
Liabilities						
Bond loans	726,667	2,197,750	32,034,712	726,276,933	50,463,614	811,699,676
Commercial paper	65,130,000	61,652,049	21,266,314	162,979,386	-	311,027,749
Bank loans	1,292,524	581,459	110,981,248	161,489,358	41,707,872	316,052,461
Other loans	-	-	4,430,904	28,877,757	5,631,853	38,940,514
Lease liabilities (Note 5.8)	39,499	75,800	10,483,475	22,530,844	16,648,180	49,777,798
Derivative financial instruments (Note 8.2)	-	1,185,597	2,940,590	323,238	-	4,449,425
Other financial liabilities	-	-	-	458,343	-	458,343
Total liabilities	**67,188,690**	**65,692,655**	**182,137,243**	**1,102,935,859**	**114,451,519**	**1,532,405,966**
As of 31 December 2020						
Liabilities						
Bond loans	-	351,070	69,368,923	588,986,611	211,054,403	869,761,007
Commercial paper	189,470	2,688,889	69,319,587	351,018,906	103,695,050	526,911,902
Bank loans	1,313,787	4,048	91,892,609	189,225,657	67,657,252	350,093,353
Other loans	27,844	55,646	7,541,203	14,463,730	9,616,134	31,704,557
Lease liabilities (Note 5.8)	-	-	3,773,931	-	-	3,773,931
Derivative financial instruments (Note 8.2)	-	941,492	987,948	4,115,276	-	6,044,716
Other financial liabilities	-	-	-	458,343	-	458,343
Total liabilities	**1,531,101**	**4,041,145**	**242,884,201**	**1,148,268,523**	**392,022,839**	**1,788,747,809**

The contractual maturity of interest-bearing liabilities requires compliance with financial covenants, as detailed in Note 5.7 – Interest-bearing liabilities.

AVAILABLE AND UNDRAWN CREDIT FACILITIES

Amounts in Euro	31/12/2021	31/12/2020
Undrawn credit facilities		
Holdings	184,750,000	197,250,000
Pulp and paper	145,450,714	277,950,714
Cement and derivatives	230,369,674	281,778,863
Environment	20,460,000	21,891,271
	581,030,388	**778,870,848**

8.1.4 CREDIT RISK

ACCOUNTING POLICIES

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost and fair value, through other comprehensive income, as detailed in Note 8.4.1 - Categories of financial instruments of the Group.

On this basis, the Group recognises expected credit losses over the respective duration of financial instruments that have been subject to significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and supportable information, including available forward-looking information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the Group measures impairment in respect of that financial instrument at an amount equal to expected credit losses.

IFRS 9 establishes that for the calculation of these impairments one of two models can be used: the 3-stage method or the use of a matrix, being the distinctive component of the existence or not of a significant financing component. In the case of the Group's financial assets, as it is not a financial institution and there are no assets with a significant financing component, it was decided to use a matrix.

The model adopted for the impairment assessment by IFRS 9 is as follows:

1. Calculate the total credit sales made by the Group during the last 12 months as well as the related total amount of bad debts;

2. Determine the customers' payment profile and other short-term creditors, by setting buckets of receipt frequency;

3. Based on 1 above, estimate the probability of default (i.e., the number of bad debts calculated at 1 compared to the balance of outstanding sales in each bucket calculated at 2);

4. Adjust the percentages of future projections obtained in 3;

5. Apply the default percentages as calculated in 4 to trade receivables and other current payables still outstanding at the reporting date.

Although IFRS 9 assumes 90 days as "default", the Navigator Company Group considered 180 days, as the experience of real losses before this period is reduced, besides being in line with the entities' current risk management policies, namely regarding the credit insurance contracted and the fact that there are no sales with significant funding components under IFRS 15. Additionally, Navigator assessed the impact of considering 180 days of default to the detriment of 90 days and the "Expected Credit Loss" would not change significantly. In the event of an accident in the credit insurance company, the model considers the limit paid, by Navigator, of 5% (10% for national customers).

Moreover, the Group 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 to assess whether there are objective indicators of impairment for these financial assets. The Group uses the write-off procedure only when the credit is considered to be uncollectible by a court decision.

Given the COVID-19 pandemic situation, the Group analysed the credit risk, considering the expected economic and financial impacts arising from the pandemic at the macroeconomic level.

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 specialised independent companies. The deterioration in global economic conditions or adverse situations, which only affect economies at the local level, could give rise to situations in which customers are unable to meet their commitments.

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 concerning 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 Navigator Group's customers to meet their obligations, leading entities providing credit insurance to significantly decrease the number 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 AND 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.

As of 31 December 2021 and 2020, Trade receivables showed the following ageing structure, considering the due dates for the open balances, before impairment charges:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Total 2021	Total 2020
Not overdue	208,051,472	38,580,670	5,143,265	251,775,407	162,679,382
1 to 90 days	2,455,066	15,946,498	3,845,856	22,247,420	25,066,945
91 to 180 days	199,088	1,714,620	1,579,067	3,492,775	3,860,318
181 to 360 days	83,457	823,136	1,082,282	1,988,875	2,960,226
361 to 540 days	-	309,914	379,626	689,540	821,986
541 to 720 days	-	266,690	199,133	465,823	403,685
above 721 days	-	4,455,593	1,850,331	6,305,925	12,724,960
	210,789,083	**62,097,121**	**14,079,560**	**286,965,765**	**208,517,502**
Litigation - doubtful debts	2,173,128	7,542,786	-	9,715,914	13,847,135
Impairment	(2,173,128)	(13,269,155)	(563,076)	(16,005,359)	(26,253,202)
Trade receivables balance (Note 4.2)	**210,789,083**	**56,370,752**	**13,516,484**	**280,676,320**	**196,111,435**

The amounts shown above correspond to the amounts outstanding according to the contracted due dates. Despite some delays in the settlement of those amounts, that does not result, following the Group's available information, in the identification of impairment losses other than the ones considered through the respective losses. These are calculated based on the information periodically collected on the financial behaviour of the Group's customers, which allow, in conjunction with the experience obtained in the customer portfolio analysis and with the history of credit defaults, in the part not attributable to the insurance company, to define the number of losses to be recognised in the period.

The analysis of the ageing of receivables already overdue is as follows:

Amounts in Euro	31/12/2021		31/12/2020	
	Gross amount	Fair value of credit insurance	Gross amount	Fair value of credit insurance
Account receivables overdue but not impaired				
Overdue - below 3 months	22,088,089	14,714,336	24,996,218	7,959,157
Overdue - above 3 months	7,063,933	749,088	8,437,069	589,949
	29,152,022	**15,463,424**	**33,433,287**	**8,549,106**
Account receivables overdue and impaired				
Overdue - below 3 months	205,666	-	155,884	-
Overdue - above 3 months	15,799,693	-	26,097,318	-
	16,005,359	**-**	**26,253,202**	-

Following the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for a significant part of the accounts receivable from customers. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and is within acceptable levels.

The table below represents the quality of the Group's credit risk, as of 31 December 2021 and 2020, for financial assets (cash and cash equivalents and derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	31/12/2021	31/12/2020
AA	9,801,253	-
AA-	-	19,181,980
A+	84,976,652	18,252,728
A	7,187,873	50,876,601
A-	65,273,454	58,016,456
BBB+	19,357,140	2,223,270
BBB	107,525,760	203,003,836
BBB-	7,003,717	-
BB+	3,004,206	11,649,268
BB	13,785,672	13,907,239
BB-	34,891,790	24,609,687
B+	-	993,436
B	9,524,885	9,104,710
B-	30,012	146,409
CCC+	75,543	6,038,061
Other	18,952,439	25,519,269
	381,390,396	**443,522,950**

The caption Other comprise short-term investments in Angola and Mozambique financial institutions, on which it was not possible to obtain the ratings concerning the presented dates.

The maximum exposure to the credit risk in the Consolidated financial position as of 31 December 2021 and 2020 is detailed as follows:

Amounts in Euro	31/12/2021	31/12/2020
Non-current		
Other financial investments (Note 8.3)	21,244,092	9,403,561
Non-current receivables (Note 4.2)	12,120,307	37,194,260
Current		
Current receivables (Note 4.2)	357,876,221	253,113,323
Derivative financial instruments (Note 8.2)	3,066,689	7,331,771
Cash and cash equivalents (Note 5.9)	381,390,396	443,522,950
	775,697,705	**750,565,865**

IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

MOVEMENTS IN ACCUMULATED IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES

Amounts in Euro	Trade receivables - current account		Other receivables	
	2021	2020	2021	2020
Accumulated impairment at the beginning of the period	**26,253,202**	**28,512,452**	**7,144,130**	**5,983,354**
Changes due to:				
Increases	1,252,996	1,137,768	3,762	1,215,420
Reversals	(769,114)	(1,353,190)	(46)	(54,644)
Changes recognised in the Income Statement (Note 2.3)	**483,882**	**(215,422)**	**3,716**	**1,160,776**
Exchange rate adjustment	(107,145)	(2,431,367)	693	-
Charge-offs	(7,538,150)	(290,183)	(145,338)	-
Adjustments and transfers	(3,264,145)	677,722	-	-
Accumulated impairment at the end of the period	**15,827,644**	**26,253,202**	**7,003,201**	**7,144,130**

8.2 DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

The fair value of derivative financial instruments is included under the caption Payables and other current liabilities (Note 4.3), if negative, and in the caption Receivables and other current assets (Note 4.2), if positive.

According to IFRS 9 – Financial instruments, the Group chose to continue to apply the hedge accounting requirements of IAS 39 – Financial instruments, until there is greater visibility of the Dynamic Risk Management current macro-hedging project.

Whenever expectations of changes in interest or exchange rates justify it, the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), exchange interest rate collars, and exchange forwards, among others.

DERIVATIVE FINANCIAL INSTRUMENTS | TRADING

Although the derivative financial instruments contracted represent effective economic hedging instruments, not all of them qualify as hedging instruments, following the applicable rules and requirements. Instruments that do not qualify as hedging instruments are recorded in the Consolidated Financial Position at their fair value and changes in fair value are recognised in Net financial results (Note 5.11) when related to financing operations, or in Supplies and Services (Note 2.3) or Revenue (Note 2.1), when related to foreign exchange risk on the purchase of raw materials or cash flows from sales in currencies other than the reporting currency.

DERIVATIVE FINANCIAL INSTRUMENTS | HEDGING

The derivative financial instruments, used for hedging purposes, may be classified as hedge instruments provided that they fulfil, cumulatively, the conditions set out in IAS 39.

CASH-FLOW HEDGE (INTEREST RATE AND EXCHANGE RATE RISKS)

To manage the risk of interest and exchange rates, the Group enters into a cash flow hedge.

Those transactions are recorded in the Interim Statement of Financial Position at their fair value and, to the extent that they are considered effective hedging, changes in fair value are initially recorded in other comprehensive income for the year. If hedging transactions are deemed to be ineffective, the gain or loss arising therefrom is recorded directly in profit or loss.

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 corresponding to the affective component of interest rate swaps that are hedging variable rate financing is recognised under the caption Net financial results (Note 5.11). However, when the future hedged transaction results in the recognition of a non-financial asset (e.g. inventories or property, plant and equipment), the previous 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 cases, they will only be recycled to the income statement when the transaction is recognised in the income statement.

NET INVESTMENT HEDGING (EXCHANGE RATE RISK)

To manage the exposure of its investments in foreign subsidiaries to fluctuations in the exchange rate (net investment), the Group enters into exchange rate forwards, which are recorded at fair value in the consolidated statement of financial position.

Those exchange rate forwards arranged for investments in foreign operations, are recorded in a similar way to the cash flow hedges. Gains and losses on the hedging instrument relating to its effective hedging component are recognised in the comprehensive income for the year. Gains and losses related to the ineffective hedging component are recognised in the Income statement. The accumulated gains and losses on equity are included in the Income statement if and when the foreign subsidiaries are disposed of.

PULP AND PAPER SEGMENT

FOREIGN EXCHANGE TRADING DERIVATIVES

The Navigator Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and Pound sterling (GBP). Since the Group's financial statements are translated into Euro, it is exposed to an economic risk on the conversion of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies that, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the statement of financial position items denominated in a currency other than the presentation currency against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts, covering the net exposure to other currencies other than the presentation currency, for the same maturity dates and the same amounts of these documents. The nature of the risk hedged is the change in the carrying number of sales and purchases expressed in currencies other than the presentation currency. At the end of each month, the balances of trade receivables and trade payables expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

CASH FLOW HEDGE | FOREIGN EXCHANGE RISK EUR/USD AND EUR/GBP

The Group uses derivative financial instruments to limit the net exchange risk associated with sales and future purchases estimated at USD and GBP.

CASH FLOW HEDGE | INTEREST RATE

The Navigator Group hedges its future interest payments on loans, commercial paper, and bond loans, by engaging in an interest rate swap, in which it pays a fixed rate and receives a variable rate. This instrument is designated as a hedge of cash flows from the commercial paper program and the bond loan.

CASH FLOW HEDGE | COMMODITIES - BHKP

The Navigator Group uses derivative financial instruments to minimise the exposure risk associated with the variation of the pulp price, indexed to PIX, in USD.

CEMENT AND DERIVATIVES SEGMENT

FOREIGN EXCHANGE RISK HEDGING IN THE EXPORT AND PURCHASE OF FUELS

The Secil 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 Secil 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.

MAIN ESTIMATES AND JUDGEMENTS

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Whenever possible, the fair value of derivatives is estimated, based on quoted instruments. In the absence of market prices, the fair value of derivatives is estimated based on the discounted cash flow method and option valuation models, by the assumptions generally used in the market.

MOVEMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in Euro	2021			2020		
	Trading derivatives	Hedging derivatives	Total	Trading derivatives	Hedging derivatives	Total
Balance at the beginning of the period	**6,472,463**	**(5,545,156)**	**927,307**	**653,996**	**(4,374,313)**	**(3,720,317)**
New contracts / settlements	(3,178,821)	2,326,437	(852,384)	(9,288,474)	2,976,195	(6,312,279)
Change in fair value in profit or loss (Note 5.11)	(5,936,014)	(3,191,640)	(9,127,654)	15,141,107	(3,647,914)	11,493,193
Change in fair value in Other comprehensive income (Note 5.5)	-	2,277,728	2,277,728	-	499,124	(499,124)
Exchange rate adjustment	29,819	1	29,820	(34,166)	-	(34,166)
Balance at the end of the period	**(2,612,553)**	**(4,132,630)**	**(6,745,183)**	**6,472,463**	**(5,545,146)**	**927,307**

DETAIL AND MATURITY OF DERIVATIVE FINANCIAL INSTRUMENTS BY NATURE

30 December 2021 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net
Hedging						
Exchange rate forwards (future sales)	242,500,000	USD	2022	9,066	(1,426,675)	(1,417,609)
Exchange rate forwards (future sales)	83,000,000	GBP	2022	-	(483,940)	(483,940)
Interest rate swaps (SWAPs)	425,000,000	Euro	2026/2027	2,260,434	(2,804,403)	(543,969)
BHKP pulp	27,120,000	USD	2022	-	(1,687,112)	(1,687,112)
				2,269,500	**(6,402,130)**	**(4,132,630)**
Trading						
Foreign exchange forwards	129,745,503	USD	2023	-	(1,640,154)	(1,640,154)
Foreign exchange forwards	9,050,000	GBP	2021	-	(86,856)	(86,856)
Foreign exchange forwards	300,000	CHF	2021	-	(1,448)	(1,448)
Cross-currency interest rate swap	17,500,000	Euro	2023	-	(1,201,670)	(1,201,670)
Cross-currency interest rate swap	48,950,000	USD	2022	227,765	(479,614)	(251,849)
Non-Deliverable Forward (NDF)	7,861,000	USD	2021	139,263	-	139,263
Non-Deliverable Forward (NDF)	12,500,000	Euro	2022	430,161	-	430,161
				797,189	**(3,409,742)**	**(2,612,553)**
				3,066,689	**(9,811,872)**	**(6,745,183)**

31 December 2020 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net
Hedging						
Exchange rate forwards (future sales)	204,000,000	USD	2021	831,818	(668)	831,150
Exchange rate forwards (future sales)	72,000,000	GBP	2021	-	(515,688)	(515,688)
Interest rate swaps (Swaps)	250,000,000	Euro	2025	-	(5,709,692)	(5,709,692)
BHKP pulp	9,120,000	USD	2021	-	(150,926)	(150,926)
				831,818	**(6,376,974)**	**(5,545,156)**
Trading						
Foreign exchange forwards	100,228,946	USD	2023	2,564,049	-	2,564,049
Foreign exchange forwards	5,425,000	GBP	2021	-	(27,345)	(27,345)
Foreign exchange forwards	225,000	CHF	2021	-	(145)	(145)
Cross currency interest rate swap	23,950,000	USD	2021/2022	1,760,491	-	1,760,491
Future acquisiton of CO_2 Licenses	2,545,625	Euro	2021	623,573	-	623,573
Non Deliverable Forward (NDF)	22,450,000	Euro	2021	1,551,840	-	1,551,840
				6,499,953	**(27,490)**	**6,472,463**
				7,331,771	**(6,404,464)**	**927,307**

PULP AND PAPER SEGMENT

CASH FLOW HEDGE | FOREIGN EXCHANGE RISK EUR/USD AND EUR/GBP

During the last quarter of 2021, Navigator concluded the contracting of derivative financial instruments by acquiring USD 242,500,000 and GBP 83,000,000 in Zero Cost Collar, thus guaranteeing the total coverage of the estimated value of exposure for 2022.

CASH FLOW HEDGE | INTEREST RATE

During the first quarter of 2021, Navigator increased its interest rate hedges, by contracting a swap in the amount of Euro 75,000,000 to set the interest rate associated with the Navigator 2020-2026 bond loan, of the same amount. At the end of the second quarter, the Group contracted a new interest rate hedge, in the amount of Euro 100,000,000, to set the interest rate associated to the Navigator 2021-2026 bond loan, starting in August 2021.

CASH FLOW HEDGE | COMMODITIES - BHKP

As in the previous year, Navigator periodically monitors its exposure to the price of BHKP pulp.

During the fourth quarter of 2021, Navigator opted to acquire financial instruments to hedge the pulp price, by contracting swaps to set the price of 30,000 tons of pulp for the next 12 months, ending 31 December 2022.

CEMENT AND DERIVATIVES SEGMENT

DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

In February 2021, the subsidiary Supremo contracted external financing for USD 18,000,000 maturing in January 2022, with a single repayment at maturity. On the same date, a cross currency interest rate swap contract was entered into with the purpose of hedging the exchange rate exposure. This derivative allowed Supremo to fix the nominal value of the financing in BRL and to pay interest at the ID rate plus a spread, fully replicating the repayment plan of this financing in USD.

In March 2020, the subsidiary Supremo contracted two external financings in the amount of approximately

- Euro 10,000,000 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 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 July 2020, the subsidiary Supremo, contracted 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 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 Euro.

In November 2021, the 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 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 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.

CASH FLOW HEDGE | INTEREST RATE

In 2020, Secil undertook a bond loan of Euro 50,000,000, with full repayment at par in April 2027, with interest paid semi-annually in arrears. 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

This Note includes equity instruments held by the Group relating to companies over which it has no control or significant influence. Financial investments are measured at fair value through profit or loss when the Group holds them for trading purposes. The Group records the remaining financial investments as financial assets at fair value through other comprehensive income.

Amounts in Euro	31/12/2021	31/12/2020
Financial assets at fair value through other comprehensive income		
Defined Crowd	3,531,696	3,259,718
Techstar Corporate	1,812,562	1,792,845
LOQR	2,499,962	-
Oceano Fresco	3,006,930	-
	10,851,150	**5,052,563**
Financial assets at fair value through profit or loss		
Alter Venture Partners Fund I	6,204,366	3,477,357
FCR Armilar Venture	1,851,348	685,771
Firstminute	718,316	-
Notional Capital	1,230,303	-
Kibo Capital	295,000	-
Mor-Online, SA	-	18,619
Ynvisible, SA	93,609	169,251
	10,392,942	**4,350,998**
	21,244,092	**9,403,561**

The subsidiary Semapa Next, S.A., the Semapa Group's venture capital business unit, has made several diversified investments, including:

- An investment in the North American Techstars to support and accelerate global startups from Lisbon. This partnership was implemented through an annual acceleration programme, initially lasting 3 years, with the 3rd year of the programme (2021) being cancelled due to the pandemic.

- A shareholding in the Luxembourg fund Alter Venture Capital Fund SCA - SICAV, a fund whose strategy is to invest in start- ups together with some of the most prominent funds in Silicon Valley, having committed with an investment of up to USD 12 million.

- A shareholding in the Portuguese fund FCR Armilar Venture Partners TechTransfer Fund, whose goal is to support business projects developed based on high technology created in the national academic environment, having assumed a commitment to invest up to Euro 6.5 million.

- A shareholding in Defined Crowd, a company operating in the field of Artificial Intelligence and Machine Learning.

- A shareholding in LOQR, a company with a technological and innovative approach to providing digital solutions applicable in the digital transformation and dematerialisation of the banking sector.

- A shareholding in Oceano Fresco, a Portuguese company engaged in the sustainable aquaculture of high-quality bivalve molluscs (European clams), applying scientific methods and an innovative approach.

8.4 FINANCIAL ASSETS AND LIABILITIES

8.4.1 CATEGORIES OF FINANCIAL INSTRUMENTS OF THE GROUP

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

Amounts in Euro	Note	Financial assets at amortised costs	Financial assets at fair value through profit or loss (excluding derivatives)	Financial assets at fair value through other comprehensive income	Derivative financial instruments | Hedging	Derivative financial instruments at fair value through profit or loss	Non-financial assets	Total
31 December 2021								
Other financial investments	8.3	-	10,392,942	10,851,150	-	-	-	21,244,092
Receivables and other current assets	4.2	425,400,120	-	-	2,269,500	797,189	15,730,675	444,197,484
Cash and cash equivalents	5.9	382,287,392	-	-	-	-	-	382,287,392
Total assets		**807,687,512**	**10,392,942**	**10,851,150**	**2,269,500**	**797,189**	**15,730,675**	**847,728,968**
31 December 2020								
Other financial investments	8.3	-	4,350,998	5,052,563	-	-	-	9,403,561
Receivables and other current assets	4.2	346,600,722	-	-	831,818	6,499,953	15,116,531	369,049,024
Cash and cash equivalents	5.9	444,755,259	-	-	-	-	-	444,755,259
Total assets		791,355,981	4,350,998	5,052,563	831,818	6,499,953	15,116,531	823,207,844

Amounts in Euro	Note	Financial liabilities at amortised cost	Derivative financial instruments | Hedging	Derivative financial instruments at fair value through profit or loss	Non-financial liabilities	Financial Liabilities outside of the scope of IFRS 9	Total
31 December 2021							
Interest-bearing liabilities	5.7	1,397,883,993	-	-	-	-	1,397,883,993
Lease liabilities	5.8	-	-	-	-	96,689,951	96,689,951
Payables and other current liabilities	4.3	568,540,590	6,402,130	3,409,742	106,012,223	-	684,364,685
Total liabilities		**1,966,424,583**	**6,402,130**	**3,409,742**	**106,012,223**	**96,689,951**	**2,178,938,629**
31 December 2020							
Interest-bearing liabilities	8.3	1,660,485,906	-	-	-	-	1,660,485,906
Lease liabilities	4.2	-	-	-	-	80,139,646	80,139,646
Payables and other current liabilities	4.3	434,209,007	6,376,974	27,491	93,435,094	-	534,048,565
Total liabilities		2,094,694,913	6,376,974	27,491	93,435,094	80,139,646	2,274,674,117

8.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICIES

The fair value of financial instruments is classified by the fair value hierarchy of IFRS 13 - Fair value measurement:

Level 1	Fair value is based on active markets quotations, at the reporting date.
Level 2	Fair value is determined using valuation models, whose main inputs of the models used are observable in the market
Level 3	Fair value is determined using valuation models, whose main inputs are not observable in the market.

MAIN ESTIMATES AND JUDGEMENTS

FAIR VALUE OF INTEREST-BEARING LIABILITIES REMUNERATED AT A FIXED INTEREST RATE

The fair value of these liabilities is calculated using the discounted cash flow method at the reporting date, using a discount rate by the characteristics of each loan, belonging to level 2 of the fair value hierarchy of IFRS 13.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The Company considers that the book value of loans at variable rates, as well as financial assets and liabilities measured at amortised cost in the remaining captions (Note 8.4.1), is close to their fair value.

9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1 PROVISIONS

ACCOUNTING POLICIES

Recognition and initial measurement	Provisions are recognised when the Group has a legal or constructive obligation as a result of past events,an outflow of resources will probably be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Capitalisation of expenditures	The Group incurs expenditures and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on landscape recovery and reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimising energy consumption, atmospheric emissions, the production of waste and noise) are capitalised when intended to serve the Group's business activity in a sustainable way, and relate to future economic benefits allowing to extend its useful life, increase capacity or improve the safety or efficiency of other assets held by the Group.
Subsequent measurement	Provisions are reviewed on the statement of financial position date and are adjusted so as to reflect the best estimate at that date. Landscape recovery provisions are re-measured according to the effect of the time value of money, against the caption "Financial discount of provisions" in Note 5.11 - Net financial results and consumed by the expenses made by the Group with the recovery, at the date they occur.

LANDSCAPE RECOVERY AND OTHER ENVIRONMENTAL EXPENDITURES

Some of the Group's companies are responsible for the environmental and landscape recovery of the quarries affected by the exploration, by applicable legislation.

Rehabilitation works mainly include 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.

MAIN ESTIMATES AND JUDGEMENTS

LEGAL PROCEEDINGS

These provisions were made by 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.

The balances of additional liabilities for the Group’s uncertainty over income tax are disclosed in Note 6.1 - Income tax.

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

Amounts in Euro	Legal proceedings	Environmental recovery	Other	Total
1 January 2020	**5,506,895**	**17,155,704**	**29,423,494**	**52,086,093**
Increases	2,166,697	2,991	8,284,336	10,454,024
Reversals	(2,978,869)	(343,389)	(1,678,376)	(5,000,634)
Impact on profit for the period	**(812,172)**	**(340,398)**	**6,605,960**	**5,453,390**
Hyperinflationary economies (Lebanon)	-	113,162	-	113,162
Charge-offs	-	(480,895)	(4,017,463)	(4,498,358)
Exchange rate adjustment	(26,616)	(446,983)	(5,027,185)	(5,500,784)
Financial discounts	-	119,990	-	119,990
Transfers and adjustments	-	2,025,732	1,141,093	3,166,825
31 December 2020	**4,668,107**	**18,146,312**	**28,125,899**	**50,940,318**
Increases	3,815,210	862,581	6,172,135	10,849,926
Reversals	(1,460,202)	(3,217,014)	(1,498,296)	(6,175,512)
Impact on profit for the period	**2,355,008**	**(2,354,433)**	**4,673,839**	**4,674,414**
Changes in the perimeter	-	-	(6,000)	(6,000)
Hyperinflationary economies (Lebanon)	-	(37,247)	2,035,187	1,997,940
Charge-offs	-	(3,103,060)	(2,386,107)	(5,489,167)
Exchange rate adjustment	(71,838)	(135,472)	(684,668)	(891,978)
Financial discounts	-	59,257	-	59,257
Transfers and adjustments	-	578,765	619,396	1,198,161
31 December 2021	**6,951,277**	**13,154,122**	**32,377,546**	**52,482,945**

LEGAL PROCEEDINGS

The outcome of the provisions for legal proceedings depends on the decisions of the labour and civil courts. As of 31 December 2021, the balance is mostly composed of amounts related to labour lawsuits (2021: Euro 6 million; 2020: Euro 2.8 million) and lawsuits filed by IGAMAOT (Inspeção-Geral da Agricultura, do Mar, do Ambiente e do Ordenamento do Território) (2021: Euro 617 thousand; (2020: Euro 496 thousand).

ENVIRONMENTAL RECOVERY

As of 31 December 2021, this caption includes the amount of Euro 2,041,091 (31 December 2020: Euro 2,227,408), corresponding to quarries with "continuous and progressive reconstruction of the freed spaces" and refers to quarries exploited by the Secil company in Outão.

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.

In 2021, Other provisions include Euro 17,300,000 (2020: Euro 16,000,000) related to the Mozambique project. Although the Memorandum of Understanding (MoU) signed with the Mozambican Government provided for a "best-effort" commitment creating the necessary conditions to carry out the investment until last 31 December 2018, that was not possible, up to date, and both parties continued to work towards that goal.

9.2 COMMITMENTS

GUARANTEES PROVIDED TO THIRD PARTIES

Amounts in Euro	31/12/2021	31/12/2020
Guarantees provided		
Navigator collaterals for EIB financing	42,916,667	56,666,667
Portuguese Tax Authorities	6,730,642	15,482,247
Agência de Desenvolvimento e Coesão	4,995,543	5,708,912
IAPMEI	1,777,667	2,116,973
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,624,820	2,624,820
Agência Portuguesa do Ambiente	1,527,484	1,141,618
Spanish State Agency for Tax Administration	1,033,204	1,033,204
Consejería de Industria, Empleo y Promoción Económica (Spain)	954,118	954,118
Comissão de Coordenação e Desenv. Regional LVT	948,840	948,840
APDL - Administração do Porto de Leixões	377,154	720,657
Simria	338,829	338,829
Instituto de Conservação da Natureza - Arrábida	668,688	862,932
Comissão de Coordenação e Desenv. Regional LVT	298,638	298,638
Secretaria Regional do Ambiente e Recursos Naturais	199,055	199,055
IAPMEI (in the perimeter of PEDIP)	209,305	209,305
Comissão de Coordenação e Desenv. Regional Centro	789,647	789,647
Comissão de Coordenação e Desenv. Regional Algarve	678,620	534,620
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,403
Customs clearance	1,250	1,250
Other	3,496,026	1,772,392
	70,802,600	**92,641,127**
Other commitments		
Mortgages on Property, Plant, and Equipment	3,358,569	62,305,714
	74,161,169	**154,946,841**

The bank guarantees provided to the Portuguese Tax Authorities relate to the challenge of lawsuits in litigation, regarding corporate income tax for the 2015 tax period of the subsidiary Navigator.

PURCHASE COMMITMENTS

Amounts in Euro	31/12/2021	31/12/2020
Purchase commitments		
Property, plant, and equipment - manufacturing equipment	63,683,703	12,419,843
Wood	375,800,000	270,898,539
Energy supply	-	3,653,870
Raw materials - petcoke and coal	11,949,371	6,383,329
Other	3,379,198	3,079,010
	454,812,272	**296,434,592**

OTHER COMMITMENTS

The Navigator Group has committed to achieving carbon neutrality by 2035, with an estimated global investment of Euro 154 million, of which Euro 55 million have already been invested until 31 December 2021.

9.3 CONTINGENT ASSETS AND LIABILITIES

PUBLIC DEBT SETTLEMENT FUND

According to Decree-Law no. 36/93 of 13 February, tax debts of privatised companies related to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund (PDSF). On 16 April 2008, The Navigator Company applied to the Public Debt Settlement Fund to request payment of tax debts previously paid by the Portuguese Tax Authorities. On 13 December 2010, the Company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and uncontested relating to these same debts, as well as the expenses directly related thereto, under the ruling dated 24 May 2011 (Proceeding no. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. entered into an extra-judicial agreement with the Treasury, in which the PDSF was recognised as having responsibility for recovering the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) improperly paid, resulting from the alleged qualification/incorrect consideration by the tax administration of the tax loss accruing as a result of the operations carried out by Soporcel, SA in 2003, as well as to promote restitution to Navigator of said amount.

In this context, PDSF will be responsible for the amounts detailed as follows:

Amounts in Euro	Period	Requested amounts	Decrease due to RERD	Proceedings decided in favour of the Group	Outstanding amount
Proceedings confirmed in court					
Corporate Income Tax	2002	18,923	-	-	18,923
Corporate Income Tax (withheld)	2004	3,324	-	-	3,324
Corporate Income Tax	2004	766,395	-	(139,023)	627,372
Expenses		314,957	-	-	314,957
		1,103,599	**-**	**(139,023)**	**964,576**
Proceedings not confirmed in court					
Corporate Income Tax	2005	11,754,680	(1,360,294)	-	10,394,386
Corporate Income Tax	2006	11,890,071	(1,108,178)	-	10,781,893
		23,644,751	(2,468,472)	-	21,176,279
		24,748,350	**(2,468,472)**	**(139,023)**	**22,140,855**
		24.748.350	**(2.468.472)**	**(139.023)**	**22.140.855**

Regarding the aggregate corporate income tax proceedings of 2005 and 2006, if Courts decide in favour of Navigator Group, the Group will withdraw the request made to PDSF.

In addition to the tax matters described above, a new petition was filed in the Administrative Court of Almada on 11 October 2011, which called for the repayment of various amounts, amounting to Euro 136,243,949. These amounts regard adjustments in the financial statements of the Group after its privatisation that had not been considered in formulating the price of its privatisation as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014 the Court denied the Navigator Company Group’s proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Navigator Company Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group’s views on this matter, both parts appointed experts and the partial expert report was issued in July 2017, is required either by The Navigator Company, S.A. either by the Ministry of Finance, the attendance of both designated experts in a court hearing, in order to provide oral explanations on the expert report.

Following claims filed by Navigator on 11 September 2017 and 15 January 2019, the experts submitted redrafted Expert Reports on 27 December 2018 and 19 March 2019, respectively.

The trial hearing sessions took place between May and June 2019, with the parties filing closing arguments in September 2019 and now awaiting the Court's decision.

INFRASTRUCTURE ENHANCEMENT AND MAINTENANCE FEE

Under the licensing proceeding no. 408/04 related to the new Setubal´s paper mill project, the Setubal City Council issued a settlement note to Navigator regarding an infrastructure enhancement and maintenance fee (“TMUE") amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial plant of Mitrena, Setúbal. Navigator disagrees with the amount charged and filed an administrative claim against it on 25 February 2008 (request no. 2485/08), followed by an appeal to the Court against the rejection of the claim on 28 October 2008. On 3 October 2012, this claim had an adverse decision, and on 13 November 2012, Navigator appealed to the Supreme Administrative Court (STA - Supremo Tribunal Administrativo), which referred the case to the Administrative Central Court (TCA - Tribunal Central Administrativo) on 4 July 2013.

On 19 November 2020 the South Administrative Central Court (TCA Sul- Tribunal Central Administrativo Sul) issued a decision that determined that the case should be sent back to the court of the first instance to expand on the contested facts. An exceptional appeal was filed with the STA against this decision, and on 24 March 2021, the STA decided not to allow the appeal. Having the case returned to the first instance, the Administrative and Fiscal Court (TAF - Tribunal Administrativo e Fiscal) of Almada issued a new unfavourable sentence on 4 November 2021. Navigator presented an appeal to TCA Sul on 13 December 2021, which was allowed and is now awaiting a decision.

10 GROUP STRUCTURE

10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

ACCOUNTING POLICIES

GROUP-CONTROLLED ENTITIES

Semapa 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 can 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 the caption Non-controlling interests’ items (Note 5.6)

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 undertaken in a business combination are initially measured at fair value at 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., the fair value of acquired assets).

Any contingent payments to be transferred 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). Transaction costs directly attributable are immediately recorded in profit and loss.

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.

INITIAL MEASUREMENT OF NON-CONTROLLING INTERESTS

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 excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity (Note 5.5).

Subsidiaries' accounting policies have been changed whenever necessary 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. 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.

10.1.1 SEMAPA GROUP SUBSIDIARIES

HOLDING COMPANIES INCLUDED IN THE CONSOLIDATION

		Direct and indirect % held by Semapa			
Company name	Head Office	Direct	Indirect	31/12/2021	31/12/2020
Parent company:					
Semapa	Portugal				
Subsidiaries:					
Semapa Inversiones S.L.	Spain	100.00	-	100.00	100.00
Celcimo, S.L.	Spain	-	-	-	100.00
Semapa Next, S.A.	Portugal	100.00	-	100.00	100.00
Aphelion, S.A.	Portugal	100.00	-	100.00	100.00

PULP AND PAPER COMPANIES INCLUDED IN THE CONSOLIDATION

Company name	Head Office	Direct and indirect % held by Navigator			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2021	31/12/2020
Parent company:						
The Navigator Company, S.A.	Portugal	69.97	-	69.97	**69.97**	69.97
Subsidiaries:						
Navigator Brands , S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Parques Industriais, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Paper Figueira, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Empremédia - Corretores de Insurance, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Empremedia, DAC	Ireland	100.00	-	100.00	**69.97**	69.97
Empremédia RE , AC	Ireland	-	100.00	100.00	**69.97**	-
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	97.00	-	97.00	**67.87**	67.87
Raiz Ventures , S.A.	Portugal	-	97.00	97.00	**67.87**	67.87
About the Future - Essential Oils, S.A.	Portugal	-	97.00	97.00	**67.87**	67.87
Enerpulp – Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	74.20	74.20	**51.92**	51.92
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	80.20	80.20	**56.12**	56.12
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	79.80	79.80	**55.84**	55.84
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Tissue Ródão , S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Navigator Tissue Ibérica, S.A.	Spain	-	100.00	100.00	**69.97**	69.97
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	**62.99**	62.99
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator Financial Services Sp. Z o.o.*	Poland	-	-	-	**-**	69.97
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
EucaliptusLand, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	**45.34**	45.34
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	**69.97**	69.97
Bosques do Atlantico, SL	Spain	-	100.00	100.00	**69.97**	69.97
Navigator Africa, SRL	Italy	-	100.00	100.00	**69.97**	69.97
Navigator Paper Setúbal, S.A.	Portugal	100.00	-	100.00	**69.97**	69.97
Navigator North America Inc.	USA	-	100.00	100.00	**69.97**	69.97
Navigator Afrique du Nord	Morocco	-	100.00	100.00	**69.97**	69.97
Navigator España, S.A.	Spain	-	100.00	100.00	**69.97**	69.97
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	**69.97**	69.97
Navigator France, EURL	France	-	100.00	100.00	**69.97**	69.97
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00	**69.97**	69.97
Navigator Italia, SRL	Italy	-	100.00	100.00	**69.97**	69.97
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	**69.97**	69.97
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	**69.97**	69.97
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	**69.97**	69.97
Navigator Eurasia	Turkey	-	100.00	100.00	**69.97**	69.97
Navigator Rus Company, LLC	Russia	-	-	-	**-**	69.97
Navigator Paper Mexico	Mexico	25.00	75.00	100.00	**69.97**	69.97
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	**69.97**	69.97
Navigator Egypt, ELLC	Egypt	1.00	99.00	100.00	**69.97**	69.97
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	**69.97**	69.97

CEMENT AND DERIVATIVES COMPANIES INCLUDED IN THE CONSOLIDATION

Company name	Head Office	Direct and indirect % held by Secil			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2021	31/12/2020
Parent company:						
Secil - Companhia Geral de Cal e Cimento, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Subsidiaries						
Betotrans II - Unipessoal, Lda. (former Hewbol, S.G.P.S., Lda.)	Portugal	100.00	-	100.00	100.00	100.00
Secil Cabo Verde Comércio e Serviços, Lda.	Cape Verde	99.80	0.20	100.00	100.00	100.00
ICV – Inertes de Cabo Verde, Lda.	Cape Verde	75.00	25.00	100.00	100.00	100.00
Florimar- Gestão e Participações, S.G.P.S., Lda.	Portugal	100.00	-	100.00	100.00	100.00
Secil Cement, B.V. (former Seciment Investments, B.V.)	The Netherlands	100.00	-	100.00	100.00	100.00
Serife - Sociedade de Estudos e Realizações Industriais, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Silonor, S.A.	France	100.00	-	100.00	100.00	100.00
Société des Ciments de Gabés	Tunisia	98.72	-	98.72	98.72	98.72
Sud- Béton- Société de Fabrication de Béton du Sud	Tunisia	-	98.72	98.72	98.72	98.72
Zarzis Béton	Tunisia	-	98.52	98.52	98.52	98.52
Secil Angola, SARL	Angola	100.00	-	100.00	100.00	100.00
Secil – Companhia de Cimento do Lobito, S.A.	Angola	-	51.00	51.00	51.00	51.00
Unibetão - Indústrias de Betão Preparado, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Secil Britas, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Portugal	100.00	-	100.00	100.00	100.00
IRP – Indústria de Rebocos de Portugal, S.A.	Portugal	-	75.00	75.00	75.00	75.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Portugal	99.53	-	99.53	99.53	99.53
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Portugal	100.00	-	100.00	100.00	100.00
ALLMA - Microalgas, Lda.	Portugal	-	70.00	70.00	70.00	70.00
Secil Brasil Participações, S.A.	Brazil	-	100.00	100.00	100.00	100.00
Supremo Cimentos, SA	Brazil	-	100.00	100.00	100.00	100.00
Margem – Companhia de Mineração, SA	Brazil	-	100.00	100.00	100.00	100.00
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Ciments de Sibline, S.A.L.	Lebanon	28.64	22.41	51.05	51.05	51.05
Soime, S.A.L.	Lebanon	-	51.05	51.05	51.05	51.05
Cimentos Madeira, Lda.	Portugal	57.14	42.86	100.00	100.00	100.00
Beto Madeira - Betões e Britas da Madeira, S.A.	Portugal	-	100.00	100.00	100.00	100.00
Brimade - Sociedade de Britas da Madeira, Lda.	Portugal	-	100.00	100.00	100.00	100.00
Madebritas - Sociedade de Britas da Madeira, Lda.	Portugal	-	51.00	51.00	51.00	51.00
Florimar, SGPS, Lda.	Portugal	-	-	-	-	100.00
Secil Prébetão, S.A.	Portugal	-	-	-	-	100.00
Cementos Secil, SLU	Spain	100.00	-	100.00	100.00	100.00

ENVIRONMENT COMPANIES INCLUDED IN THE CONSOLIDATION

Company name	Head Office	Direct and indirect % held in ETSA			% effectively held by Semapa	
		Direct	Indirect	Total	31/12/2021	31/12/2020
Parent company:						
ETSA - Investimentos, SGPS, S.A.	Portugal	99.99	-	99.99	99.99	99.99
Subsidiaries:						
ETSA LOG,S.A.	Portugal	100.00	-	100.00	99.99	99.99
SEBOL – Comércio e Indústria de Sebo, S.A.	Portugal	100.00	-	100.00	99.99	99.99
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Portugal	100.00	-	100.00	99.99	99.99
ABAPOR – Comércio e Indústria de Carnes, S.A.	Portugal	100.00	-	100.00	99.99	99.99
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Portugal	100.00	-	100.00	99.99	99.99
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Spain	100.00	-	100.00	99.99	99.99
Tribérica, S.A.	Portugal	70.00	-	70.00	69.99	-

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:

2021
Acquisition of 70% of Tribérica, S.A.
Dissolution of Navigator Rus Company, LLC
Dissolution of Navigator Financial Services sp . Zoo
Merger by incorporation of About the Future - Essential Oils, SA into Raiz Ventures , SA
Incorporation of empresa Empremedia RE
Dissolution of Celcimo, S.L.
Sale of 100% of Secil Prebetão, S.A.
Merger by incorporation of SPB, SGPS, Lda. into Secil, S.A.

2020
Merger by incorporation of Seinpar Investments, BV into Semapa, SGPS, S.A
Merger by incorporation of Navigator Paper World, S.A. into Navigator Paper Setubal, S.A.
Merger by incorporation of Navigator International GmbH into Navigator Deutschland, GmbH
Merger by incorporation of Navigator Participações Holding ,SGPS, S.A. into Navigator Company, S.A.
Merger by incorporation of Navigator Products & Technology, S.A. into Navigator Company, S.A.
Merger by incorporation of CMP, S.A. into Secil - Companhia Geral de Cal e Cimento, S.A.
Merger by incorporation of Betotrans - Transportes e Serviços, Lda. into Betotrans II - Unipessoal, Lda

10.3 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

ACCOUNTING POLICIES

Associates are all the entities over which the Group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Joint ventures are agreements that provide the Group joint control (established contractually) and for which the Group holds an interest in net assets. Investments in associates are equity accounted for.

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 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.

Amounts in Euro	31/12/2021		31/12/2020	
	% held	Book value	% held	Book value
Associates				
MC - Materiaux de Construction	49.36%	1,531	49.36%	1,520
J.M.J. - Henriques, Lda.	50.00%	377,522	50.00%	362,792
Ave, S.A.	35.00%	250,024	35.00%	213,263
Joint ventures				
Utis - Ultimate Technology to Industrial Savings, Lda	50.00%	3,468,101	50.00%	2,093,963
Allmicroalgae - Natural Products, S.A.	50.00%	-	50.00%	445,561
		4,097,178		**3,117,099**

MOVEMENTS IN ASSOCIATES AND JOINT VENTURES

Amounts in Euro	31/12/2021	31/12/2020
Opening balance	**3,117,099**	**5,454,286**
Changes in the perimeter	-	1,641,210
Disposals	-	(4,344,748)
Share of profits	2,894,425	1,490,685
Dividends attributed	(1,429,664)	(1,124,280)
Other movements	(484,693)	-
Exchange rate adjustment	(11)	(54)
Closing balance	**4,097,178**	**3,117,099**

INFORMATION ON ASSOCIATES AND JOINT VENTURES

Amounts in Euro		31 December 2021				
		Total assets	Total liabilities	Equity	Net profit/ (loss)	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	5,425,874	4,711,519	714,355	653,385	11,599,447
MC- Materiaux de Construction	b)	843,471	926,056	(82,585)	32,951	2,163,761
J.M.J. - Henriques, Lda.	a)	1,073,926	318,884	755,042	29,458	-
Utis - Ultimate Technology to Industrial Savings, Lda.	b)	15,823,046	8,886,846	6,936,200	5,302,022	17,388,598
Allmicroalgae - Natural Products, S.A.	a)	3,881,629	4,577,139	(695,510)	(1,586,632)	711,515

a) Amounts as of 30-11-2021

b) Amounts as of 31-12-2021

Amounts in Euro		31 December 2020				
		Total assets	Total liabilities	Equity	Net profit/ (loss)	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	5,405,067	4,795,745	609,322	548,352	12,019,455
MC- Materiaux de Construction	a)	1,046,009	1,095,116	(49,107)	(68,636)	1,673,752
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	-
Utis - Ultimate Technology to Industrial Savings, Lda	a)	6,327,397	2,139,471	4,187,926	3,094,354	12,186,539
Allmicroalgae - Natural Products, S.A.	a)	3,934,626	3,043,506	891,120	(705,452)	705,939

a) Amounts as of 31-12-2020

b) Amounts as of 31-01-2020 - Adjusted individual accounts

10.4 TRANSACTIONS WITH RELATED PARTIES

BALANCES WITH RELATED PARTIES

Amounts in Euro	31/12/2021			31/12/2020		
	Receivables and other current assets (Note 4.2)	Payables and other current liabilities (Note 4.3)	Lease liabilities	Receivables and other current assets (Note 4.2)	Payables and other current liabilities (Note 4.3)	Lease liabilities
Shareholders						
Sodim, SGPS, S.A.	-	-	-	2,687	-	-
Cimo, SGPS, S.A.	-	1,160	-	-	1,160	-
Associates and Joint Ventures						
Grupo Setefrete - Soc. Tráfego Cargas, S.A.	174,971	-	-	-	-	-
Ave-Gestão Ambiental, S.A.	174,105	801,628	-	323,082	549,929	-
J.M.J. Henriques, Lda.	104,919	-	-	106,639	-	-
Other related parties						
Sonagi - Imobiliária, S.A.	-	-	-	-	-	-
Hotel Ritz, S.A.	-	-	-	-	4,726	-
Cimigest, SGPS, S.A.	-	-	63,021	-	-	188,841
Cotif Sicar	-	8,747	-	-	90,709	-
Soc. Agrícola da Herdade dos Fidalgos, Lda.	-	-	-	-	638	-
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	-	7,380	-	-	-	-
Nofigal, Lda.	-	4,059	-	-	-	-
Inertogrande	189,774	-	-	190,089	-	-
Minority shareholders of Ciment de Sibline	-	-	-	-	-	-
UTIS, Lda (joint venture since November 2021)	658,130	7,610	-	20,446	25,400	-
Members of the Board of Directors	-	7,255	-	4,203	-	-
Other shareholders of subsidiaries	-	36,597	-	299,299	186,925	-
	1,301,899	**874,436**	**63,021**	**946,445**	**859,487**	**188,841**

TRANSACTIONS WITH RELATED PARTIES

Amounts in Euro	2021			2020			
	Purchase of services	Sales and services rendered	Other operating income	Purchase of services	Sales and services rendered	Other operating income	Financial income/ (expense)
Shareholders							
Sodim, SGPS, S.A.	-	-	293	(71,827)	-	-	(505)
Cimigest SGPS, S.A.	-	-	-		-	-	-
Cimo SGPS, S.A.	-	-	-	-	-	-	(4,136)
	-	**-**	**293**	**(71,827)**	**-**	**-**	**(4,641)**
Associates and Joint Ventures							
Ave-Gestão Ambiental, S.A.	(1,954,562)	13,677	242,890	(2,012,822)	46,363	224,103	-
	(1,954,562)	**13,677**	**242,890**	**(2,012,822)**	**46,363**	**224,103**	**-**
Other related parties							
Sonagi - Imobiliária, S.A.	(766,018)	-	503	(774,864)	-	-	(665)
Hotel Ritz, S.A.	(55,162)	-	-	(35,856)	-	-	-
Soc. Agrícola Herdade dos Fidalgos, Lda.	-	-	-	(7,692)	-	-	-
Allmicroalgae - Natural products, S.A.	-	236	524,104	-	-	-	-
Bestweb, Lda.	(22,022)	-	-	(22,022)	-	-	-
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	(57,000)	-	-	(36,000)	-	-	-
Nofigal, Lda.	(23,100)	-	-	-	-	-	-
UTIS, Lda. (joint venture since November 2021)	(76,031)	-	141,680	(67,900)	-	133,000	-
Letras Criativas, Unipessoal, Lda.	(60,000)	-	-	(13,858)	-	-	-
José António do Prado Fay	-	-	-	(60,000)	-	-	-
Other	-	-	-	-	4,474	614,603	(333)
	(1,059,333)	**236**	**666,287**	**(1,018,192)**	**4,474**	**747,603**	**(998)**
	(3,013,895)	**13,913**	**909,470**	**(3,102,841)**	**50,837**	**971,706**	**(5,639)**

The balances and transactions with Shareholders relate essentially to short-term treasury operations that bear interest at market rates.

In previous years, lease agreements were signed between Semapa and Sonagi - Imobiliária, S.A. relating to the lease of several office floors in the building which it owns and operates the headquarters of Semapa, SGPS, S.A., at Av. Fontes Pereira de Melo, no. 14, in Lisbon.

As part of the identification of related parties, for financial reporting purposes, AVE, S.A. was also referred to as a related party, as it is an associated company of the subsidiary Secil from which the Group acquires waste treatment services and alternative fuels.

OTHER RELATED PARTY DISCLOSURES

As mentioned in Note 8.3 - Financial investments, in 2018 the Group, through its subsidiary Semapa Next, S.A., agreed to perform an investment of USD 12 million in the "Alter Venture Partners Fund 1", entity in which a member of the executive team is also a non-executive board member of Semapa.

The remuneration of the Company's key management personnel is detailed in Note 7.2 – Remuneration of corporate bodies.

11 RISK MANAGEMENT

11.1 STRATEGIC RISKS

As an economic agent, Semapa is exposed to risks inherent to its activity, which can have a decisive impact on the value of its assets. The performance of Semapa as a holding company is also closely linked to the results of its subsidiaries. The strategic risks are described in chapter 4 of the Management Report, which is an integral part of this Annual Report.

11.2 OPERATIONAL RISKS

The Group is active in the pulp and paper, cement and derivatives and environmental sectors, which are subject to several risks that may have a significant effect on its activities, operating results, cash flows and financial position.

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

- Risks relating to the pulp and paper segments
- Risks relating to the cement and derivatives segment
- Risks relating to the environment segment
- Risks relating to the entire Group

RISKS RELATING TO THE PULP AND PAPER SEGMENTS

RISKS ASSOCIATED WITH THE FORESTRY SECTOR

As of 31 December 2021, the Navigator Company Group managed approximately 105.5 thousand hectares (2020: 108 thousand hectares) distributed across mainland Portugal, the Azores and Galicia (Spain), in around 1,283 Management Units in 170 municipalities in Portugal, and 32 Management Units distributed across 2 municipalities in Galicia, Spain, following the principles expressed in its Forestry Policy. Eucalyptus and areas under ongoing afforestation with this sort of species occupy 73% of this area, namely the Eucalyptus globulus species, deemed to have the perfect fibre for high-quality papers. For the remainder and in addition to conservation areas that account for about 11.8% of the total area under management, pine and cork oak forests are among the largest privately-owned national producers.

As a pioneer in Portugal in promoting certified forest management, most of its forestry assets located in mainland Portugal are certified by FSC® (Forest Stewardship Council®) (FSC®-C010852) and by PEFC (Programme for the Endorsement of Forest Certification schemes) (PEFC/13-23-001), a recognition that the managers of these areas carry it out in an environmentally, economically, and socially responsible way, following strict and internationally recognised criteria.

Navigator operates in sophisticated markets around the world in which the demand for certified products is an unavoidable reality. Although only a small proportion of Portugal's woodland is certified, the Company launched a programme in 2016 to encourage producers to adopt sustainable forestry management models which, once certified, allow for continuous improvement in management practices, adding value to output and responding to the growing demand for certified products worldwide. This effort has been increasing the area of certified forest in Portugal between 2016 and 2021 both via FSC® (from 370,000 ha to 545,907 ha) and PEFC (from 260,000 ha to 306,956 ha).

Nevertheless, this effort must be maintained in the future, given the weight still represented by the forest area not covered by any sustainable forest management system in Portugal. As an example, although the forest area managed by the Group in mainland Portugal at the end of 2021 represented nearly 3% of Portugal's total forested area, 34% of all certified Portuguese forests according to the PEFC system standards and 19% of all certified Portuguese forests according to with the FSC® system standards.

We are, however, optimistic about the path taken, which demonstrates the adherence of Forest Production to sustainable forest management models. In 2021, 63% of wood from national sources, excluding self-sufficiency, already came from properties that had their forest management certified (2020: 61%). It should also be noted that, within this initiative, the Group has seen a significant increase in the number of wood supplier chain of custody certifications, representing a step further in the development of a supplier's portfolio with certificated management forest properties.

To encourage the certification of forest management in Portugal's eucalyptus forests, the Group has, since 2007, continuously differentiated the value of the wood received at its mills, positively discriminating in price the wood from management units that have certified their sustainable forest management. This support to the system was innovative at the world level and allowed the stabilisation of certified forest management as a practice recognised in the market and which, being remunerated in the products it incorporates, should remunerate the respective production chain.

In addition, and as a way of demonstrating its commitment to sustainable forest management processes, on 5 August 2021, the Group issued debt with an interest rate indexed to various sustainability criteria, including the evolution of the weight of wood from units with certified forest management. This issue (whose details are described in Note 5.7) places the Group in a position of clear commitment to its practices, intending to involve its entire management structure and value chain around its strategic objectives.

The Group was awarded the right of land use and benefit (DUAT - Direitos de Uso e Aproveitamento de Terra) in Mozambique, located in the provinces of Manica and Zambezia, comprising about 50 non-contiguous plots, and a planting permit for up to 246,000 hectares, made available under the Investment Agreement signed with the Mozambican Government, of which around 13.6 thousand hectares have been planted. The agreement also provides for the construction of an industrial BEKP production unit meant to produce BEKP pulp and the generation of electric energy in that country. In July 2018, the Mozambican Government and Portucel Moçambique signed a Memorandum of Understanding (MoU) through which they agreed on a set of preceding conditions required to proceed with the investment, namely and particularly of a logistical nature, which will be implemented in two phases. In the first phase, the forest base will be increased to approximately 40,000 hectares, which will guarantee the supply of a unit (to be built) for the production of eucalyptus wood chips for export (about 1 million tons per year), in an estimated additional investment of USD 140 million.

In a statement made to the market in mid-November, the Port of Macuze concessionaire and the American fund Ethos Asset Management Inc said they had signed a long-term financing agreement worth USD 400 million, which will ensure the construction of the first phase of the Port of Macuse and road access, which involves the construction of terminals for the operation of agricultural products, woodchips, fertilisers and fuel, with the capacity to operate ships of up to 65,000 DWT. Construction is scheduled to begin in 2022 and operations are expected to start in 2025.

Navigator and the Government of Mozambique have been working under the terms of the MoU signed in 2018, namely on the theme of land and development, having advanced the first Forest Development programme in Mozambique, a government initiative with funding from the World Bank. The aim is to promote small- and medium-scale sustainable commercial forest plantations and the recovery of degraded areas, with about 2,000 ha having been installed in the 2019-2020 and 2020-2021 campaigns. Portucel Moçambique plays an active role in developing and implementing the programme, providing a range of support, defining the forestry model, supplying cloned plants at subsidised prices and access to raw materials and know-how.

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. In 2021, about 100,000 m3 of wood were harvested, with three shipments to Portugal, with around 90,000 m3.

When it comes to forest products, the main factor threatening the competitiveness of the eucalyptus forestry sector is the low productivity of Portugal's forests, which have low management intensity, contributing to decreasing profitability and growing risks of forest fires and plant diseases. The combination of all these factors, in recent years without any strategic measures of the State in the industry, has forced the import of raw materials, a process conditioning the profitability of the industry.

The Company considers the challenge of productivity and active forest management as a strategic axis of development. As a company with responsibilities in the sector, Navigator has promoted a number of initiatives designed to help reverse this trend. These initiatives cover a wide range of areas, from the supply of improved plants from a genetic improvement programme that has been under development for decades, to technical support for forestry producers (with programmes such as Premium, e-globulus and technical support through dozens of training courses which, complementing those organised with the suppliers we work with, extend the transfer of knowledge to other companies in the sector).

In addition, through CELPA (the Paper Industry Association representing the main industrial groups in the sector), Navigator has also collaborated in the "Melhor Eucalipto" Programme, which includes the "Limpa & Aduba" Programme. Under this initiative, CELPA carries out at its own expense the fertilisation of the plots of land owned by private individuals who apply to the programme, and who clean up their eucalyptus forest properties. This measure, while empowering productivity, also enables a reduction in the risk of wildfire by reducing the fuel load on the plots, have an impact of 12,000 ha during 2020 and around 15,000 ha in 2021, with more than 33,000 ha already having been subject to intervention. CELPA is also studying the implementation of an additional programme - Replantar - designed to provide direct financial support to owners for replanting their eucalyptus woodlands, as well as an initiative of similar nature for recovering burnt areas devastated by the fires from 2016 to 2018, seeking to rehabilitate these areas for forestry management.

In addition to the risks related to the impacts of rural fires and plant health issues, there is a regulatory environment that has strongly conditioned professional forestry activity, leading to a continued decrease in the levels of forestry intervention at scale, whose leading indicator is the evolution (continued reduction) of forested or reforested areas in our country. The sustainability of an entire sector, based on a large number of small suppliers of services and products, is dependent on the activity levels (regardless of the species) that our country has not been able to ensure. This compromises the sustainability of this business network, which is essential to ensure the interventions in rural areas that reduce risk and promote productivity and income in regions of the country where the forest is a significant component of the income of many families.

The Navigator Group's activity is exposed to risks related to fires in rural areas, including:

- Destruction of current and future wood inventory, belonging to the Navigator Group as well as to third parties;
- Increasing costs of forestry and subsequent land preparation for plantation.

In this respect, the manner in which the Group manages its woodlands is the front line for mitigating this risk. In addition to this, the Company and market operators are also engaged in innovation and development efforts aimed at adapting forestry techniques to the reality of Portugal's woodlands, to mitigate the impact, reduce costs, and improve management practices.

Among the different management measures undertaken by the Group, the strict compliance with biodiversity rules, proper planning of the forest facilities to be implemented and the construction and maintenance of roads and access roads to each of the areas under development are particularly relevant in mitigating the fire risk.

In addition, the Group has a share in the Afocelca grouping – an economic interest grouping between the Navigator Group and the ALTRI Group, whose mission is to aid in the fight against forest fires at the grouped companies' properties, in strict coordination and collaboration with the National Civil Protection Authority (ANEPC – Autoridade Nacional de Protecção Civil). This grouping manages an annual budget of about Euro 3 million, without public funds, and has created an efficient and flexible structure that implements practices aimed at reducing protection costs and minimizing the losses caused by forest fires to the ACE companies, which own and manage more than 190 thousand hectares of forests in Portugal.

The Group has also a research institute, RAIZ, whose activity is focused on 3 main areas: Applied Research, Consulting and Training. In the forestry research area, RAIZ seeks:

- To improve the productivity of eucalyptus forests;
- To enhance the quality of the fibre produced from that wood;
- To implement a sustained forestry management program from economic, environmental and social perspective;
- To foster practices and processes aimed at reducing wood production costs.

RISKS ASSOCIATED WITH THE PRODUCTION AND SALE OF BEKP PULP, UWF PAPER AND TISSUE PAPER

SUPPLY OF RAW MATERIALS

Self-supply of wood for BEKP pulp production is only about 18% of the Group's needs. As a result, there is a regular need for the company to buy wood in the domestic market (which is still insufficient), using the Spanish market and the non-European markets ("extra- Iberian"), mainly Brazil, Uruguay and Mozambique (essentially from local NVG plantations) at an increased cost compared to the domestic market due to transport.

The supply of wood from international markets, namely eucalyptus, is subject to price variations mainly due to the exchange rate effect, which consequently has repercussions on the production cost of Navigator and BEKP pulp companies. In addition, the volatility of the logistic costs of transporting wood to the plants also has impact essentially due to fuel prices used, the oil price, less scarcity of large ships without optimisation of returns and fluctuation of maritime freight.

The development of new forest plantations are subject to the authorisation of the relevant entities and to a policy of restrictions on area additions, which may limit the national production potential, notwithstanding the many initiatives to help forest producers, including support in wood certification to meet the commercial demand for certified products (paper and pulp), and increase the productivity of existing areas, for greater availability of raw material on the domestic market, the use of imports will always be an unavoidable need in the short, medium and long-term.

Due to insufficient quantities of domestic wood production, the Company is required to increase the amount of imported wood, either from Spain or from other more distant markets, to ensure unrestricted supplies to the plants over the next decade(s).

It should be noted that, since wood is one of the main pulp production costs, any increase in the cost of m3 of eucalyptus wood consumed in the pulp production BEKP always represents a negative impact on the company's operating results.

On 31 December 2021, a 10% decrease in the cost per m3 of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in the Navigator Group's operating results of approximately Euro 31,400,000 (31 December 2020: Euro 28,100,000).

For other raw materials, including chemicals, the main risk identified is the scarcity of products under the growing demand for these products in emerging markets, particularly in Asia and the markets supplying them, which can create occasional imbalances of supply and demand.

In this regard, the Navigator Group, together with the Altri Group, established in 2018 a Complementary Grouping of Companies - Pulp Chem, ACE – intended for the joint acquisition of chemical products, benefiting from economies of scale and thus mitigating this risk.

The Group seeks to mitigate these risks through proactive sourcing, by identifying sources of supply geographically dispersed, whilst seeking to secure long-term supply contracts that ensure volume, price, and quality levels consistent with its requirements.

As of 31 December 2021, a 10% worsening in the price of chemical products would have represented a negative impact on the Group's operating results of around Euro 11,300,000 (31 December 2020: Euro 9,600,000).

Finally, another resource required for the production process is water. As water is a finite resource and given its relevance to the pulp and paper production process, the Group has taken on a special concern for its preservation and, over the last few years, investments have been made to reduce the use of this important resource. At the same time, as a result of investments in the implementation of BATs in the production processes and in improving the efficiency of its wastewater treatment plants (WWTP), it was also possible to significantly improve the quality of the effluent returned to the receiving environment. Between 2005 and 2018 there was a reduction of more than 25% in the specific use of water (cubic meters used for the production of one ton of product) and, in the same period, there was a reduction of more than 20% in the load emitted for the vast majority of the parameters monitored, which translates into the minimisation of the Group's environmental impact.

MARKET PRICE FOR UWF PAPER BEKP PULP AND TISSUE PAPER

The increase in competition, caused by an imbalance of supply and demand in the BEKP pulp, UWF or Tissue paper markets may have a significant impact on prices and, as a consequence, on the Navigator Group’s performance. The market prices of BEKP pulp, UWF and Tissue paper are defined in the world global market in perfect competition and have a significant impact on the Group’s revenues and its profitability. Cyclical fluctuations in BEKP pulp, Tissue paper and UWF Paper prices mainly arise from both changes in the world supply and demand and the financial situation of each of the international market players (producers, traders, distributors, customers, etc.), creating successive changes in equilibrium prices and raising the global market’s volatility.

The BEKP pulp and UWF paper markets are highly competitive. Significant variations in existing production capacities could have a strong influence on world market prices. These factors have encouraged the Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditure to improve productivity and generate high-quality and differentiated products.

On 31 December 2021, a 10% decrease in the price per ton of BEKP pulp and 5% in the price per ton of UWF paper and Tissue paper sold by the Navigator Group in the period, would have represented a negative impact on its operating results of approximately Euro 17,000,000 and Euro 65,400,000, respectively (31 December 2020: Euro 15,600,000 and Euro 54,300,000, respectively).

DEMAND FOR THE GROUP’S PRODUCTS

Notwithstanding the references below to the concentration of the portfolio of the Group’s customers, any decrease in demand for BEKP, UWF and tissue paper in the European and the United States markets could have a significant impact on the Group’s turnover. The demand for BEKP produced by the Group also depends on the evolution of the capacity for paper production in the world, since several of the Group’s major customers are themselves paper producers.

The demand for uncoated printing and writing paper has been historically related to macroeconomic factors (e.g., GDP growth, employment, particularly in white-collar jobs, confidence indices), technological (e.g., penetration of information technology and hardware/software, and demographic (e.g., population, an average level of education, the age structure of society). The evolution of these factors drives the demand for paper positively or negatively, and in the recent past, the trend of paper consumption is negative in the more developed countries and positive or stable in the emerging / developing countries. Naturally, the performance of the Navigator Group also depends on the evolution of demand in the various markets in which it operates.

Uncertainty over the effects of the COVID-19 Pandemic on western economies, as well as changes in the pace of recovery of economic activity and the return to normality, may affect demand for the Group's products, both BEKP pulp, UWF paper and Tissue.

Regarding the demand for eucalyptus market pulp, this is largely dependent on the production progress in the non-integrated producers of printing and writing paper, tissue, and speciality papers. Chinese demand for this type of pulp represents more than 1/3 of the world's demand, making China one of the most breakthrough drivers of demand.

Regarding the Tissue segment, the key variables affecting the demand are:

- Expected future economic growth;
- Population growth and other demographic and social changes;
- Level of development of the service sector, namely tourism;
- Product penetration levels;
- Developments in the quality of Tissue paper and product specifications; and
- Substitution effects.

Tissue paper consumption is not very sensitive to cyclical economic changes, although it tends to grow faster with higher economic growth. Conversely, an escalation of production costs and consequently sales prices may create a consumption downgrading effect.

The importance of economic growth for the consumption of Tissue is more obvious in developing countries. When the level of the income per capita is very low, the consumption of Tissue tends to be low. There is a threshold after which consumption accelerates. Economic growth allows greater penetration of the product, which is one of the main drivers of demand for such paper in the population with lower incomes. In economies highly dependent on the tourism sector, a gradual recovery in professional sector consumption is expected, as restrictions on mobility are lifted and tourism flows return to normal. The Tissue paper is a product that does not face major threats of substitution by other materials, and there are no expected changes at this level. By contrast, changes in hygiene and cleaning standards that may be associated with the current health crisis will tend to boost Tissue consumption.

Consumer preferences may have an impact on global paper demand or on certain particular types of paper, such as the demand for recycled products or products with certified virgin fibre.

Regarding this matter, and in the particular case of UWF and Tissue paper, the Group believes that the marketing strategy and branding that has been followed, combined with the significant investments made to improve productivity and produce high quality and innovative products, allow it to deliver its products in market segments that are less sensitive to variations in demand, resulting in a lower exposure to this risk.

ENERGY

The pulp and paper production process is dependent on the constant supply of electric and steam energy. The Group has several cogeneration units, which provide this supply, and redundancies have been planned between the various units to mitigate the risk of any unplanned shutdowns.

Part of the electricity production is sold to the supplier of last resort at regulated tariffs, based on a legal framework that lays down the special regime production from renewable resources and cogeneration. The remuneration legal framework provides for a progressive tariff reduction over the applicable period, implying that the central banks will tend to operate in a self-consumption regime. This fact can be proven by both the reduction shown in revenues associated with the electric power generation activity in recent years and by the reduction of electric energy and natural gas consumption.

As of November 2021, given the volatility of market prices for electricity, the Group started to sell the surplus production of the Setúbal natural gas combined cycle power plant at market prices to the detriment of the regulated tariff. The same is expected to happen in 2022 with the production surplus from the Group's other power plants.

As of 31 December 2021, a 10% worsening in the price of electricity, without compensation in the contractual tariff, would have represented a negative impact on the Group's operating results of around Euro 10,800,000 (31 December 2020: Euro 9,800,000).

COUNTRY RISK - PORTUGAL

The Navigator Group has a strong presence in Portugal. Its activity is based on assets whose main location is Portugal. Likewise, about 20% of its raw material comes from Portuguese forests.

The Group is the third-largest exporter in Portugal and the largest generator of National Added Value, accounting for approximately 1% of national GDP, around 3% of national exports of goods, close to 6% of total containerised cargo exported by national ports.

Although open to the world, the strong dependence of its country of origin in terms of production factors exposes the Group to Portugal's risk index.

COUNTRY RISK - MOZAMBIQUE

Due to the investment in the Mozambican project, the Navigator Group is exposed to the specific risk in this country. However, consideration has been given to investments in terms of timing, choice of suppliers/partners and geographical location, taking this risk into account, and the Group ensures that these steps are taken with reasonable certainty that there will be no effects arising from the risk.

At this moment, the Mozambique project is essentially a forestry project, with an option to develop an industrial project. The planned investment will be implemented in two phases, the first being a ship production (woodchip) project and the second phase the construction of a large-scale pulp mill. The Group is, however, prepared to move forward with the forestry plan foreseen, once the necessary conditions - most of which are under discussion with the Mozambican authorities - are met.

Until 31 December 2021, the expenditure with this project amounted to Euro 124,9 million (31 December 2020: Euro 113,6 million), mainly related to the plantation, land preparation and forest maintenance, the social development programme, land management, environmental and social licensing and the construction of what is now one of Africa's largest forest nurseries.

Considering Navigator is still working under the precedent conditions for Phase 1 of the MoU, as mentioned above, the estimated probable liabilities have been duly provisioned.

COUNTRY RISK - USA

The US market has a significant weight in the total turnover of UWF paper, increasing the exposure to the country’s specific risk.

This exposure requires a careful evaluation of the impacts resulting, for example, from changes in regulations and taxes, or even from their application and interpretation by governmental entities and tax authorities.

As with producers of other nationalities (Australia, Brazil, China and Indonesia), about imports of UWF paper into the US, the Group has been subject to Anti-dumping measures imposed by the US Department of Commerce since 2015, and its products are subject to anti-dumping duties as defined by the United States Department of Commerce – see Note 4.2. Until 2021 these duties affected the Group's earnings by Euro 30,482,935 - review periods 1 to 6 (2020: Euro 19,702,424).

COMPETITION

Increased competition in the paper and pulp markets may have a significant impact on price and consequently, on the Group’s profitability.

The pulp and paper markets are highly competitive and thus the entry into the market of new production units with increased available production capacity could have a relevant impact on prices worldwide.

BEKP producers from the southern hemisphere (namely Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers. In the coming years capacity increases are planned in South America, strengthening the position of these producers in the global market.

These factors have forced the Group to make significant investments to keep production costs competitive and produce high--quality products as it is likely that this competitive pressure will remain strong in the future.

There has been some disinvestment in the paper sector in the US, with closures/conversions of installed capacity by some UWF producers, in a clear attempt to adjust supply according to the negative evolution of demand. On the contrary, investments in new UWF capacity in China in the short- and medium-term have occurred and are expected.

The Group has been adjusting its commercial strategy to the evolution of regional consumption patterns. The Group has a significant presence in the US, accounting for about half of European producer sales to this market. The turnover intended to the European markets represented 55% (2020: 59%), achieving particularly strong market shares in Western European countries and relevant market shares in the other main European markets.

CONCENTRATION OF CUSTOMERS' PORTFOLIO

As of 31 December 2021, the Group's 10 main BEKP customer groups accounted for 15% of the period's production of BEKP pulp (2020: 11%) and 71% of external sales of BEKP pulp (2020: 39%). This asymmetry is a result of the strategy pursued by the Navigator Group, consisting of growing integration of the BEKP pulp produced into the UWF paper produced and sold. Nevertheless, the Group believes there is little exposure to risks of customer concentration in the marketing of BEKP pulp.

In 2021, the Navigator Group made progress in reducing its dependence on its 10 largest UWF customer groups, which accounted for 37% of the group's sales volume (40% in 2020). When considering individual customers, the concentration has reduced to 21% of sales volume (22% in 2020). The Navigator Group recorded 154 new paper customers with sales in 2021. Also, regarding the UWF paper, the Group follows a strategy of mitigating the risk of concentration in its customer portfolio. The Navigator Group sells UWF paper to more than 130 countries and more than 1,000 individual customers, thereby allowing dispersion of the risk of sales concentration in a reduced number of markets and/or customers.

2021 was also marked by the launch of the latest omnichannel platform, NVG Hub, which aims to improve the level of service, transparency and information we offer to our customers. The NVG Hub enables all participating users to place orders online, with automatic integration into the system, as well as 24/7 access to a set of account information, of which we highlight order tracking, current account status and invoice viewing. The Portal ended the year with a presence in 9 markets, 110 onboard customers, a usage rate and online placement of orders of around 80% and positive feedback from the majority of users, who characterise it as intuitive, easy to navigate, useful and functional.

2021 was also marked by the Navigator Company Group's official entry into the Packaging business, as well as the launch of the gkraft brand, associated with the packaging market segments, covered by the product ranges offered by the company and using the powerful "hashtag", gkraft: From fossil to Forest.

This was based on a very proactive approach to market research, identifying all the crucial factors for entering the business (competition, benchmarking, potential customers, pricing policy, business conditions, etc.), as well as relentless activity in the field of product development, which materialised during the year through the production of a highly innovative unbleached pulp (HYKEP Pulp), the basis of its new range of "brown" products, and an equally new range of "natural white" products (using fewer chemicals, without optical whiteners and dyes).

The products developed by the company for the packaging market serve the segments of flexible packaging (gkraft FLEX), the bag industry (gkraft BAG) and corrugated cardboard (gkraft BOX).

In total, the Group recorded sales of more than 45 thousand tons, exceeding the budget set for the year, and concentrating its sales for the time being on local markets, in southern Europe, and already attracting more than one hundred customers.

By 2022, Navigator aims to double its sales of packaging products, and in line with its plans for growth in this business, the Group has plans for geographical expansion, further north and even outside Europe, namely in North Africa and Turkey, where it has detected interesting business opportunities, and where it intends to expand its customer base.

The Navigator Company has already committed to attending three European Packaging Trade Fairs, where it will seek to showcase the competitive advantages offered by gkraft and position itself increasingly close to its customers and consumers.

Regarding the Tissue segment, tissue sales amounted to Euro 145.8 million in 2021 (+3% than in 2020). The commercial activity focuses essentially on sales of finished goods in the Iberian Peninsula, which represent 63% of its sales.

The Group continues with the goal of expanding its commercial activity in Tissue for the foreign market, namely by increasing Navigator's presence in Spain, and by strengthening sales of finished goods.

ENVIRONMENTAL RISKS

Regulatory environment

In recent years, EU environmental legislation has become more restrictive with regard to the control of environmental emissions. The companies of the Group comply with the prevailing legislation, in its various parameters (VLEs).

In September 2014, the Commission's implementing decision 2014/687/EU approved the BREF (Best Available Technologies Reference Documents) – Conclusions on Best Available Techniques of the Reference Document – for the paper and pulp sectors containing the new limits and requirements for these sectors. The companies have four years to promote the required adjustments to its practices and equipment. Furthermore, the technical discussion on the Large Combustion Facilities Reference Document was finalised and published. This document has an impact on the Navigator Group's equipment, particularly in boilers and combustion facilities, which will be covered by the new legislation, therefore requiring new investments, such as particle filters for biomass boilers.

In 2015, an environmental strategic plan was analysed and established, aiming to adapt Navigator Group to a set of new and future requirements in the environmental area, namely to the reference document for the sector (Conclusions on Best Available Techniques of the Reference Document for the sector - BREF. Commission Implementing Decision 2014/687/EU) and for Large Combustion Facilities. The reference documents correspond to the implementation of Directive 2010/75/EU on industrial emissions. Projects are underway to implement the appropriate technological changes, as well as a new version of the Environmental Master Plan, which incorporates new environmental challenges that have arisen in the meantime.

The Environmental Strategic Plan aimed for areas other than the environmental covered by this document. It was possible to confirm that Navigator Group is broadly in compliance with this future referential and to identify some areas for improvement as well as technological solutions such as atmospheric emissions from biomass boilers.

On the other hand, under the terms set in Decree-Law 147/2008, dated 29 June that transposed directive 2004/35/CE to the national law, the Navigator Group secured the environmental insurances demanded by that law, thus guaranteeing compliance and reducing exposure to environmental risks.

About the evolution of the European greenhouse gas emission allowance trading scheme (EU ETS), EU Directive 2018/410 of 14 March was approved, amending Directive 2003/87/EC to strengthen the cost-effectiveness of emission reductions and investment in low-carbon technologies. EU 2018/410 Directive sets out, among other things, the new EU ETS period to be in force between 2021-2030, which will show a reduction in the amount of CO_2 emission allowances allocated free of charge.

This development will bring increased costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO_2 that, annually, is absorbed by the forests of this industry.

To mitigate the impact of this change, the Group has long undertaken a series of environmental investments that, among other advantages, have allowed the continuous reduction of CO_2 emissions. In 2021, the Navigator Company Group's direct CO_2 emissions were 22% lower than in 2020. A decisive factor in this reduction was the entry into operation of the new biomass boiler at the Figueira da Foz plant.

In addition, the Group has a Carbon Neutral Company Program that aims to implement, by 2035, changes in its production processes to minimise the use of fossil fuels and consequently reduce their CO_2 emissions.

It should be noted that Navigator was the first Portuguese company, and one of the first in the world, to bring forward by 15 years, to 2035, its commitment to making its industrial plants carbon neutral. To that end, the Company had already defined a Roadmap for 2019 which includes projects based on the use of renewable energy sources, in particular biomass and solar energy, to reduce the CO_2 emissions resulting from its operations and to improve its energy performance.

In 2021 Navigator joined the Science Based Targets initiative (SBTi), following the commitment made in the 2030 Agenda. Contrary to what is customary and permitted to companies under the SBTi methodology, Navigator has already submitted for validation its greenhouse gas (GHG) emission reduction targets based on the most up-to-date climate science, waiving the two-year period which companies have and typically use to do so, thereby taking another important step in its positioning in the fight against climate change.

The science-based, short-term targets submitted by Navigator are consistent with the ambition to reduce GHG emissions to the levels required to limit global warming to 1.5 ºC, in the case of Scope 1 and 2 targets, and well below 2ºC, for Scope 3 targets. It should be noted that by joining SBTi, Navigator will lead to significant reductions in the emissions made by its suppliers within scope 3.

As a result, Navigator has strengthened its commitment and goals for the next decade around one of the relevant issues identified in its 2030 Agenda for responsible business management - "Climate Change and CO_2 Fixation" -, pursuing its ambition to contribute to Sustainable Development Goal 13 (Climate Action) and to make a positive impact on People and the Planet.

In 2021, the Company's efforts to reduce its environmental impact were again recognised, with Navigator once again climbing the Sustainalytics ESG Risk Rating 2021, which assesses the Company's environmental, social and corporate governance performance and gives an annual rating of its performance (in the pulp and paper sector), ranking it amongst the best companies in the world in terms of sustainability with a score of 14.3, and once again be classified as a "Low ESG Risk Company" for investors. In this ranking Navigator was ranked 3rd out of a total of 81 global companies in the Paper & Forestry industry cluster, and 3rd out of 60 global companies in the Paper & Pulp cluster.

The European Commission's policy initiatives will include future developments in policy and legislation in areas such as the EU forestry and biodiversity strategies, the Renewable Energy Directive, the EU Emissions Trading System (EU ETS), as well as EU taxonomy.

The EU taxonomy regulation has made progress during 2021, but uncertainty remains as to how much the Navigator Company Group's economic activities will be included within the scope of the taxonomy as legislation evolves. Good management of financial and sustainability risks and opportunities, and disclosure of these, will improve the likelihood of a favourable perception by capital markets and hence the cost of capital.

Climate change related risks

Navigator has been developing several strategies to measure and reduce its total GHG footprint, as well as to promote mitigation and adaptation to the risks generated by climate change.

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.

Long-term changes (25 to 30 years) in rainfall patterns, drought periods, frequent extreme weather events and higher average temperatures that increase the risk of forest fires and insect outbreaks can harm the Group's operations and forests, affecting the fair value of biological assets and timber prices. More frequent extreme weather events also increase the risk of interruptions in production, logistics and raw materials and energy supplies. Uncertainties regarding climate change may also result in changes to the Group's cash flow projections or the revision of the useful lives of assets.

The Group has various mechanisms in place designed to monitor and mitigate these risks through proactive management and early detection. The Group has incorporated climate change considerations into its reforestation practices, such as the building and maintenance of paths and firebreaks, conservation of species biodiversity, and increased monitoring during periods of fire hazard. At the level of property, plant and equipment, the Group periodically requests independent evaluations and reviews of the economic useful lives of its assets.

Physical risks arising from fires and droughts are largely within the coverage of the Group's property and casualty insurance programs. However, if the frequency and severity of such events increase as a result of climate change, the cost of such cover may increase.

The Group believes that sustainable forest management, as well as responsiveness to events such as forest fires and disease play an important role in mitigating the negative impacts of climate change.

As widely disseminated, the Group's strategy involves providing sustainable and renewable alternatives to fossil-based solutions, presenting attractive growth opportunities in the future. The Group's innovation, development of sustainable products and investment in energy efficiency will allow Navigator to achieve its climate targets and adequate response to climate challenges.

Navigator continues to exhibit a remarkable 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.

RISKS ASSOCIATED WITH THE PRODUCTION OF ENERGY

The production of electric energy is an important activity in the Group, allowing the valorisation of an endogenous renewable resource, the biomass generated in the BEKP production. The power generation assets also allow the Group's wood suppliers to generate complementary income from the sale of residual forest biomass from their operations, and thus contribute to the reduction of the risk of fires in the country.

As a way of boosting the use of forest residual biomass made available by the forestry sector, two biomass thermoelectric plants to produce renewable electric energy were built by the Group in 2009 and are fully operational.

The Group has played a pioneering role and has been developing a market for the sale of biomass for supplying its renewable cogeneration power stations and biomass power plants. The fostering of this market in a phase before the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network.

The incentives in place in Portugal only consider the use of residual forest biomass, rather than the use of wood to produce electrical power.

In terms of the legal framework, we highlight the following diplomas:

- Decree-Law no. 68-A/2015 of 30 April, which establishes provisions on energy efficiency and cogeneration and amends Decree-Law no. 23/2010 and Order 140/2012, revised by Order 325-A/2012, applicable to the regime of PRE – Special Regime Production in cogeneration;

- For units powered through residual forestry biomass (CTB), dedicated to the production of electricity, the legal framework is provided by Decree-Law 33-A/2005, revised by Decree-Law 225/2007, that extends from 15 to 25 years of the guaranteed tariffs under the PRE (Special Regime Production). For these assets, the legal framework thus supports a tariff framework that is expected to remain stable over the coming years.

- More recently, the Decree-Law no. 120/2019 of 22 August created an extraordinary regime for the installation and operation of new biomass recovery plants, located near forest areas considered critical in terms of wildfire risk.

- Decree-Law no. 119-A/2021 of 22 December, which amends a set of measures within the scope of the COVID-19 pandemic, namely within the scope of the legal and remuneration regime applicable to electric and mechanical energy and useful heat produced in cogeneration, approved by Decree-Law no. 23/2010, of 25 March, which revised the rules of access and operation of the activity in terms of admissible technologies and production processes and the change between the different types of remuneration scheme to mitigate the rise in prices of fossil fuels, namely natural gas, in the post-pandemic recovery period.

As a result of the measures taken under the Financial Adjustment Program to which Portugal was subject, the entire remuneration system of the national electricity sector was revised, being the major impact on the electricity produced from cogeneration, recognised as an energy efficiency measure already which represents one of the most efficient forms of energy production.

The Group represents a significant part of the energy produced in Portugal. The units owned and operated by the Group under the Cogeneration regime, supported by a review of the electric energy sales prices, over a period that began temporarily in 2012 and which will end progressively between 2025 - 2030.

The progressive tariff reduction associated with the sale of electricity in a special regime affects the economic sustainability of the sale to the electricity grid, therefore after the applicable legal periods, the cogenerations might have to operate on a self-consumption basis, i.e. directly supplying the units which have already occurred at the natural gas cogeneration unit in Figueira da Foz since February 2016, and the natural gas combined cycle power plant at the Setúbal industrial plant since the beginning of 2021.

The constant quest for optimisation of production costs and efficiency of generating units and the analysis of new projects for the production of energy from renewable sources are how the Group seeks to mitigate this risk. Accordingly, the Group concluded the construction of a new biomass boiler at the industrial site of Figueira da Foz in 2021 and is evaluating the development of a new biomass recovery plant under Decree-Law no. 120/2019. It has also implemented several projects for solar photovoltaic energy on a self-consumption basis.

RISKS RELATING TO THE CEMENT AND DERIVATIVES SEGMENT

SUPPLY OF RAW MATERIALS

Regarding the segment of Cement and derivatives, 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 cement and derivatives segment 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 segment of Cement and derivatives' turnover is dependent on the level of activity in the building sector in each one 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 a 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 companies in the segment of Cement and derivatives 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 Secil Group's costs is dependent on 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 hurt the Group's business, financial situation and operating profit.

COUNTRY RISK – BRAZIL, TUNISIA, AND ANGOLA

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

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 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 weakness of the banking sector), impacting 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 for the various fundamental economic and social reforms that the government intends to carry out between 2022 and 2026.

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. Even though these transactions, constitute a prerogative of "force majeure", they were exceptionally recognised by the Lebanese Ministry of Finance through a guideline published at the end of the 2020 financial year.

Concerning inflation, it has started its escalation since the beginning of 2020, representing in July cumulative inflation of more than 100% over 3 years, so that the country has been declared a hyperinflationary economy. Thus, companies were required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies".

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

It is also important to highlight the explosion that occurred in the port of Beirut, in 2020, 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 4th period of the European Emissions Trading Scheme (EU ETS) began, with the last legislative acts still in progress for the definitive framework for the 2021-2025 sub-period.

On 14 July, the European Commission adopted a package of legislative proposals, "Fit 55", to review the EU's climate, energy, land use, transport and taxation policies 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 on 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, zero use of fossil fuels and a 20% reduction in thermal consumption. This investment amounts to around Euro 86 million and is expected to be concluded by 2022-2023, making this unit a European reference in energy and environmental efficiency.

CLIMATE CHANGE-RELATED RISKS

The cement and derivatives segment 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, Secil 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, 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 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.

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.

RISKS RELATING TO THE ENVIRONMENT SEGMENT

SUPPLY OF RAW MATERIALS

The supply of raw materials for the segment of the Environment, developed by the subgroup ETSA, is conditioned by the availability of animal carcasses and waste from the food industry, particularly in slaughterhouses. This market is relatively vulnerable to the deterioration of the economic situation, as well as changes in consumption habits and ease of substitution between food products, which could limit the activity of this subgroup.

SALE PRICE

Given its nature, ETSA's business is exposed to volatility in prices of soft commodities on international markets (cereals and cereal products), since these are substitute products to those transacted by ETSA.

The correlation between ETSA's selling prices and movements in prices of soft commodities on international markets is an additional risk factor for the activity.

DEMAND FOR THE GROUP'S PRODUCTS

A decrease in demand or diminished level of activity in the animal feed industry, agriculture exploitations, pet food and biodiesel may have a significant impact on group ETSA's turnover.

COMPETITION

Sub-group ETSA develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that produce substitutes for these products such as industries related to the production of cereals and edible oils. In this framework, any increase or decrease in the competition will be reflected in the levels of profitability of the Group.

OTHER RISKS

The ITS subsidiary has a service contract with the Portuguese State regarding SIRCA, with relevant to the consolidated turnover of the ETSA Group. This contract has a limited term, and its continuity depends not only on competitive factors, since it is promoted by public tender, but also on regulatory factors, since its existence and regime depend on strategic options of the Portuguese State.

RISKS RELATING TO THE ENTIRE GROUP

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In December 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to develop a set of recommendations to clearly and consistently disclose information that helps financial markets understand the risks and impacts related to climate change.

The Recommendations comprise 4 reporting aspects:

- Governance: disclose the organisation's governance on climate risks and opportunities;
- Strategy: disclose the actual and potential impacts of climate risks and opportunities on the organisation's business, strategy and financial planning;
- Risk Management: disclose how the organisation identifies, assesses and manages climate risks;
- Metrics and Targets: disclose the metrics and targets used to assess and manage climate risks and opportunities.

In 2022, the Group intends to integrate the TCFD recommendations into the corporate risk management strategy and processes, taking the opportunity to assess potential financial and strategic implications arising from climate change and develop appropriate responses.

TECHNOLOGICAL REPLACEMENT

The Group's industrial units are subject to risks of technological replacement as well as those inherent to any industrial economic activity, such as accidents, breakdowns or natural catastrophes that may lead to losses in the Group's assets or temporary shutdown in the production process.

Likewise, these risks may affect the Group's main customers and suppliers, which would have a significant impact on profitability levels if it were not possible to find other customers to guarantee sales levels or suppliers that would make it possible to maintain the same cost structure.

LEGAL RISKS

It should be noted that legal risks result mainly from tax and regulatory risks which are covered by the analysis of risks of an operational nature, and specific risks of overall responsibility or risks associated with the negotiation and conclusion of contractual arrangements.

These risks are controlled by legal advisory measures which are in place either at Semapa's level as a shareholding or its subsidiaries' level, and by outsourcing external lawyers whenever the specificity of the matter, its value or other specific factors so recommend.

12 EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Vítor Paulo Paranhos Pereira

António Pedro de Carvalho Viana-Baptista

Carlos Eduardo Coelho Alves

Filipa Mendes de Almeida de Queiroz Pereira

Francisco José Melo e Castro Guedes

Lua Mónica Mendes de Almeida de Queiroz Pereira

Mafalda Mendes de Almeida de Queiroz Pereira

Vítor Manuel Galvão Rocha Novais Gonçalves


05

STATUTORY AUDIT REPORT

Consolidated Financial Statements

KPMG

STATUTORY AUDITORS' REPORT and AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 (showing a total of Euro 3,870,691,936 and total equity of Euro 1,345,427,437, including a profit for the year of Euro 198,128,028), the consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** as at 31 December 2021 and of its consolidated financial performance and its consolidated 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 of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Recoverability of Goodwill (Euro 333,842,893), Intangible Assets (Euro 345,068,211) and Property, plant and equipment (Euro 1,732,729,259)

See Note 1.6 Significant accounting estimates and judgements and Notes 3.1, 3.2 and 3.3 of the notes to the Financial Statements.

The Risk	Our response to the identified risk
The recoverability of goodwill, intangible assets and property, plant and equipment is critical due to the materiality of the amounts involved and the complexity and subjectivity associated with impairment tests, namely as a result of the uncertainty inherent to financial projections, which rely on the Board of Directors' expectations, materialised in business plans, which are based on several assumptions, associated with discount rates, expected margins, short and long term growth rates, investment plans and demand behaviour, assumptions that are not observable in the market.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls implemented by the Group related to this matter and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model; ▪ We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates; ▪ We performed sensitivity analyses to the robustness of the assumptions and forecasts used; ▪ We involved our experts in benchmarking the average cost of capital rate; and, ▪ We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.

KPMG

Fair value of biological assets (Euro 147,324,061)

See Note 1.6 Significant accounting estimates and judgements and Note 3.7 of the notes to the Financial Statements.

The Risk

The fair value of biological assets is determined through an internally developed model, based on economic and market projections, whose assumptions, namely forest productivity, wood sales price deducted by harvesting costs, the value of own and leased land rents, logging and transportation costs, plantation and maintenance costs and discount rate, require a high degree of estimation and judgment by the Board of Directors.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Group related to this matter;
- We tested the model's mathematical accuracy and integrity;
- We analysed the budgeting procedures on which projections are based;
- We compared the current performance of the variables underlying the model with estimates made in previous periods, on the main variables: forest productivity, the value of land rents, structure costs, logging and transportation costs, plantation and maintenance costs;
- We compared the internal and external assumptions used in the model, such as spot and trend price and the discount rate with market data and assessed their sensitivity;
- We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.

Uncertainty over income tax treatments

See Note 1.6 Significant accounting estimates and judgements and Notes 6.1 and 6.2 of the notes to the Financial Statements

The Risk	Our response to the identified risk
The application of tax law to different transactions and circumstances of uncertain tax treatment has an inherent complexity and requires judgment in determining and measuring the risks and uncertainties in defining the best estimate, by weighing all possible outcomes under its control and their associated probabilities. The estimate of amounts that may result in future outflows requires a high degree of judgment by the Board of Directors. The Board of Directors assesses the probability of outcome, based on the opinion of legal and tax advisors.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the processes for monitoring uncertain tax positions regarding the income tax treatment, including design and implementation testing of the main controls in place and inquiries to the Board of Directors and to tax managers on the basis of their estimates and judgements; ▪ We analysed ongoing tax proceedings and potential uncertain tax positions, considering the effect of uncertainty for each uncertain tax treatment, with the support of tax experts, and reviewed existing documentation; ▪ We analysed the responses to the confirmation requests received from external lawyers; ▪ We assessed the consistency of the criteria followed in the previous years; and ▪ We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.

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

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the consolidated management report, the corporate governance report and the remuneration report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the financial statements, and the verification of the requirements as provided in Article 451(4) and (5) of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the non-financial information and the remuneration report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

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

On the corporate governance report

Pursuant to Article 451(4) of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under Article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of number 1 of that Article.

On the non-financial information

Pursuant to Article 451(6) of the Portuguese Companies' Code, we inform that the Group has prepared a separate report which includes the consolidated non-financial information as provided for in Article 508-G of the Portuguese Companies' Code and was disclosed together with the consolidated management report.

On the remuneration report

Pursuant to Article 26(G), of the Securities Code, we inform that the Group has included in the corporate governance report, in a separate chapter, the information provided in number 2 of that Article.

On the European single electronic format (ESEF)

The consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. for the year ended 31 December 2021 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and presentation of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format;
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.

In our opinion, the consolidated financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in Article 10 of the Regulation (EU) 537/2014

Pursuant to article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (parent Entity of the Group) in the shareholders general assembly held on 22 September 2017 for a first mandate from 2018 to 2021.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 30 March 2022.
- We declare that we have not provided any prohibited services as described in Article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

30 March 2022

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (no. 189)
(no. 189 and registered at CMVM with no. 20161489)
represented by
Paulo Alexandre Martins Quintas Paixão
(ROC no. 1427 and registered at CMVM with no. 20161037)

RREPORT AND OPINION OF THE AUDIT BOARD

Consolidated Financial Statements

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.

Report and Opinion of the Audit Board
Consolidated Financial Statements
(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

Year 2021

Dear Shareholders,

1. As laid down by law, established in the articles of association and in carrying out the mandate entrusted to us, we hereby deliver our report on the audit activities carried out in 2021 and issue our opinion on the Management Report and the Consolidated Financial Statements submitted by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the year ended 31 December 2021.

2. During the year, we monitored the company's activity and that of its main subsidiaries and affiliated companies on a regular basis, with the frequency and to the extent that we deemed appropriate, namely through regular meetings with the Company's Management and Directors. We oversaw the reviewing of the accounting records and the supporting documents, and the efficacy of the risk management, internal control and audit systems. We ensured compliance with the law and the Articles of Association. We did not run up against any obstacles in the exercise of our duties.

3. We met several times with the statutory auditor and the external auditor, KPMG & Associados, SROC, Lda., to monitor the audits conducted and supervise their independence. We have analysed the legal Accounts Certificate and Audit Report, and merit our agreement.

4. The Audit Board analysed the proposals that were presented to it for non-audit services by the Statutory and External Auditor, having approved those that related with permitted services, did not affect the independence of the Statutory and External Auditor and fulfilled the other legal requirements.

5. Within the scope of our competences, we found that:

   a) The Consolidated Income Statement, the Consolidated Financial Statement, the Statement of Comprehensive Income, the Statement of Consolidated Changes in Equity and the Consolidated Cash Flow Statement and its Notes to the Consolidated Financial Statements give a true and fair view of the financial position of the company, in respect of its results, comprehensive income, changes in equity and cash flow;

   b) The accounting policies and valuation criteria applied are in conformity with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and ensure that a true and fair assessment of the company's assets and results is given, and the findings and recommendations of the external auditor have been followed through;

   c) The Management Report clearly shows the development of the business and the situation of the company and the subsidiaries included in the consolidation, highlighting key aspects of the activity;

   d) The Corporate Governance Report covers all of the points referred to in Article 245 A of the Securities Code and considered the recommendations on the Code of the Portuguese Corporate Governance Institute (IPCG).

6. Consequently, taking into account the information delivered by the Company's Board of Directors and Departments, and the conclusions of the Legal Accounts Certificate and Audit Report, we are of the opinion that:

   a) The Management Report should be approved;

   b) The Consolidated Financial Statements should be approved.

7. Finally, the members of the Audit Board are grateful to the Board of Directors, the key supervisors and other company staff, as well as to the statutory auditor KPMG & Associados, SROC, Lda. for their collaboration.

Lisbon, 30 March 2022

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member of the Audit Board,

Gonçalo Nuno Palha Gaio Picão Caldeira

Member of the Audit Board,

Maria da Graça Torres Ferreira da Cunha Gonçalves

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SEPARATE FINANCIAL STATEMENTS

SEPARATE INCOME STATEMENT

Amounts in Euro	Notes	2021	2020
Revenue	2.1	14,970,998	13,242,763
Other operating income	2.2	23,492	45,250
Services and Supplies	2.3	(7,235,403)	(5,997,017)
Payroll costs	7.1	(7,692,886)	(6,623,726)
Other operating expenses	2.3	(424,736)	(506,339)
Depreciation, amortisation and impairment losses on non-financial assets	3.3	(247,525)	(386,728)
Operating profit		**(606,060)**	**(225,797)**
Group share of (loss) / gains of associates and joint ventures	10.1	174,637,469	120,137,537
Financial income and gains	5.10	423,936	311,766
Financial expenses and losses	5.10	(6,296,702)	(10,401,612)
Profit before tax		**168,158,643**	**109,821,894**
Income tax	6.1.1	29,969,385	(3,233,815)
Net profit for the period		**198,128,028**	**106,588,079**
Earnings per share			
Basic earnings per share	5.3	2.481	1.333
Diluted earnings per share	5.3	2.481	1.333

The following Notes form an integral part of these separate financial statements.

Lisbon, 18 March 2022

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Notes	2021	2020
Net profit for the period		**198,128,028**	**106,588,079**
Items that may be reclassified to the income statement			
Other comprehensive income from subsidiaries	5.5	(14,326,328)	(96,352,444)
Items that may not be reclassified to the income statement			
Other comprehensive income from subsidiaries	5.5	620,447	(5,276,335)
Total other comprehensive income (net of tax)		**(13,705,881)**	**(101,628,779)**
Total comprehensive income		**184,422,147**	**4,959,300**

The following Notes form an integral part of these separate financial statements.

Lisbon, 18 March 2022

SEPARATE STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	579,273	673,989
Right-of-use assets	3.2	240,681	174,472
Investment in associates and joint ventures	10.1	1,248,160,273	1,219,396,344
Other financial investments	8.2	93,607	187,869
Receivables and other non-current assets	4.1	24,877	17,782
Deferred tax assets	6.2	25,681,408	-
		1,274,780,119	**1,220,450,456**
Current assets			
Receivables and other current assets	4.1	15,272,776	13,438,144
Income tax	6.1	2,966,665	2,316,969
Cash and cash equivalents	5.8	58,877,632	10,051,528
		77,117,073	**25,806,641**
Total assets		**1,351,897,192**	**1,246,257,097**
EQUITY AND LIABILITIES			
Equity			
Share Capital	5.2	81,270,000	81,270,000
Treasury shares	5.2	(15,946,363)	(15,946,363)
Reserves by applying the Equity Method	5.5	(439,079,146)	(425,335,543)
Legal reserves	5.5	16,695,625	16,695,625
Other reserves	5.5	1,164,631,426	1,098,936,466
Retained earnings		86,613,993	86,613,994
Net profit for the period		198,128,028	106,588,079
Total equity		**1,092,313,563**	**948,822,258**
Non-current liabilities			
Interest-bearing liabilities	5.6	185,798,921	212,991,868
Lease liabilities	5.7	156,537	92,610
Pension and other post-employment benefits	7.2.1	794,743	901,825
Deferred tax liabilities	6.2	164,835	119,166
		186,915,036	**214,105,469**
Current liabilities			
Interest-bearing liabilities	5.6	48,477,410	60,617,895
Lease liabilities	5.7	87,718	84,763
Payables and other current liabilities	4.2	16,255,919	14,779,166
Income tax	6.1.2	7,847,546	7,847,546
		72,668,593	**83,329,370**
Total liabilities		**259,583,629**	**297,434,839**
Total equity and liabilities		**1,351,897,192**	**1,246,257,097**

The following Notes form an integral part of these separate financial statements.

Lisbon, 18 March 2022

SEPARATE STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Notes	Share Capital	Treasury shares	Reserves by applying the Equity Method	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total
Equity as of 1 January 2021		**81,270,000**	**(15,946,363)**	**(425,335,543)**	**16,695,625**	**1,098,936,466**	**86,613,994**	**106,588,079**	**948,822,258**
Net profit for the period		-	-	-	-	-	-	198,128,028	198,128,028
Other comprehensive income (net of tax)		-	-	(13,705,881)	-	-	-	-	(13,705,881)
Total comprehensive income for the period		**-**	**-**	**(13,705,881)**	**-**	**-**	**-**	**198,128,028**	**184,422,147**
Appropriation of 2020 profit:									
- Transfer to reserves		-	-	-	-	65,694,960	-	(65,694,960)	-
- Dividends	5.4	-	-	-	-	-	-	(40,893,119)	(40,893,119)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**65,694,960**	**-**	**(106,588,079)**	**(40,893,119)**
Other movements in equity of subsidiaries	5.5	-	-	(37,722)	-	-	(1)	-	(37,723)
Total other operations		**-**	**-**	**(37,722)**	**-**	**-**	**(1)**	**-**	**(37,723)**
Equity as of 31 December 2021		**81,270,000**	**(15,946,363)**	**(439,079,146)**	**16,695,625**	**1,164,631,426**	**86,613,993**	**198,128,028**	**1,092,313,563**

Amounts in Euro	Notes	Share Capital	Treasury shares	Reserves by applying the Equity Method	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total
Equity as of 1 January 2020		81,270,000	(8,922,980)	(323,706,762)	16,695,625	984,866,417	86,613,994	124,053,720	960,870,014
Net profit for the period		-	-	-	-	-	-	106,588,079	106,588,079
Other comprehensive income (net of tax)		-	-	(101,628,779)	-	-	-	-	(101,628,779)
Total comprehensive income for the period		-	-	(101,628,779)	-	-	-	106,588,079	4,959,300
Appropriation of 2019 profit:									
- Transfer to reserves		-	-	-	-	114,070,049	-	(114,070,049)	-
- Dividends	5.4	-	-	-	-	-	-	(9,983,671)	(9,983,671)
Acquisition of treasury shares	5.2	-	(7,023,383)	-	-	-	-	-	(7,023,383)
Total transactions with shareholders		-	(7,023,383)	-	-	114,070,049	-	(124,053,720)	(17,007,054)
Other movements in equity of subsidiaries	5.5	-	-	(2)	-	-	-	-	(2)
Total other operations		-	-	(2)	-	-	-	-	(2)
Equity as of 31 December 2020		81,270,000	(15,946,363)	(425,335,543)	16,695,625	1,098,936,466	86,613,994	106,588,079	948,822,258

The following Notes form an integral part of these separate financial statements.

Lisbon, 18 March 2022

SEPARATE STATEMENT OF CASH FLOWS

Amounts in Euro	Notes	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		16,366,482	19,990,767
Payments to suppliers		(9,154,833)	(8,706,898)
Payments to personnel		(7,702,967)	(7,042,689)
Cash flows from operations		(491,318)	4,241,180
Income tax received/(paid)		(2,182,690)	(4,126,004)
Other receipts / (payments) relating to operating activities		8,005,843	2,312,722
Cash flows from operating activities (1)		**5,331,835**	**2,427,898**
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		40,513,335	19,700,000
Property, plant and equipment		2,500	-
Interest and similar income		582,774	6,331
Dividends		106,267,677	139,334,385
		147,366,286	159,040,716
Outflows:			
Financial investments	10.1	(15,256,614)	(5,940,000)
Property, plant and equipment		(24,732)	(36,274)
		(15,281,346)	(5,976,274)
Cash flows from investing activities (2)		**132,084,940**	**153,064,442**
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		1,526,000,000	1,284,800,000
		1,526,000,000	1,284,800,000
Outflows:			
Interest-bearing liabilities		(1,566,519,241)	(1,404,091,828)
Amortisation of leases	5.9	(109,824)	(116,052)
Interest and similar expense		(7,068,487)	(9,110,898)
Dividends	5.4	(40,893,119)	(9,983,671)
Acquisition of treasury shares	5.2	-	(7,023,383)
		(1,614,590,671)	(1,430,325,832)
Cash flows from financing activities (3)		**(88,590,671)**	**(145,525,832)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**48,826,104**	**9,966,508**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.8	**10,051,528**	**85,020**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.8	**58,877,632**	**10,051,528**

The following Notes form an integral part of these separate financial statements.

Lisbon, 18 March 2022

1 INTRODUCTION

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

ACCOUNTING POLICIES
This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.

ACCOUNTING ESTIMATES AND JUDGEMENTS
This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. The most significant estimates and judgements are presented in Note 1.6.

REFERENCE
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 PRESENTATION

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. (Semapa or Company) located at Av. Fontes Pereira de Melo, 14, 10º Piso, Lisboa was incorporated on 21 June 1991 and its corporate purpose is to manage holdings in other companies as an indirect form of performing economic activities. The Company has been listed on Euronext Lisbon since 1995 with ISIN PTSEM0AM0004.

Semapa is the parent company of the Semapa Group (Group), comprising Semapa and Subsidiaries, as presented in the consolidated financial statements. The Group is engaged in three different business segments: pulp and paper, cement and derivatives and environment, developed under the aegis of the subsidiaries The Navigator Company (ex. Portucel, S.A. named in the present document as "Navigator" or "Navigator Group"), Secil - Companhia Geral de Cal e Cimento, S.A. ("Secil" or "Secil Group") and ETSA – Investimentos, SGPS, S.A. ("ETSA" or "ETSA Group").

In 2018, the Group launched a new venture capital business unit through its subsidiary Semapa Next, S.A., whose objective is to promote investments in start-ups and venture capital funds with high growth potential.

A more detailed description of Semapa's activities concerning the management of its holdings is disclosed in Note 2.1 - Revenue.

Semapa is included in the consolidation perimeter of Sodim — SGPS, S.A., which is its parent company and the final controlling entity.

1.2 RELEVANT EVENTS OF THE PERIOD

SODIM | PUBLIC OFFER FOR THE ACQUISITION OF SEMAPA'S SHARES

On 26 April 2021, the shareholder Sodim, SGPS, S.A. published the announcement and prospectus for the launch of a general and voluntary Public Offer for the Acquisition of common shares representing the share capital of Semapa, SGPS, S.A. The offer period started on 26 April and ends on 4 June 2021. The results of the offer were analysed on 7 June 2021 and, as a result, Sodim now holds, directly and indirectly, 66,093,765 shares representing 81.326% of the respective share capital and 82.752% of Semapa's voting rights.

CORONAVIRUS

Semapa continues to monitor the evolution of the public health emergency, with constant updates of the contingency plans in force, by the indications of the Portuguese General Directorate of Health (*Direção-Geral de Saúde*) and the Government. Semapa 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.

Against a background of great adversity, Semapa and its subsidiaries showed great flexibility and resilience in its business models, adjusting swiftly to market changes and acting significantly on its fixed and variable cost bases.

Semapa and its subsidiaries thus show 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.

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

LIQUIDITY

Semapa and its subsidiaries currently have a comfortable liquidity position as a result of the careful management of working capital.

Semapa and its subsidiaries have been working and will continue to work thoroughly within their reach, namely in their operational and commercial planning, cost efficiency, cash flow allocation, and effective liquidity management to ensure they remain a going concern and the health and wellbeing of their employees. It should be noted that, as of 31 December 2021, the Semapa complies with the negotiated covenants and the safety margin of these covenants is comfortable.

RECOVERABILITY OF INVESTMENTS IN SUBSIDIARIES

Semapa assessed whether there were indications of impairment due to the impacts of COVID-19 on its investments in subsidiaries, by current forecasts, based on projections of GDP growth and inflation in the various geographical regions in which it operates. As a result of this operation, no impairments were identified on the investments in subsidiaries, there being a comfortable gap compared to the carrying amount of the investments in the various segments.

UTIS ACQUISITION

During the year ended 31 December 2021, Semapa acquired 50% of the share capital of Utis - Ultimate Technology To Industrial Savings, Lda. for the amount mentioned in Note 10.1.

1.3 SUBSEQUENT EVENTS

Between 1 January 2022 and 18 March 2022 (Note 1.4) the following events occurred, which did not give rise to adjustments to the separate financial statements of 2021.

MILITARY CONFLICT IN UKRAINE AND ECONOMIC SANCTIONS IMPOSED ON THE RUSSIAN FEDERATION

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements. In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan, and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents, and, in some cases, Belarus. Among the sanctions imposed were a ban on transactions in some essential and conflict-relevant goods, a freeze of assets and reserves of certain Russian financial institutions, companies, and individuals of Russian nationality. Moreover, a large number of Russian banks were removed from the SWIFT international payment system, limiting their ability to operate globally. Some countries also announced the closure of airspace to Russian aircraft and stopped operating flights to Russia. In addition, several companies suspended the purchase of oil products from both Russia and Russian companies, and the Nord Stream 2 gas pipeline project linking Russia to Germany was suspended.

Further sanctions may be implemented in the short term and could cover more individuals, entities, and a wider range of goods and services. Moreover, Russia has also begun to retaliate with economic measures and, at the international level, a growing number of companies have announced voluntary measures to limit their business with Russia.

Thus, the economic impact of this conflict is expected to be highly relevant and may include: i) suspension and/or disruption of business with entities headquartered or with origins in Russia and Ukraine; ii) increase in commodity prices, with emphasis on fossil fuels, metals, and cereals; iii) increase in global economic uncertainty, with more volatility expected in exchange rates, interest rates and an increase in the inflation rate; iv) possible increase in cyber-attacks, which may arise on public and private entities in the main sectors of the economy, especially in countries which have imposed sanctions on Russia or which support Russia.

Accordingly, Semapa and its subsidiaries are monitoring the situation on an ongoing basis in the markets in which it operates, geographically and throughout the energy supply chain, raw materials and subsidiaries (including logistical issues), the technical and support services provided by foreign companies, the outsourcing service providers, and others.

Semapa is convinced that, given the significance of the Russian and Ukrainian markets in the sales of its subsidiaries, and the fact that these markets have no impact on the supply chain, its direct exposure to the Ukrainian and Russian markets is not significant.

Concerning the international economic context, a deterioration of the current economic environment is expected, which is forecasted to be one of high uncertainty and rapid evolution, so it is not possible to estimate with reasonable confidence the possible impacts, if any, on the activity of Semapa and its subsidiaries.

According to the accounting standards, these events, which occurred after the balance sheet date, were considered as non-adjustable subsequent events, and therefore the assumptions made by the Board of Directors to assess the impairment and recoverability of the Semapa's assets as of 31 December 2021 do not take into account the potential effect of these events.

ANTI-DUMPING RATE

After a period of five years since the beginning of the anti-dumping proceeding, Navigator requested in 2021 a so-called "sunset review" procedure to reassess whether the proceeding should be maintained or discontinued. The US authorities conducted a full review of the anti-dumping proceeding on UWF paper imports to the United States that were the subject of the original order, including imports from Portugal, with Navigator actively participating in the proceeding.

In January 2022, the North American authorities determined the continuation of the anti-dumping proceeding for another 5 years, despite the continued increase in Navigator's prices in the North American market and the reduced supply in this market by local producers.

NAVIGATOR| SUSTAINALYTICS ESG RISK RATING 2021

The annual ESG (Environmental, Social and Governance) performance rating was published in January 2022, having the subsidiary Navigator obtained a score of 14.3, placing it in 3rd place out of a total of 81 global companies belonging to the Paper & Forestry cluster of industries, and in 3rd place in the subset of 60 global companies belonging to the Paper & Pulp cluster. The assessment and good positioning in this ranking reflect the continuous work carried out by the Navigator Group to integrate sustainability as a priority in its business model, demonstrating its ability to anticipate and manage ESG risks in the course of its operations.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 18 March 2022. However, they are still subject to approval by the General Shareholders' Meeting, following the Portuguese Commercial Companies Code.

The Company'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 Company.

ACCOUNTING FRAMEWORK

The separate financial statements for the period ended 31 December 2021 were prepared by 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.

BASIS FOR MEASUREMENT

The notes to the separate financial statements have been prepared on a going concern basis from the books and accounting records of the Company and based on historical cost, except for financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.2). The liability for Pension and other post-employment benefits is recognised at its present value less the respective asset.

COMPARABILITY

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

PRESENTATION CURRENCY AND TRANSACTIONS IN A CURRENCY OTHER THAN THE PRESENTATION CURRENCY AND HYPERINFLATIONARY ECONOMIES

The functional currency of the Company is the Euro. These separate financial statements are presented in Euro.

All the Company's monetary assets and liabilities (amounts of cash and assets and liabilities receivable or payable in fixed or determinable amounts of units of a currency) expressed in a currency other than the functional currency have been translated into Euro using the exchange rates ruling at the 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 the collection, payment, or at the statement of financial position dates, are recorded as income and expenses (Note 5.10).

The items Profit or loss for the period and Other comprehensive income from foreign subsidiaries (Note 10.1) were translated at the average exchange rate for the period, and the balances of assets, liabilities, and goodwill of foreign subsidiaries were translated exchange rate prevailing at the Statement of financial position date. The exchange differences calculated were reflected in Reserves by applying the equity method (MEP - *método de equivalência patrimonial*), in Equity (Note 5.5).

For subsidiaries 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 Company'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. Furthermore, the Company assesses the book value of non-current assets under IAS 36 — Impairment of Assets, so that the restated amount is reduced to the recoverable amount, ensuring that the book value reflects the economic value of the assets.

The profit or 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, Semapa 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 subsidiary will be recovered.

As of 31 December 2021 and 2020, the exchange rates used for the translation of assets and liabilities expressed in currencies other than the 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 for the end of the period	3.2673	3.2879	0.63%
LBN (Lebanese pound)			
Average exchange rate for the period	31,316.40	10,307.60	(203.82%)
Exchange rate for the end of the period	31,316.40	10,307.60	(203.82%)
USD (US dollar)			
Average exchange rate for the period	1.1828	1.1422	(3.55%)
Exchange rate for the end of the period	1.1326	1.2271	7.70%
GBP (Pound sterling)			
Average exchange rate for the period	0.8596	0.8897	3.38%
Exchange rate for the end of the period	0.8403	0.8990	6.53%
PLN (Polish zloty)			
Average exchange rate for the period	4.5652	4.4430	(2.75%)
Exchange rate for the end of the period	4.5969	4.5597	(0.82%)
SEK (Swedish krona)			
Average exchange rate for the period	10.1465	10.4848	3.23%
Exchange rate for the end of the period	10.2503	10.0343	(2.15%)
CZK (Czech koruna)			
Average exchange rate for the period	25.6405	26.4551	3.08%
Exchange rate for the end of the period	24.8580	26.2420	5.27%
CHF (Swiss franc)			
Average exchange rate for the period	1.0811	1.0705	(0.99%)
Exchange rate for the end of the period	1.0331	1.0802	4.36%
TRY (Turkish lira)			
Average exchange rate for the period	10.5124	8.0547	(30.51%)
Exchange rate for the end of the period	15.2335	9.1131	(67.16%)
ZAR (South African rand)			
Average exchange rate for the period	17.4766	18.7655	6.87%
Exchange rate for the end of the period	18.0625	18.0219	(0.23%)
RUB (Russian rouble)			
Average exchange rate for the period	87.1527	82.7248	(5.35%)
Exchange rate for the end of the period	85.3004	91.4671	6.74%
DKK (Danish krone)			
Average exchange rate for the period	7.4370	7.4542	0.23%
Exchange rate for the end of the period	7.4364	7.4409	0.06%
HUF (Hungarian forint)			
Average exchange rate for the period	358.5161	351.2494	(2.07%)
Exchange rate for the end of the period	369.1900	363.8900	(1.46%)
AUD (Australian dollar)			
Average exchange rate for the period	1.5749	1.6549	4.83%
Exchange rate for the end of the period	1.5615	1.5896	1.77%
MZM (Mozambican metical)			
Average exchange rate for the period	77.7469	80.2346	3.10%
Exchange rate for the end of the period	78.0900	92.9200	15.96%
BRL (Brazilian real)			
Average exchange rate for the period	6.3773	5.8978	(8.13%)
Exchange rate for the end of the period	6.3199	6.3768	0.89%
MAD (Moroccan dirham)			
Average exchange rate for the period	10.6728	10.8163	1.33%
Exchange rate for the end of the period	10.5165	10.9351	3.83%
NOK (Norwegian krone)			
Average exchange rate for the period	10.1633	10.7228	5.22%
Exchange rate for the end of the period	9.9888	10.4703	4.60%
AOA (Angolan kwanza)			
Average exchange rate for the period	751.3343	689.8670	(8.91%)
Exchange rate for the end of the period	632.4237	822.3820	23.10%
MXN (Mexican peso)			
Average exchange rate for the period	23.9852	24.5194	2.18%
Exchange rate for the end of the period	23.1438	24.4160	5.21%
AED (United Arab Emirates dirham)			
Average exchange rate for the period	4.3416	4.1931	(3.54%)
Exchange rate for the end of the period	4.1595	4.5065	7.70%
CAD (Canadian dollar)			
Average exchange rate for the period	1.4826	1.5300	3.10%
Exchange rate for the end of the period	1.4393	1.5633	7.93%

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED IN 2021

	Amendment
Standards and amendments endorsed by the European Union	
COVID-19 - Related Rent Concessions (Amendment to IFRS 16)	In May 2020, the International Accounting Standards Board (IASB) 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 COVID-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if did 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 throughout the contract as would be the case where 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.
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 Applying IFRS 9 (amendments to IFRS 4)	IASB has issued an Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) ('the Amendments') 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) 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

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa 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
Annual Improvements to IFRS Standards 2018-2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs: a) permit an entity that is a subsidiary, associate, or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRSs; b) clarify that the reference to fees in the 10 percent 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

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
Amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2: Accounting policy disclosures	Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The key amendments to IAS 1 include i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements". The amendments are effective from 1 January 2023 but may be applied earlier.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.	1 January 2023
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 on how the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard is expected to be effective for annual periods beginning on or after 1 January 2023.	1 January 2023
Clarification of 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 the Board'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 which to classify the liabilities that an entity will settle, or may settle, by issuing its equity instruments. This amendment is effective for periods starting on 1 January 2023.	1 January 2023

	Amendment	Effective date
Standards and amendments endorsed by the European Union which Semapa has opted not to apply early		
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 amendments aim to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. 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 to improve the usefulness of information for investors on the 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 MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Board of Directors to use estimates and judgements that affect the amounts of income, expenses, assets, liabilities, and disclosures at the date of the financial position. To that end, the Board's 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 Company considers it may have to take in the future.

On the date on which the operations take place, 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:

Estimativas e julgamentos	Notas
Recoverable amount from investments in subsidiaries and jointly-controlled entities	10.1 – Investments in subsidiaries and jointly-controlled entities
Income tax	6.1 – Income tax for the period 6.2 – Deferred taxes
Actuarial assumptions	7.2 – Employee benefits
Recognition of provisions	9.1 – Provisions

2 OPERATIONAL PERFORMANCE

2.1 REVENUE

Semapa's revenue derives from the Group's centralised management activities, corresponding to services rendered by the Company to its subsidiaries in the areas of strategic planning, legal, financial, accounting and tax advisory, information systems and talent management, among others.
In providing services to Group companies, Semapa incurs essentially in payroll costs and contracting specialised services (Note 2.3).
Revenue is recognised by IFRS 15 on a monthly basis for services rendered regularly over the contractual period.
Revenue is presented by business lines of subsidiaries and by geographic area, based on the country of destination of the services rendered by the Company.

REVENUE BY BUSINESS LINE OF SUBSIDIARIES, BY GEOGRAPHIC AREA, AND BY RECOGNITION PATTERN

2021	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
Portugal	10,043,173	4,546,728	381,097	14,970,998	100%
	10,043,173	**4,546,728**	**381,097**	**14,970,998**	**100%**
Measurement standard					
Over time	10,043,173	4,546,728	381,097	14,970,998	100%

2020	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
Portugal	8,718,731	4,225,120	298,912	**13,242,763**	100%
	8,718,731	**4,225,120**	**298,912**	**13,242,763**	**100%**
Measurement standard					
Over time	8,718,731	4,225,120	298,912	13,242,763	100%

2.2 OTHER OPERATING INCOME

As of 31 December 2021 and 2020, Other operating income is detailed as follows:

Amounts in Euro	2021	2020
Gains on disposal of non-current assets	4,000	-
Gains from changes in lease agreements	-	45,249
Other operating income	19,492	1
	23,492	**45,250**

2.3 OTHER OPERATING EXPENSES

As of 31 December 2021 and 2020, Other operating expenses is detailed as follows:

Amounts in Euro	2021	2020
Services and supplies		
Specialised services - related parties	1,292,009	1,703,599
Specialised services - other	4,560,327	3,071,371
Travel and accomodation	185,159	131,324
Energy and fluids	78,347	59,458
Materials	44,497	41,247
Related Estate expenditure - Related parties (Note 10.2)	766,018	774,864
Other	309,046	215,154
	7,235,403	**5,997,017**
Payroll costs (Note 7.1)	**7,692,886**	**6,623,726**
Other operating expenses		
Taxes	179,002	226,821
Donations	86,400	154,525
Membership fees	41,861	21,018
Other expenses	117,473	103,975
	424,736	**506,339**
Total operating expenses	**15,353,025**	**13,127,082**

In 2021, short-term lease payments amounted to Euro 709,418 (2020: Euro 680,424) and low-value asset lease payments amounted to Euro 9,875 (2020: Euro 10,106).

INVOICED FEES REGARDING STATUTORY AUDIT AND AUDIT SERVICES

In the year ended 31 December 2021 and 2020, the amount of fees invoiced, as well as the related expenses for the period in respect of statutory audit and audit services were as follows:

Amounts in Euro	2021		2020	
	Expenses in the year	Invoices fees	Expenses in the year	Invoices fees
KPMG (SROC) and other entities belonging to the same network				
Statutory audit and audit services	28,290	23,476	46,772	49,323
Other reliability assurance services	12,900	15,750	15,000	16,500
	41,190	**39,226**	**61,772**	**65,823**

The services referred to as "Other reliability assurance services" mainly relate to reporting on financial information, sustainability information verification services and limited review of financial information.

The Board of Directors believes adequate procedures are 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.

3 INVESTMENTS

3.1 PROPERTY, PLANT, AND EQUIPMENT

The Company's property, plant, and equipment include Buildings and other constructions, essentially consisting of work on properties owned by third parties, Administrative equipment, essentially furniture and computer equipment, and Other property, plant, and equipment.

Recognition and initial measurement	Property, plant, and equipment are recorded at acquisition cost less accumulated depreciation and impairment losses.
Depreciation and impairment	The straight-line method is used from the moment the asset is available for use, using the rates that best reflect its estimated useful life.
	Average estimated useful life (years): Buildings and other constructions: 8 – 10; Administrative equipment: 3 – 10; Other property, plant, and equipment: 8
	Semapa does not apply residual values to its assets. The respective useful lives are reviewed and adjusted, if necessary, at the Statement of financial position date. 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 3.3).
Subsequent costs	Major maintenance expenses are considered a component of the acquisition cost of property, plant, and equipment and are fully depreciated throughout the estimated useful life. Other expenses with repairs and maintenance are recognised as an expense in the period in which they are incurred.
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, deducting transaction costs and the carrying amount of the asset, and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).

Average estimated useful life (years):		
	Buildings and other constructions	8 – 10
	Administrative equipment	3 – 10
	Other property, plant, and equipment	8

MOVEMENTS IN PROPERTY, PLANT, AND EQUIPMENT

	Buildings and other constructions	Equipment and other assets	Assets under construction	Total
Gross amount				
Balance as of 1 January 2020	2,489,340	1,345,000	102,292	3,936,632
Acquisitions	-	34,590	-	34,590
Balance as of 31 December 2020	2,489,340	1,379,590	102,292	3,971,222
Acquisitions	-	42,312	-	42,312
Disposals	-	(12,346)	-	(12,346)
Adjustments, transfers and write-offs	-	(4,436)	(102,292)	(106,728)
Balance as of 31 December 2021	**2,489,340**	**1,405,120**	**-**	**3,894,460**
Accumulated amortisation and impairment losses				
Balance as of 1 January 2020	(1,768,036)	(1,201,532)	(102,292)	(3,071,860)
Depreciation for the period (Note 3.3)	(167,689)	(57,684)	-	(225,373)
Balance as of 31 December 2020	(1,935,725)	(1,259,216)	(102,292)	(3,297,233)
Depreciation for the period (Note 3.3)	(76,475)	(60,553)	-	(137,028)
Disposals	-	12,346	-	12,346
Adjustments, transfers and write-offs	-	4,436	102,292	106,728
Balance as of 31 December 2021	**(2,012,200)**	**(1,302,987)**	**-**	**(3,315,187)**
Net book value as of 1 January 2020	721,304	143,468	-	864,772
Net book value as of 31 December 2020	553,615	120,374	-	673,989
Net book value as of 31 December 2021	**477,140**	**102,133**	**-**	**579,273**

3.2 RIGHT-OF-USE ASSETS

At the date the lease enters into force, the Company recognises an asset under the right of use 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.
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 is reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability. The useful life considered for each class of assets under the right of use is equal to the useful life of property, plant, and equipment (Note 3.1) in the same class when there is a call option and the Company expects to exercise it.

SHORT-TERM LEASES AND LOW-VALUE ASSET LEASES

The Company recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than Euro 5,000 directly as operating expenses of the year (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Equipment and other assets	Total
Gross amount		
Balance as of 1 January 2020	**372,348**	**372,348**
Acquisitions	86,611	86,611
Adjustments, transfers and write-offs	(113,442)	(113,442)
Balance as of 31 December 2020	**345,517**	**345,517**
Acquisitions	176,706	176,706
Adjustments, transfers and write-offs	(75,631)	(75,631)
Balance as of 31 December 2021	**446,592**	**446,592**
Accumulated amortisation, depreciation and impairment losses		
Balance as of 1 January 2020	**(123,132)**	**(123,132)**
Depreciation	(161,355)	(161,355)
Adjustments, transfers and write-offs	113,442	113,442
Balance as of 31 December 2020	**(171,045)**	**(171,045)**
Depreciation	(110,497)	(110,497)
Adjustments, transfers and write-offs	75,631	75,631
Balance as of 31 December 2021	**(205,911)**	**(205,911)**
Net book value as of 1 January 2020	**249,216**	**249,216**
Net book value as of 31 December 2020	**174,472**	**174,472**
Net book value as of 31 December 2021	**240,681**	**240,681**

The company's right-of-use assets correspond essentially to vehicles.

3.3 DEPRECIATION, AMORTISATION, AND IMPAIRMENT LOSSES

Amounts in Euro	2021	2020
Depreciation of property, plant and equipment for the period (Note 3.1)	137,028	225,373
Amortisation of right-of-use assets for the period (Note 3.2)	110,497	161,355
	247,525	**386,728**

4 WORKING CAPITAL

4.1 RECEIVABLES AND OTHER CURRENT ASSETS

RECEIVABLES FROM RELATED PARTIES AND OTHER DEBTORS

Classification	Receivables from related parties result essentially from services rendered to the Company's subsidiaries (Note 2.1), from receivables from subsidiaries within the scope of tax consolidation (Note 6.1) and from loans granted to subsidiaries. The business model followed is "hold to collect". 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	Impairment losses are recorded based on the general estimated credit loss model of IFRS 9.

EmAs of 31 December 2021 and 2020, Receivables and other current assets are detailed as follows:

	31/12/2021			31/12/2020		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Receivables - current operations with related parties	-	6,164,356	6,164,356	-	5,685,800	5,685,800
Share of profit/(losses) - related parties (Note 10.2)	-	618,871	618,871	-	-	-
Tax consolidation - related parties (Note 10.2)	-	8,304,774	8,304,774	-	7,416,347	7,416,347
Deferred expenses	-	173,481	173,481	-	112,575	112,575
Other	24,877	11,294	36,171	17,782	223,422	241,204
	24,877	**15,272,776**	**15,297,653**	**17,782**	**13,438,144**	**13,455,926**

As of 31 December 2021 and 2020, Deferred expenses in the amount of Euro 173,481 and Euro 112,575, respectively, are related to Supplies and services.

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.

4.2 PAYABLES AND OTHER CURRENT LIABILITIES

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).

As of 31 December 2021 and 2020, Payables and other current liabilities are detailed as follows:

Amounts in Euro	31/12/2021	31/12/2020
Payables - current operations with related parties (Note 10.2)	53,207	735,210
Tax consolidation - related parties (Note 10.2)	9,668,689	6,438,701
Trade payables - current account	135,548	63,548
Investment suppliers	6,485	29,825
State	699,897	510,984
Accrued expenses	5,692,093	6,956,735
Other payables	-	44,163
	16,255,919	**14,779,166**

The state is detailed as follows:

Amounts in Euro	31/12/2021	31/12/2020
Income tax withheld	123,858	147,590
Value Added Tax (VAT)	432,254	280,097
Contributions to Social Security	143,273	82,901
Other taxes	512	396
	699,897	**510,984**

As of 31 December 2021 and 2020, there were no arrears debts to the State.

Accrued costs are detailed as follows:

Amounts in Euro	31/12/2021	31/12/2020
Payroll costs	3,037,278	3,086,132
Interest payable	-	1,640,600
Bank services	35,244	215,392
Services and Supplies	2,614,554	1,999,884
Other	5,017	14,727
	5,692,093	**6,956,735**

5 CAPITAL STRUCTURE

5.1 CAPITAL MANAGEMENT

CAPITAL MANAGEMENT POLICY

For capital management purposes, the Company defines capital as including equity and net debt.

The Company manages the Group's corporate debt, with the main holdings of each business line having an autonomous Treasury management.

The Company's objectives regarding capital management are:

- To safeguard its ability to continue in business and thus provide returns for shareholders and benefits for its remaining stakeholders;
- To keep a solid capital structure to support the growth of the Group's business; and
- To maintain an optimal capital structure that enables it to reduce the cost of capital.

To maintain or adjust its capital structure, the Company can adjust the amount of dividends payable to its shareholders, return capital to its shareholders, issue new shares or sell assets to lower its borrowings.

5.2 SHARE CAPITAL AND TREASURY SHARES

Semapa's share capital is fully subscribed and paid up, represented by shares with no nominal value.
Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the proceeds of the issue.
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.

TREASURY SHARES

Recognition	At acquisition value, as a reduction of equity.
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 5.5).
Extinction of treasury shares	The extinction of treasury shares is reflected in the financial statements, as a reduction of share capital and in the caption Treasury shares at its nominal and acquisition cost, respectively.

SEMAPA'S SHAREHOLDERS

	31/12/2021		31/12/2020	
Name	No. of shares	%	No. of shares	%
Shares without par value				
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.94	38,959,431	47.94
Sodim, SGPS, S.A.	27,508,892	33.85	19,478,903	23.97
Bestinver Gestión, SGIIC, S.A.	2,458,623	3.03	4,032,051	4.96
Norges Bank (the Central Bank of Norway)	1,699,613	2.09	1,699,613	2.09
Cobas Asset Management, SGIIC, S.A.	1,637,038	2.01	-	-
Sociedade Agrícola da Quinta da Vialonga, S.A.	-	-	625,199	0.77
Treasury shares	1,400,627	1.72	1,400,627	1.72
Other shareholders with less than 2% shareholdings	7,605,776	9.36	15,074,176	18.55
	81,270,000	**100.00**	**81,270,000**	**100.00**

TREASURY SHARES – MOVEMENTS

	2021		2020	
	No. of shares	Book value (Euro)	No. of shares	Book value (Euro)
Treasury shares held at the beginning of the period	1,400,627	15,946,363	823,337	8,922,980
Acquisition of shares by Semapa	-	-	577,290	7,023,383
Treasury shares at the end of the period	**1,400,627**	**15,946,363**	**1,400,627**	**15,946,363**

5.3 EARNINGS PER SHARE

The basic earnings per share are determined based on the division of profits or losses attributable to the ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. To calculate diluted earnings per share, the Company adjusts the profits or losses attributable to ordinary shareholders, as well as the weighted average number of outstanding shares for the purposes of all potentially dilutive common shares.

Amounts in Euro	2021	2020
Net profit attributable to the Shareholders of Semapa	**198,128,028**	**106,588,079**
Total number of shares issued	81,270,000	81,270,000
Average number of treasury shares in the portfolio	(1,400,627)	(1,321,762)
Weighted average number of shares	**79,869,373**	**79,948,238**
Basic earnings per share	**2.481**	**1.333**
Diluted earnings per share	**2.481**	**1.333**

5.4 DIVIDENDS

COMPANY DIVIDEND DISTRIBUTION POLICY

The Company favours a dividend policy that minimises the volatility of the annual amount returned to shareholders per share (Dividend Policy).

Dividends per share presented are calculated based on the number of shares outstanding on the grant date.

The distribution of dividends to shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the shareholders and up until the time of their payment.

DIVIDENDS DISTRIBUTED IN THE PERIOD

Amounts in Euro	Date	Amount allocated	Dividends per share
Dividends distributed in 2021			
Approval at the Semapa Annual Shareholders' Meeting of the payment of dividends relating to the 2020 net profit on an individual basis in accordance with IFRS	30 April 2021	40,893,119	0.512
Dividends distributed in 2020			
Approval at the Semapa Annual Shareholders' Meeting of the payment of dividends relating to the 2019 net profit on an individual basis in accordance with IFRS	29 May 2020	9,983,672	0.125

5.5 RESERVES AND RETAINED EARNINGS

RESERVES BY APPLYING THE EQUITY METHOD

Corresponds to the accumulated changes in equity in the Company's subsidiaries and jointly controlled entity, whose investment is measured by the equity method (Note 10.1). By the Portuguese Commercial Companies Code, these reserves are not distributable.

FAIR VALUE RESERVES

Corresponds to the accumulated change in fair value of financial investments measured at fair value through other comprehensive income (Note 8.2), net of deferred taxes. The change in fair value of financial investments recorded under this item is not recycled to profit or loss.

LEGAL RESERVES

The Portuguese Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve until it reaches at least 20% of the share capital. This reserve cannot be distributed, unless in the event of the Company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves available for distribution to shareholders that were constituted through the appropriation of the prior year's earnings and other movements. The part of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	31/12/2021	31/12/2020
Reserves by applying the Equity Method	**(439,079,146)**	(425,335,543)
Legal reserves	**16,695,625**	16,695,625
Other reserves	**1,164,631,426**	1,098,936,466
Retained earnings	**86,613,993**	86,613,994
Reserves and retained earnings	**828,861,898**	776,910,542

RESERVES BY APPLYING THE EQUITY METHOD – MOVEMENTS

Amounts in Euro	2021	2020
Balance at the beginning of the period	**(425,335,543)**	**(323,706,762)**
Other comprehensive income		
Items that may be reclassified to the income statement		
Fair value of financial instruments	1,451,828	(284,699)
Currency translation reserve	(15,778,156)	(96,067,745)
	(14,326,328)	**(96,352,444)**
Items that may not be reclassified to the income statement		
Actuarial gains and losses	(108,045)	(6,598,862)
Exchange differences in equity instruments	179,713	(607,251)
Impact of hyperinflationary economies	548,779	1,929,778
	620,447	**(5,276,335)**
Transfer to retained earnings due to liquidation of subsidiaries		
Other movements	(37,722)	(2)
	(37,722)	**(2)**
Balance at the end of the period	**(439,079,146)**	**(425,335,543)**

RESERVES BY APPLYING THE EQUITY METHOD – BY SUBSIDIARY AND JOINTLY-CONTROLLED ENTITY

Amounts in Euro	31/12/2021	31/12/2020
Subsidiaries		
ETSA - Investimentos, SGPS, S.A.	(9,227,390)	(9,227,390)
Secil - Companhia Geral de Cal e Cimento, S.A.	(294,338,605)	(282,404,439)
Semapa Inversiones S.L.	(36,763,555)	(36,764,962)
Semapa Next, S.A.	(309,583)	(601,280)
The Navigator Company, S.A.	(98,400,881)	(96,337,472)
Jointly-controlled entity		
UTIS - Ultimate Technology to Industrial Savings, S.A.	(39,132)	-
	(439,079,146)	**(425,335,543)**

5.6 INTEREST-BEARING LIABILITIES

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

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 Separate Income Statement over the debt period under "Interest expenses on other loans" in Note 5.10 - Net Financial Results, using the effective interest rate method.
Fair value	The carrying amount 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 8.3 - Financial assets and liabilities.
Presentation	In current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

COMMERCIAL PAPER

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

As of 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	150,000,000	-	150,000,000	100,000,000	-	100,000,000
Commercial paper	18,250,000	36,750,000	55,000,000	85,000,000	50,000,000	135,000,000
Bank loans	18,500,000	10,500,000	29,000,000	29,000,000	10,500,000	39,500,000
Charges with the issue of loans	(951,079)	1,128,615	177,536	(1,008,132)	-	(1,008,132)
Debt securities and bank debt	**185,798,921**	**48,378,615**	**234,177,536**	**212,991,868**	**60,500,000**	**273,491,868**
Short-term loans from subsidiaries (Note 10.2)	-	98,795	98,795	-	117,895	117,895
Other interest-bearing liabilities	**-**	**98,795**	**98,795**	**-**	**117,895**	**117,895**
Total interest-bearing liabilities	**185,798,921**	**48,477,410**	**234,276,331**	**212,991,868**	**60,617,895**	**273,609,763**

Analysis of interest-bearing liabilities by maturity is presented in Note 8.1.3 - Liquidity risk.

BOND LOANS

Amounts in Euro	31/12/2021	Price	31/12/2020	Price	Maturity	Interest rate
Semapa 2016 / 2023	100,000,000		100,000,000		June 2023	Fixed
Semapa 2021 / 2026	50,000,000	-	-	-	July 2026	Variable rate indexed to Euribor
	150,000,000		**100,000,000**			

COMMERCIAL PAPER

31 DECEMBER 2021

	Amount used				
Contracted amount	Non-current	Current	Total	Maturity date	Interest rate
25,000,000	-	25,000,000	25,000,000	February 2022	Fixed rate
50,000,000	10,000,000	10,000,000	20,000,000	October 2023	Fixed rate
40,000,000	-	-	-	May 2024	Variable rate indexed to Euribor
80,000,000	-	-	-	July 2026	Variable rate indexed to Euribor
20,000,000	8,250,000	1,750,000	10,000,000	October 2026	Variable rate indexed to Euribor
215,000,000	**18,250,000**	**36,750,000**	**55,000,000**		

31 DECEMBER 2020

Contracted amount	Amount used			Maturity date	Interest rate
	Non-current	Current	Total		
90,000,000	-	-	-	November 2020	Variable rate indexed to Euribor
40,000,000	-	40,000,000	40,000,000	August 2021	Variable rate indexed to Euribor
100,000,000	-	10,000,000	10,000,000	September 2021	Variable rate indexed to Euribor
25,000,000	25,000,000	-	25,000,000	February 2022	Fixed rate
50,000,000	20,000,000	-	20,000,000	October 2023	Fixed rate
40,000,000	40,000,000	-	40,000,000	May 2024	Variable rate indexed to Euribor
80,000,000	-	-	-	July 2026	Variable rate indexed to Euribor
425,000,000	**85,000,000**	**50,000,000**	**135,000,000**		

BANK LOANS

Index	31/12/2021			31/12/2020		
	Non-current	Current	Total	Non-current	Current	Total
Fixed rate	16,000,000	8,000,000	24,000,000	24,000,000	8,000,000	32,000,000
Variable rate	2,500,000	2,500,000	5,000,000	5,000,000	2,500,000	7,500,000
	18,500,000	**10,500,000**	**29,000,000**	**29,000,000**	**10,500,000**	**39,500,000**

FINANCIAL COVENANTS IN FORCE

Given the contractual limits, in 2021 and 2020 the Company complies with the negotiated covenants.

5.7 LEASE LIABILITIES

Interest-bearing liabilities include Bonds, Commercial Paper, Bank Loans, and other financing.

Initial measurement	At the start date of the lease, the Company 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 Company or lease termination penalty payments if the lease term reflects the Company's option to terminate the agreement. In calculating the present value of future lease payments, the Company determines the 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.
Presentation	In current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

Amounts in Euro	31/12/2021 Non-current	31/12/2021 Current	31/12/2021 Total	31/12/2020 Non-current	31/12/2020 Current	31/12/2020 Total
Vehicles	156,537	87,718	244,255	92,610	84,763	177,373
	156,537	**87,718**	**244,255**	**92,610**	**84,763**	**177,373**

A Analysis of interest-bearing liabilities by maturity is presented in Note 8.1.3 - Liquidity risk.

5.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the Statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.7).

Amounts in Euro	31/12/2021	31/12/2020
Cash	406	385
Short-term bank deposits	58,877,226	10,051,143
Cash and cash equivalents in the cash flow statement	**58,877,632**	**10,051,528**

5.9 CASH FLOWS FROM FINANCING ACTIVITIES

MOVEMENTS IN LIABILITIES FOR FINANCING ACTIVITIES

Amounts in Euro	01/01/2021	Cash flows from financing activities	Transactions not affecting cash and cash equivalents: Lease recognition	Amortisation costs	Accrued interest	Other operations	31/12/2021
Interest-bearing liabilities (Note 5.6)							
Bond loans	100,000,000	50,000,000	-	-	-	-	150,000,000
Commercial paper	135,000,000	(80,000,000)	-	-	-	-	55,000,000
Bank loans	39,500,000	(10,500,000)	-	-	-	-	29,000,000
Charges with the issue of loans	(1,008,132)	(1,033,069)	-	1,090,122	1,128,615	-	177,536
Other interest-bearing liabilities	117,895	(19,241)	-	-	141	-	98,795
Lease liabilities (Note 5.7)	177,373	(109,824)	176,706	-	-	-	244,255
Total	**273,787,136**	**(41,662,134)**	**176,706**	**1,090,122**	**1,128,756**	**-**	**234,520,586**

Amounts in Euro	01/01/2020	Cash flows from financing activities	Transactions not affecting cash and cash equivalents: Lease recognition	Amortisation costs	Accrued interest	Other operations	31/12/2020
Interest-bearing liabilities (Note 5.6)							
Bond loans	180,000,000	(80,000,000)	-	-	-	-	100,000,000
Commercial paper	154,250,000	(19,250,000)	-	-	-	-	135,000,000
Bank loans	50,130,000	(10,630,000)	-	-	-	-	39,500,000
Charges with the issue of loans	(1,954,953)	-	-	(1,041,834)	1,988,655	-	(1,008,132)
Other interest-bearing liabilities	9,526,081	(9,411,828)	-	-	3,642	-	117,895
Lease liabilities (Note 5.7)	252,063	(116,052)	86,611	-	-	(45,249)	177,373
Total	**392,203,191**	**(119,407,880)**	**86,611**	**(1,041,834)**	**1,992,297**	**(45,249)**	**273,787,136**

5.10 NET FINANCIAL RESULTS

The Company classifies as "Financial income" the income and gains resulting from treasury management activities such as: i) interest obtained from the application of cash surplus, and ii) changes in the fair value of financial instruments measured at fair value through profit or loss.

During 2021 and 2020 net financial results are detailed as follows:

Amounts in Euro	2021	2020
Interest paid on debt securities and bank debt	(4,582,666)	(7,942,395)
Interest expense on other interest-bearing liabilities	(141)	(4,802)
Commisions on loans and expenses with credit facilities	(1,623,930)	(2,448,699)
Interest expense by applying the effective interest method	**(6,206,737)**	**(10,395,896)**
Interest expense on lease liabilities	(6,040)	(5,528)
Financial expenses related to the capital structure	**(6,212,777)**	**(10,401,424)**
Unfavourable exchange rate differences	-	(188)
Fair value losses on Other financial investments	(80,927)	-
Other financial expenses and losses	(2,998)	-
Financial expenses and losses	**(6,296,702)**	**(10,401,612)**
Interest earned on financial assets at amortised cost	-	6,067
Fair value gains on Other financial investments	491	145,726
Other financial income and gains	423,445	159,973
Financial income and gains	**423,936**	**311,766**
Financial profit /(loss)	**(5,872,766)**	**(10,089,846)**

6 INCOME TAX

6.1 INCOME TAX FOR THE PERIOD

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the Statement of financial position date.
According to the legislation in force, the gains and losses relating to investments in subsidiaries, associates and joint ventures, resulting from the application of the equity method are not relevant for tax purposes, being deducted from or added to, respectively, to the net profit of the period to calculate taxable income. Dividends are considered, when determining the taxable income, in the year in which they are received, if the financial investments are held for less than one year or if they represent less than 10% of the share capital.

TAX BUSINESS GROUP

Semapa Group is subject to the Special Tax Regime for Groups of Companies (RETGS - Regime Especial de Tributação de Grupos de Sociedades), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in Article 69 and following of the Corporate Income Tax Code (IRC Code).
Companies included within the Tax Business Group, calculate and recognise corporate income tax (IRC) as though they were taxed on an individual basis. Liabilities are recognised as due to the dominant entity of the Tax Business Group, currently the Company, which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity's financial statements.
In the periods presented, the Tax Business Group comprises the Groups Secil and ETSA, as well as all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code.
The amounts the Company has receivable from or payable to other companies in the Tax Business Group in respect of their liabilities are presented under Receivables and other current assets (Note 4.1) and Payables and other current liabilities (Note 4.2).

The Company recognises liabilities for additional settlements that may result from Portuguese Tax Authorities inspections. When the final result of these inspections is different from the amounts initially recorded, the differences will have an impact on income tax in the period when the final result is known.
In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities for 4 years. However, if tax losses are presented they may be subject to review by the tax authorities for a bigger period.
The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the Portuguese Tax Authorities will not have a significant impact on the Separate Financial Statements as of 31 December 2020, although the years up to and including 2018 have already been reviewed.

ADDITIONAL TAX LIABILITIES FOR UNCERTAIN TAX POSITIONS

The amount of estimated assets and liabilities recorded on account of tax proceedings arises from an assessment made by the Company, at the date of the Statement of Financial Position, regarding potential differences of interpretation against the Portuguese Tax Authorities, considering the developments in tax matters.
Concerning the measurement of uncertain tax positions, the Company takes into consideration the provisions of IFRIC 23 – "Uncertainty over income tax treatments", namely the measurement of risks and uncertainties in defining the best estimate of the expenditure required to settle the obligation, by weighting all possible results controlled by the Company and their related probabilities.

6.1.1 TAX AMOUNT RECOGNISED IN THE INCOME STATEMENT

Amounts in Euro	2021	2020
Current tax	4,333,646	(3,532,730)
Deferred taxes	25,635,739	298,915
	29,969,385	**(3,233,815)**

NOMINAL TAX RATE

	2021	2020
Portugal		
Income tax treatment	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	**22.5%**
State surcharge - on taxable income between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro	2021	2020
Profit before tax	**168,158,643**	**109,821,894**
Expected tax at nominal rate (22,5%)	37,835,695	24,709,926
Tax resulting from the applicable rate	**37,835,695**	**24,709,926**
Differences (a)	(39,244,191)	(26,994,184)
Tax for prior years	(5,418,116)	(1,086,888)
Additional tax liabilities	-	3,746,670
Non-recoverable tax losses	1,454,165	1,985,344
Recoverable tax losses	(25,681,408)	-
Autonomous taxation	1,084,470	872,947
	(29,969,385)	**3,233,815**
Effective tax rate	**-17.82%**	**2.94%**

(a) This value assentially amounts to:	**2021**	**2020**
Effect of application of the equity method (Note 10.1)	(174,637,469)	(120,137,537)
Capital gains/(losses) for tax purposes	4,000	-
Capital (gains)/losses for accounting purposes	(4,000)	-
Employee benefits (Note 7.2.1)	23,431	23,431
Employee benefits - pensions paid (Note 7.2.1)	(130,514)	(130,514)
Other	325,927	270,470
	(174,418,625)	**(119,974,150)**
Tax effect (22.5%)	**(39,244,191)**	**(26,994,184)**

6.1.2 TAX RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Amounts in Euro	31/12/2021	31/12/2020
Assets		
Corporate Income Tax (IRC)	2,966,665	2,316,969
	2,966,665	**2,316,969**
Liabilities		
Corporate Income Tax (IRC)	7,847,546	7,847,546
	7,847,546	**7,847,546**

DETAIL OF CORPORATE INCOME TAX - IRC (NET)

Amounts in Euro	31/12/2021	31/12/2020
Income tax for the period	(1,084,470)	(872,947)
Income tax for the period of subsidiaries	(1,628,926)	(585,072)
Payments on account, special payments and additional payments on account	4,338,557	3,568,563
Withholding tax recoverable	214,405	21,173
Income tax recoverable from prior years	1,127,099	185,252
Additional tax liabilities	(7,847,546)	(7,847,546)
	(4,880,881)	**(5,530,577)**

ADDITIONAL TAX LIABILITY – LIABILITIES

Amounts in Euro	2021	2020
Balance at the beginning of the period	**7,847,546**	**4,553,104**
Increases	-	3,746,670
Amount recognised in the income statement (Note 6.1.1) - (gain) / loss)	-	3,746,670
Charge-offs	-	(452,228)
Balance at the end of the period	**7,847,546**	**7,847,546**

During 2021 no material events occurred that would give rise to additional tax liabilities for uncertain tax positions.

During 2020, Semapa reinforced the additional tax liability, in the amount of Euro 3,746,670, to cover potential effects resulting from tax inspections of prior periods. In addition, the tax corrections of prior periods, which became effective in 2020, led to charge-offs in the amount of Euro 452,228.

6.2 DEFERRED TAXES

Deferred tax is calculated based on the financial position, on temporary differences between the carrying amounts of assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax.
Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased, whenever it is likely that tax losses will not be used.
Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under shareholders' equity, the situation in which deferred tax is also recorded under the same caption.
Deferred tax liabilities are not recognised for taxable temporary differences relating to investments in subsidiaries to the extent that: i) the Company can control the timing of the reversal of the temporary difference, and ii) it is probable that the temporary difference will not reverse in the foreseeable future.

DEFERRED TAXES RECOGNISED RELATING TO UNUSED TAX LOSSES

The Company records deferred tax liabilities on tax losses and tax benefits arising to subsidiaries that integrate the RETGS, reportable intra-group, whenever their future use by those subsidiaries is expected, on an individual basis.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As of 1 January 2021	Income Statement		As of 31 December 2021
		Increases	Decreases	
Temporary differences originating deferred tax assets				
Tax losses carried forward	-	122,292,417	-	122,292,417
	-	**122,292,417**	**-**	**122,292,417**
Temporary differences originating deferred tax liabilities				
Inter-group tax losses carried forward	(21,532)	-	21,532	-
Inter-group tax benefits carried forward	(114,644)	(382,210)	332,019	(164,835)
	(136,176)	**(382,210)**	**353,551**	**(164,835)**
Deferred tax assets	**-**	**25,681,408**	**-**	**25,681,408**
Deferred tax liabilities	**(119,166)**	**(382,210)**	**336,541**	**(164,835)**

Amounts in Euro	As of 1 January 2020	Income Statement		As of 31 December 2021
		Increases	Decreases	
Temporary differences originating deferred tax liabilities				
Inter-group tax losses carried forward	-	(21,532)	-	(21,532)
Inter-group tax benefits carried forward	(418,082)	(131,805)	435,243	(114,644)
	(418,082)	**(153,337)**	**435,243**	**(136,176)**
Deferred tax liabilities	**(418,082)**	**(136,327)**	**435,243**	**(119,166)**

In 2021, Semapa recorded deferred tax assets amounting to Euro 25,681,408 on tax losses generated in previous years within the Tax Business Group controlled by Semapa (amounting to Euro 122,292,417), to the extent that the medium-term business plans of the subsidiary Secil (integrated into Semapa's RETGS) provide for the generation of taxable income in an amount sufficient to recover this asset in the tax reporting period of those losses.

UNUSED TAX LOSSES OF SUBSIDIARIES WITHOUT DEFERRED TAXES RECOGNISED

As per Article 11(3) of Law 27-A/2020, which approves the Supplementary State Budget for 2020, the reckoning of the deadline for carrying forward tax losses effective on 1 January 2020 was suspended for two years.

31 December 2021 Amounts in Euro	Total	2027	2028
Tax losses of the Semapa Tax Group (RETGS)	187,275,773	70,200,387	-
	187,275,773	**70,200,387**	**-**

31 December 2020 Amounts in Euro	Total	2026	2027
Tax losses of the Semapa Tax Group (RETGS)	367,224,745	-	230,446,890
	367,224,745	**-**	**230,446,890**

7 PAYROLL

7.1 PAYROLL COSTS

SHORT-TERM EMPLOYEE BENEFITS

ENTITLEMENTS – HOLIDAY AND HOLIDAY ALLOWANCE

By current legislation, employees are entitled to 22 working days' leave, annually, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

BONUS

According to the current Performance Management System (Sistema de Gestão de Desempenho), employees have the right to a bonus, based on annually-defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

These liabilities are recorded in the year in which the Employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the Statement of financial position is shown under the caption Payables and other current liabilities.

TERMINATION BENEFITS

The benefits arising from the termination of employment are recognised when the Company can no longer withdraw the offer of such benefits or in which the Company recognises the cost of restructuring under the provisions recording. Benefits due over 12 months after the end of the reporting period are discounted to their present value.

Amounts in Euro	2021	2020
Remuneration of corporate bodies (Note 7.3)	4,552,857	3,872,242
Other remunerations	2,084,072	1,788,565
Post-employment benefits (Note 7.2.1)	23,431	23,431
Compensations	80,123	(567)
Charges on remunerations	834,694	826,234
Other payroll costs	117,709	113,821
Payroll costs	**7,692,886**	**6,623,726**
Number of employees at the end of the period	**27**	**24**

7.2 EMPLOYEE BENEFITS

POST-EMPLOYMENT BENEFITS – DEFINED BENEFIT PLAN

The Company has assumed the commitment to make payments to their Directors in the form of complementary retirement pensions, having constituted a defined benefit plan for this purpose.

In the periods presented, the amount of the liability reflected in the statement of financial position under the item "Post- employment benefit liabilities" corresponds to Semapa's liability related to a single beneficiary, a retired employee, who did not join the revocation of the pension plan for the Company's directors, which occurred in December 2012. The Company has not set up funds relating to this liability.

Actuarial deviations resulting from changes in the estimated liabilities, as a result of changes in the financial and demographic assumptions used and experience gains, are recorded directly in the Statement of comprehensive income, in retained earnings.

The net interest corresponds to the application of the discount rate to the value of net responsibilities (value of the responsibilities deducted of fund asset's fair value) and is recognised under the caption Payroll costs.

The gains and losses generated by a settlement of a defined-benefit plan are recognised in the income statement when the settlement occurs.

ACTUARIAL ASSUMPTIONS

Liabilities relating to defined-benefit plans are calculated, based on actuarial assumptions. Changes to those assumptions can have a material impact on the previously mentioned liabilities.

As of 31 December 2021 and 2020, actuarial assumptions were as follows:

	31/12/2021	31/12/2020
Social Security Benefits Formula	Decree-Law no. 187/2007 of May 10	
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Pension growth rate	0.75%	0.75%
Technical interest rate	1.25%	1.25%
Pension reversability rate	50.00%	50.00%
Number of complement annual payments	12	12

7.2.1 PENSION LIABILITIES

EVOLUTION OF PENSION LIABILITIES

Amounts in Euro	2021		2020	
	No. Benef.	Amount	No. Benef.	Amount
Group liabilities for past services				
Retired employees	1	794,743	1	901,825
Unfunded pension liabilities	**1**	**794,743**	**1**	**901,825**

7.3 REMUNERATION OF CORPORATE BODIES

The remuneration of corporate bodies, including the estimate for the management premium for the years, ended 31 December 2021 and 2020, was as follows:

Amounts in Euro	2021	2020
Board of Directors		
Remunerations	2,433,027	2,554,597
Management premium	2,037,830	1,234,145
Supervisory Board and other corporate bodies	82,000	83,500
Total (Note 7.1)	**4,552,857**	**3,872,242**

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All details of the remuneration policy of the members of Semapa's Board of Directors are disclosed in the Company's Corporate Governance Report, Part I - Section D.

As of 31 December 2021 and 2020, for the members of the Board of Directors of Semapa, there were no (i) additional liabilities related to other long-term benefits, (ii) termination benefits, (iii) share-based payments, (iv) any outstanding balances.

8 FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

The Company, as a holding company develops direct and indirect managing activities over its subsidiaries. Thus, the fulfillment of the obligations undertaken by the Company depends on the cash flows generated by its subsidiaries, which include the distribution of dividends, payment of interest, repayment of loans granted and payment for services rendered by the Company. The ability of Semapa's subsidiaries to generate positive cash flows and to make funds available to the holding company will depend on their respective earnings, available reserves, and financial structure.

The Semapa Group has a risk-management program, which focuses its analysis on the financial markets to mitigate the potential adverse effects on the Group's financial performance. Risk management is undertaken by the Financial Management of the Company and main subsidiaries, by the policies approved by the Board of Directors and monitored by the Company's Risks and Control Committee/Internal Control Committee.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the exchange rate risk and interest rate risk.

In the context of the separate financial statements, the Company's exposure to financial risk resulting from the Group's activity is mainly associated with external Interest-bearing liabilities/interest-bearing liabilities denominated in foreign currency (Note 5.6).

8.8.1.1 FOREIGN EXCHANGE RISK

EXCHANGE RATE RISK MANAGEMENT POLICY

In the context of separate financial statements, the exchange rate risk to which the Company is directly exposed in terms of financial assets and liabilities is not significant.

However, an unfavourable change in the exchange rates associated with the relevant geographies for its subsidiaries can cause a significant decrease in the value of assets and profit or loss of subsidiaries and the distribution of dividends to the Company. The Group seeks to mitigate this risk by constantly monitoring exposure to each currency and by using natural hedges, as well as by contracting hedging derivative financial instruments, as presented in the consolidated financial statements.

8.1.2 INTEREST RATE RISK

INTEREST RATE RISK MANAGEMENT POLICY

A significant share of the Company's financial liabilities cost is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Company's income statement.

SENSITIVITY ANALYSIS

Semapa carries out a sensitivity analysis to assess the impact on the income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is a mere illustrative analysis since changes in market rates rarely occur separately.

EXPOSURE TO INTEREST RATE RISK

Amounts in Euro	31/12/2021	31/12/2020
0.5% increse in market interest rates		
Impact on profit before tax - increase / (decrease)	(325,494)	(943,880)

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:

As of 31 December 2021	Fixed rate						Total interest borne
Amounts in Euro	Amount	%	Below 3 months	3-12 months	Total	%	
Assets							
Non-current							
Receivables and other current assets (Note 4.1)	-	0%	24,877	-	24,877	100%	24,877
Current							
Receivables and other current assets (Note 4.1)	15,272,776	100%	-	-	-	0%	15,272,776
Cash and cash equivalents (Note 5.8)	58,877,632	100%	-	-	-	0%	58,877,632
Total financial assets	**74,150,408**	**100%**	**24,877**	**-**	**24,877**	**0%**	**74,175,285**
Liabilities							
Non-current							
Interest-bearing liabilities	126,000,000	67%	52,500,000	8,250,000	60,750,000	33%	186,750,000
Lease liabilities (Note 5.7)	156,537	100%	-	-	-	0%	156,537
Current							
Interest-bearing liabilities (Note 5.6)	43,000,000	91%	2,500,000	1,848,795	4,348,795	9%	47,348,795
Lease liabilities (Note 5.7)	87,718	100%	-	-	-	0%	87,718
Payables and other current liabilities (Note 4.2)	16,255,919	100%	-	-	-	0%	16,255,919
Total financial liabilities	**185,500,174**	**74%**	**55,000,000**	**10,098,795**	**65,098,795**	**26%**	**250,598,969**
Net financial position	**(111,349,766)**		**(54,975,123)**	**(10,098,795)**	**(65,073,918)**		**(176,423,684)**

As of 31 December 2020	Fixed rate						Total interest borne
Amounts in Euro	Amount	%	Below 3 months	3-12 months	Total	%	
Assets							
Non-current							
Receivables and other current assets (Note 4.1)	-	0%	17,782	-	17,782	100%	17,782
Current							
Receivables and other current assets (Note 4.1)	13,438,144	100%	-	-	-	0%	13,438,144
Cash and cash equivalents (Note 5.8)	10,051,528	100%	-	-	-	0%	10,051,528
Total financial assets	**23,489,672**	**100%**	**17,782**	**-**	**17,782**	**0%**	**23,507,454**
Liabilities							
Non-current							
Interest-bearing liabilities (Note 5.6)	169,000,000	79%	45,000,000	-	45,000,000	21%	214,000,000
Lease liabilities (Note 5.7)	92,610	100%			-	0%	92,610
Current							
Interest-bearing liabilities (Note 5.6)	18,000,000	30%	42,500,000	117,895	42,617,895	70%	60,617,895
Lease liabilities (Note 5.7)	84,763	100%	-	-	-	0%	84,763
Payables and other current liabilities (Note 4.2)	14,779,166	100%	-	-	-	0%	14,779,166
Total financial liabilities	**201,956,539**	**70%**	**87,500,000**	**117,895**	**87,617,895**	**30%**	**289,574,434**
Net financial position	**(178,466,867)**		**(87,482,218)**	**(117,895)**	**(87,600,113)**		**(266,066,980)**

8.1.3 LIQUIDITY RISK

LIQUIDITY RISK MANAGEMENT POLICY

The Company manages liquidity risk in two ways:

- by ensuring that its financial debt has a high medium and long-term component with maturities appropriate to the Company's activity as a holding company, considering the characteristics of the industries in which its subsidiaries operate, and
- through the contracting with financial institutions of credit facilities available at all times, for an amount that guarantees adequate liquidity.

AVAILABLE AND UNDRAWN CREDITS

The Company's policy is to maintain credit facilities at adequate levels to meet **i)** potential business acquisitions and **ii)** cash requirements for scheduled repayments of loans as per the cash budget and actual execution.

CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES (UNDISCOUNTED CASH FLOWS, INCLUDING INTEREST)

Amounts in Euro	Below 1 month	1-3 months	3-12 months	1-5 years	Total
As of 31 December 2021					
Liabilities					
Interest-bearing liabilities					
Bond loans	306,667	-	2,981,667	154,040,972	157,329,306
Commercial paper	-	25,409,549	12,272,314	18,754,886	56,436,749
Bank loans	1,292,524	-	9,639,688	18,674,732	29,606,944
Other loans	-	-	98,795	-	98,795
Lease liabilities	9,493	17,686	65,503	161,668	254,350
Payables and other current liabilities (Note 4.2)	2,808,326	741,626	12,705,967	-	16,255,919
Total liabilities	**4,417,010**	**26,168,861**	**37,763,934**	**191,632,258**	**259,982,063**
Of which interest (at the rates prevailing)	**349,191**	**409,549**	**3,893,669**	**4,720,590**	**9,372,998**
As of 31 December 2020					
Liabilities					
Interest-bearing liabilities					
Bond loans	-	-	2,680,000	104,020,000	106,700,000
Commercial paper	-	1,429,132	50,753,319	87,502,757	139,685,208
Bank loans	1,313,787	-	9,804,008	29,606,944	40,724,739
Other loans	-	-	117,895	-	117,895
Lease liabilities	9,298	18,100	60,699	95,219	183,316
Payables and other current liabilities (Note 4.2)	2,857,532	2,396,801	9,524,833	-	14,779,166
Total liabilities	**4,180,617**	**3,844,033**	**72,940,754**	**221,224,920**	**302,190,324**
Of which interest (at the rates prevailing)	**63,787**	**1,429,132**	**3,987,327**	**7,129,701**	**12,609,947**

The undiscounted cash flows of interest-bearing liabilities included above are detailed as follows:

Amounts in Euro	31/12/2021	31/12/2020
Below 12 months	**68,349,805**	**80,965,403**
1 to 2 years	132,811,602	49,938,605
2 to 3 years	2,638,663	130,712,799
3 to 4 years	27,712,304	40,571,845
4 to 5 years	28,469,689	1,672
1 to 5 years	**191,632,258**	**221,224,921**
Total	**259,982,063**	**302,190,324**

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

Amounts in Euro	31/12/2021	31/12/2020
Undrawn credit facilities		
Commercial paper	175,000,000	187,500,000
Other credit facilities	9,750,000	9,750,000
	184,750,000	**197,250,000**
Commercial paper used (Note 5.6)	55,000,000	135,000,000
Other credit facilities drawn (Note 5.6)	29,000,000	39,500,000
Contracted credit facilities (nominal value)	**268,750,000**	**371,750,000**

8.1.4 CREDIT RISK

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at cost as detailed in Note 8.3.1 - Categories of financial instruments of the Company.

RECEIVABLES FROM SUBSIDIARIES

Receivables from subsidiaries are subject to the general impairment model of IFRS 9 (3-step model).

As the subsidiaries' credit risk is considered low, due to the reduced risk of uncollectibility and their ability to repay on demand, the impairment estimate corresponds to the first step of the model with the assessment of the uncollectibility risk of the cash flows of the following 12 months.

OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Financial assets are derecognised when there is no real expectation of receipt. The Company classifies a receivable to be derecognised when the debtor fails to make the contractual payments due. After 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.

CREDIT RISK MANAGEMENT POLICY

The Company has no significant commercial activity other than the management of the Group's financial investments and the rendering of services to subsidiaries.

In the context of the separate financial statements, the credit risk in respect of financial assets to which the Company is directly exposed derives mainly from loans granted to and other receivables from subsidiaries (Note 4.1), and cash and cash equivalents (Note 5.8) balances.

RECEIVABLES FROM SUBSIDIARIES

Regarding the receivables from subsidiaries related to the services rendered to them by the Company and the loans granted to them, the Company did not record impairment in the periods presented.

OTHER RECEIVABLES

Other receivables are initially recorded at fair value and are subsequently measured at their amortised cost, net of impairment losses, to state them at their expected net realisable value.

Impairment losses are recorded by the expected credit losses throughout the respective duration, whenever, at each reporting date, there is a significant increase in the credit risk since the initial recognition of receivables and other current assets.

It is considered as default the payments after a delay of 180 days or more, resulting from the experience of actual historical losses over the period considered statistically relevant

MAXIMUM EXPOSURE TO CREDIT RISK

Amounts in Euro	31/12/2021	31/12/2020
Non-current		
Other financial investments (Note 8.2)	93,607	187,869
Receivables and other current assets (Note 4.1)	24,877	17,782
Current		
Cash and cash equivalents (Note 5.8)	58,877,632	10,051,528
	58,996,116	**10,257,179**

8.2 OTHER FINANCIAL INVESTMENTS

This Note includes equity instruments held by the Company relating to companies over which it has no control or significant influence. Other financial investments are measured at fair value through profit or loss when the Company holds them for trading purposes. The Company records the remaining financial investments as financial assets at fair value through other comprehensive income.

Amounts in Euro	31/12/2021	31/12/2020
Financial assets at fair value through profit or loss		
Mor-Online, SA	-	18,618
Ynvisible, SA	93,607	169,251
	93,607	**187,869**

8.3 FINANCIAL ASSETS AND LIABILITIES

8.3.1 CATEGORIES OF FINANCIAL INSTRUMENTS OF THE COMPANY

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

Amounts in Euro	Notes	Financial assets at amortised costs	Financial assets at fair value through profit or loss	Non-financial assets	Total
31 December 2021					
Other financial investments	8.3	-	93,607	-	93,607
Receivables and other current assets	4.1	15,099,295	24,877	173,481	15,297,653
Cash and cash equivalents	5.8	58,877,632	-	-	58,877,632
Total assets		**73,976,927**	**118,484**	**173,481**	**74,268,892**
31 December 2020					
Other financial investments	8.2	-	187,869	-	187,869
Receivables and other current assets	4.1	13,325,569	17,782	112,575	13,455,926
Cash and cash equivalents	5.8	10,051,528	-	-	10,051,528
Total assets		**23,377,097**	**205,651**	**112,575**	**23,695,323**

Amounts in Euro	Notes	Financial liabilities at amortised cost	Non-financial liabilities	Total
31 December 2021				
Interest-bearing liabilities	5.6	234,276,331	-	234,276,331
Lease liabilities	5.7	244,255	-	244,255
Payables and other current liabilities	4.2	15,556,022	699,897	16,255,918
Total liabilities		**250,076,608**	**699,897**	**250,776,505**
31 December 2020				
Interest-bearing liabilities	5.6	273,609,763	-	273,609,763
Lease liabilities	5.7	177,373	-	177,373
Payables and other current liabilities	4.2	14,268,182	510,984	14,779,166
Total liabilities		**288,055,318**	**510,984**	**288,566,302**

8.3.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of financial instruments is classified by the fair value hierarchy of IFRS 13 - Fair value measurement:

Level 1	Fair value is based on active markets quotations, at the reporting date.
Level 2	Fair value is determined using valuation models, whose main inputs of the models used are observable in the market.
Level 3	Fair value is determined using valuation models, whose main inputs are not observable in the market.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The Company considers that the carrying amount of loans at variable rates, as well as financial assets and liabilities measured at amortised cost in the remaining captions (Note 8.3.1), is close to their fair value.

9 PROVISIONS, COMMITMENTS, AND CONTINGENCIES

9.1 PROVISIONS

Recognition and initial measurement	Provisions are recognised whenever: (i) the Company has a legal or constructive obligation, as a result of past events; (ii) a cash outflow and/or resources will likely be required to settle the obligation, and (iii) and the amount has been reliably estimated.
Subsequent measurement	Provisions are reviewed on the Statement of financial position date and are adjusted to reflect the best estimate at that date.

INVESTMENTS IN SUBSIDIARIES

Provisions are recognised for the Company's liabilities for losses on investments in subsidiaries (Note 10.1), after the related carrying amount has been reduced to zero, to the extent that the Company may have incurred legal or constructive obligations or made payments on behalf of such subsidiaries.

TAX PROCEEDINGS

The balances of additional tax liabilities for the Company’s uncertainty over income tax are disclosed in Note 6.1 - Income tax.

LEGAL PROCEEDINGS

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

9.2 COMMITMENTS

In the periods ended 31 December 2021 and 2020, Semapa has no commitments other than those already disclosed above.

9.3 CONTINGENT ASSETS AND LIABILITIES

In the periods ended 31 December 2021 and 2020, Semapa has not identified any disclosable contingent assets and liabilities.

10 GROUP STRUCTURE

10.1 INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

SUBSIDIARIES

Subsidiaries are all entities over which the Company has control, which occurs when the Company is exposed or entitled to the variable returns resulting from its involvement with the entities and can affect that return through the exercise of power over the entities, regardless of the percentage they hold over equity.

The existence and the effect of potential voting rights which are currently exercisable or convertible are considered when the Company assesses whether it has control over another entity.

JOINTLY-CONTROLLED ENTITIES

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.

MEASUREMENT

Investments in subsidiaries and jointly-controlled entities are accounted for under the equity method.

By the equity method, the financial investments are initially recorded at their cost and adjusted by the amount corresponding to the share of the net profit of subsidiaries and jointly-controlled entities against the "Gains/(losses) from subsidiaries and jointly-controlled entities", by the dividends received and by other changes in their equity against "Other comprehensive income". Additionally, investments in subsidiaries and jointly-controlled entities may also be adjusted through the recognition of impairment losses.

The accounting policies subsidiaries and jointly-controlled entities are amended, when necessary, to ensure that they are applied consistently with those of the Company.

When the Company's share in the losses of the subsidiaries and jointly-controlled entities is equal to or exceeds its investment in the subsidiary, the Company ceases to recognise additional losses, except where it has assumed liability or made payments in the subsidiary's name, as detailed in Note 9.1 - Provisions. If they subsequently report profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of unrecognised losses.

RECOVERABLE AMOUNT FROM INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

The Company performs impairment tests on investments in subsidiaries and jointly-controlled entities annually and on dates when it determines that there are indications that the investments may be impaired.

In the separate financial statements, goodwill included in the measurement of financial investments is not presented separately, and the impairment tests are based on the total carrying amount of the investment tested.

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.

Cash flows are discounted at WACC (Weighted Average Cost of Capital) rates based on CAPM (Capital Asset Pricing Model) and based on weighted average debt and equity costs, estimated according to the segments where CGUs are inserted. The risk-free interest rate considered is the result of market information on medium-term sovereign debt. The beta and leverage of the sectors are based on information from a broad set of comparable companies subject to an annual review. All this information is gathered from international and independent sources, including Reuters and rating agencies (S&P, Moody's, and Fitch).

The growth rate in perpetuity reflects the Board's medium and long-term vision for the different CGUs, taking into account the inflation objectives of the respective Central Banks, estimates of future inflation rates, the macroeconomic outlook, as well as the foreseeable evolution of the Markets where the Group operates. The sources of macroeconomic forecasts are the IMF and Banco de Portugal.

The assumptions that were the basis of the business plans are detailed as follows:

ASSUMPTIONS BASED ON THE BUSINESS PLANS

Assumptions (CAGR 2022-2026)	Pulp and paper	Cement and derivatives* Portugal	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and Clinker	Fat [3.5]
CAGR Sales in quantity (kt)	0.7%	-0.8% - 7.3%	-0.5%
Average Sales Price LC/t			
Reference	UWF paper	Grey cement in the Internal Market	Fat [3.5]
CAGR Average selling price LC/t	-1.2%	0.6% - 9.6%	-3.7%
Total Cash Costs LC			
CAGR Total Cash Costs LC	-1.90%	-0.40% - 19.28%	0.69%

* Range corresponding to Portugal, Brazil, Tunisia, Lebanon and Angola geographies

Assumptions (CAGR 2021-2025)	Pulp and paper	Cement and derivatives* Portugal	Environment
Sales in quantity (kt)			
Reference	UWF paper	Cement and Clinker	Fat [3.5]
CAGR Sales in quantity (kt)	1.9%	-0.1% - 3.4%	1.3%
Average Sales Price LC/t			
Reference	UWF paper	Grey cement in the Internal Market	Fat [3.5]
CAGR Average selling price LC/t	0.9%	1.0% - 13.9%	0.6%
Total Cash Costs LC			
CAGR Total Cash Costs LC	1.35%	2.0% - 12.8%	2.13%

* Range corresponding to Portugal, Brazil, Tunisia, Lebanon and Angola geographies

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 (Portugal for all CGUs and also Tunisia, Lebanon, Brazil, and Angola in the Cement and Derivatives segment). The sources of forecasts are the IMF and Banco de Portugal.

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

Financial assumptions	31/12/2021 Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate	31/12/2020 Risk-free interest rate*	WACC Rate EUR	Growth rate in perp. EUR	Tax rate
Pulp and Paper								
Portugal								
Explicit Planning Period	0.30%	4.46%	-	27.50%	0.53%	4.67%	-	27.50%
Perpetuity	2.31%	6.34%	0.00%	27.50%	2.71%	6.66%	0.00%	27.50%
Cement and derivatives								
Portugal								
Explicit Planning Period	0.30%	4.47%	-	27.50%	0.53%	4.61%	-	27.50%
Perpetuity	2.31%	6.30%	1.71%	27.50%	2.71%	6.50%	1.70%	27.50%
Environment								
Portugal								
Explicit Planning Period	0.30%	4.59%	-	25.50%	0.53%	4.45%	-	27.50%
Perpetuity	2.31%	6.50%	1.25%	25.50%	2.71%	6.42%	1.25%	27.50%

Note: In Cements and derivatives WACC rates in Euro between 6.47% and 17.19% were also considered for Brazil, Tunisia, Angola and Lebanon

* Includes the Country Risk Premium

IMPAIRMENT TESTS

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

SENSITIVITY ANALYSIS

A sensitivity analysis was performed to the assumptions regarded as key (independently for each assumption), WACC rate, and free cash flow, which did not determine any impairment for the goodwill allocated to each CGU.

VARIATION OF SEMAPA EQUITY BY A CHANGE IN THE WACC RATE:

WACC Rate Sensitivity Analysis	31/12/2021 -50bps	+50bps	-1%	+1%	31/12/2020 -50bps	+50bps	-1%	+1%
Pulp and Paper								
Explicit Planning Period	3%	-3%	6%	-5%	3%	-3%	6%	-5%
Perpetuity	8%	-7%	18%	-13%	8%	-6%	16%	-12%
Explicit Planning and Perpetuity	11%	-10%	25%	-18%	10%	-9%	23%	-17%
Cements and derivatives								
Explicit Planning Period	3%	-3%	6%	-6%	3%	-3%	6%	-6%
Perpetuity	11%	-9%	25%	-16%	11%	-9%	24%	-16%
Explicit Planning and Perpetuity	14%	-12%	32%	-21%	14%	-11%	31%	-21%
Environment								
Explicit Planning Period	2%	-2%	5%	-4%	2%	-2%	5%	-5%
Perpetuity	9%	-7%	19%	-13%	9%	-8%	21%	-14%
Explicit Planning and Perpetuity	11%	-9%	25%	-17%	12%	-10%	27%	-18%

VARIATION OF SEMAPA EQUITY BY A CHANGE IN FREE CASH FLOW:

	31/12/2021				31/12/2020			
FCF sensitivity analysis	-5%	+5%	-10%	+10%	-5%	+5%	-10%	+10%
Pulp and Paper	-6%	6%	-12%	12%	-6%	6%	-13%	13%
Cements and derivatives	-7%	7%	-13%	13%	-7%	7%	-14%	14%
Environment	-5%	5%	-10%	10%	-5%	5%	-10%	10%

As of 31 December 2021 and 2020, the caption Investments in joint ventures recorded by the equity method in the statement of financial position, including goodwill, were as follows:

Company name		31/12/2021			31/12/2020		
	Head Office	Equity	% held	Balance*	Equity	% held	Balance*
Subsidiaries							
Aphelion, S.A.	Portugal	42,788	100.00%	42,788	43,479	100.00%	43,479
ETSA - Investimentos, SGPS, S.A.	Portugal	78,163,518	99.99%	78,154,783	70,245,188	99.99%	70,237,337
Secil - Companhia Geral de Cal e Cimento, S.A.	Portugal	319,542,839	99.998%	453,701,588	319,473,992	100.00%	453,632,742
Semapa Inversiones S.L.	Spain	113,250	100.00%	113,250	131,275	100.00%	131,275
Semapa Next, S.A.	Portugal	20,479,500	100.00%	20,479,500	8,629,091	100.00%	8,629,091
The Navigator Company, S.A.	Portugal	814,453,263	69.97%	692,200,264	806,624,456	69.97%	686,722,420
Jointly-controlled entity							
UTIS - Ultimate Technology to Industrial Savings, S.A.	Portugal	6,936,200	50.00%	3,468,100			
				1,248,160,273			**1,219,396,344**

*Includes Goodwill

The subsidiary The Navigator Company, SA is a company listed on Euronext Lisbon and is part of the PSI20 index, the main reference index of the Portuguese stock market. As of 31 December 2021, Navigator's share price was Euro 3.35 (Euro 2.5 as of 31 December 2020).

In 2021, Semapa acquired 50% of the capital of UTIS - Ultimate Technology to Industrial Savings, S.A. No goodwill resulted from this acquisition.

SUMMARY FINANCIAL INFORMATION ON THE SUBSIDIARIES AND THE JOINTLY-CONTROLLED ENTITY

31 December 2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Profit for the period	Net profit	Comprehensive income
Subsidiaries							
Aphelion, S.A.	43,292	-	504	-	-	(691)	(691)
ETSA - Investimentos, SGPS, S.A.	29,450,539	66,179,305	14,649,137	2,485,172	39,972,442	8,918,331	8,918,331
Secil - Companhia Geral de Cal e Cimento, S.A.	258,552,365	812,459,616	373,831,381	360,264,481	495,863,777	52,504,091	40,714,195
Semapa Inversiones S.L.	115,386	-	2,136	-	-	(19,433)	(19,433)
Semapa Next, S.A.	210,531	21,168,292	899,323	-	1,119,074	713,713	1,005,409
The Navigator Company, S.A.	744,723,485	1,607,738,526	558,184,283	979,537,569	1,595,870,445	160,339,581	168,462,477
Jointly-controlled entity							
UTIS - Ultimate Technology to Industrial Savings, S.A.	14,831,733	991,313	8,886,846	-	17,388,598	5,302,022	5,302,022

31 December 2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Profit for the period	Net profit	Com-prehensive income
Subsidiaries							
Aphelion, S.A.	44,603	-	1,124	-	-	(1,009)	(1,009)
ETSA - Investimentos, SGPS, S.A.	21,350,400	62,494,558	11,235,618	2,363,207	31,391,237	5,388,819	5,388,819
Secil - Companhia Geral de Cal e Cimento, S.A.	288,699,017	925,987,747	316,743,245	427,666,887	451,000,152	46,534,560	(53,133,956)
Semapa Inversiones S.L.	134,346	-	1,661	1,410	-	(8,753)	(8,753)
Semapa Next, S.A.	41,840	9,236,595	649,345	-	1,482,001	(444,718)	(1,051,969)
The Navigator Company, S.A.	716,956,664	1,676,209,242	635,846,603	950,419,665	1,385,360,624	98,141,846	86,848,275

The amounts shown for each subsidiary may differ from those shown individually for each one in its statutory financial statements, following harmonisation adjustments and others resulting from the application of the accounting standards in force.

RECONCILIATION OF THE EQUITY OF MATERIAL SUBSIDIARIES AND OF THE JOINTLY-CONTROLLED ENTITY WITH THE BALANCE OF THE FINANCIAL INVESTMENT

31 December 2021 Amounts in Euro	Aphelion, S.A.	ETSA - Investimentos, SGPS, S.A.	Secil - Companhia Geral de Cal e Cimento, S.A.	Semapa Inversiones S.L.	Semapa Next, S.A.	The Navigator Company, S.A.	UTIS - Ultimate Technology to Industrial Savings, S.A.
Equity	42,788	78,163,518	319,542,839	113,250	20,479,500	814,453,263	6,936,200
% held	100%	100%	100%	100%	100%	70%	50%
	42,788	**78,154,783**	**319,536,283**	**113,250**	**20,479,500**	**569,875,818**	**3,468,100**
Goodwill	-	-	134,165,305	-	-	122,324,446	-
Financial investment	**42,788**	**78,154,783**	**453,701,588**	**113,250**	**20,479,500**	**692,200,264**	**3,468,100**

31 December 2020 Amounts in Euro	Aphelion, S.A.	ETSA - Investimentos, SGPS, S.A.	Secil - Companhia Geral de Cal e Cimento, S.A.	Semapa Inversiones S.L.	Semapa Next, S.A.	The Navigator Company, S.A.
Equity	43,479	70,245,188	319,473,992	131,275	8,629,091	806,624,456
% held	100.00%	99.99%	100.00%	100.00%	100.00%	69.97%
	43,479	70,237,337	319,467,437	131,275	8,629,091	564,397,974
Goodwill	-	-	134,165,305	-	-	122,324,446
Financial investment	43,479	70,237,337	453,632,742	131,275	8,629,091	686,722,420

CHANGES IN INVESTMENTS IN SUBSIDIARIES

Amounts in Euro	2021	2020
Opening balance	**1,219,396,344**	**1,284,660,569**
Acquisitions		
Holding in The Navigator Company, by merger with Seinpar Investments, B.V.	-	278,178,698
Goodwill of The Navigator Company, by merger of Seinpar Investments, B.V.	-	82,224,217
Investment in UTIS - Ultimate Technology to Industrial Savings, S.A.	4,411,614	-
Additional capital contributions		
Semapa Next, S.A.	10,845,000	5,940,000
Acquisitions and capital increases	**15,256,614**	**366,342,915**
Repayment of share premium		
Repayment of additional capital contributions		
Secil - Companhia Geral de Cal e Cimento, S.A.	(40,500,000)	(19,700,000)
Settlements		
Settlement by merger of Seinpar Investments, B.V.	-	(360,448,114)
Capital decreases, disposals and liquidations	**(40,500,000)**	**(380,148,114)**
Share of profits - equity method		
Aphelion, S.A.	(691)	(1,009)
ETSA - Investimentos, SGPS, S.A.	8,917,335	5,388,217
Secil - Companhia Geral de Cal e Cimento, S.A.	52,503,014	46,533,605
Semapa Inversiones S.L.	(19,433)	(8,753)
Semapa Next, S.A.	713,713	(444,718)
The Navigator Company, S.A.	112,190,170	68,670,195
UTIS - Ultimate Technology to Industrial Savings, S.A.	333,361	-
Net profit	**174,637,469**	**120,137,537**
Dividends		
The Navigator Company, S.A.	(104,648,918)	(69,367,852)
ETSA - Investimentos, SGPS, S.A.	(999,888)	(599,933)
UTIS - Ultimate Technology to Industrial Savings, S.A.	(1,237,742)	-
Dividends distributed	**(106,886,548)**	**(69,967,785)**
Other comprehensive income	(13,743,603)	(101,628,779)
Other movements	(3)	1
Other equity changes of subsidiaries	**(13,743,606)**	**(101,628,778)**
Closing balance	**1,248,160,273**	**1,219,396,344**

10.2 TRANSACTIONS WITH RELATED PARTIES

BALANCES WITH RELATED PARTIES

Amounts in Euro	31/12/2021				
	Receivables and other current assets (Note 4.1)	Receivables and other current assets - RETGS (Note 4.1)	Payables and other current liabilities (Note 4.2)	Payables and other current liabilities - RETGS (Note 4.2)	Interest-bearing liabilities (Note 5.6)
Shareholders					
Sodim, SGPS, S.A.	512	-	-	-	-
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	-	-	-	328	42,028
ETSA - Investimentos, SGPS, S.A.	36,281	-	-	36,283	-
Secil - Companhia Geral de Cal e Cimento, S.A.	4,382,879	-	34,513	9,105,898	-
Semapa Inversiones S.L.	-	-	-	-	56,767
Semapa Next, S.A.	441,607	31,470	-	-	-
The Navigator Company, S.A.	1,023,084	6,447,546	-	-	-
Other subsidiaries of the Semapa Group					
Abapor - Comércio e Indústria de Carnes, S.A.	-	59,287	-	-	-
Argibetão - Soc. de Novos Prod. de Argila e Betão, S.A.	-	431,129	-	-	-
Beto Madeira - Betões e Britas da Madeira, S.A.	-	-	-	14	-
Betotrans II - Unipessoal, Lda.	-	5,446	-	-	-
Biological - Gestão de Resíduos Industriais, Lda.	-	100,634	-	-	-
Madebritas - Sociedade de Britas da Madeira, Lda.	-	42,932	-	-	-
Cimentos Madeira, Lda.	-	-	-	64,770	-
Ciminpart - Investimentos e Participações, SGPS, S.A.	-	-	-	17,805	-
ETSA Log, S.A.	-	18,974	-	-	-
ITS - Indústria Transformadora de Subprodutos, S.A.	-	99,865	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	-	836,471	-	-	-
Secil - Britas, S.A.	-	221,029	-	-	-
Secil Brands - Marketing, Publicidade, Gestão e Desenvolv. de Marcas, Lda. -	-	-	-	29,101	-
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	279,993	9,991	-	-	-
Unibetão - Indústrias de Betão Preparado, S.A.	-	-	-	414,490	-
Other related parties					
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados -	-	-	7,380	-	-
Nofigal, Lda.	-	-	4,059	-	-
UTIS - Ultimate Technology to Industrial Savings, S.A.	618,871	-	-	-	-
Members of the Board of Directors	-	-	7,255	-	-
	6,783,227	**8,304,774**	**53,207**	**9,668,689**	**98,795**

Amounts in Euro	31/12/2020				
	Receivables and other current assets (Note 4.1)	Receivables and other current assets - RETGS (Note 4.1)	Payables and other current liabilities (Note 4.2)	Payables and other current liabilities - RETGS (Note 4.2)	Interest-bearing liabilities (Note 5.6)
Shareholders					
Sodim, SGPS, S.A.	2,687	-	-	-	-
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	620	-	-	330	43,971
ETSA - Investimentos, SGPS, S.A.	57,529	-	-	68,348	73,924
Secil - Companhia Geral de Cal e Cimento, S.A.	2,880,623	-	-	5,093,725	-
Semapa Next, S.A.	409,829	-	-	2,865	-
The Navigator Company, S.A.	1,477,915	6,447,546	-	-	-
Other subsidiaries of the Semapa Group					
Abapor - Comércio e Indústria de Carnes, S.A.	27,100	59,809	-	-	-
Argibetão - Soc. de Novos Prod. de Argila e Betão, S.A	-	4,053	-	-	-
Beto Madeira - Betões e Britas da Madeira, S.A.	336	-	-	1,017	-
Betotrans II - Unipessoal, Lda.	-	35,695	-	-	-
Biological - Gestão de Resíduos Industriais, Lda.	1,196	10,949	-	-	-
Madebritas - Sociedade de Britas da Madeira, Lda.	2,643	35,194	-	-	-
Celcimo, S.L.	1,504	-	-	-	-
Cimentos Madeira, Lda.	8,146	-	-	89,679	-
Ciminpart - Investimentos e Participações, SGPS, S.A.	-	-	733,500	17,805	-
ETSA Log, S.A.	7,703	-	-	7,138	-
ITS - Indústria Transformadora de Subprodutos, S.A.	95,979	1,672	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	102,045	505,304	-	-	-
Secil - Britas, S.A.	190,329	-	-	405,458	-
Secil Brands - Marketing, Publicidade, Gestão e Desenvolv. de Marcas, Lda. -	-	42,424	-	-	-
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	226,982	273,701	-	-	-
Secil Prebetão - Prefabricados de Betão, S.A.	-	-	-	41,791	-
Serife - Soc. de Estudos e Realizações Industriais e de Fornec. de Equip., Lda.	-	-	-	3,178	-
Florimar, SGPS, Lda.	-	-	-	4.700	-
Unibetão - Indústrias de Betão Preparado, S.A.	188,431	-	-	702,667	-
Other related parties					
Hotel Ritz, S.A.	-	-	1,072	-	-
Sociedade Agrícola da Herdade dos Fidalgos, Unipessoal, Lda.	-	-	638	-	-
Members of the Board of Directors	4,203	-	-	-	-
	5,685,800	7,416,347	735,210	6,438,701	117,895

As of 31 December 2021 and 2020, interest-bearing liabilities from shareholding companies and subsidiaries relate to short-term treasury operations that bear interest at market rates, debited quarterly.

TRANSACTIONS WITH RELATED PARTIES

Amounts in Euro	2021				
	Purchases of goods and services	Sales and services rendered	External services recharge	Financial income/ (expense)	Amount of loans obtained
Shareholders					
Sodim, SGPS, S.A.	-	-	4,219	-	-
	-	**-**	**4,219**	**-**	**-**
Subsidiaries - direct shareholdings (Note 10.1)					
Aphelion, S.A.	-	-	-	(57)	57
ETSA - Investimentos, SGPS, S.A.	-	381,097	-	-	
Secil - Companhia Geral de Cal e Cimento, S.A.	(28,059)	4,546,728	-	-	-
Semapa Inversiones S.L.	-	-	-	(84)	84
Semapa Next, S.A.	(1,119,074)	-	43,977	-	-
The Navigator Company, S.A.	-	10,043,173	-	-	-
	(1,147,133)	**14,970,998**	**43,977**	**(141)**	**141**
Other related parties					
Bestweb, Lda.	(22,022)	-	-	-	-
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	(57,000)	-	-	-	-
Hotel Ritz, S.A.	(31,453)	-	-	-	-
Letras Criativas, Unipessoal, Lda.	(60,000)	-	-	-	-
Nofigal, Lda.	(23,100)	-	-	-	-
Sonagi - Imobiliária, S.A.	(766,018)	-	503	-	-
	(959,593)	**-**	**503**	**-**	**-**
	(2,106,726)	**14,970,998**	**48,699**	**(141)**	**141**

Amounts in Euro	2020					
	Purchases of goods and services	Sales and services rendered	External services recharge	Financial income/ (expense)	Amount of loans granted	Amount of loans obtained
Shareholders (Note 5.2)						
Cimo - Gestão de Participações, SGPS, S.A.	-	-	-	(4,136)	-	3,102
Sodim, SGPS, S.A.	(71,827)	-	-	(505)	-	378
	(71,827)	**-**	**-**	**(4,641)**	**-**	**3,480**
Subsidiaries - direct shareholdings (Note 10.1)						
Aphelion, S.A.	-	-	-	(58)	-	58
ETSA - Investimentos, SGPS, S.A.	-	298,912	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	-	4,225,120	-	6,067	189,500,000	-
Semapa Inversiones S.L.	-	-	-	(103)	-	103
Semapa Next, S.A.	(1,482,001)	-	249	-	-	-
The Navigator Company, S.A.	-	8,718,731	-	-	-	-
	(1,482,001)	**13,242,763**	**249**	**5,906**	**189,500,000**	**161**
Other subsidiaries of the Semapa Group						
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	-	-	-
Navigator Paper Figueira, S.A.	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Other related parties						
Bestweb, Lda.	(22,022)	-	-	-	-	-
CLA - Castro Caldas, Correia Lopes, Mendes de Almeida e Associados, Soc. Advogados	(36,000)	-	-	-	-	-
Hotel Ritz, S.A.	(27,978)	-	108	-	-	-
Letras Criativas, Unipessoal, Lda.	(60,000)	-	-	-	-	-
Sociedade Agrícola da Herdade dos Fidalgos, Lda.	(4,128)	-	-	-	-	-
Sonagi - Imobiliária, S.A.	(774,864)	-	-	-	-	-
	(1,553,828)	**13,242,763**	**249**	**1,265**	**189,500,000**	**3,641**

In previous years, lease agreements were signed between Semapa and Sonagi - Imobiliária. S.A. relating to the lease of several office floors in the building which it owns and operates the head office of Semapa at Av. Fontes Pereira de Melo. no. 14. in Lisboa.

RECEIVABLES AND PAYABLES - TAX CONSOLIDATION (RETGS)

The balances receivable from and payable to the subsidiaries included in the Company's Tax Business Group related to the RETGS operations (Note 6.1) are of the following nature:

Amounts in Euro	31/12/2021		31/12/2020	
	Receivable	Payable	Receivable	Payable
Income tax on subsidiaries	4,866,603	1,631,970	1,404,186	1,279,199
Corporate Income Tax receivable	(3,009,182)	(10,998,870)	(1,397,549)	(7,700,102)
Withholding tax recoverable	(193)	(59,494)	(3,308)	(17,798)
International double taxation	-	(242,295)	-	-
Corporate Income Tax from prior years	6,447,546	-	7,413,018	-
	8,304,774	**(9,668,689)**	**7,416,347**	**(6,438,701)**

OTHER RELATED PARTY DISCLOSURES

In 2018, the Group, through its subsidiary Semapa Next. S.A., agreed to perform an investment of USD 12 million in the "Alter Venture Partners Fund 1", entity in which a member of the executive team is also a non-executive board member of Semapa.

The remuneration of the Company's key management personnel is detailed in Note 7.3 – Remuneration of corporate bodies.

11 EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

Lisbon, 18 March 2022

CERTIFIED ACCOUNTANT

Paulo Jorge Morais Costa

BOARD OF DIRECTORS

CHAIRMAN

José Antônio do Prado Fay

MEMBERS

Ricardo Miguel dos Santos Pacheco Pires

Vítor Paulo Paranhos Pereira

António Pedro de Carvalho Viana-Baptista

Carlos Eduardo Coelho Alves

Filipa Mendes de Almeida de Queiroz Pereira

Francisco José Melo e Castro Guedes

Lua Mónica Mendes de Almeida de Queiroz Pereira

Mafalda Mendes de Almeida de Queiroz Pereira

Vítor Manuel Galvão Rocha Novais Gonçalves

STATUTORY AUDIT REPORT

Separate Financial Statements

KPMG

STATUTORY AUDITORS’ REPORT and 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 **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** (the Entity), which comprise the statement of financial position as at 31 December 2021 (showing a total of Euro 1,351,897,192 and total equity of Euro 1,092,313,563, including a profit for the year of Euro 198,128,028), the income statement by nature, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 **Semapa – Sociedade de Investimento e Gestão, SGPS, 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 of our report. We are independent of the Entity in accordance with the applicable law and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants of the Portuguese Institute of Statutory Auditors.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of financial investments (Euro 1,248,160,273)	
See Note 1.6 Significant accounting estimates and judgements and Note 10.1 of the notes to the Financial Statements	
The Risk	**Our response to the identified risk**
The valuation of the Entity's financial investments requires a high degree of estimate and judgement by the Board of Directors, namely with regard to the calculation of the recoverable value of the investments made when signs of impairment are identified.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls implemented by the Entity and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model; ▪ We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates; ▪ We performed sensitivity analyses to the robustness of the assumptions and forecasts used; ▪ We involved our experts in benchmarking the average cost of capital rate; and, ▪ We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.

KPMG

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

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

Auditor´s responsibilities for the Audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report based on our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements 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 events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in Article 451(4) and (5) of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the remuneration report was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to Article 451(3)(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 and 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.

KPMG

On the Corporate Governance Report

Pursuant to Article 451(4) of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Entity to provide under Article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of number 1 of that Article.

On the remuneration report

Pursuant to Article 26-G(6), of the Securities Code, we inform that the Entity has included in the corporate governance report, in a separate chapter, the information provided in number 2 of that Article.

On the European single electronic format (ESEF)

The financial statements of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** for the year ended 31 December 2021 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and presentation of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) Technical Application Guide on ESEF reporting and included obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format.

In our opinion, the financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in Article 10 of the Regulation (EU) 537/2014

Pursuant to Article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of the Entity in the shareholders general assembly held on 22 September 2017 for a first mandate from 2018 to 2021.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the financial statements due to fraud.

KPMG

- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Entity on 30 March 2022.
- We declare that we have not provided any prohibited services as described in Article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

30 March 2022

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (no. 189)
(no. 189 and registered at CMVM with no. 20161489)
represented by
Paulo Alexandre Martins Quintas Paixão
(ROC no. 1427 and registered at CMVM with no. 20161037)

RREPORT AND OPINION OF THE AUDIT BOARD

Separate Financial Statements

SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.

Report and Opinion of the Audit Board
Separate Financial Statements
(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

Year 2021

Dear Shareholders,

1. As laid down by law, established in the articles of association and in carrying out the mandate entrusted to us, we hereby deliver our report on the audit activities carried out in 2021 and issue our opinion on the Management Report and the Separate Financial Statements submitted by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the year ended 31 December 2021.

2. During the year, we monitored the company's activity on a regularly basis, with the frequency and to the extent that we deemed appropriate, namely through regular meetings with the Company's Management and Directors. We oversaw the reviewing of the accounting records and the supporting documents, and the efficacy of the risk management, internal control and audit systems. We ensured compliance with the law and the Articles of Association. We did not run up against any obstacles in the exercise of our duties.

3. We met several times with the Statutory Auditor and the External Auditor, KPMG & Associados, SROC, Lda., to monitor the audits conducted and supervise their independence. We have analysed the legal Accounts Certificate and Audit Report, and merit our agreement.

4. The Audit Board analysed the proposals that were presented to it for non-audit services by the Statutory and External Auditor, having approved those that related with permitted services, did not affect the independence of the Statutory and External Auditor and fulfil the other legal requirements.

5. Within the scope of our competences, we find that:

   a) The separate Income Statement, the separate Financial Statement, the separate Statement of Comprehensive Income, the separate Statement of Changes in Equity and the separate Cash Flow Statement and its Notes to the separate financial statements give a true and fair view of the financial position of the company, in respect of its results, comprehensive income, changes in equity and cash flow;

   b) The accounting policies and valuation criteria applied are in conformity with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and ensure that a true and fair assessment of the company's assets and results is given, and the findings and recommendations of the external auditor have been followed through;

   c) The Management Report clearly shows the development of the business and the situation of the company, highlighting key aspects of the activity;

   d) The Corporate Governance Report covers all of the points required under the terms of Article 245 A of the Securities Code and considered the recommendations to the Code of the Portuguese Corporate Governance Institute (IPCG).

6. We are of the opinion that the allocation of profits as proposed by the Board of Directors does not run counter to the applicable legal or statutory provisions.

7. Consequently, taking into account the information delivered by the company's Board of Directors and Departments, and the conclusions of the legal Accounts Certificate and Audit Report, we are of the opinion that:

   a) The Management Report should be approved;

   b) The separate Financial Statements should be approved;

   c) The allocation of results as proposed by the Board of Directors should be approved.

8. Finally, the members of the Audit Board are grateful to the Board of Directors, the key supervisors and other company staff, as well as to the statutory auditor KPMG & Associados, SROC, Lda. for their collaboration.

Lisbon, 30 March 2022

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member of the Audit Board,

Gonçalo Nuno Palha Gaio Picão Caldeira

Member of the Audit Board,

Maria da Graça Torres Ferreira da Cunha Gonçalves

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SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.
PUBLIC LIMITED COMPANY

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Company Registration and Corporate Taxpayer Number: 502 593 130 | Share Capital: EUR 81 270 000
ISIN: PTSEM0AM0004 | LEI: 549300HNGOW85KIOH584 | Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)

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