2021 ANNUAL REPORT

cementirholding
GRUPPO CALTAGIRONE

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GENERAL INFORMATION

GROUP PROFILE

Cementir Holding is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the global leader in white cement with 3.3 million tons of installed capacity, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third largest producer in Belgium and among the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is also active in the processing of urban and industrial waste, used to produce waste-derived fuel for cement plants.

The Group's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites in 18 countries, a production capacity of over 13 million tons of grey and white cement, and a commercial presence in over 70 countries. The company continues to pursue a strategy aimed at geographical and product diversification with a view to environmental sustainability.

The Group has boosted the extensive use of digital technology in production processes with the Cementir 4.0 project, which aims to ensure a level of operational excellence along the entire value chain, including limestone extraction, the use of raw materials and alternative fuels, predictive maintenance, supply management and logistics.

Cementir has set ambitious targets to reduce its CO_2 emissions that have been independently verified by the Science Based Targets initiative (SBTi) and judged consistent with the goal of keeping warming well below 2°C. The Group has defined a ten-year Roadmap and in the 2022-2024 Business Plan, it will commit funds of around EUR 97 million to sustainability projects, including: large-scale production of low carbon footprint sustainable products such as FUTURECEM^{TM}, which reduces CO_2 emissions by 30%; the use of alternative raw materials and fuels, or more sustainable fuels such as natural gas, investments aimed at reducing the consumption of thermal energy and electricity in our plants in Denmark and Belgium.

In December 2021, the Group obtained an improvement in its climate change rating to an "A-", ranking above the average for the cement and ready-mixed concrete sector (B), the European average (B) and the global average (B-). Cementir also obtained a B score for the first time for "Water Security", in line with the sector and the European average (B).

In May 2021, the rating agency Standard & Poor's assigned Cementir Holding a rating of BBB- with Stable Outlook.

Cementir Holding has been listed on the Milan Stock Exchange since 1955 and today is one of the leading companies in the Euronext STAR Milan segment. Since 1992 Cementir has been part of the Caltagirone Group, one of the leading private business groups in Italy with activities in the residential construction, infrastructure, publishing, real estate and finance sectors.

11	Cement plants
13.1 (million t)	Cement production capacity
101	Ready-mixed concrete plants
11.2 (million t)	Cement sold
5.1 (million m^3)	Ready-mixed concrete sold
11.1 (million t)	Aggregate sold
1,360 (million/€)	Revenue
311 (million/€)	Ebitda
3,083	Employees

GLOBAL PRESENCE

Grey cement production capacity: 9.8 million t
White cement production capacity: 3.3 million t
Grey cement sales: 8.2 million t
White cement sales: 3.0 million t
Ready-mixed concrete sales: 5.1 million m^3
Aggregate sales: 11.1 million t

Cement plants: 11
Terminals: 60
Ready-mixed concrete plants: 101
Quarries: 12
Cement product plants: 1
Waste management facilities: 2

Denmark
Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Cement plants: 1 (7 kilns)
Ready-mixed concrete plants: 33
Terminals: 7
Quarries: 3

Norway
Ready-mixed concrete plants: 26
Terminals: 1

Sweden
Ready-mixed concrete plants: 9
Quarries: 5

United Kingdom
Waste management facilities: 1
Terminals: 2

Latvia
Terminals: 1

Iceland
Terminals: 3

Netherlands
Terminals: 1

Poland
Terminals: 1

Belgium
Grey cement production capacity: 2.3 million t
Cement plants: 1
Ready-mixed concrete plants: 9
Terminals: 1
Quarries: 3

France
Ready-mixed concrete plants: 5
Terminals: 2

USA
White cement production capacity: 0.26 million t
Cement plants: 2
Cement product plants: 1
Terminals: 31

Turkey
Grey cement production capacity: 5.4 million t
Cement plants: 4
Ready-mixed concrete plants: 19
Waste management facilities: 1

Egypt
White cement production capacity: 1.1 million t
Cement plants: 1

China
White cement production capacity: 0.75 million t
Cement plants: 1
Terminals: 4

Malaysia
White cement production capacity: 0.35 million t
Cement plants: 1
Terminals: 2

Australia
Terminals: 4

Italy
Secondary and operational office of Cementir Holding N.V.

Nordic & Baltic

Volumes sold (million/t–m³)	2021	2020
Denmark		
Grey cement sales	1.81	1.68
White cement sales	0.86	0.81
Ready-mixed concrete sales	1.22	1.15
Aggregate sales	0.82	0.71
Norway		
Ready-mixed concrete sales	0.80	0.77
Sweden		
Ready-mixed concrete sales	0.24	0.24
Aggregate sales	3.56	3.60

Belgium / France

Volumes sold (million/t–m³)	2021	2020
Belgium / France		
Grey cement sales	2.07	2.02
Ready-mixed concrete sales	0.94	0.81
Aggregate sales	5.46	5.22

North America

Volumes sold (million/t)	2021	2020
United States		
White cement sales	0.67	0.65

Turkey

Volumes sold (million/t–m³)	2021	2020
Grey cement sales	4.47	4.30
Ready-mixed concrete sales	1.89	1.47

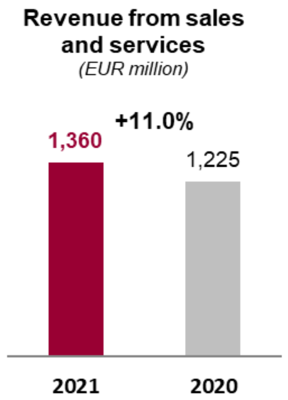
Egypt

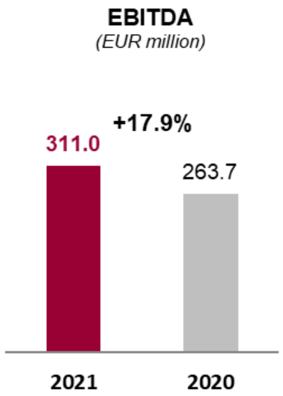
Volumes sold (million/t)	2021	20120
White cement sales	0.57	0.49

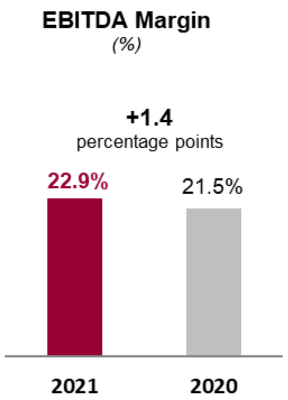
Asia Pacific

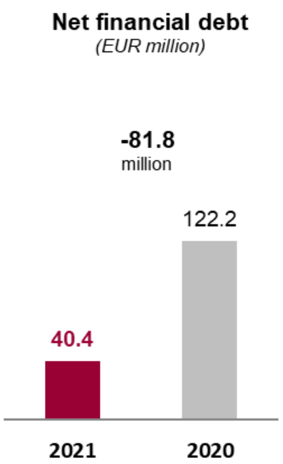
Volumes sold (million/t)	2021	2020
China		
White cement sales	0.72	0.72
Malaysia		
White cement sales	0.33	0.30

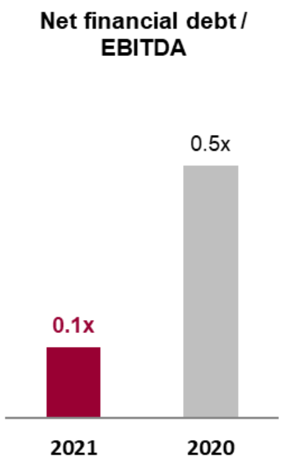
PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS

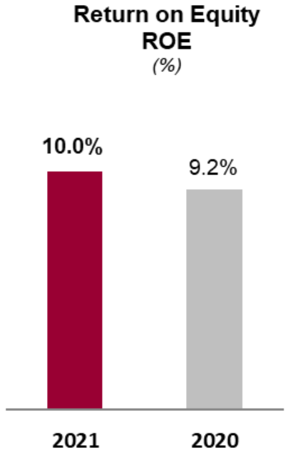












PERFORMANCE HIGHLIGHTS

(EUR'000)	2021	2020	2019	2018	2017	2016	2015
Revenue from sales and services	1,359,976	1,224,793	1,211,828	1,196,186	1,140,006	1,027,578	969,040
EBITDA	310,952	263,740	263,794	238,504	222,697	197,826	194,036
EBITDA Margin %	*22.9%*	*21.5%*	*21.8%*	*19.9%*	*19.5%*	*19.3%*	*20.0%*
EBIT	197,783	157,173	151,743	153,213	140,565	94,659	97,645
EBIT Margin %	*14.5%*	*12.8%*	*12.5%*	*12.8%*	*12.3%*	*9.2%*	*10.1%*
Net financial income (expense)	(25,797)	(14,615)	(25,095)	31,422	(13,912)	23,936	3,998
Profit before taxes	171,986	142,558	126,648	184,635	126,653	118,595	101,643
Income taxes	(48,992)	(33,195)	(36,219)	(35,866)	(16,393)	(33,246)	(26,542)
Profit from continuing operations	122,995	109,363	90,429	148,769	110,260	85,349	75,101
Profit margin %	*9.0%*	*8.9%*	*7.5%*	*12.4%*	*9.7%*	*8.3%*	*7.8%*
Profit (loss) from discontinued operations	-	-	-	(13,109)	(33,094)	-	-
Profit for the year	122,995	109,363	90,429	135,660	77,166	85,349	75,101
Profit attributable to the owners of the parent	113,316	102,008	83,569	127,194	71,471	67,270	67,477
Profit margin %	*8.3%*	*8.3%*	*6.9%*	*10.6%*	6.3%	*6.5%*	*7.0%*

FINANCIAL AND EQUITY HIGHLIGHTS

(EUR'000)	2021	2020	2019	2018	2017	2016	2015
Net capital employed	1,267,932	1,305,142	1,421,195	1,383,799	1,558,929	1,622,741	1,353,192
Total assets	2,111,058	2,232,379	2,266,094	2,132,223	2,357,329	2,435,444	1,849,551
Total equity	1,227,557	1,182,962	1,181,567	1,128,384	1,015,658	1,060,303	1,131,105
Equity attributable to the owners of the parent	1,088,128	1,056,709	1,044,627	997,146	956,188	992,697	1,048,670
Net financial debt	40,375	122,181	239,629	255,415	543,271	562,438	222,087

PROFIT AND EQUITY RATIOS

	2021	2020	2019	2018	2017	2016	2015
Return on equity (a)	10.0%	9.2%	7.7%	13.2%	10.9%	8.0%	6.6%
Return on capital employed (b)	15.6%	12.0%	10.7%	11.1%	9.0%	5.8%	7.2%
Equity ratio (c)	57.7%	52.7%	51.8%	52.5%	42.8%	42.8%	60.7%
Net gearing ratio (d)	3.3%	10.4%	20.4%	22.8%	53.8%	54.0%	19.8%
Net financial debt/EBITDA	0.1x	0.5x	0.9x	1.1x	2.4x	2.8x	1.1x

(a) Profit (loss) from continuing operations/Total equity
(b) EBIT/Net capital employed
(c) Adjusted equity/Total assets
(d) Net financial debt/ Adjusted equity

PERSONNEL AND INVESTMENTS

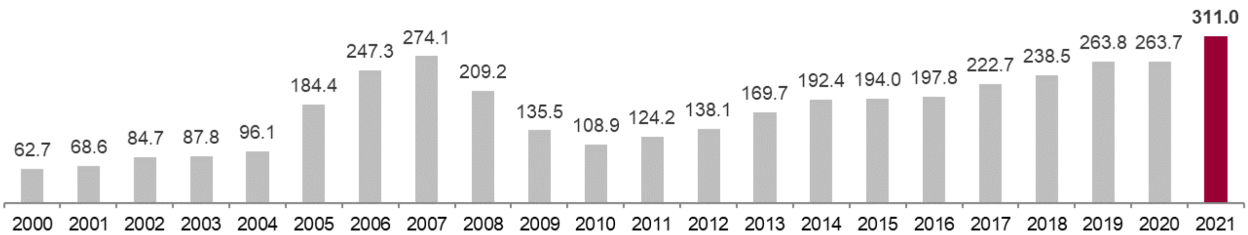
	2021	2020	2019	2018	2017	2016	2015
Number of employees (at 31 Dec)	3,083	2,995	3,042	3,083	3,021	3,667	3,032
Acquisitions (EUR million)	3.8	-	-	(223)	7.5	405.4[(e)]	-
Investments (EUR million)	99.1[(f)]	85.9[(f)]	88.4[(f)]	66.7	85.8	71.8	61.3

(e) On a cash and debt-free basis.
(f) Including investments accounted for in accordance with IFRS.

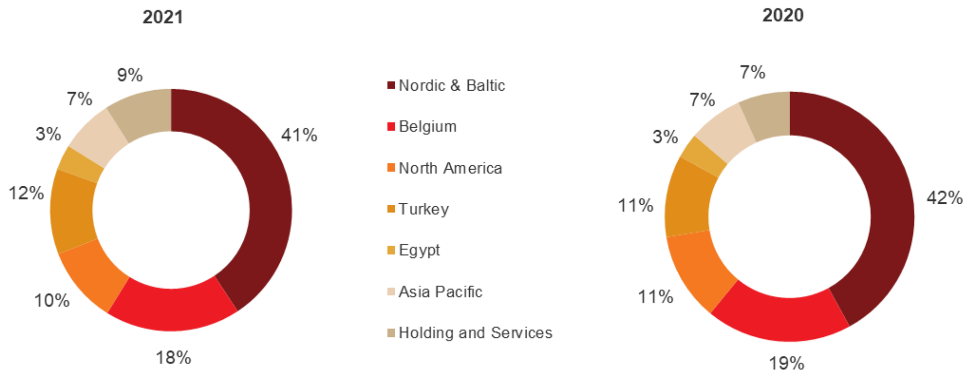
SALES VOLUMES

(000)	2021	2020	2019	2018	2017	2016	2015
Grey and white cement (metric tons)	11,156	10,712	9,489	9,828	10,282	10,110	9,368
Ready-mixed concrete (m^3)	5,093	4,435	4,116	4,921	4,948	4,420	3,749
Aggregates (t)	11,052	10,222	9,710	9,953	9,335	4,462	3,813

EBITDA PERFORMANCE

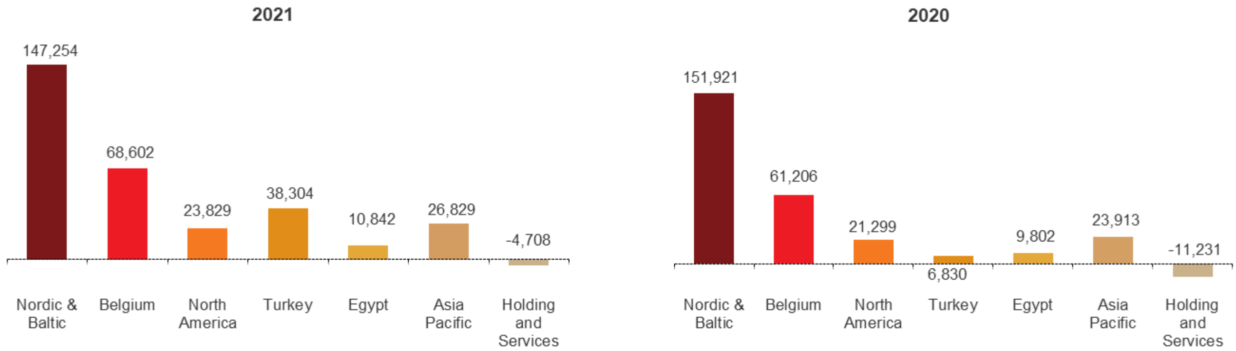


REVENUE FROM SALES AND SERVICES BY GEOGRAPHICAL SEGMENT



(EUR'000)	**2021**	**2020**	**Change %**
Nordic & Baltic	617,365	562,433	9.8%
Belgium	274,957	253,237	8.6%
North America	155,478	152,968	1.6%
Turkey	173,263	141,834	22.2%
Egypt	50,729	43,364	17.0%
Asia Pacific	108,017	94,660	14.1%
Holding and Services	136,580	89,771	52.1%
Eliminations	(156,413)	(113,474)	37.8%
Total revenue from sales and services	**1,359,976**	**1,224,793**	**11.0%**

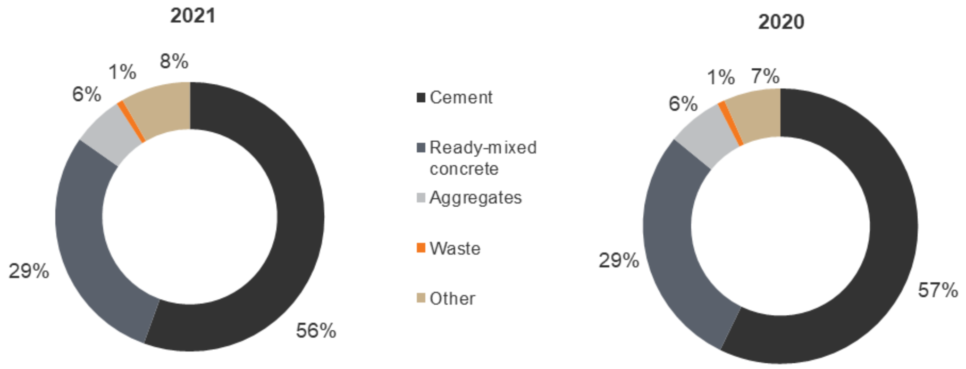
EBITDA BY GEOGRAPHICAL SEGMENT



(EUR'000)	**2021**	**2020**	**Change %**
Nordic & Baltic	147,254	151,921	-3.1%
Belgium	68,602	61,206	12.1%
North America	23,829	21,299	11.9%
Turkey [1]	38,304	6,830	460.8%
Egypt	10,842	9,802	10.6%
Asia Pacific	26,829	23,913	12.2%
Holding and Services[2]	(4,708)	(11,231)	58.1%
Total EBITDA	**310,952**	**263,740**	**17.9%**

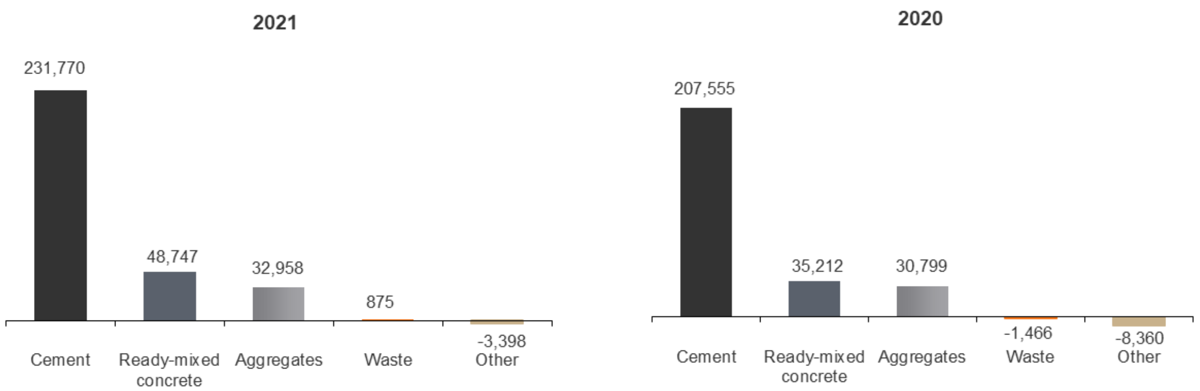
[1] Includes non-recurring revenue of EUR 18.3 million in 2021 and EUR 3.6 million in 2020.
[2] Includes non-recurring charges of EUR 7.2 million in 2021 and EUR 3.0 million in 2020.

REVENUE FROM SALES AND SERVICES BY BUSINESS SEGMENT



(EUR'000)	2021	2020	Change %
Cement	853,796	779,256	9.6%
Ready-mixed concrete	448,632	390,869	14.8%
Aggregates	94,142	88,568	6.3%
Waste	12,243	12,077	1.4%
Other	128,142	91,080	40.7%
Eliminations	(176,979)	(137,057)	-29.1%
Total revenue from sales and services	**1,359,976**	**1,224,793**	**11.0%**

EBITDA BY BUSINESS SEGMENT



(EUR'000)	2021	2020	Change %
Cement [1]	231,770	207,555	11.7%
Ready-mixed concrete	48,747	35,212	38.4%
Aggregates	32,958	30,799	7.0%
Waste [2]	875	(1,466)	159.7%
Other [3]	(3,398)	(8,360)	59.4%
Total EBITDA	**310,952**	**263,740**	**17.9%**

[1] Includes non-recurring revenue of EUR 18.3 million in 2021 and EUR 3.6 million in 2020.
[2] Includes non-recurring charges of EUR 3.1 million in 2020.
[3] Includes non-recurring charges of EUR 7.2 million in 2021 and EUR Euro 3.0 million in 2020.

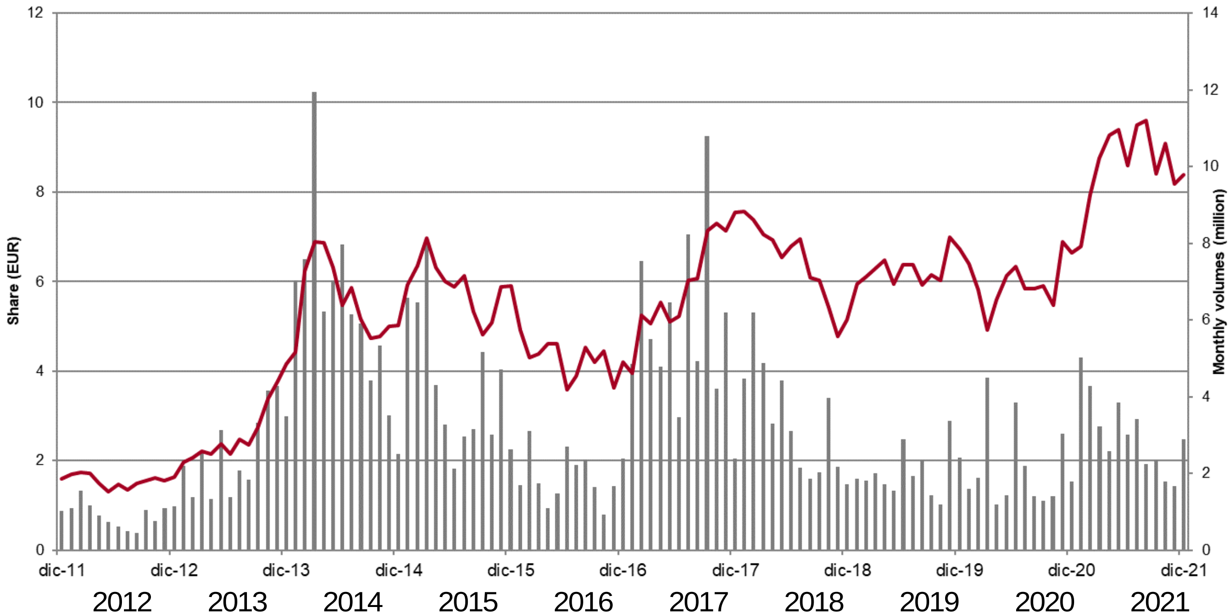
CEMENTIR HOLDING ON THE STOCK EXCHANGE

KEY MARKET DATA

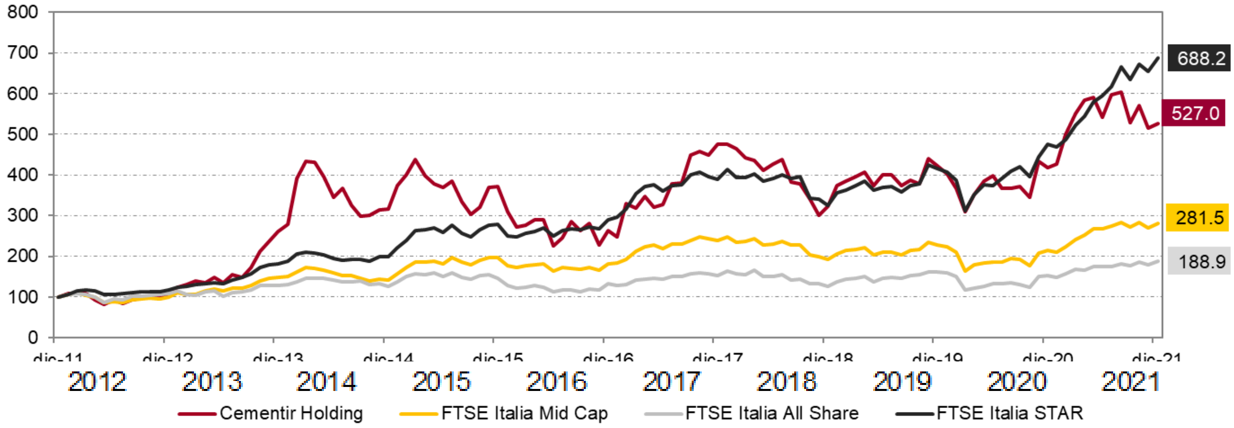
(EUR'000)	2021	2020	2019	2018	2017
Share capital at 31 December (EUR)	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Number of ordinary shares	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Treasury shares at 31 December	3,600,000	694,500			
Earnings per share (EUR)	0.712	0.641	0.525	0.799	0.449
Dividend per share (EUR)	0.18 (1)	0.14	0.14	0.14	0.10
Pay-out ratio	25.3%	21.8%	26.7%	17.5%	21.8%
Dividend yield (2)	2.1%	2.1%	2.7%	2.7%	1.3%
Market capitalisation (EUR million)(2)	1,333.4	1,058.1	1,069.9	816.3	1,201.4
Share price (EUR)					
Low	6.60	4.17	4.98	4.48	3.86
High	9.98	7.20	7.15	8.19	7.63
Year-end price	8.38	6.65	6.72	5.13	7.55

(1) Dividend proposed to the Shareholders' Meeting.
(2) Figures are calculated on the basis of the year-end price.

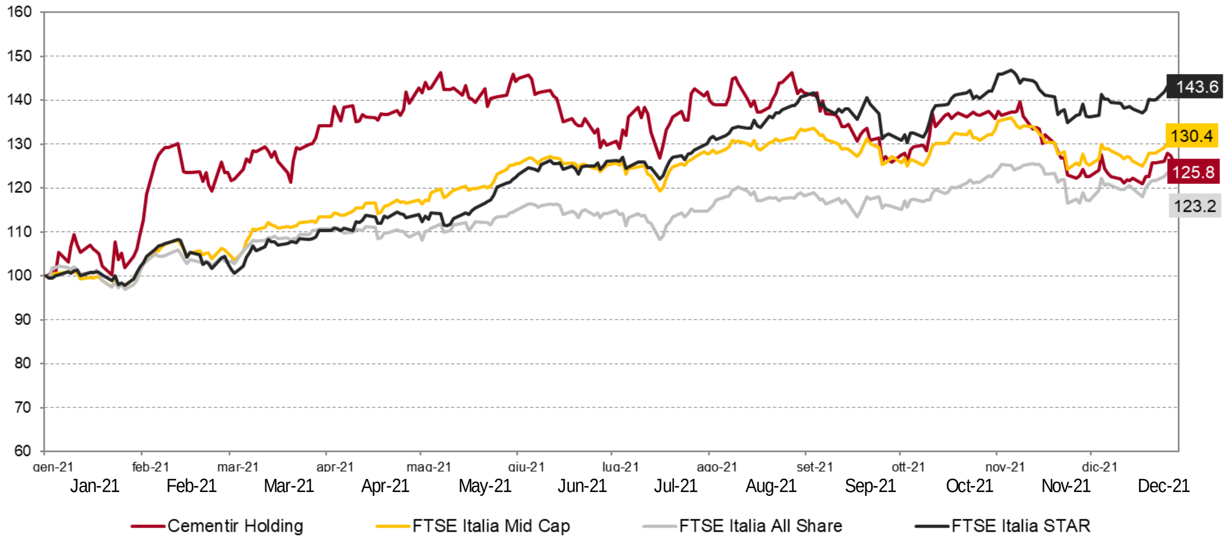
CEMENTIR HOLDING SHARE PRICE PERFORMANCE (31 DECEMBER 2011 – 31 DECEMBER 2021)



PERFORMANCE OF CEMENTIR HOLDING SHARES VERSUS FTSE ITALIA MID CAP, FTSE ITALIA ALL SHARE AND FTSE ITALIA STAR INDEXES (BASE 31 DECEMBER 2011 = 100)



PERFORMANCE OF CEMENTIR HOLDING SHARES VERSUS FTSE ITALIA MID CAP, FTSE ITALIA ALL SHARE AND FTSE ITALIA STAR INDEXES (BASE 4 JANUARY 2021 = 100)



COMPANY OFFICERS

Board of Directors [1] In office until approval of 2022 financial statements	*Executive Director Chairman and CEO*	Francesco Caltagirone Jr.
	Non-Executive Director and Vice-Chairman[2]	Alessandro Caltagirone
	Non-Executive Director and Vice-Chairwoman[3]	Azzurra Caltagirone
	Non-Executive Directors	Edoardo Caltagirone Saverio Caltagirone Fabio Corsico Veronica De Romanis *(independent)* Paolo Di Benedetto *(independent)* [4] Chiara Mancini *(independent)*
Audit Committee[5]	***Chairwoman***	Veronica De Romanis *(independent)*
	Members	Paolo Di Benedetto *(independent)* Chiara Mancini *(independent)*
Remuneration and Nomination Committee[6]	***Chairwoman***	Chiara Mancini *(independent)*
	Members	Paolo Di Benedetto *(independent)* Veronica De Romanis *(independent)*
Sustainability Committee[7]	**Chairman**	Francesco Caltagirone Jr.
	Members	Veronica De Romanis *(independent)* Chiara Mancini *(independent)*
Independent Auditors		PricewaterhouseCoopers Accountants N.V.[8]

[1] Appointed by resolution of the shareholders' meeting of 20 April 2020.
[2] Appointed by resolution of the Board of Directors dated 24 April 2020
[3] Appointed by resolution of the Board of Directors dated 24 April 2020
[4] Appointed *Senior Non Executive Director* by resolution of the Board of Directors dated 24 April 2020
[5] Appointed by resolution of the Board of Directors dated 24 April 2020
[6] Appointed by resolution of the Board of Directors dated 24 April 2020
[7] Appointed by resolution of the Board of Directors dated 28 July 2021.
[8] The shareholders' meeting of 20 April 2020 entrusted the assignment of Statutory auditing for the period 2021–2030 to auditing company PricewaterhouseCoopers Accountants NV.

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DIRECTOR’S REPORT

INTRODUCTION

This Directors' Report refers to the separate and consolidated financial statements of the Cementir Group as at 31 December 2021. These statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and with Part 9 of Book 2 of the Dutch Civil Code.

This report should be read together with the separate and consolidated financial statements for the year 2021. These financial statements of Cementir Group have been prepared on the basis of the going concern assumption.

GROUP PROFILE

Cementir Holding N.V. is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the global leader in white cement with 3.3 million tonnes of installed capacity, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third-largest producer in Belgium and among the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is also active in the processing of urban and industrial waste, used to produce fuel for cement plants from waste.

Cementir's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites in 18 countries, a production capacity of over 13 million tonnes of cement and a commercial presence in over 70 countries. The company continues to pursue a strategy aimed at geographical and product diversification with a view to environmental sustainability.

The Group has boosted the extensive use of digital technology in production processes with the Cementir 4.0 project, which aims to ensure a level of operational excellence along the entire value chain, including limestone extraction, the use of raw materials and alternative fuels, predictive maintenance, supply management and logistics. Cementir has set ambitious targets to reduce its CO_2 emissions that have been independently verified by the Science Based Targets initiative (SBTi) and judged consistent with the goal of keeping warming well below 2°C. The Group has defined a ten-year Roadmap and in the 2022-2024 Business Plan, it will commit funds of around EUR 97 million to sustainability projects, including: large-scale production of low carbon footprint sustainable products such as FUTURECEM™, which reduces CO_2 emissions by 30%; the use of alternative raw materials and fuels, or more sustainable fuels such as natural gas, investments aimed at reducing the consumption of thermal energy and electricity in our plants in Denmark and Belgium.

In December 2021, the Group obtained an improvement in its climate change rating to an "A-", ranking, above the average for the cement and ready-mixed concrete sector (B), the European average (B) and the global average (B-). Cementir also obtained a B score for the first time for "Water Security", in line with the sector and the European average (B).

In May 2021, the rating agency Standard & Poor's assigned Cementir Holding a rating of BBB- with Stable Outlook.

Cementir Holding has been listed on the Milan Stock Exchange since 1955 and today is one of the main companies in the Euronext STAR Milan segment. Since 1992, Cementir has been part of the Caltagirone Group, one of the leading private business groups in Italy with activities in the residential construction, infrastructure, publishing, real estate and finance sectors.

GROUP PERFORMANCE

The consolidated income statement for 2021 is reported below, with comparative figures provided for 2020:

Financial Highlights

(EUR'000)	2021	2020	Change %
REVENUE FROM SALES AND SERVICES	**1,359,976**	**1,224,793**	**11.0%**
Change in inventories	14,733	(14,436)	202.1%
Increase for internal work and other income	39,011	22,442	73.8%
TOTAL OPERATING REVENUE	**1,413,720**	**1,232,799**	**14.7%**
Raw materials costs	(566,468)	(461,195)	22.8%
Personnel costs	(181,406)	(188,430)	-3.7%
Other operating costs	(354,894)	(319,434)	11.1%
TOTAL OPERATING COSTS	**(1,102,768)**	**(969,059)**	**13.8%**
EBITDA	**310,952**	**263,740**	**17.9%**
EBITDA Margin %	*22.9%*	*21.5%*	
Amortisation, depreciation, impairment losses and provisions	(113,169)	(106,567)	6.2%
EBIT	**197,783**	**157,173**	**25.8%**
EBIT Margin %	*14.5%*	*12.8%*	
Share of net profits of equity-accounted investees	818	571	43.3%
Net financial income (expense)	(26,615)	(15,186)	-75.3%
NET FINANCIAL INCOME (EXPENSE)	**(25,797)**	**(14,615)**	**-76.5%**
PROFIT BEFORE TAXES	**171,986**	**142,558**	**20.6%**
PROFIT BEFORE TAXES/REVENUE %	*12.6%*	*11.6%*	
Income taxes	(48,991)	(33,195)	47.6%
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**122,995**	**109,363**	**12.5%**
PROFIT FOR THE YEAR	**122,995**	**109,363**	**12.5%**
Attributable to:			
Non-controlling interests	9,679	7,355	31.6%
Owners of the Parent	**113,316**	**102,008**	**11.1%**

Sales volumes

(EUR'000)	2021	2020	Change %
Grey, White cement and Clinker (metric tons)	11,156	10,712	4.1%
Ready-mixed concrete (m3)	5,093	4,435	14.8%
Aggregates (metric tons)	11,052	10,222	8.1%

During 2021, cement and clinker **sales volumes**, equal to 11.2 million tonnes, recorded an increase of 4.1% compared to 2020 thanks to the favourable trend in all countries.

Sales volumes of ready-mixed concrete, equal to 5.1 million cubic metres, were up by 14.8% mainly due to the increase in Turkey and, to a lesser extent, in Denmark and Norway.

In the aggregates segment, sales volumes amounted to 11.1 million tonnes, up by 8.1%.

Group revenue reached EUR 1,360.0 million, up 11% compared to EUR 1,224.8 million in 2020. At constant 2020 exchange rates, revenue would have reached EUR 1,399.5 million, up by 14.3% on the previous year.

Operating costs totalled EUR 1,102.8 million, up 13.8% compared to 2020 (EUR 969.1 million).

The **cost of raw materials** amounted to EUR 566.5 million (EUR 461.2 million in 2020), up 23% both due to higher business volumes mainly in Turkey and the generalised increase in fuel prices.

Personnel costs amounted to EUR 181.4 million, down compared to EUR 188.4 million in 2020.

Other operating costs amounted to 354.9 million Euros compared to EUR 319.4 million in 2020, an increase of 11%, mainly due to the increase in transport costs.

EBITDA amounted to EUR 311.0 million, up 17.9% from EUR 263.7 million in 2020, following improved results in all countries except Denmark and Malaysia. This result benefited from net non-recurring income of EUR 11.1 million, linked to the valuation of the value of non-industrial properties in Turkey and Italy (EUR 6.7 million in 2020; it should also be noted that in the last year non-recurring charges were incurred related to the sale of certain machinery in Turkey, the execution of a settlement agreement and other legal charges of EUR 6.1 million, for a net impact due to non-recurring events positive for EUR 0.6 million).

The EBITDA margin was 22.9%, compared to 21.5% in 2020.

At constant exchange rates with the previous year, EBITDA would have reached EUR 319.0 million.

Taking into account EUR 113.2 million of amortisation, depreciation, write-downs and provisions (EUR 106.6 million in 2020), **EBIT** reached EUR 197.8 million, up 25.8% compared to EUR 157.2 million in the previous year. Amortisation, depreciation, impairment losses and provisions include amortisation and depreciation due to the application of IFRS 16 of EUR 27.5 million euros (EUR 26.1 million in 2020). There are no inventory impairment losses or provisions for risks as a consequence of the Covid-19 pandemic.

At constant exchange rates with the previous year, EBIT would have reached EUR 203.5 million.

The **share of net profits of equity-accounted investees** was EUR 0.8 million (EUR 0.6 million in 2020).

Net financial expense, negative for EUR 26.6 million (negative for EUR 15.2 million in 2020), includes net financial charges of EUR 10.4 million (EUR 16 million in 2020), foreign exchange charges of EUR 13.7 million (EUR 4.0 million in 2020) mainly due to the performance of the Turkish Lira and the impact of the valuation of derivatives.

Profit before taxes was EUR 172.0 million, an increase of 20.6% on EUR 142.6 million in 2020.

Profit from continuing operations totalled EUR 123.0 million (EUR 109.4 million 2020), after taxes amounting to EUR 49.0 million (EUR 33.2 million in the previous year). The change in taxes was affected by the conclusion of a MAP ("Mutual Agreement Process") procedure between the Danish and Italian Tax Authorities, with an impact of around EUR 7 million.

Group net profit, once non-controlling interests were accounted for, amounted to EUR 113.3 million (EUR 102.0 million in 2020).

Financial highlights

(EUR'000)	**31-12-2021**	**31-12-2020**
Net capital employed	1,267,932	1,305,142
Total equity	1,227,557	1,182,962
Net financial debt	40,375	122,181

Net financial debt as at 31 December 2021 was EUR 40.4 million, a decrease of EUR 81.8 million compared to EUR 122.2 million as at 31 December 2020. These amounts include EUR 76.0 million due to the application of IFRS 16 (EUR 85.3 million at 31 December 2020), and were influenced by the distribution of dividends of EUR 21.9 million in May and the share buyback for an amount of EUR 24.8 million.

Net of this impact, cash flow from ordinary activities was positive at EUR 119.2 million.

Total equity as at 31 December 2021 amounted to EUR 1,227.6 million (EUR 1,183.0 million as at 31 December 2020).

FINANCIAL INDICATORS

The following table provides the most significant indicators for a brief assessment of the performance and financial position of the Cementir Holding Group. Return on equity and Return on Capital Employed allows for a rapid understanding of how the operational performance of the Group has an impact on overall profitability. The other Financial Indicators highlight the ability of the company to meet its financial obligations.

PERFORMANCE INDICATORS	2021	2020	COMPOSITION
Return on Equity	10.02%	9.24%	Profit from continuing operations/Equity
Return on Capital Employed	15.60%	12.04%	EBIT/(Equity + Net financial debt)

FINANCIAL INDICATORS	2021	2020	COMPOSITION
Equity Ratio	57.69%	52.66%	Adjusted Equity/Total Assets
Net Gearing Ratio	3.32%	10.39%	Net financial debt/ Adjusted Equity
Liquidity Ratio	0.98	0.83	Cash + Receivables / Current Liabilities
Cash Flow	0.89	0.53	Operating Cash Flow / Total Financial Debt
Finance Needs	40.4	122.2	Net Financial Position

The change in the performance indicators is due to the positive trend of the current economic management and the impact generated by the cash flow from ordinary activities, positive for EUR 119.2 million. In particular, from a financial point of view, we note the constant reduction of debt compared to the previous year and therefore the strengthening of the equity structure.

NON-FINANCIAL INDICATORS

The Group has defined a 10-year Roadmap that will allow for the constant reduction of CO_2 emissions per tonne of cement produced. By 2030, CO_2 emissions will be less than 500 kg per tonne of grey cement, which is a 30% reduction from 1990 levels.

The 2030 objectives have been validated by the Science Based Target initiative and are consistent with the goal of maintaining global warming "well below 2°C". In the 10-year Roadmap, the Group planned the main investment needed until 2030, out of which 97 million declared in the Industrial Plan 2022-2024, approved by the Cementir Board of Director in February 2022.

For white cement, which is a niche product for specific applications, with a market share equal to 0.5% of world production, CO_2 emissions will be less than 800 kg per tonne of product, with a 35% reduction compared to 1990. With this reduction, emissions will be below the EU benchmark for the white cement ETS system.

Specific objectives were also identified, divided between grey and white cement, to replace fossil fuels with alternative "green" fuels and reduce clinker content in the cement produced.

The climate change targets established by the Group have been deployed per single plant and year and included in the 2022-2024 Industrial Plan approved by the Board of Directors of Cementir Holding.

Grey cement

Year	2019	2020	2021	2022	2025	2030
Traditional fuel use in %	69%	72%	70%	64%	60%	45%
Alternative fuel use in %	31%	28%	30%	36%	40%	55%
Clinker ratio	82%	82%	81%	78%	73%	63%
CO2 emissions (kg CO2/tonne cement)	696	718	684	679	577	494
Reduction compared to 2019		0%	-2%	-2%	-17%	-29%

White Cement

Year	2019	2020	2021	2022	2025	2030
Traditional fuel use in %	96%	97%	97%	96%	95%	92%
Alternative fuel use in %	4%	3%	3%	4%	5%	8%
Clinker ratio	84%	82%	83%	82%	81%	79%
CO2 emissions (kg CO2/tonne cement)	926	915	919	915	870	792
Reduction compared to 2019		-1%	-1%	-1%	-6%	-13%

Additional KPIs have been set in order to monitor other relevant areas, as alternative fuels produced by the waste treatment plants, the alternative fuels used for thermal energy production in place of non-renewable fossil fuels, the water consumption for cement production, health and safety, training and performance evaluation of employees.

Alternative fuel produced by the Group	2019	2020	2021	Description
Alternative fuel (metric tonnes)	100.520	79.106(*)	72.408	Fuel produced from municipal solid waste, industrial waste or commercial waste

(*) It should be noted that in June 2020, the Group sold the fixed assets of the Hereko division, active in the processing of municipal solid waste in the municipality of Istanbul and the production of alternative fuels.

Fossil fuel replacement index	2019	2020	2021	Description
% of fossil fuel replacement	20%	19%	20%	Alternative fuels used / total fuels used for the production of cement

Group water consumption	2019	2020	2021	2030	Description
Specific water consumption (liters / ton cement)	480	445	413	**384**	Water consumed / cement produced by the Group
Reduction compared to 2019		-7%	-14%	**-20%**	

Water consumption in high water stress areas	2019	2020	2021	2030	Description
Specific water consumption (liters / ton cement)	280	287	276	**210**	Water consumed in high water stress areas / cement produced by the Group in high water stress areas
Reduction compared to 2019		0%	-1,5%	**-25%**	

Water reused in cement production	2019	2020(*)	2021	Description
% of water reuse	33%	31%	33%	Reused water / Water withdrawn

(*) The 2020 data relating to the Asian plants has been subject to reclassification for a like-by-like reading.

The Group has defined a 10-Year Roadmap that will allow for the reduction of the water consumption per cement produced by 20% compared to 2019. Concerning the plants located in high water stress areas, for which the specific water consumption is already lower than the Group average, the reduction target is 25%.

Health and Safety	2019	2020	2021	Description
No. of fatal injuries	0	0	0	Deaths as a result of accidents at work
Fatality Rate	0,00	0,00	0,00	(No. of fatal injuries / worked hours) x 1,000,000
Lost Time Injuries (LTI)	61	60	56	No. of injuries with absence days
LTI Frequency Rate	10,4	11,0	9,9	(No. of injuries with absence days/ worked hours) x 1,000,000
LTI Severity Rate	0,27	0,16	0,14	(No. of days off work/ worked hours) x 1,000

In 2021, no recordable fatal or high-consequence injuries occurred to directly employed individuals, while three fatal injuries occurred to contractors. For more details, please see the specific paragraph in the Non-Financial Statement.

Training	2019	2020	2021	Description
Training hours per capita	16,8	11,7	12.2	Training hours / number of employees

Due to the security measures introduced by the Group to contain the spread of Covid-19, the training activities initially planned for 2020/2021 period, were either, where possible, held online, or where preferable, postponed to 2021.

Employees with periodic performance assessment	2019	2020	2021	Description
Executives	91%	93%	98%	Executives receiving performance assessment / total Executives
Manager	78%	61%	99%	Managers receiving performance assessment / total Managers
White-collars	80%	77%	98%	White-collars receiving performance assessment / total White-collars
Blue collars	48%	44%	44%	Blue-collars receiving performance assessment / total Blue-collars

In 2021, the Group launch the *Group Performance Management process* that involves all the executives and managers that were hired within the first half of the year. The employees hired in the second part of the year, will be involved in the process starting from 2022.

PERFORMANCE BY GEOGRAPHICAL SEGMENT

Nordic and Baltic

(EUR'000)	2021	2020	Change %
Revenue from sales	617,365	562,433	9.8%
Denmark	*413,915*	*384,246*	*7.7%*
Norway / Sweden	*193,625*	*176,431*	*9.7%*
Other (1)	*66,054*	*58,297*	*13.3%*
Eliminations	*(56,229)*	*(56,541)*	
EBITDA	147,254	151,921	-3.1%
Denmark	*121,281*	*131,440*	*-7.7%*
Norway / Sweden	*21,213*	*17,378*	*22.1%*
Other (1)	*4,760*	*3,103*	*53.4%*
EBITDA Margin %	*23.9%*	*27.0%*	
Investments	51,921	39,884	

(1) Iceland, Poland, Russia and white cement operating activities in Belgium and France

Denmark

Sales revenues in 2021 reached EUR 413.9 million, up 7.7% compared to EUR 384.2 million in 2020, the increase in revenues is related to all business lines. This was due to recovery of the market, favourable weather conditions and the contraction in 2020 due to the pandemic.

Cement volumes on the domestic market increased by about 8% with a growth in white cement of over 10% due to the development of some major projects and the evolution of average sales prices also due to the favourable product mix.

Exports of white and grey cement grew by around 4%: the former, driven by higher exports to the United Kingdom, Germany and France, while contracting in the United States and Poland.

Ready-mixed concrete volumes increased by 6% compared to 2020, due to growth in activity in all areas of the country and favourable weather conditions.

Aggregate volumes increased by 16% compared to 2020, in part due to major new projects, while average prices were affected by a lower contribution product mix.

EBITDA amounted to EUR 121.3 million in 2021 (EUR 131.4 million in 2020), down 7.7%. The contraction is attributable to the cement sector, which recorded a significant increase in costs for raw materials, semi-finished products, fuel and electricity, and higher fixed production costs, partly offset by the growth in sales volumes and average prices. The ready-mixed concrete segment, on the other hand, improved thanks to higher sales volumes and prices and lower personnel costs, only partially offset by the increase in costs for the purchase of cement, raw materials and transport. EBITDA for the aggregates segment improved as a result of higher volumes sold only partially offset by lower sales pieces and higher fixed costs.

Total investments in 2021 amounted to EUR 39.6 million, of which approximately EUR 25.8 million in the cement sector. Investments were focused on rationalisation, production efficiency and extraordinary maintenance projects. Investments in ready-mixed concrete amounted to EUR 13 million, including the restructuring of a plant (Hillerød), maintenance and leasing contracts for transport vehicles. Investments included EUR 9.3 million accounted according to IFRS 16.

Norway and Sweden

In **Norway,** ready-mixed concrete sales volumes increased by around 4% compared to the previous year with a more favourable trend in the south of the country while the northern, eastern and island areas recorded lower growth. At the beginning of the year, volumes were affected by low temperatures and restrictions due to the pandemic. Since March, however, there has been a significant recovery in activities compared to 2020, due to the start of some projects that had been delayed in the previous months. Prices in local currency are in line with the previous year.

It should be noted that the Norwegian krone appreciated by 5.2% compared to the average 2020 exchange rate against the euro.

In **Sweden**, ready-mixed concrete volumes increased slightly compared to the previous year, while aggregate sales decreased slightly in line with market trends. In 2021, the sector benefited from favourable weather conditions and solid market performance, especially in the infrastructure sector, evidenced by the rapid progress of some major projects around Malmö. Average prices in local currency for ready-mixed concrete and aggregates showed growth also favoured by the product mix.

The Swedish krona appreciated by 3.1% against the 2020 average exchange rate with the euro.

In 2021, sales revenues in Norway and Sweden amounted to EUR 193.6 million euros (EUR 176.4 million in 2020) while EBITDA recorded a growth of 22% to EUR 21.2 million (EUR 17.4 million euros in 2020). The increase is attributable to both regions: Norway recorded an increase in EBITDA due to higher sales volumes and lower variable costs for the purchase of raw materials. Sweden also saw an increase in margin in both ready-mixed concrete and aggregates, mainly due to higher selling prices in both segments and despite inflationary dynamics on cement and raw material purchase costs and higher fixed costs.

Investments made in the area in 2021 amounted to EUR 11.8 million. In Sweden they mainly related to machine efficiency, while in Norway they were mainly related to the restructuring and expansion of the Fossegrenda plant. The total amount includes investments accounted for in accordance with IFRS 16 for EUR 2.2 million.

Belgium

(EUR'000)	2021	2020	Change %
Revenue from sales	274,957	253,237	8.6%
EBITDA	68,602	61,206	12.1%
EBITDA Margin %	25.0%	24.2%	
Investments	17,428	23,050	

In 2021, cement sales volumes increased by 2% compared to 2020 thanks to good weather conditions and growth in all market segments, although the negative performance in March and April 2020 caused by Covid-19 should be noted. During the period, volumes were positive in Belgium and France, and slightly down in the Netherlands and Germany.

Average prices showed an upward trend in both domestic and exports markets.

Ready-mixed concrete sales volumes in Belgium and France increased by around 16% in 2021, thanks in part to the start-up of a number of major infrastructure projects and the full operational start-up of a new plant in France.

Sales prices are rising in both Belgium and France.

The sales volumes of aggregates increased by around 4% compared to 2020, due to the strong performance of the market in Belgium and France, which benefited from the increase in construction activity, precast elements and volumes in the ready-mixed concrete sector, while the contraction continued in road construction due to a lack of major projects.

Sales prices of aggregates performed just below inflation in the domestic market, due to the mix of product, customer and destination.

Overall in 2021, sales revenue totalled EUR 274.9 million (EUR 253.2 million in 2020) and EBITDA reached EUR 68.6 million (EUR 61.2 million in the previous year) up by 12%.

In the cement sector, EBITDA benefited from a favourable trend in volumes and average sales prices, against higher electricity costs. In the ready-mixed concrete segment, the increase in EBITDA was driven by higher sales volumes and prices against higher variable costs for raw materials and cement and higher fixed costs. In aggregates, EBITDA benefited from growth in sales volumes partially offset by higher variable and fixed costs.

Investments made in the reporting period amounted to EUR 17.4 million and mainly related to the Gaurain cement plant. Investments accounted in accordance with IFRS 16 amounted to EUR 1.9 million and mainly related to contracts for aggregate vehicles.

North America

(EUR'000)	2021	2020	Change %
Revenue from sales	155,478	152,968	1.6%
EBITDA	23,829	21,299	11.9%
EBITDA Margin %	15.3%	13.9%	
Investments	5,636	4,684	

In the US, the 3% growth in white cement sales volumes in 2021 reflects the negative impact in 2020 of the spread of Covid-19.

Prices in the various areas are increasing moderately compared to the previous year but with differentiated local trends.

It should be noted that the dollar depreciated by 3.6% against the average euro exchange rate in 2020.

Overall in the US, sales revenues amounted to EUR 155.5 million (EUR 153 million in 2020) while EBITDA was EUR 23.8 million (EUR 21.3 million in 2020), as a result of higher sales volumes and prices partly offset by higher fuel and electricity costs.

Investments in the period amounted to approximately EUR 5.6 million related to the two cement plants. Investments recognised as a result of IFRS 16 were EUR 2 million.

Turkey

(EUR'000)	2021	2020	Change %
Revenue from sales	173,263	141,834	22.2%
EBITDA	38,304	6,830	460.8%
EBITDA Margin %	22.1%	4.8%	
Investments	13,116	9,739	

Revenue reached EUR 173.3 million, an increase of 22.2% compared to the previous year (EUR 141.8 million), despite the devaluation of the Turkish lira against the Euro (-30.5% compared with the average exchange rate in 2020).

In the cement sector, the strong increase in demand led to a 58% increase in local-currency cement and clinker revenue. Sales volumes in the domestic market grew due to increased demand, particularly in the Izmir and Trakya areas, positive weather-conditions and a decline in sales in 2020 due to the pandemic.

Significant increases were recorded in Eastern Anatolia (Elazig), which was hit by an earthquake in January 2020, and in the Aegean area, due to the Samos-Izmir earthquake in October 2020. The Elazig region has been involved in a major restructuring effort, while in the Izmir region reconstruction started late and is still ongoing with numerous projects postponed to 2022. Also noteworthy is the strong growth in the European region of Turkey, where the Trakya plant is located, thanks to numerous residential and infrastructure projects, particularly high-speed railways. The opening of new ready-mixed concrete plants in the Trakya and Elazig areas further boosted the growth of the business.

The evolution of average cement prices in local currency was consistent with producer inflation (PPI).

Ready-mixed concrete volumes increased by almost 30% compared to 2020, thanks to the start of some major infrastructure projects postponed and the opening of two new plants in April. Ready-mixed concrete prices in local currency developed in line with cement prices.

In the waste sector, in Turkey, revenues in local currency increased by 20% due to higher volumes processed, while in the UK revenues were stable compared to 2020.

Overall, Turkey's EBITDA amounted to EUR 38.3 million (EUR 6.8 million in 2020) and includes land revaluations of EUR 18.2 million (EUR 6.7 million in 2020). If we exclude extraordinary items from both 2021

(EUR 18.2 million) and 2020 (EUR 3.6 million), the year-on-year increase in EBITDA in euros was 525%, from EUR 3.2 million in 2020 to EUR 20.0 million in 2021.

This result is largely attributable to the cement sector, which benefited from higher sales prices and volumes, despite higher costs for raw materials, fuel and electricity, and an increase in fixed costs due to inflationary dynamics in the country. The ready-mixed concrete segment reported an increasing margin due to higher sales prices and volumes against higher variable costs for cement purchases, raw materials, distribution services and fixed costs. The waste division also achieved a positive margin of around EUR 0.9 million.

Investments in 2021 amounted to EUR 13.1 million, of which approximately EUR 8.1 million in the cement sector, mainly in the Izmir plant, EUR 3.7 million in ready-mixed concrete and EUR 1.3 million in waste. Investments are attributable to the application of IFRS 16 for EUR 3.3 million, mainly concerning ready-mixed concrete transport vehicles.

Egypt

(EUR'000)	**2021**	**2020**	**Change %**
Revenue from sales	50,729	43,364	17.0%
EBITDA	10,842	9,802	10.6%
EBITDA Margin %	21.4%	22.6%	
Investments	1,825	1,323	

Sales revenue amounted to EUR 50.7 million (EUR 43.4 million in 2020), up by 17%. On the other hand, the increase in revenues in local currency was 20.5% due to the growth of approximately 16% in volumes sold in both the local and export markets.

Sales volumes of white cement on the domestic market increased by 8% compared to 2020, which had been negatively affected by the Covid-19 pandemic.

Exports, which grew by over 20%, should also be considered in the light of the Covid-19 constraints in 2020.

EBITDA increased by 10.6% to EUR 10.8 million (EUR 9.8 million in 2020), due to higher volumes sold and higher sales prices against higher fuel and other fixed costs due to inflation.

The Egyptian pound depreciated by 3% against the average euro exchange rate in 2020.

Investments made in 2021 amounted to EUR 1.8 million and mostly concerned the sand mill, the bagged cement storage facility and the research laboratory.

Asia Pacific

(EUR'000)	2021	2020	Change %
Revenue from sales	108,017	94,660	14.1%
China	*62,967*	*54,912*	*14.7%*
Malaysia	*45,103*	*39,958*	*12.9%*
Eliminations	*(53)*	*(210)*	
EBITDA	26,829	23,913	12.2%
China	*20,768*	*17,098*	*21.5%*
Malaysia	*6,061*	*6,815*	*-11.1%*
EBITDA Margin %	*24.8%*	*25.3%*	
Investments	6,872	4,568	

China

Sales revenues reached 63 million euros (54.9 million euros in 2020), an increase of 14.7% due to a more favourable sales mix.

Cement selling prices in local currency increased due to the favourable mix.

EBITDA increased by 21.5% to EUR 20.8 million (EUR 17.1 million in 2020), driven by higher sales prices partially offset by higher variable costs for raw materials and fuel.

The Chinese Renminbi appreciated by 3% against the average euro exchange rate in 2020.

Investments in the period amounted to EUR 3.2 million, mainly to improve plant efficiency and reduce emissions.

Malaysia

Sales revenue amounted to EUR 45.1 million (EUR 40 million in the previous year), up 12.9% thanks to an increase in sales volumes, mainly to foreign markets.

Cement volumes on the domestic market increased by 2.5% compared to the previous year. Also in 2021 there were restrictions and new lockdowns leading to a 35% reduction in volumes in the third quarter of 2021 compared to the previous year, while in the fourth quarter deliveries returned to growth compared to 2020.

Average selling prices in local currency increased slightly more than inflation, also due to the customer and product mix.

Exports increased by about 10% compared to 2020, with higher volumes of both cement and clinker. This increase is also as a result of the import restrictions implemented in 2020 from several countries due to the pandemic.

Average export sales prices for cement and clinker are in line with the previous year, but the comparison is strongly influenced by country/product mix, freight prices and exchange rate movements.

EBITDA amounted to EUR 6.1 million, down 11% from EUR 6.8 million in 2020, mainly due to higher fuel purchase costs and higher transport costs on exports.

The local currency depreciated by 2% against the average euro exchange rate in 2020.

In 2021, investments amounted to EUR 3.7 million relating to maintenance and spare parts, of which EUR 0.2 million attributable to the application of IFRS 16.

Holding and Services

(EUR'000)	2021	2020	Change %
Revenue from sales	136,580	89,771	52.1%
EBITDA	(4,708)	(11,231)	58.1%
EBITDA Margin %	-3.4%	-12.5%	
Investments	2,353	2,658	

This grouping includes the parent company, Cementir Holding, the trading company, Spartan Hive, and other minor companies. The 52.5% increase in Spartan Hive's revenues is attributable to higher volumes traded while EBITDA increased to EUR 5.3 million (EUR 4.6 million in 2020).

EBITDA included EUR 7.7 million in write-downs of non-industrial properties, while the previous year included non-recurring charges of EUR 2.5 million related to the execution of a settlement agreement.

INVESTMENTS

During 2021, the Group made total investments of approximately EUR 99.1 million (EUR 85.9 million in 2020), of which approximately EUR 19.5 million (EUR 30.3 million in 2020) related to the application of IFRS 16.

Investments included EUR 58 million in the cement sector, EUR 28.6 million in ready-mixed concrete, EUR 8.2 million in aggregates and EUR 4.3 million for other business sectors.

The breakdown by asset class shows that EUR 95.7 million (EUR 81.1 million in 2020) relates to property, plant and equipment and EUR 3.4 million (EUR 4.8 million in 2020) to intangible assets.

RESPONSIBILITIES IN RESPECT TO THE ANNUAL REPORT

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Separate Financial Statements and Directors' Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries and that the Directors' Report provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of the Company and its subsidiaries, developments during the year, together with a description of the main risks and uncertainties that the Company and the Group face.

KEY EVENTS OF THE YEAR

2021 ended with an EBITDA of EUR 311.0 million (EUR 263.7 million in 2020). The cash flow generated by operating activities and the management of working capital allowed the Group to end the year with net financial debt of EUR 40.4 million (EUR 122.2 million in 2020), which included the debt position resulting from the application of IFRS 16 for EUR 76.0 million (EUR 85.3 million in 2020).

As already reported in the 2021 half-yearly report, on 4 February 2021, the Parent Company's Board of Directors approved the 2021-2023 Business Plan, to whose press release please refer (www.cementirholding.com in the Investors, Press Releases section).

During May, dividends of EUR 21.9 million were paid as per the resolution of the Shareholders' Meeting when the 2020 financial statements were approved.

On 26 May 2021, the rating agency Standard & Poor's announced that it had assigned Cementir Holding N.V. an Issuer Rating of "BBB - with Stable Outlook".

The assignment of the "Investment Grade" rating is the crowning achievement of a journey that began several years ago and that has seen Cementir significantly diversify its business and product portfolio, enabling it to achieve considerably stable results, confirmed even during the recent pandemic crisis.

On 28 May 2021, Cementir Holding repaid, ahead of the due date in October 2021, a term loan of EUR 330 million granted by a pool of banks with Mediobanca as agent bank.

On the same date, a senior term and revolving facility was signed for a total amount of EUR 190 million with a duration of three years at market conditions with a pool of banks with Banca Nazionale del Lavoro as agent bank and BNP Paribas Italian Branch as global coordinator.

On 6 July 2021, Science Based Targets Initiative (SBTi) validated Cementir's CO_2 emission reduction targets, which were judged to be consistent with the goal of keeping climate warming "well below 2°C", in line with the 2015 Paris Climate Agreement.

On 12 October, the share buyback programme (the "Programme"), set up in implementation of the shareholders' resolution of 2 July 2020, came to an end, as indicated in the announcement to the market of 13 October 2021, to which reference should be made for details.

In December 2021, the Group obtained an improvement in its climate change rating to an "A-", ranking, above the average for the cement and ready-mixed concrete sector (B), the European average (B) and the global average (B-). Cementir also obtained a B score for the first time for "Water Security", in line with the sector and the European average (B).

INNOVATION, QUALITY, RESEARCH AND DEVELOPMENT

The Cementir Group conducts applied research to support Sustainability, Innovation and Product Development and possible new solutions. These activities are carried out in close collaboration with customers and business partners, academia and other stakeholders in the construction industry and society at large.

In 2021, the Cementir Group, as founder and member of the steering committee, continued to actively work on the Innovandi project, a world-class cement and ready-mixed concrete industrial-academic research network, made up of 30 global companies in the cement-additives-ready-mixed concrete value chain together with 40 scientific institutes.

In 2022, the Group's experts will continue to act as mentors for key research with a particular focus on reducing CO_2 emissions in cement and ready-mixed concrete production. Innovandi is therefore a key commitment to the Group's efforts towards better sustainability.

In 2022 the Group will be an "industrial mentor" for the innovative start-ups of the "Innovandi Open Challenge" to drive innovation and help solve climate-related issues.

To meet the new challenges of the "Cementing the European Green Deal"-2020 defined by the EU in terms of further reducing CO_2 emissions, the focus of the Group's research activities has been to develop projects and investigate further innovative product and process solutions and systems to enable a sustainable production transition. From 2020, to guide the Group towards more sustainable production, all activities in terms of process, product and innovation were translated into a 10-year roadmap with ambitious Group sustainability targets with a main focus on European markets subject to the ETS (Emission Trading System), then extended to all reference markets. 2021 was marked by the implementation of key projects envisaged in the roadmap.

In this regard, 2021 was the year that FUTURECEM™CEM II/B-M(LL-Q) 52.5 N was launched in Denmark, the Group's innovative proprietary technology based on the ternary system of clinker, calcined clay and limestone, which allows a reduction in emissions of around 30% compared to a Portland cement.

The Group together with DTI - Danish Technological Institute - has launched the CALLISTE (Calcined Clay-Limestone Technology Extension) applied research project, based on FUTURECEM™ technology. Calliste's main aim is to achieve a clinker content 50% lower than conventional Portland cement by the end of 2024.

The consortium behind Calliste involves the value chain of the construction industry including universities. The research is funded by the Danish Innovation Fund.

To define a solution to the market, new ready-mixed concrete additives have been developed in cooperation with leading manufacturers to fully exploit the CO_2 reduction potential of cements based on FUTURECEM™ technology.

R&D expenses, to be reported according to Art. 2:391.2 DCC, amounted to EUR 2 million.

Innovation

The Group decided to take on the challenge of meeting the growing demand for innovative, sustainable, and high value-added offerings. Innovation in the Cementir Group is driven by the InWhite™ process, led by the sales, marketing, and corporate commercial development department spanning the entire Group, including a dedicated team at the Research and Quality Centre.

The process involves receiving the relevant information from the market and customers to generate a list of potential high value-added initiatives to be offered to customers, to set their priorities and, finally, to convert them into business models that are feasible for the Group. The overall goal is to expand the Group's product market and increase market share within the entire value chain, while supporting the path to sustainability.

From 2019, the Cementir Group strengthened its position in the ultra-high performance ready-mixed concrete segment, in particular, in the European market with both products in its portfolio, AALBORG EXTREME™ Light 120 and AALBORG EXCEL™. While AALBORG EXTREME™ Light 120 is intended for use in structural and semi-structural applications, AALBORG EXCEL™ is aimed at very thin architectural applications, such as exclusive façade cladding, ornamental objects, etc.

After an initial focus on the European market, the Cementir Group extended its sales perimeter to include China, Asia and North America, given the growing interest in UHPC technology from the market and confirmed by trends in the construction sector.

Therefore, sales expectations for this innovative product range in 2022 are confirmed to be higher than in 2021.

As part of the strategy of a transition towards greater sustainability, the Cementir Group, through the InWhite™ innovation process, is developing additional products/solutions, implementing FUTURECEM™ technology, to meet the needs of its target markets, as identified through close collaboration with customers and business partners.

In 2022, two new products from the InWhite family will be launched on the market: InBind – a versatile binder for very high strength ready-mixed concretes using the materials available at the customer's production plant – and ReCover – a very high performance ready-mixed concrete for coating bridges and industrial flooring and floor restoration.

The InWhite™ innovation process has also moved into the ready-mixed concrete 3D printing sector with participation in research projects and identification of potential collaboration opportunities with customers to define viable business models.

Within the Group's innovation process, FUTURECEM™ technology is improving the supply of innovative and value-added solutions, a way of pursuing the ambitious path to sustainability. In accordance with the Customer focused Group's approach, specific product development activities were launched and, in some cases, implemented in all regions, in order to meet market needs for various applications, as well as to support the downstream business development of the customer base.

From January 2021, the Group, through its subsidiary Aalborg Portland, has launched the first FUTURECEM™ cement on the Danish market. The new product was favourably received by the market, as a solution to produce a low-emission ready-mixed concrete. The keys to success are ensuring the product is suitable for the intended applications, continuous dialogue with the entire value chain and strategic partnerships with leading construction companies.

The roll-out of the FUTURECEM™ technology continued in Belgium, where CE Certification was obtained, in accordance with the European standard EN 197-1. FUTURECEM™ will be marketed in France in 2022, while in Belgium it must be included in the regulations for its use in ready-mixed concrete for construction purposes. At the same time, a sales and technical team is supporting customers and partners with tests to assess use in their production cycle, through a LCA - Life Cycle Assessment, and the reduction of the impact in terms of CO_2 on ready-mixed concrete and, therefore, eventually on the final structure.

Research Centre

The Research and Quality Centre (RQC) is the Group's central quality section.

The centre is equipped with a fully equipped state-of-the-art laboratory, which enables a wide range of tests and analyses of raw materials, alternative fuels, cement and ready-mixed concrete.

The laboratory is the reference for the whole Group, operating a cross-checking programme that is the key to maintaining accuracy and precision in our local labs. The lab provides them with calibration samples and, at regular intervals, it receives samples of raw materials, clinkers, and cement from individual plants to assess process efficiency and provide support to the plants. The use of advanced analytical equipment enables prompt responses and troubleshooting, as well as ensuring continuous improvement in process efficiency and product quality in each individual plant.

The RQC operates a global quality system to ensure a uniform and consistent quality across the Group's facilities. The system involves continuous online monitoring to check the quality of all products, continuous control (via cross-checking) of the instruments used in local laboratories, a system of guidelines and procedures that can be consulted online, which support the setting-up of quality assessment models and improve the sharing of best practices.

Innovation and customer service are also supported by RQC. The centre's experts are specialists in cement chemistry, mineralogy, concrete technology, white cement application and life cycle analysis. In addition to the research, the centre offers customers technical support for all types of ready-mixed concrete and cement-based products. The White Cement Competence Centre (WCCC) specifically supports the InWhite™ innovation process and the use of white cement in general. At the global level, experts at the RQC help sales staff provide highly skilled assistance to the Group's customers. Research and quality skills therefore translate into high value products and services for customers.

Quality

Quality is one of the main objectives pursued by the Group. The CON-CQ Concept (CONsistent Cement Quality) policy is currently implemented in all plants, defining a quality management and control system, and roles and responsibilities. The quality KPIs necessary to provide the right product for each specific application are defined starting from the Voice of Customers. Based on an in-depth understanding of the impact on product performance of raw materials, fuels and the production process, Group companies can ensure the highest quality and stability of the cements they produce.

The GQCC Corporate Function (Group Quality Competence Centre) defines best practices, guidelines and quality procedures common to all the Group's plants. Periodic meetings are held (BU CON CQ) with the participation of Corporate and individual plants where the results achieved and the improvements needed to achieve the set objectives are discussed, investments are proposed and ongoing projects are analysed and DOQs (Declaration of Quality) are reviewed.

Internal audits are carried out every year to improve quality performance and implement and improve controls and feedback. Twice a year meetings are held for the entire Quality Community where projects and new activities are shared, new tools purchased to improve control are presented and where there is always a training session.

INFORMATION SYSTEMS

In 2021, the Information Technology function further strengthened its organisational and governance model, based on the centralisation of the managerial and decision-making responsibilities, supported by a now fully operational Aalborg Portland Digital. This company was created with the mandate to provide IT services to the entire Cementir Group and today supports the digital transition of the core business with initiatives in all regions, with the aim of globalising and transforming the way people work through flexible, dynamic and data-driven group services and solutions.

Despite the continuing travel restrictions related to the pandemic, that have had an impact on the timing of some project activities, 2021 was a very profitable year in terms of actions and projects to support business processes and in the consolidation and modernisation of the Group's IT infrastructure. In this respect, remote working methods, which are mandatory during travel restriction times, especially in the regions hardly hit by the pandemic, have seen a huge increase. This has been possible through the support of the collaboration, videoconferencing and document sharing tools already deployed over the last years and now a standard throughout the Group. In particular, in 2021, the transition of document archives and Corporate Intranets to the cloud has been completed, with the addition of a backup functionality. Furthermore, to ensure the best possible security and in line with those measures already put in place in recent years, additional initiatives in the area of Cyber Security have been completed, in line with the multi-year plan presented in 2020. The most significant was undoubtedly the renewal of the antivirus solution for all the Group users, shifting to a market-leading solution that, in addition to protection, incorporates identification and attack response solutions. The VPN solution for remote connection to our systems has also been standardised and updated, and now incorporates a multi-factor authentication policy. In addition, the first round of simulated attacks to test the vulnerability of the systems was completed, policies and procedures were reviewed, outdated operating systems were updated and additional online courses on IT security were delivered. Finally, the first step was taken to secure access to the industrial network, which in some areas now benefits from all the security features already developed for the business network.

In the infrastructure area, the optimization of the Cloud Data Centre that now hosts almost all the company's servers has been continued. With reference to the initial perimeter, a further reduction of 30% of the managed servers was achieved, optimising the management cost and leaving resources free for the introduction of new servers dedicated to new project initiatives. The Disaster Recovery solution has also been renewed, the backup policies have been updated and revised, the servers hosting the most relevant applications have been updated to the latest available versions and a monthly report has been finalised that monitors the performance of the different components of the Data Centre. There have been numerous technology upgrades and renewals of our network infrastructure. In particular in Turkey and Malaysia with regard to cabling, in Egypt with a new fibre connection to the Sinai plant and in the United States where all network equipment has been upgraded and stabilised. In Scandinavia as well, the migration of obsolete domains was carried out and the foundations were laid for the three-year network renewal project at the Aalborg plant, a project that will involve the entire perimeter of the plant in the next three years.

Despite the travel restrictions imposed by the pandemic, the portfolio of Group and local initiatives to support the execution of the business plan were also completed with very limited impact on the original timeline. In general, the founding principle of the IT business plan was constantly pursued. Its common denominator remains the gradual streamlining of the application stack and the use of SAP as a pivotal system of the Group processes execution. In addition, a small number of non-SAP applications were selected to complete the process coverage required for business operations and development. Specifically in the SAP area, the transition of the Group's system to the EHP8 release was completed, a major work was done to stabilise and control performance and the foundations were laid for the transition to the HANA system, which will be the subject of the next Industrial Plan.

The most important project activities related to business processes and applications was connected with the Cementir 4.0 programme and the consolidation and further deployment of C-Scale, the proprietary platform for the management of cement deliveries, which was improved with new features, implemented in subsequent terminals in the USA and subsequently promoted to a group solution with a three-year plan for capillary diffusion to all cement terminals worldwide. The first and most important of these will be the replacement of the Austral system in CCB, expected in the first months of 2022, a project already started in the final quarter of 2021.

Within Cementir 4.0, the IT function was mainly involved in initiatives related to purchasing, logistics and maintenance processes. In the purchasing sector, the roll-out of the e-procurement solution progressed according to planned deadlines and additional solutions for contract management were implemented. The same goes for the definition and implementation of the "Warehouse 4.0" warehouse management process. Regarding logistics, we equipped ourselves with a tool for optimising maritime shipments in Scandinavia and progressed in the implementation of a tool- for managing overland transport in Belgium, as well as finalising customer portals for cement sales. In the area of maintenance, the group's "Maintenance 4.0" process was defined and implemented, and a mobile application was put into operation to manage maintenance orders and spare parts warehouses in real time during inspections and works. The implementation of the S&OP (Sales & Operations Planning) process on SAP has also been definitively finalised and put into operation in selected countries.

In addition, the Cementir Group has equipped itself with a market-leading Process Mining tool, which in 2021 was applied to the purchasing and payment processes of some Regions, identifying possible areas of improvement and followed by an action plan that is being continuously updated and enhanced, as well as extended to other Group entities and processes.

In 2021, we continued to develop our Business Intelligence platform, which is now a recognised and well-established high added-value tool for analysing and optimising business process execution. The Vizion Corporate Portal has been renewed from a technological and graphical point of view with the new 2.0 release and activities have begun for the publication of some analyses on mobile platforms. A number of analyses have been completed and published at Group and Local level on all business processes, including the analyses on the impact of CO_2 emissions, the new section on Health&Safety, the analyses on raw material quarries, the reports supporting the aforementioned Maintenance 4.0 and S&OP activities, and lastly, in chronological order, a set of reports dedicated to cash and treasury analysis, which stand out for their originality and importance.

HEALTH, SAFETY AND ENVIRONMENT

Health and safety

During 2021, the Group guidelines on Health and Safety Management were issued. This document defines the common management basis for which each operating company has application and control responsibility. With a view to continual improvement, specific action plans have been defined at site level to close any gaps found, also following the analysis of the root causes of the accidents that occurred. The Group has embarked on a journey towards the construction and development of a solid safety culture.

Employee involvement is a key factor in the Group's guidelines. During the World Day for Health and Safety at Work on 28 April, a number of awareness-raising initiatives were carried out at each site, focusing on awareness and the proactive role of each worker in relation to unsafe behaviour, also linked to infection prevention and the response to the Covid-19 pandemic. The level of worker participation was more than satisfactory, covering almost the entire company population.

The implementation and maintenance of effective management systems for accident prevention is a key health and safety objective. In this context, the projects necessary to complete the plan for ISO 45001 certification of the health and safety management systems of all cement production plants by 2022 have begun. 73% of total establishments are already certified (around 80% of total production capacity).

Environment

The Group aims to continuously improve its environmental performance to pursue the sustainable development of its business activities in an integrated manner. The minimisation and control of energy consumption, the maximisation of the use of alternative fuels (e.g. biomass) in production processes and the reduction of greenhouse gas emissions, also through the replacement of raw materials and the use of the best available techniques, are some of the key objectives that the Group pursues to achieve its long-term growth.

These objectives, with particular reference to the reduction of greenhouse gas emissions, were verified by the Science Based Targets Initiative (SBTi) as being consistent with the reductions needed to limit the global temperature increase to well below 2°C compared to pre-industrial levels.

As part of its climate commitments, the Group has defined its policy on water management. Maximising its reuse/recycling, minimising withdrawals and consumption and applying efficient operating practices are areas of focus, starting with those geographical areas with the greatest water scarcity. The Group has set targets for improvement in the specific consumption of water for cement production, with an overall reduction of 20% by 2030. In the most water-stressed areas the improvement target is 25%.

At the end of 2021, 92% of total cement production came from plants whose environmental management framework is certified according to the ISO 14001 standard.

At the end of 2021, Cementir received an "A-" climate change rating from CDP (an internationally recognised global non-profit organisation that encourages companies and governments to reduce their greenhouse gas emissions and to safeguard water resources and protect forests), improving on the previous year's "B" rating and placing the Group above the cement and ready-mixed concrete industry average (B), the European average (B) and the global average (B-). In addition, Cementir obtained a “B” rating for the first time for the management of water resources ("Water Security"), in line with the sector and the European average (B).

HUMAN RESOURCES

In the area of Human Resources, work continued in 2021 to make the organisational structures operating worldwide more efficient, through the adoption of a lean organisation model, duly supported by the continuous push towards digitalisation.

2021 therefore saw the full adoption at global level of the Standard Organization model for the company's core functions, the foundations for which had been laid in the previous year, and which remains the reference model at Group level for achieving efficiency and effectiveness objectives.

The continuous evolution of the Human Resources function in support of the Group is based on the following strategic pillars:

- Organisational development and process improvement, where HR is integrated with the business (e.g. implementation of the Standard Organization, knowledge of key processes, involvement/support in transformation programmes and strategic initiatives, etc.)
- People development, talent attraction and succession plans (short and medium to long term, skills alignment/development, training programmes, etc.)
- 100% accuracy and timeliness of administrative and human resources reporting processes (e.g. payroll, budgets and forecasts, compliance with local legislation, etc.)

During 2021, based on feedback received from a number of regions and after an analysis of internal processes, the Human Resources Governance processes were also updated.

As far as digitalisation is concerned, the implementation of the Performance Management System was completed, aimed at introducing unified management of the Performance process in a fully digitalised way for 2021, with the aim of increasing the value of the company's human capital.

The focus on talent management remains high. This is why in 2021 the foundations were laid for the planning and launch of new initiatives in the area of talent management, such as the Graduate Programme "CE-MENTORship" and Succession Planning.

Changes in workforce and personnel costs

As at 31 December 2021, the Group had a workforce of 3,083 employees, 88 more than at year-end 2020. The change is mainly due to the expansion of the business perimeter in Turkey (RMC and aggregates), the increase in ready-mixed concrete volumes in Denmark and the change in the calculation methodology that included apprenticeship contracts previously not included from the end of 2020.

Personnel costs reduced compared to expectations for 2021, showing a reduction of about EUR 7 million compared to 2020. The change is mainly due to some actions taken in 2020 for transactions and provisions not repeated in 2021, partly due to the devaluation of the Turkish lira, and to turnover and recruitment processes that, in some Regions/Business Units, were limited to mitigate the impact of COVID-19, especially in the early part of the year.

Organisation

As of 31 December 2021, the Group's organisational model remained structured in the following territorial areas:

- Nordic & Baltic
- North America
- Asia Pacific
- Turkey
- Egypt
- Belgium

and two dedicated business units: Spartan Hive and Waste.

Amsterdam is the registered office of Holding which regulates the aforementioned regions and operating companies, while the Rome office remains the secondary and operational headquarters.

Holding governs these regions and operating companies. The General Manager of the Group is entrusted with overseeing the main operating undertakings of the company, allowing the Group CEO to focus on business activities with a strategic impact, such as mergers and acquisitions.

In terms of organisation, 2021 was notable for the implementation of the new organisational model, designed in 2020, based on the principles of the Standard Organization in relation to the company's core activities with an increasing focus on technical innovation and sustainability issues.

The most significant change concerned the introduction of the position of European Technical Director, reporting directly to the Group Chief Coordination Officer with the aim of ensuring the efficiency of the "European" plants (Belgium and Denmark), supporting, monitoring performance to achieve short- and long-term objectives, providing technical advice and coordination and supporting the intensive investment programme planned for these two regions. Further changes related to the consolidation of the following functions: Group Technical, Legal, Human Resources, Internal Audit and the strengthening of the structure of Aalborg Portland Holding, as well as the placement of some staff in key positions within the Group.

During the first half of the year, some important changes were implemented to strengthen the organisational model to guarantee some key processes and improve overall efficiency of the organisational structures. In particular, an organisational restructuring of the Nordic & Baltic region was implemented, involving the centralisation of certain activities at regional level (e.g. logistics and procurement) and the creation of a PMO & Transformation structure to support the region's growth process. The implementation of standard operating models continues, with the Maintenance technical structure as a pilot area with the "Maintenance 4.0" programme, extended during the year, also to the four production sites in the Turkey region.

Talent Strategy

Despite the persistence of COVID-19, the Group has confirmed its commitment to talent management by increasingly exploiting digital leverage to be able to bring people closer together even in the face of severe constraints on movement between countries.

2021 saw the launch of the Group Performance Management System. This launch was accompanied by a training course involving the entire company population, aimed at promoting the cultural change necessary to improve and constantly develop technical, managerial and organisational skills, and to train people to use the system during the various stages of the process. In particular, the need to establish a continuous team dialogue through giving regular feedback accompanying the growth path of our colleagues was emphasised.

The Group therefore continued to work on attracting, retaining and developing talent, laying the foundations for the design and launch of further new initiatives in the area of talent management, aimed at different members of the corporate population:

- the "CE-MENTORship" Graduate Programme, aimed at finding and hiring brilliant recent graduates for an 8-month international experience to develop specific skills in the cement sector and managerial skills in line with the Group's way of working. To this end, collaborations were started with the main Italian, Turkish, Danish, Belgian and French universities;
- Succession Planning, aimed at identifying the key figures of tomorrow, for structured management of leadership transition processes.

Commitments were also confirmed within the scope of the Emerging Talents Programme, which led to the identification of selected talent within the Group to participate in the Group Talent Development Programme, whose start-up was postponed for 2022 due to the continuing pandemic situation.

In terms of Talent Acquisition, the provisions of the Group's HR Governance were further strengthened, i.e. confirmation of full accountability on search and selection processes and strengthening of the partnership with business functions to effectively support the decision-making process. During the year, a number of key staff members were brought into the organisation to insource new skills, balancing them with internal professional development paths and also focusing on gender diversity parameters.

In terms of training, the Cementir Academy continued to support the Group's strategy and the continuous professional development of its people, through the planning and release of new courses and initiatives in hybrid mode and digitally through the online platform and in person, in compliance with the rules of social distancing, with the aim of ensuring the training and development of all staff even during the pandemic.

The use of the online platform has also ensured, even during periods of remote working, proper on-boarding of staff, through the use of training content in digital mode.

Remuneration

The remuneration policy places particular emphasis on the importance of attracting talent and at the same time recognises the value of the people who are part of our Group, fostering a performance culture in line with our corporate values.

It is based on objectives that support the company's business strategy, ensure internal fairness, motivate and develop our people and recognise top performance.

Cementir therefore adopts a competitive remuneration system aimed at guaranteeing the respect of the balance between strategic objectives and recognition of the merits of the Group's employees. Through the use of short- and medium-/long-term variable remuneration components, the alignment of personnel interests to the pursuit of the priority objective - value creation - and the achievement of financial objectives is promoted. This objective is also pursued by linking a significant part of remuneration to the achievement of pre-established performance targets, through both the short-term incentive system (STI) and the long-term incentive system (LTI).

In order to comply with the business plan, the 2021 Compensation Policy Guidelines set out performance targets that have guided, monitored and assessed the activities related to the supervision and development of the business, which are crucial to achieving the targets in the Group strategic plan.

The commitment of the management team was confirmed, with regard to short-term objectives, on economic and financial management, focusing on the correct management of economic and human resources.

With regard to the Group's strategic objectives, the focus remained on digitalisation and technological innovation, with the confirmation and extension of the Cementir 4.0 Programme and the renewal of the product portfolio with the *commercial launch* of FutureCEM. The objectives were defined by applying a cascading process in the different countries, in accordance with the different organisational levels, confirming the Group approach for the short-term incentive scheme. In 2021, specific sustainability and H&S targets were also set for the different organisational layers to confirm the group's focus on these key pillars of its business plan.

The 2021 Remuneration Policy remained consistent with the governance model adopted by the Group and the recommendations of the Code of Ethics available on Corporate Website under https://www.cementir holding.com/en/governance/corporate-regulations in order to attract, motivate and retain staff with a high professional profile and to align management interests with the main objective of creating shareholder value in the medium/long-term.

Reference group and market positioning

In 2021, the Group continued to offer a remuneration package that is competitive with the labour market in its sector, comprising monetary, non-monetary and benefits elements.

To define this market, a reference group is created, consisting of companies that are comparable to us in terms of size and complexity, data transparency and geographical area.

Internal communication

The routine aspects of Group-wide Internal Communication continue to mainly concern:

- Policies
- Procedures
- Organisational announcements
- Financial results
- Results deriving from the Group's rating on sustainability issues

In addition, there are extraordinary communications, such as internal dissemination of preventive actions to combat the COVID-19 pandemic.

In 2021, Internal communication focused mainly on the following topics:

- Prevention activities to combat the COVID-19 pandemic, confirming the constant commitment to informing the Holding's employees of the safety protocols adopted and the main updates arising from the constantly evolving emergency situation;
- The launch of the so-called golden rules for H&S and the communication campaign for World Safety Day managed at Group level with the support of all local business units;
- Cyber Security issues, for constant information and training on the main risks in the IT field and with the aim of making all staff aware of the prevention and correct reaction in the event of IT fraud;
- GDPR issues with the publication of the Privacy Policy for all Group employees relating to the management of personal data at company level.

During 2021, the internal communication sites (intranet) of the main Group companies were also reviewed to build a communication and technological platform more in line with the need for immediate information and accessibility to colleagues in the various countries.

Social Dialogue

The Cementir Group confirms its ongoing commitment to constant and structured dialogue with European workers' representatives in its companies, in accordance with EU regulations and the protocol adopted by the **European Works Committee** (EWC) of the Cementir Group.

During 2021, management informed and set up discussions with employees and unions on transnational issues concerning the status of activities and significant decisions taken by the Group in relation to the business and its employees.

Representatives from Belgium, Denmark and Norway took part in the meeting held exceptionally via videoconference due to the Covid-19 pandemic, for which the existing contract was integrated. There was a particular focus on the pandemic preventive measures adopted by the individual legal entities in compliance with local regulations.

RISKS AND UNCERTAINTIES

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Cementir Group's Internal Control and Risk Management System is defined as the set of tools, organisational structure, procedures and company rules to guarantee, through an adequate process of identification, measurement, management and monitoring of the main risks, correct and consistent business management with objectives set in terms of:

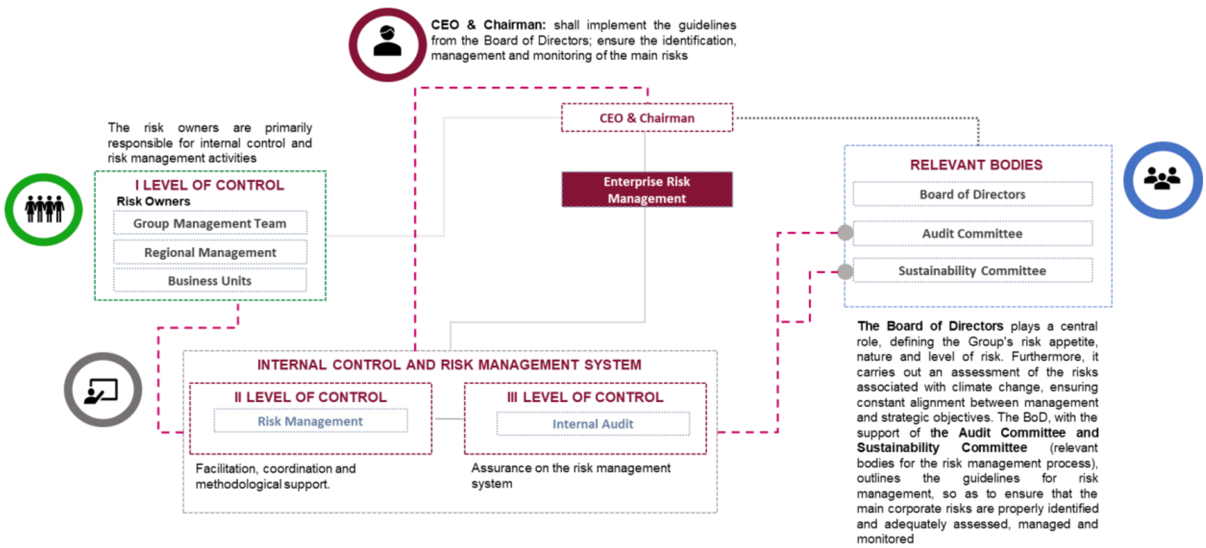
- compliance with laws and regulations;
- safeguarding of corporate assets;
- operating activity effectiveness and efficiency;
- reporting accuracy and completeness.

The Internal Control and Risk Management System adopts a "top-down" and "risk-based" approach that starts from the definition of the Cementir Group's Business Plan. It ensures that the main risks are identified, assessed and monitored taking into account each business unit, to create a fully integrated risk management process. Risks are assessed with quantitative and qualitative tools considering both the probability of occurrence and the impacts that would be generated in a given time horizon if the risk were to occur. It also ensures that all necessary measures are taken to control risks that could threaten the Group's assets, its ability to generate profits or achieve its objectives.

Roles and responsibilities in risk management have been defined starting from the Company's Board of Directors, which defines strategy, policy and risk appetite, supported by the Audit Committee and the Sustainability Committee. In addition, management teams from the group companies are involved, with responsibility for risk management within their area of expertise.

Below is a summary of the people and bodies involved and their responsibilities:

- **The Board of Directors** plays the central role, defining the Group's risk appetite, the nature and level of risk. In addition, it carries out an assessment of the risks related to climate change ensuring the constant compatibility of management and strategic objectives;
- **The Audit Committee and the Sustainability Committee** (corporate bodies relevant in the risk definition process) support the Board of Directors, subject to a favourable opinion, in the definition and management of risks;
- **The CEO & Chairman**: implements the general guidelines of the Board of Directors, ensuring the identification, management and monitoring of the main risks;
- **Risk owners**, or the first level of control, are primarily responsible for internal control and risk management activities;
- Finally, **Risk Management and Internal Audit** are the main responsible for the internal control and risk management system (second and third level of control). They are responsible for verifying that the Internal Control and Risk Management System is functioning and adequate with respect to the size and operations of the Group, verifying, in particular, that the Management has identified the main risks, that they have been evaluated in a consistent manner and that the appropriate mitigation actions have been defined and implemented.



The Cementir Group's Internal Control and Risk Management System is integrated into the Group's organisational, administrative, accounting and governance structure and has been prepared on the basis of the principles laid down by the Enterprise Risk Management - Integrated Framework, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report), also ensuring greater detail in the identification of the risks of the companies and Group and integration with the results of the Audit activities. The methodology followed involves an iterative process consisting of the following steps:

- Risk identification: the process starts with the definition of the Industrial Plan and focuses on the main risks that could compromise the achievement of the Group's objectives;
- Risk assessment: for each identified risk, management gives an inherent risk assessment (in the absence of controls/mitigation actions), in terms of probability and impact during the horizon of the Industrial Plan, using a 5-level assessment system (scoring). In terms of impact, three parameters are considered: economic (quantitative), operational (qualitative), reputational (qualitative);
- Identification and assessment of the adequacy of existing controls: for each identified risk, all the current controls / actions in place for risk mitigation are identified with management;
- Residual risk assessment: taking into account the individual controls for each risk and the relative adequacy, the residual risk is calculated by applying a uniform calculation methodology to all Group companies;
- Identification of further actions: in the event that the residual risk is higher than the predefined level of risk appetite, further actions are agreed with management to mitigate the risk and contain it within acceptable levels. The initiatives are taken promptly and within budget limits, to effectively contribute to risk mitigation;
- Reporting: reports are prepared at the company and Group level, showing the main risks and initiatives taken by management to reduce the risks to acceptable levels;
- Monitoring: periodic review for existing risk evaluations, assessment parameters and new risks to be identified, if necessary.

The model, as described, subject to further and future updates, aims to provide support for the decision-making and operational processes of the company management, so as to reduce the possibility that specific events could compromise the Group's ordinary operations or the achievement of its strategic objectives.

To this end, the risk appetite level adopted in relation to strategic risks is consistent with the vision of creating value, while always respecting the environment and promoting integration with local communities. In relation to operational risks, the risk appetite level is defined on the basis of the effectiveness and efficiency targets set by the management.

Provisions for compliance and financial reporting are different. The Group does not accept an assumption of non-compliance risk for laws and regulations (including those relating to safety), and of possible alterations to the integrity of financial reporting.

The Cementir Group's Internal Control and Risk Management System is integrated with the Group's Sustainability Strategy. Starting from 2021 the Cementir Group has launched a project to implement the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosure) committing to be transparent on risks and opportunities related to climate change. The identification, assessment and effective management of risks and opportunities related to climate change are fully integrated into the Group's risk management process. For more details, see the paragraph "Main risks to which the group is exposed".

In relation to accounting and financial reporting, the existing Internal Control System ensures its accuracy and completeness through constantly updated administrative and accounting procedures.

Furthermore, as part of the compliance activities with the COSO structure, during the year, the Internal Audit function carries out audit activities on the aforementioned procedures to ascertain that the provided key controls are being correctly applied by the involved company structures. The assessment of the internal control system on financial reporting provided for by Cementir Group procedures was carried out based on this activity.

On the basis of the activity carried out by the Internal Audit department and the related results, the Audit Committee assessed the Internal Control and Risk Management System as adequate, effective and appropriate for dealing with business, operational, environmental, financial and compliance risks.

INTERNAL CONTROL SYSTEM FOR FRAUD RISK MANAGEMENT

This risk relates to intentional acts perpetrated by deception by one or more members of management, those responsible for governance activities, employees or third parties, in order to obtain unlawful advantages. Fraud, whether false financial reporting or misappropriation of company assets, implies the existence of incentives or pressure to commit it and the perception of an opportunity to do so.

Exposure to potential fraud risks is analysed during the risk assessment carried out by Internal Audit when drawing up the Audit Plan to give priority analysis to the areas considered at risk. The identified fraud risks are assessed, with particular regard to the probability of occurrence and possible impacts, thus assessing their relevance for the organisation. In the assessments, all reports emerging from whistleblowing channels and cases of fraud detected in the last 12 months are also taken into account.

The Ethics Committee (committee appointed by the Board of Directors), on a quarterly basis, analyses the results of the investigative activities carried out by the Internal Audit and verifies the implementation of disciplinary, organisational and operational actions for each individual breach. The Ethics Committee reports on its work to the Audit Committee and the Board of Directors.

MAIN RISKS TO WHICH THE GROUP IS EXPOSED

The main types of risks and opportunities to which the Group is exposed are described below.

VOLATILITY IN COMMODITY PRICES

DESCRIPTION	IMPACT	MITIGATION ACTIONS
Risk linked to the volatility of commodities market prices (electricity and fuel) and freight costs, which may affect the Group's results. COMMODITIES - Electricity and fuel The Group is highly exposed to the risk of fluctuations in the prices of all raw materials that enter the production cycle, electricity, coal, petcoke (material derived from oil refining). There is also a risk related to the availability of fuel resulting from macroeconomic market dynamics. Market trends are constantly monitored in search of the best supply conditions (availability and price) to meet its needs. FREIGHT COSTS Trade route prices have tripled compared to last year and prices for container ships have seen similar increases. There are few signs of them falling in the short term. Freight rates	**Cost increases**	▪ Use of financial instruments to hedge price risk; ▪ Sales contracts based on indexed prices; ▪ Renegotiation of long-term agreements with suppliers; ▪ Replacement of fossil fuels with alternative fuels; ▪ Evaluation of the use of gas within the production process; ▪ Freight contracts on a COA basis "Contract of affreightment"

are expected to calm in the second half of 2022 under current conditions.		

CYBER SECURITY

DESCRIPTION	IMPACT	MITIGATION ACTIONS
The increasing use of IT systems increases the Company's exposure to various types of risks. The most significant is the risk of cyber-attacks which is a constant threat to the Group.	**Data loss** **Privacy impacts** **Business interruption** **Reputational damage**	▪ Strengthening of network infrastructure; ▪ Strengthening of protection systems; ▪ Constant updating of internal procedures; ▪ Continuous training for all staff to strengthen the corporate culture on cyber security issues.

GEOPOLITICAL RISK

DESCRIPTION	IMPACT	MITIGATION ACTIONS
Geopolitical instability in some of the countries where the Group operates may influence demand trends.	**Impact on the Group's earnings figures and financial position**	▪ Monitoring of the geopolitical context in which the Group operates; ▪ Request for letters of credit to protect credit positions; ▪ Monitoring of the currency system and monetary policy of the countries where the Group operates.

RISK OF THE COVID-19 PANDEMIC

DESCRIPTION	IMPACT	MITIGATION ACTIONS
Cementir is an international company present in several countries, some of which have been significantly impacted by the COVID-19 pandemic. Although there is broad consensus on the gradual improvement of global health prospects in the short to medium term, this assumption involves uncertainties mainly related to the large-scale availability of vaccines. If these risks were to persist, they could lead to a disruption of normal market dynamics.	**Impact on the Group's operations, earnings, cash flows and financial position**	The Company has promptly adopted control and prevention measures for all employees around the world, including through alternative (remote) working methods, both for offices and operational sites. The Group works closely with local management on the development of health plans to be able to intervene promptly with coordinated actions, including "cross-border" activities.

HEALTH AND SAFETY

DESCRIPTION	IMPACT	MITIGATION ACTIONS
Risk of accidents that can have consequences for the health of workers and / or cause problems in production processes.	• **Economic** • **Organisational** • **Reputational** • **Relations with local communities** • **Workers' health**	▪ Improvement of the Group's safety culture; ▪ Monitoring of health and safety performance and the effectiveness of improvement plans for all plants; ▪ Certification of all cement plants according to international standards (ISO 450001) by the end of 2022; ▪ KPIs on health and safety included in the management incentive process.

COMPLIANCE

DESCRIPTION	IMPACT	MITIGATION ACTIONS
These are risks related to compliance with applicable regulations (antitrust, anti-corruption, GDPR, Legislative Decree 231/2001).	**Potential violations of laws and regulations**	In relation to these risks, the Legal Department implements targeted programs with guidelines, procedures and training to ensure compliance with the above regulations. The Organisation and Control Models required under Legislative Decree 231/2001 are periodically updated. The Internal Audit function carries out specific audits on compliance with regulations.

CLIMATE CHANGE

The cement industry's ability to reduce its CO2 emissions and respond to climate change has become a focal point for investors. In 2021, the Cementir Group has launched a project to implement the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosure) committing to be transparent on risks and opportunities related to climate change. The identification, assessment and effective management of risks and opportunities related to climate change are fully integrated into the Group's risk management process.

As suggested by the TCFD, the Group monitors the risks and opportunities arising from the evolution of transition scenarios and the evolution of physical variables.

Physical variables are divided into two categories of risk:

(a) Acute: related to the occurrence of extreme weather conditions such as cyclones, hurricanes or floods. Acute physical phenomena, in the various cases, are characterised by considerable intensity and a frequency of occurrence that is not high in the short term, but which, considering long-term scenarios, sees a clear upward trend;

(b) Chronic: refers to gradual and long-term changes in climate patterns (e.g., sustained high temperatures) that can cause sea-level rises or chronic heat waves.

With regard to the energy transition process, towards a progressive reduction of carbon emissions, there are risks and opportunities linked to changes in the regulatory, technological, market and reputational context.

The Group has decided to align itself to the TCFD framework to clearly represent the types of risks and opportunities by indicating how each of them should be managed. The effects were assessed over three time horizons: the short term (1-3 years), linked to the implementation of the Industrial Plan; the medium term until 2030, in which it will be possible to see the effects of the energy transition; the long term until 2050, by which the Group is committed to achieving net-zero emissions throughout its value chain.

		TIME HORIZON	DESCRIPTION	IMPACT	MITIGATION ACTIONS	SDGs
PHYSICAL RISK	ACUTE RISK	Medium Term	**Increase in the frequency and intensity of extreme weather events such as floods, ice storms, hurricanes.**	Extreme events can have an impact in terms of damage to assets, interruption of business operations, interruption in the supply chain with an impact on the production process.	The Group adopts a series of control practices such as real-time monitoring of the weather conditions at each plant. It carries out a risk assessment of extreme natural events (e.g. hydrogeological risk) of specific morphological areas. Adopt business continuity management processes that guarantee an adequate level of maintenance to limit and/or reduce damage to company assets. It requires the certification of environmental management systems according to international standards (ISO140001).	
PHYSICAL RISK	CHRONIC RISK	Medium Term	**Water stress due to global warming**	The Group operates in some areas defined as highly water-stressed. This risk may lead to an increase in the costs for the supply and operations for the recovery of water resources used in the production process.	As part of its climate commitments, the Group has defined its policy on water management. Maximising its reuse/recycling, minimising withdrawals and consumption and applying efficient operating practices are areas of focus, starting with those geographical areas with the greatest water scarcity. The Group has set targets for improvement in the specific consumption of water for cement production, with an overall reduction of 20% by 2030 and, in areas with greater water stress, of 25%.	

		TIME HORIZON	DESCRIPTION	IMPACT	MITIGATION ACTIONS	SDGs
TRANSITION RISK	POLICY	Short Term	**RISK** **Increase in the price of CO2 and adoption of the ETS Regulation in non-EU countries**	Regulatory changes regarding the energy transition can impact business performance in both economic and operational terms.	The Group has launched a decarbonisation policy and a sustainability strategy, setting emission reduction targets and establishing specific short-term (1-3 years), medium (until 2030) and long-term (until 2050) action plans.	
TRANSITION RISK	MARKET	Short Term	**RISK** **non-availability of raw materials**	The production of cement and ready-mixed concrete requires the use of raw materials such as clay, blast-furnace slag and fly ash (the latter two are by-products respectively of coal-fired power plants and steel mills whose production is destined to decrease).	To mitigate this risk, the Group has established long-term contractual arrangements with suppliers to ensure adequate supply.	

	TIME HORIZON	DESCRIPTION	IMPACT	MITIGATION ACTIONS	SDGs
TECHNOLOGY	Long Term	**RISK/ OPPORTUNITY CO2 capture and storage project**	The Group, through its subsidiary Aalborg Portland, has launched the following projects: -"Greensand II Project" -"ConsenCUS" The projects aim to capture, liquefy, transport and store CO2 in the North Sea.	The Group participates in international consortia funded by the Danish government and the European Union to seize opportunities related to the development of breakthrough technology projects.	17 PARTNERSHIPS FOR THE GOALS
TECHNOLOGY	Short Term	**OPPORTUNITY Development of low emission impact products**	The Cementir Group has developed a new type of cement (FUTURECEM™) with low CO2 emissions.	The production and distribution of a new product with low emission content will allow the mitigation of potential risks and exploit opportunities related to the energy transition.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION
REPUTATION	Medium Term	**OPPORTUNITY Increased supply of district heating in the city of Aalborg**	The Aalborg plant recovers excess heat from cement production to provide district heating to local residents. In 2021, Aalborg Portland delivered approximately 1.7 million GJ of energy to the municipality of Aalborg. According to the engineering project developed by the Group, the Aalborg plant could improve energy supply by a further one million GJ.	The Group maximises opportunities by exploiting heat recovery from combustion processes reducing local community CO2 emissions (amount not emitted by the local power plant).	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

FINANCIAL RISK MANAGEMENT AND INFORMATION RELATING TO FINANCIAL INSTRUMENTS

The Cementir Holding Group is exposed to financial risks in connection with its operations; in particular to credit risk, liquidity risk and market risk.

Credit risk

Credit risk is related to possible losses that can occur if a counterparty fails to fulfil its obligations.

Credit risk could mainly derive from operating activities, in particular trade receivables from customers. The Cementir Group has entrusted local management with the regular management of trade receivables on the basis of specific policies that define the criteria for credit limits, achievement guarantees and payment conditions. Credit limits are generally defined for each customer after a risk analysis provided by external rating agencies and are periodically reviewed. Based on these policies, any order that exceeds the agreed credit limits must be reviewed and individually approved for creditworthiness.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

All customers are monitored locally, based on their individual features, including their business, distribution channel, geographical position and any previous financial difficulties. Credit risk is regularly monitored including by analysing the performance of specific indicators based on variables such as total trade receivables and past due receivables.

Local Credit Risk Committees periodical meetings, at local level, analyse and discuss the Group's companies ageing, credit performance and any specific critical issues.

The Cementir Group establishes provisions for trade receivables, to cover potential losses, on the basis of regular follow-ups on customer situations.

Liquidity risk

The Group is exposed to liquidity risk in relation to the availability of financing and its access to credit markets and financial instruments in general. Given the Group's strong financial position and available credit lines, this risk is remote. However, the Group manages liquidity risk by carefully monitoring cash flows and financing needs. There is a particular focus on the Group's management to increase operating cash flow and control investments in both plant and equipment, both intangible and property, naturally safeguarding that required for the technical development and efficiency of the production plants with assigned cash generation objectives for all Group entities. Existing credit lines are however deemed adequate to meet any unexpected needs. Furthermore, as reported on the section covering the Business Plan approved by Group Board, it planned to be in a positive cash position at the end of 2022.

Market risk

Market risk is mainly linked to exchange rate and interest rate fluctuations.

Exchange rate risks are systematically monitored at Group level to assess any impact in advance and take the necessary mitigation actions. Since the purpose is to limit exchange rate risks, when a currency exposure is identified and the decision to hedge it is made, forward rate agreements are finalised with the banking system in both the "Forward contract without delivery option" and "Forward contract with delivery option" formats. Financial instruments must be used exclusively for hedging purposes and must not be traded, where trading is defined as taking positions where the Group does not have a natural underlying exposure.

Finally, the Cementir Group has variable rate bank loans and is exposed to the risk of **interest rate fluctuations**. However, this risk is considered moderate since the loans are currently only in Euros and the Danish krone and the medium/long-term rate curve is linear. However, the Cementir Group monitors interest rates and expected times for the repayment of the debt and purchases interest rate swaps as a partial hedge of the interest rate risk.

For information on financial risks, please refer to notes 12) and 32) of the consolidated financial statements.

CORPORATE GOVERNANCE

INTRODUCTION

As of 5 October 2019, Cementir Holding is a Dutch public limited company *(Naamloze Vennootschap)* with its registered office in Amsterdam, the Netherlands Zuidplein 36, 1077 XV and a secondary and operational office in Rome, Italy, at Corso di Francia No. 200.

The company's tax residence is in Italy.

The company has been listed on the Euronext STAR Milan segment of the Euronext Milan Stock Exchange since 1955.

Cementir Holding has elected the Netherlands as home Member State for the purposes of Art. 2(1) of the Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called "Transparency Directive").

The Company applies the Dutch Corporate Governance Code (hereinafter the "Code") whose purpose is to facilitate, with or in relation to other laws and regulations, a sound and transparent system of checks and balances within Dutch listed companies and, to that end, regulate relations between the Board of Directors, its Committees and shareholders.

It is to be noted that the provisions of the Code primarily refer to companies with a two-tier board structure (consisting of a management board and a separate supervisory board), while Cementir Holding. has implemented a one-tier board. The best practices reflected in the Code for supervisory board members apply therefore by analogy to Non-Executive Directors.

The current version of the Code, effective starting from 1 January 2017, is available for download at the following address: *www.mccg.nl* (*www.mccg.nl/english* for the unofficial English version).

BOARD OF DIRECTORS

Composition and nomination of the Board of Directors

In compliance with the Company's Articles of Association (hereinafter the "Articles of Association"), the Board of Directors may be made up of one or more Executive Directors and one or more Non-Executive Directors, providing that the total number of Directors is at least five and at most fifteen. The General Meeting of 20 April 2020, resolved, inter alia, on the appointment and composition of the Board of Directors expiring on that date in accordance with the provisions of the Articles of Association set out below.

The Board of Directors is currently made up of one Executive Director (Francesco Caltagirone, Chief Executive Officer or "CEO") and eight Non-Executive Directors (Alessandro Caltagirone and Azzurra Caltagirone, Vice Chairmen; Paolo Di Benedetto, Senior Non-Executive Director; Edoardo Caltagirone, Saverio Caltagirone, Fabio Corsico, Veronica De Romanis and Chiara Mancini).

Directors are appointed by the General Meeting. Directors can only be nominated for appointment pursuant:

(a) to a proposal of the Board; or

(b) to a proposal of one or more Shareholders, alone or together representing at least the 3% of the issued share capital, provided that the proposal has been notified to the Board in accordance with the requirements of Articles 8.3.4 and 8.3.5 of the Articles of Association.

The nomination must make it explicit whether a person is nominated for appointment as Executive Director or Non-Executive Director. A Director shall be appointed for a maximum period of three years, provided however that unless such Director has resigned at an earlier date, their term of office shall expire ultimately immediately after the close of the first General Meeting held after three years have lapsed since their appointment. A Director may be reappointed with due observance of the preceding sentence. By resolution of the General Meeting at the proposal of the Board, the maximum period of three years may be deviated from. The Board may draw up a retirement schedule for the Directors. At a General Meeting, a resolution to appoint a Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto. The General Meeting may at all times suspend or dismiss a Director.

Convening meetings and agenda

Meetings are held as often as the Senior Non-Executive Director or the Chief Executive Officer or any two Directors jointly request, provided that there are at least four regularly scheduled Board meetings in each financial year.

Meetings are convened in a timely manner by the Senior Non-Executive Director, the Chief Executive Officer or the Vice-Chairman, or if each of them is absent or unable to act, by any Director. The notice sets out the meeting agenda. The Director convening a meeting sets the agenda for that meeting. Directors may submit agenda items to the Director(s) convening the meeting.

Meeting location

Meetings are normally held at the Company's secondary offices in Rome, Italy, but may also take place elsewhere.

Meetings may also be held by telephone, videoconference, or other means of electronic communication, provided that all participants can hear each other simultaneously. Directors attending the meeting by telephone or videoconference are considered present at the meeting.

Attendance

Each Director attends Board meetings and the meetings of the committees of which he or she is a member. If a Director is frequently absent from these meetings, this Director must account for these absences.

A Director may be represented at a meeting by another Director holding a proxy in writing or in a reproducible manner by electronic means of communication.

The Board may require that certain officers and external advisers attend its meetings.

The external auditor may attend the Board meeting at which the external auditor's report on the audit of the financial statements is discussed.

Chairman of the meeting

The Chief Executive Officer chairs the meeting. If the Chief Executive Officer is not present at the meeting, the Senior Non-Executive Director chairs the meeting. If both the Chief Executive Officer and the Senior Non-Executive Director are not present at a meeting, the Vice-Chairman chairs the meeting. If the Chief Executive Officer, the Senior Non-Executive Director and the Vice-Chairman are not present at the meeting, the Directors present at the meeting will designate one of them as chairman of that meeting.

In accordance with the provisions of the Articles of Association and the Rules of Procedure of the Board of Directors, a non-executive and independent member, the Senior Non-Executive Director, serves as chairman of the meetings pursuant to and for the purposes of Dutch law (Art. 2:129a of the Dutch Civil Code) and in accordance with Best Practice provision 2.1.9. of the Code. In this regard, in such role, the Senior Non-Executive Director, inter alia, ensures that there is sufficient time for deliberation and decision-making by the Board and that directors receive timely all information that is necessary for the proper performance of their duties. In this capacity, the Senior Non-Executive Director also collects and coordinates the requests and contributions of the Non-Executive Directors and more in particular of the independent directors. The Senior Non-Executive Director, in this capacity, plays a liaison role between the Executive and Non-Executive Directors and thus ensures the effective functioning of the Board as a whole.

Adoption of resolutions – quorum requirements

The Board may only adopt resolutions at a meeting if the majority of the Directors entitled to vote is present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered.

If the Chief Executive Officer believes there is an urgent situation that requires the Board's immediate resolution, the quorum requirement referred as above not apply, providing that:

(a) at least three Directors entitled to vote are present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered; and

(b) reasonable efforts have been made to involve the other Directors in the decision-making.

The chairman of the meeting ensures that adopted resolutions are communicated to Directors not present at the meeting without delay.

Adoption of resolutions - majority requirements

Each Director has one vote. Where possible, the Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a simple majority of the votes cast. In the event of a tie vote the Chief Executive Officer has a casting vote. If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

Meeting minutes

The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted:

(a) by a resolution adopted at the next Board meeting; or

(b) by the chairman and secretary of the particular meeting, after having consulted the Directors present or represented at that meeting.

Adopting resolutions without holding a meeting

The Board may also adopt resolutions without holding a meeting, provided that such resolutions are adopted in writing or in a reproducible manner by electronic means of communication, and all Directors entitled to vote consented to adopting such resolutions without holding a meeting.

Role of the Board of Directors

The Board of Directors is responsible for the overall conduct of the Cementir Group and has the powers, authorities and duties vested in it by and pursuant to the relevant laws of the Netherlands and the Articles of Association. In all its dealings, the Board shall be guided by the interests of the Cementir Group as a whole, including but not limited to the Company's shareholders. The Board has the final responsibility for the management, direction and performance of the Company and the Cementir Group.

Pursuant to Art. 7.5.1 of the Articles of Association the Board is authorised to represent the Company.

The Board has allocated duties and powers to the Directors by Board Rules approved pursuant to Art. 7.1.5 of the Company's Articles of Association on 5 October 2019 and subsequently last amended on 28 July 2021, available on the Company's website.

Without limiting the scope of the Board's role, the ongoing items to be considered and decided upon by the full Board include:

(a) reviewing and approving (any material amendment to) the business plan;

(b) reviewing and approving (any material amendment to) the Budget;

(c) ensuring the Cementir Group's compliance with applicable laws and regulations;

(d) proposing the Dutch statutory management report and financial statements for adoption by the General Meeting;

(e) approving decisions as required under Dutch law; and

(f) discussing and approving the strategies for the shaping of the portfolio and direction of the Cementir Group, including the strategy for realising long-term value creation.

At least once a year, the full Board shall discuss:

(a) the functioning of the Board, the Chief Executive Director, the Senior Non-Executive Director and the other Directors, and the conclusions to be drawn on the basis of this; and

(b) the corporate strategy of the Cementir Group, the risks of the business and the assessment by the Board of the structure and operation of the internal risk management and control systems.

The Board of Directors will further consider and decide upon the following:

(a) proposing to suspend any director and suspending any of the executive directors, without the director concerned being present;

(b) the creation or discontinuation of any material business activities;

(c) proposing or resolving, as the case may be, to declare or pay any dividends or other distributions to shareholders (other than to a member of the Cementir Group) or repurchase or redeem securities or indebtedness of any member of the Cementir Group (other than if held by a member of the Cementir Group);

(d) proposing or resolving, as the case may be, to change the external auditors of the Company to audit the Company's Dutch statutory annual accounts and board report;

(e) proposing or resolving, as the case may be, to liquidate, initiate any bankruptcy, dissolution or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) in respect of the Company or any significant Cementir Group company, unless Directors are required to do so by applicable law;

(f) recommending a public offer for shares in the Company.

The table below shows the personal information of each Director holding a position in Cementir Holding during 2021 in compliance with Best Practice provision in 2.1.2 of the Code. The "Other Positions" pursuant to Best Practice provision 2.4.2 of the Code can be found in the Curriculum Vitae of each Director, available on the Company's website https://www.cementirholding.com/en/governance/corporate-bodies/board-directors.

Table A - Personal Information

Name, date of birth, gender, nationality	Position	First appointment	Date of current appointment or reappointment	End of current term
Francesco Caltagirone 29/10/1968, M, Italian	Executive Director (*Chief Executive Officer and Chairman*)	27 June 1995	20 April 2020	AGM 2023
Alessandro Caltagirone 27/12/1969, M, Italian	Non-Executive Director (*Vice-chairman*)	10 May 2006	20 April 2020	AGM 2023
Azzurra Caltagirone 10/03/1973, F, Italian	Non-Executive Director (*Vice-chairman*)	10 May 2006	20 April 2020	AGM 2023
Paolo Di Benedetto 21/10/1947, M, Italian	Senior Non-Executive Director	18 April 2012	20 April 2020	AGM 2023
Edoardo Caltagirone 12/04/1944, M, Italian	Non-Executive Director	27 June 1992	20 April 2020	AGM 2023
Saverio Caltagirone 03/03/1971, M, Italian	Non-Executive Director	22 May 2003	20 April 2020	AGM 2023
Fabio Corsico 20/10/1973, M, Italian	Non-Executive Director	15 January 200 8	20 April 2020	AGM 2023
Veronica De Romanis 31/03/1969, F, Italian	Non-Executive Director	21 April 2015	20 April 2020	AGM 2023
Chiara Mancini 20/11/1972, F, Italian	Non-Executive Director	21 April 2015	20 April 2020	AGM 2023

Three Non-Executive Directors of the Company are qualified as independent for the purposes of the Code: Veronica De Romanis, Paolo Di Benedetto and Chiara Mancini.

During 2021, 5 meetings of the Board of Directors were held, in which the Board of Directors, among other things:

- examined and approved the preliminary consolidated results for the fourth quarter of 2020 and for the year ended 31 December 2020;
- examined and approved the 2021 budget and the update of the 2021-2023 Business Plan. In this context, in particular, the Board examined and discussed the strategic vision underlying the 2021-2023 Business Plan proposed by the Chief Executive Officer and, in a session of the full board including Executive and Non-Executive Directors, agreed and approved this strategy;
- examined and approved the financial statements for the year ended 31 December 2020 and also approved the Cementir Group's Sustainability Report - Non-Financial Statement 2020, the Corporate Governance Report pursuant to the Code and the Remuneration Report pursuant to the Code and articles 2:135(a) et seq. of the Dutch Civil Code;
- examined and approved the quarterly financial results of the Cementir Group and the half-year financial report;
- set up the Sustainability Committee, determining its composition, term of office and related Charter, with consequent revision and updating of the Board Rules;
- examined the work carried out in 2020 by the Audit Committee and the Ethics Committee;
- reviewed the performance and procedures of the Board itself and its Committees, assessing their size and composition, also in consideration of professional experience, management expertise, gender;
- approved the repayment of the previous Group loan and the signing of a new one.

The table below shows the attendance of each Director to the board meetings and also the attendance of the members to the Audit Committee and Nomination and Remuneration Committee meetings.

Table B - Attendance

Director	Board of Directors	Audit Committee	Remuneration and Nomination Committee
Francesco Caltagirone	5/5	N/A	N/A
Alessandro Caltagirone	5/5	N/A	N/A
Azzurra Caltagirone	5/5	N/A	N/A
Edoardo Caltagirone	3/5	N/A	N/A
Saverio Caltagirone	5/5	N/A	N/A
Fabio Corsico	5/5	N/A	N/A
Veronica De Romanis	5/5	4/4	2/2
Paolo Di Benedetto	4/5	4/4	2/2
Chiara Mancini	5/5	4/4	2/2

Education, training and induction activities for the Board of Directors

The Company shall ensure that it carries out continuous training activities, in accordance with Best Practice provision 2.4.5 of the Code, also taking into account the results of the annual assessment provided for by Best Practice provision 2.2.8 of the Code.

Since the end of 2020, the comprehensive training offered by the Cementir Academy to Cementir Group employees has been extended to board members. Among the courses, offered in micro e-learning mode, are those on fraud management, whistleblowing, human rights and cybersecurity. The insider information course has been in place since as early as 2019. The list of courses is designed to be continuously updated and expanded.

In 2019, Cementir Holding organised a visit for the directors to one of the Group's main plants, in Aalborg, Denmark. Similar initiatives were suspended in 2020 and 2021 due to the pandemic.

In 2021, two induction sessions were organised for directors at the end of the board meetings, one in the field of cybersecurity, held on 5 May, and the other, initially scheduled for 28 July, then postponed to 11 November 2021, focused on snapshot of product-side business areas and evolution with new products in line with the sustainability roadmap.

Furthermore, as a result of the establishment of the Sustainability Committee, the Company has organised some induction sessions for its non-executive and independent members aimed at introducing them to the new position and deepening their understanding of sustainability issues, with contributions from the Company and Group functions involved.

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Executive Director is responsible for the ordinary and extraordinary management of the Company with the widest powers to the maximum extent permitted by the applicable law, developing and setting the Company's objectives and strategy, overseeing the associated risk profile and addressing corporate social responsibility issues that are relevant to the Company.

The Executive Director also discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee and renders account of this to the Board.

Only one Executive Director has been appointed and he is also automatically Chief Executive Officer and Chairman pursuant to Art. 2.3.4 of the Company's Board Rules and Art. 7.1.2 of the Articles of Association, without prejudice to the role of the Senior Non-Executive Director under Dutch law.

The Chief Executive Officer is primarily responsible for the day-to-day management of the Company with each and every power of ordinary and extraordinary administration of the Company, to the maximum extent permitted by the applicable law, including, without limitation, the following tasks and responsibilities:

(a) the operational management of the Company;

(b) the profit responsibility of the Company and the Cementir Group's enterprises;

(c) setting performance targets for the Cementir Group;

(d) managing the business performance of the Cementir Group;

(e) examining, analysing and proposing to the Board strategic business opportunities that can contribute to the further growth of the Cementir Group;

(f) compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(g) executing the decisions of the Board;

(h) determining the objectives to be achieved by the Board; and

(i) communicating with all relevant stakeholders of the Company, the media and the public; and

(j) preparing the Company's annual accounts as referred to in Art. 2: 361 BW.

Pursuant to Art. 7.5.1 of the Articles of Association and Art. 2.4.3 of the Board Regulations, the Chief Executive Officer is authorised to represent the Company.

The Executive Directors can be appointed for a maximum term of three years and can thereafter be reappointed, with due observance of the Articles of Association.

In accordance with Art. 7.2.8 of the Articles of Association and Art. 2.6 of the Board Rules, if the seat of the Executive Director is vacant or he is unable to act, the Non-Executive Directors will temporarily be entrusted with the executive management of the Company, unless the Board provides for a temporary replacement.

SENIOR NON-EXECUTIVE DIRECTOR AND VICE-CHAIRMAN

The Senior Non-Executive Director is primarily responsible for ensuring that:

(a) there is sufficient time for deliberation and decision-making by the Board;

(b) the Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;

(c) the Board and its committees function properly;

(d) the Board designates one of the Non-Executive Directors as Vice-Chairman;

(e) the performance of the Directors is assessed at least annually:

(f) the Directors follow their integration, education or training programme;

(g) the Board performs activities in respect of culture;

(h) signs from the Business are recognised and any actual or suspected material misconduct and irregularities are reported to the Board without delay; and

(i) effective communication with shareholders is assured.

Anyone who previously held the office of Executive Director cannot hold the position of Senior Non-Executive Director.

The Senior Non-Executive Director must be independent pursuant to Best Practice provision 2.1.8 of the Code and cannot be chairman of the Audit Committee or the Remuneration and Nomination Committee.

The Board of Directors of 24 April 2020, following the appointment of the Board of Directors with the General Meeting resolution of 20 April 2020, appointed the Non-Executive Director Paolo Di Benedetto as Senior Non-Executive Director with the role of chairing the Board of Directors pursuant to Dutch law, in compliance with Best Practice provision 2.1.9 of the Code and in compliance with the Articles of Association and Art. 2.3.7 of the Board Rules.

The Vice-Chairman deputises for the Senior Non-Executive Director in the event that the position of Senior Non-Executive Director is vacant or if the Senior Non-Executive Director is unable to act.

The Vice-Chairman shall act as point of contact for Directors concerning the functioning of the Senior Non-Executive Director.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors supervise the Executive Director's policy and performance of duties, the Company's general affairs and its business and provide advice to the Executive Director.

Non-Executive Directors supervise at least the following key elements:

(a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;

(b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and

(d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

A Non-Executive Director can be appointed for a maximum term of three years and can thereafter be reappointed, with due observance of the Articles of Association. In accordance with Art. 7.2.9 of the Articles of Association, if the seat of a Non-Executive Director is vacant or upon the inability of a Non-Executive Director to act, the remaining Non-Executive Director or Non-Executive Directors shall temporarily be entrusted with the performance of the duties and the exercise of the authorities of that Non-Executive Director; provided that the Board may, however, provide for a temporary replacement. If the seats of all Non-Executive Directors are vacant or upon inability of all Non-Executive Directors or the sole Non-Executive Director to act, as the case may be, the General Meeting shall be authorised to temporarily entrust the performance of the duties and the exercise of the authorities of Non-Executive Directors to one or more other individuals. The Board may entrust one or more Non-Executive Directors to execute a resolution made by the Board with all necessary powers, including the right to sub-delegate, without prejudice to their duties and responsibilities.

Non-Executive Directors scheduled the yearly meeting recommended by Best Practice provisions of the Code prior to the Board meeting of 9 March 2021. The contents of the supervisory activity carried out continuously during the financial year, especially during the meetings of the Board of Directors and, for its members, of the Board Committees, were examined and approved and subsequently reported in the annual report drawn up pursuant to Best Practice provision 5.1.5 of the Code.

DIVERSITY POLICY

The current Board Rules, including the Board Profile, were approved by the Company's Board of Directors on 28 July 2021. On 13 November 2019, as a result of the transfer of the Company's registered office to the Netherlands, the Board of Directors of the Company reviewed the Diversity Policy that sets out the rules regarding the diversity of the composition of the Board of Directors. Following the entry into force on 1 January 2022 of the amendments to the Dutch Civil Code regarding gender diversity, the Board acknowledged the targets set for Non-Executive Directors by this legislation and, on the basis of the proposal submitted by the Remuneration and Nomination Committee, updated the Diversity Policy. The Diversity Policy and the Board Profile are both available on the Company's website pursuant to Best Practice provision 2.1.5 of the Code.

The Board of Directors acknowledges the importance of diversity among all individuals who are working for the Company. The diversified composition of the Board of Directors itself is a guarantee of a balanced decision-making process, also achieved through the proper functioning of the respective committees. The purpose of the Diversity Policy adopted by the Company is to lay down the diversity aspects and targets within the Company and to ensure its proper implementation and application.

The targets set by the current Dutch laws on diversity within the Board of Directors are aimed at ensuring a balance between the genders, so that at least 1/3 of the Non-Executive Directors are men and at least 1/3 are women.

The Company's Board of Directors currently meets this target.

In particular, the Board of Directors of Cementir Holding includes three (3) women among the Non-Executive Directors out of a total of eight (8) Non-Executive Directors.

The composition of the Board also respects the criteria of diversity of age, education and experience, indicated in the Diversity Policy, with the sole exception of the requirement of diversity of nationality, as also shown in the curricula of the directors.

The current Diversity Policy and the verification of its effective implementation are subject to regular updating and monitoring by the Company. It may also be amended, where deemed necessary by the Board of Directors or in compliance with the Group's policy establishing the rules for updating the Company's procedures.

CONFLICT OF INTEREST

Any conflict of interest between the Company and Directors must be prevented. The Board is responsible for dealing with any conflicts of interest that Directors or majority shareholders may have in relation to the Company.

Directors must be alert to conflicts of interest and may not:

(a) compete with the Company;

(b) demand or accept substantial gifts from the Company for themselves or their spouse, recognised partner or other life companion, foster child or relative by blood or marriage up to the second degree;

(c) provide unjustified advantages to third parties at the Company's expense; or

(d) take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, recognised partner or other life companion, foster child or relative by blood or marriage up to the second degree.

A Director other than the Senior Non-Executive Director or Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director, or in the Senior Non-Executive Director's absence, the Vice-Chairman. The Senior Non-Executive Director must, without delay, report any conflict of interest or potential conflict of interest to the Vice-Chairman or, in the Vice-Chairman's absence, to the other Directors. The Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director or, in the Senior Non-Executive Director's absence, to the other Directors. The Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

The Board decides whether a Director has a conflict of interest, without the Director concerned being present.

A Director may not participate in the Board's or a committee's deliberations and decision-making process on a subject where the Director is found to have a conflict of interest. This rule doesn't apply when the entire Board is unable to adopt a resolution as a result of all Directors being unable to participate in the deliberations and decision-making process due to a conflict of interest.

During 2021 no transactions in conflict of interest with Directors and/or majority shareholders were reported or took place.

BOARD COMMITTEES

Audit Committee

By means of the resolution adopted on 24 April 2020, the Board of Directors appointed the Audit Committee. The duties and the responsibilities of the Audit Committee are set out in the related charter (published on the Company website) adopted by the Board of Director on 24 April 2020, pursuant to Art. 7.1.4 of the Articles of Association.

The Audit Committee consists of three members: 1. Veronica De Romanis (chairwoman, expert in financial reporting), 2. Paolo Di Benedetto, 3. Chiara Mancini.

All members of the Audit Committee are independent pursuant to Best Practice provision 2.1.8 of the Code.

The Audit Committee prepares the decision-making of the Board regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee focuses on monitoring the Board of Directors, among others, in the following matters:

(a) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments.

The internal audit function has sufficient resources to execute the internal audit plan and has access to information that is important for the performance of its work. The internal audit function has direct access to the Audit Committee and the external auditor. Records are kept of how the Audit Committee is informed by the internal audit function.

The internal audit function reports its audit results to the Board and the essence of its audit results to the Audit Committee and informs the external auditor. The findings of the internal audit function include the following:

(i) any flaws in the effectiveness of the internal risk management and control systems;

(ii) any findings and observations with a material impact on the risk profile of the Business; and

(iii) any failings in the follow-up of recommendations made by the internal audit function.

(b) the Company's funding;
(c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and
(d) the Company's tax policy.

In addition, the Audit Committee carries out the following duties:

(a) recommending persons for appointment as senior internal auditor;
(b) annually forming a position on how the internal audit function fulfils its responsibility.
(c) the Board discusses the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code with the Audit Committee.
(d) if the Company does not have an internal audit department, recommending annually to the Board whether adequate alternative measures have been taken. The Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Board's report;
(e) reporting annually to the Board on the functioning of, and the developments in, the relationship with the external auditor.
(f) the Audit Committee advises the Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Board's observations during this process. Based on this, among other things, the Board determines its nomination for the appointment of the external auditor to the General Meeting;
(g) submitting a proposal to the Board for the external auditor's engagement to audit the financial statements.
(h) the Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Board takes the decision on the engagement.
(i) if a new external auditor is to be engaged by the Company the Audit Committee motivates the proposal. The proposal states at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement;
(j) annually discussing the draft audit plan with the external auditor, including:

(iv) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and

(v) based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the financial statements and the management letter;

(k) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements; and
(l) meeting with the external auditor as often as it considers necessary, but at least once a year, without Executive Directors being present.

The Audit Committee also carries out the following duties:

(a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
(b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
(c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;
(d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and
(e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

The Audit Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.

This report also includes the following information:

(a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;
(b) the methods used to assess the effectiveness of the internal and external audit processes;
(c) material considerations regarding financial reporting; and
(d) the way material risks and uncertainties referred to in Best Practice provision 1.4.3 of the Code have been analysed and discussed, along with a description of the most important findings of the Audit Committee.

In particular, the Audit Committee reports on the results of the annual statutory audit to the Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit Committee in the audit.

During 2021, the Audit Committee met 4 times. The attendance of the members to the Audit Committee meetings is shown in "Table B - Attendance" in the paragraph "Role of the Board of Directors".

During these meetings, the Audit Committee examined and discussed, among other things, the 2020 financial statements, the half-year financial report, as well as the quarterly financial results and the 2020 Sustainability Report-Non-Financial Statement of the Cementir Group. The Audit Committee also examined and discussed the activities carried out by the Internal Audit function and the Ethics Committee during 2020. It examined the activities of the Internal Audit function for the first quarter and the first half of 2021. The Audit Committee then examined the Audit Plan prepared by the Internal Audit function for 2022, in accordance with Best Practice provision 1.3.3 of the Code, together with the budget for that function for the same year. It also examined the Group's Enterprise Risk Assessment. The Audit Committee also reviewed and discussed the external auditor's report on the audit work performed on the 2020 financial statements, the Audit Plan prepared by the external auditor, and reviewed and discussed the external auditor's non-audit services and related network pursuant to the "procedure for the assignment of non-audit services to the external audit company and related network". The Audit Committee then examined and discussed the reports prepared for the Board of Directors of the Company pursuant to Best Practice provision 1.5.3 of the Code, as well as the annual assessment carried out by the members of the Audit Committee pursuant to Best Practice provision 2.2.6 of the Code.

The Audit Committee periodically reported to the Board of Directors on the activities carried out.

The Audit Committee examined the financial documentation with the Group Chief Financial Officer, who attended all the Committee meetings. The Audit Committee met the external auditor on two occasions during which, always in the presence of the Group Chief Financial Officer, it examined, among other things, the annual financial statements, the report of the external auditor concerning the audit work carried out on the 2020 financial statements and also discussed the audit plan prepared by the same external auditor.

The Audit Committee received updates on legal matters by the Group General Counsel of the Company attending all the meetings. Internal Audit activity was reviewed on a regular basis with the Group Chief Internal Audit Officer also attending all the meetings and discussing with the Committee the main findings and remediating actions.

Remuneration and Nomination Committee

By means of the resolution adopted on 24 April 2020, the Board of Directors combined the roles of the remuneration committee and the selection and appointment committee in one committee, by appointing the Remuneration and Nomination Committee.

The duties and the responsibilities of the Remuneration and Nomination Committee are set out in the related charter (published on the Company website) adopted by the Board of Director on 24 April 2020, pursuant to Art. 7.1.4 of the Articles of Association.

The Remuneration and Nomination Committee consists of three members: 1. Chiara Mancini (chairwoman), 2. Veronica De Romanis, 3. Paolo Di Benedetto.

All the members of the Remuneration and Nomination Committee are independent pursuant to Best Practice provision 2.1.8 of the Code.

The Remuneration and Nomination Committee prepares the Board's decision-making (including, if applicable, proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments.

The Remuneration and Nomination Committee submits a proposal to the Board (including, if applicable, proposals of the Board for the General Meeting) concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and, in any event, covers:

- (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;
- (b) the scenario analyses carried out in advance;
- (c) the pay ratios within the Company and the Business;
- (d) the development of the market price of the shares;
- (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
- (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
- (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

The Remuneration and Nomination Committee also prepares the Board's decision-making (including, if applicable, proposals of the Board for the General Meeting) regarding:

- (a) the drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
- (b) the periodical assessment of the size and composition of the Board, and the making of proposal for a composition profile of the Board;

(c) the periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
(d) the drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;
(e) the proposal for appointment and reappointment of Executive Directors and Non-Executive Directors;
(f) the supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management; and
(g) the drawing up of the Company's diversity policy for the composition of the Board.

The Remuneration and Nomination Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Remuneration and Nomination Committee were carried out in the financial year, and also reports on the composition of the Remuneration and Nomination Committee, the number of meetings of the Remuneration and Nomination Committee and the main items discussed at those meetings.

The Remuneration and Nomination Committee describes, in a transparent manner, in addition to the matters required by law:

(a) how the remuneration policy has been implemented in the past financial year;
(b) how the implementation of the remuneration policy contributes to long-term value creation;
(c) that scenario analyses have been taken into consideration;
(d) the pay ratios within the Company and the Business and, if applicable, any changes in these ratios in (a) comparison with the previous financial year;
(e) in the event that a Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance and on which the variable remuneration depends, and the relationship between the remuneration and performance; and
(f) in the event that a current or former Director receives a severance payment, the reason for this payment.

The main elements of the agreement of an Executive Director with the Company are to be published on the Company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the General Meeting where the appointment of the Executive Director will be proposed.

During 2021, the Remuneration and Nomination Committee met twice. The percentage of the attendance of the members to the Remuneration and Nomination Committee meetings are shown in "Table B - Attendance" in paragraph "Role of the Board of Directors".

During these meetings, the Remuneration and Nomination Committee examined and discussed, among other things, the remuneration policy and the report on remuneration drawn up in accordance with Art. 2:135a of the Dutch Civil Code and Best Practice provision 3.1 and following of the Code, and the report concerning the activity carried out by the Committee in 2020, drawn up in accordance with Best Practice provision 2.3.5 of the Code. The Remuneration and Nomination Committee also discussed the annual assessment carried out by the members of the Committee pursuant to Best Practice provision 2.2.6 of the Code, confirming the Board Profile. The Remuneration and Nomination Committee also examined and discussed the gates and objectives of the Short-term incentives 2020, a benchmark analysis on the remuneration of Cementir staff, an analysis of the CEO's paymix with respect to the market.

Further details of the activities of the Remuneration and Nomination Committee are included in the Remuneration Report section included elsewhere in this report.

Sustainability Committee

In the context of the ever-growing commitment of the Company and the Group towards sustainability and the fulfilment of demanding and challenging objectives, by resolution of 28 July 2021, the Board of Directors set up the Sustainability Committee, determining its number, duration and composition.

The duties and the responsibilities of the Sustainability Committee are set out in the related charter (published on the Company website) adopted by the Board of Director on 28 July 2021 pursuant to and for the purposes of the provisions of Art. 3.3 of the Board Rules ("Ad hoc committees").

The Sustainability Committee is currently made up of: 1. Francesco Caltagirone (chairman), 2. Veronica De Romanis, 3. Chiara Mancini.

According to the Sustainability Committee Charter, the majority of its members is represented by non-executive and independent directors.

The Sustainability Committee prepares the decision-making process of the Board of Directors in formulating and implementing a strategy in line with a view on long-term value creation for Cementir Holding NV and its subsidiaries, regarding the development and promotion of a healthy, safe and secure environment for the Company's stakeholders, as well as sustainable development and social responsibility, and prepares any related decision-making at Board level.

The main task of the Sustainability Committee is to develop the Group's sustainability strategy.

Specifically, it:

(a) assists and advises the Board on its supervision of the Group's policies, programmes and related risks concerning sustainability matters (including, but not limited to) sustainability matters related to public issues relevant to the Group and its stakeholders that may affect the Group's business, strategy, operations, performance or reputation;
(b) receives regular reporting from any subsidiaries’ Sustainability Committees and the Sustainability Working Group, respectively, to collect any required information and to provide the Board with the required insights and advise;
(c) provides regular reporting to the Board;
(d) acts under any authority delegated by the Board relating to global and local sustainability matters, including with respect to setting out, monitoring, evaluating and reporting on policies and practices, management standards, strategy, performance and governance;
(e) reviews and approves goals and guidelines for environmental, social and governance compliance, aligned with the Group's commitments and legal requirements;
(f) reviews, discusses and proposes the Group's sustainability initiatives and engagement;
(g) assists in the Board supervision of risks relating to sustainability matters overseen by the Sustainability Committee;
(h) review, assesses and makes recommendations:
    (i) to the Board as to the Group's non-financial reporting and annual Sustainability Report;
    (ii) to the Board and to other Group bodies such as subsidiaries’ Sustainability Committee and/or Group Management Team regarding any sustainable development policy, including overall strategy or specific guidelines, management standards, key performance indicators of the Group relating to sustainability-related issues with the aim of ensuring that Group's policies and procedures are in line with best practice;
    (iii) to the Board and to other Group bodies such as the Nomination and Remuneration Committee on sustainability-related targets for management incentives at Group, region and BU level;
(i) recommends to the Board health and safety targets for the Company and the Group;
(j) supports the development of a health and safety culture in the Company and the Group also through its management;

(k) annually provides reports of its actions to the Board and makes recommendations to the Board and to other Group bodies as it considers appropriate;
(l) reviews and assesses the adequacy of the Sustainability Charter and recommends to the Board any improvements to the Charter that the Sustainability Committee considers necessary or appropriate;
(m) undertakes such other responsibilities or tasks within sustainability matters as the Board may delegate or assign from time to time to the Sustainability Committee.

During 2021, the Sustainability Committee met informally to carry out the appropriate induction activities for independent directors, organised by the Company with the participation of the management of the various areas involved in sustainability issues.

REMUNERATION OF THE BOARD OF DIRECTORS

Details of the remuneration of the Board of Directors and its committees are set forth within the section "Remuneration Report".

GENERAL MEETING

The annual General Meeting shall be held each year no later than six months after the end of the financial year of the Company. The purpose of the annual General Meeting is to discuss, inter alia, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of members of the Board of Directors from liability for their management and supervision, and other proposals brought up for discussion by the Board of Directors.

Convening of the General Meetings

General Meetings are convened by the Board.

Shareholders solely or jointly representing at least ten percent (10%) of the issued share capital may request the Board in writing, setting out in detail the matters to be discussed, to convene a Cementir Holding General Meeting. If the Board of Directors fails to call a meeting, then such shareholders may, at their request, be authorised by the preliminary relief judge of the district court to convene a General Meeting of Cementir Holding.

Cementir Holding General Meetings shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands, and shall be called by the Board of Directors in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the forty-second day prior to the day of the meeting. The notice convening a General Meeting is issued in accordance with Dutch law and by a public announcement in electronic form which can be directly and continuously accessed until the General Meeting.

An item requested in writing by one or more shareholders solely or jointly representing at least three percent (3%) of the issued share capital, must be included in the notice of the General Meeting or announced in the same manner, if the Company has received the request, including the reasons, no later than on the day prescribed by law. The Board has the right not to place proposals from persons mentioned above on the agenda if the Board judges them to be evidently not in the interest of the Company.

The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other data required by law.

The agenda of the annual Cementir Holding General Meeting shall contain, inter alia, the following items:

(a) adoption of the annual accounts;

(b) the remuneration policy and the remuneration report;

(c) the policy of the Company on additions to reserves and on dividends, if any;

(d) granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;

(e) the appointment of Directors;

(f) if applicable, the proposal to pay a dividend;

(g) if applicable, discussion of any substantial change in the corporate governance structure of the Company; and

(h) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

In addition, the approval of the General Meeting is required for resolutions of the Board regarding an important change in the identity or character of the Company or its associated business enterprise, including in any event:

(a) the transfer of the business, or almost all of the business, to a third party;
(b) concluding or cancelling a long-lasting cooperation of the Company or a subsidiary with another legal person or company or as a fully liable general partner in a partnership, provided that the cooperation or cancellation is of material significance to the Company; and
(c) the acquisition or disposal of a participating interest in the share capital of a company with a value of at least one third (1/3) of the Company's assets, according to the consolidate balance sheet with explanatory notes, always according to the last adopted annual accounts of the Company.

The Board of Directors shall provide the General Meeting all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must give reasons.

When convening a General Meeting, the Board of Directors shall determine that, for the purpose of Art. 8.4 of the Articles of Association, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth day prior to the day of the meeting (the "Record Date") and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective of whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state how shareholders and other parties with meeting rights may be registered and how those rights can be exercised.

Each shareholder can be represented by a written proxy, to take part in, address and, to the extent he/she is entitled, to vote at the General Meeting using electronic means of communication, provided that such person can be identified via the same electronic means and is able to directly observe the proceedings and, to the extent he/she is entitled, to vote at the General Meeting. In that case, the proxy must have been received by the Company no later than on the date determined by the Board in the notice.

Order of discussion and decision-making

The annual General Meeting is chaired by:

(a) the Chairman; or

(b) if the Chairman is absent, by the Senior Non-Executive Director; or

(c) if the Senior Non-Executive Director is absent, by one of the other Non-Executive Directors designated for that purpose by the Board; or

(d) if none of the Non-Executive Directors are present at the annual General Meeting, such person appointed by the General Meeting.

The chairman of the General Meeting determines the order of discussion in accordance with the agenda and may limit speaking time or take other measures to ensure that the General Meeting proceeds in an orderly manner.

All issues relating to the proceedings at or concerning the General Meeting are decided by the chairman of the General Meeting. Minutes of the business transacted at the General Meeting must be kept by the secretary of the General Meeting, unless a notarial record of the General Meeting is prepared. Minutes of a General Meeting are adopted and subsequently signed by the chairman and the secretary of the General Meeting. A written confirmation signed by the chairman of the General Meeting stating that the General Meeting has adopted a resolution constitutes valid proof of that resolution towards third parties.

The General Meeting adopts resolutions by a simple majority of votes cast regardless of which part of the issued share capital such votes represent, unless the law or the Articles of Association provide otherwise.

Each share confers the right to cast one vote at the General Meeting. No vote may be cast at the General Meeting for a share held by the Company or one of its subsidiaries. Holders of a right of usufruct or a right of pledge on shares belonging to the Company or its subsidiaries are not excluded from voting if the right of usufruct or the right of pledge was created before the share concerned belonged to the Company or one of its subsidiaries. The Company or a subsidiary may not cast a vote in respect of a share on which it holds a right of usufruct or a right of pledge. The chairman of the General Meeting determines the method of voting. The ruling by the chairman of the General Meeting on the outcome of a vote is decisive. The chairman of the General Meeting shall decide in event of a tie. All disputes concerning voting for which neither the law nor the Articles of Association provide a solution are decided by the chairman of the General Meeting.

The minutes of the General Meeting will be available on the Company website no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the Articles of Association.

CULTURE, LONG-TERM VALUE CREATION AND CODE OF ETHICS

The Cementir Group's values that contribute to a culture aimed at creating long-term value, approved by the Board of Directors, are described in the "Group Profile" paragraph, to which reference should be made. The culture of the Cementir Group is based on five pillars: 1) sustainability; 2) dynamism; 3) value of people; 4) quality; 5) diversity and inclusion. These values translate into a series of virtuous behaviours that foster the professionalism and integrity, availability, respect and cooperation of people both within the Group and in relation to the external context. The culture of the Cementir Group is a vision that has been translated into a tangible model of skills and related behaviours to effectively respond to the expectations of the Cementir Group's stakeholders and, in particular, to the needs of its customers in compliance with a spirit of common identity: One Group Identity.

Cementir's long-term sustainability strategy has been developed through a bottom-up approach over recent years. The functions concerned within the local structures, under the coordination of the Group's top management, have translated individual concepts and notions into a unique and coherent way of thinking, defining the Group's internal culture and identity, setting precise expectations, objectives and commitments, along the lines provided for by the regulatory framework. Once consolidated, this core framework was then formally reviewed, approved and validated by the Sustainability Committee set up within the group at the level of the Board of the Danish subsidiary and, finally, transferred to the relevant entities for implementation through structured programmes and specific actions with fixed deadlines. Its assumptions and implications, from basic to more extensive, have been summarised in the Group 2021-23 Business Plan, approved by the Company's Board of Directors in February 2021, the Sustainability Report for the year 2020 and the Group Consolidated Financial Statements , approved by the General Meeting in April 2021.

Also in 2021, the strategy drawn up by the Chief Executive Officer and submitted to the Board in its entirety for approval in the context of the update of the 2021-2023 Business Plan, was inspired by the aim of long-term value creation by the Company and the other companies in the group, with particular reference to the "sustainability roadmap" detailed in the Sustainability Report - Non-Financial Statement that the company also prepared for the 2021 financial year. Sustainability is clearly one of the main objectives that the Group has set itself and which, by its very nature, implies a process to be carried out in the medium-long term in the interest and for the benefit of the Company, Group, shareholders and stakeholders.

In addition, the same purpose underlies the remuneration policy, to which reference is made for further details. The guidelines of the remuneration policy and the allocation of compensation to employees assign challenging objectives with the main aim of creating value for shareholders - including minority shareholders - in the medium to long term. Moreover, the specific situation of the Company, in which the Chief Executive Officer is the representative of the majority, as well as a significant shareholder, naturally aligns the interests pursued by the Executive Director with those of shareholders and stakeholders, which coincide in the pursuit of the long-term strategy of value creation.

The Board of Directors is an active promoter of behaviour consistent with the Group's values, not only with the approval of the 2022-2024 Business Plan, updated on 8 February 2022, which incorporates them, but also having given the sustainability roadmap high priority in recent years.

In particular, Cementir Holding believes that long-term value is realised by focusing on the interests of a large group of stakeholders, each with a distinct purpose, to support a long-term business. The Cementir Group is mainly active in cement production, which is an energy and CO_2-intensive process. A clear path to long-term value creation is closely related to Cementir Holding's ability to implement an effective strategy to reduce CO_2 emissions. Climate action is also at the heart of the European Green Deal and the EU taxonomy, an ambitious European package of measures to reduce greenhouse gas emissions. Climate change is thus reshaping the cement sector. This is why, in recent years, the Group has been actively pursuing a programme inspired by the principles of the circular economy, which includes a series of initiatives focused on reducing the environmental impact of activities and developing products with a lower CO_2 intensity. Climate change is not the only issue that can impact, directly or indirectly, Cementir's ability to create long-term value. Every year Cementir Holding carries out an analysis to identify issues relevant to the Group and its stakeholders. The results of the analysis are reported in the Materiality Matrix (present in the Group Sustainability Report). The management of the Group's main stakeholders varies in terms of how and how often they are consulted and involved, depending on the type of topics, themes, interests and characteristics of the Group's various territories. In view of the fact that the parent company is a holding company, some of these stakeholders interact directly with the central structures, while others are only interested in the activities of Group plants carried out locally and management of relations with these parties is delegated to the regional level. Therefore, the frequency of stakeholder engagement and topics discussed with them vary according to the stakeholder category and the countries in which the Group operates. Based on the analysis carried out, the Group has set 25 Sustainability Goals to be achieved by 2030, which cover the priority areas for Cementir. The objectives are linked to Cementir's effort to adopt all necessary measures and the most innovative technology to minimise the impact of our activity on the environment; creating a healthy, safe and inclusive work environment; respecting human rights and building a constructive and transparent relationship with local communities and business partners. These objectives, set by individual plant and by year, are included in the Business Plan and the short-term incentive system for employees. Cementir also pursues the creation of long-term value through a Long Term Incentive Plan for its top management.

Cementir Group decided to adopt a Code of Ethics to conform and conduct its business activities following principles of integrity, honesty and confidentiality and in accordance with laws and regulations of countries in which operates. The Code of Ethics promotes the correct and efficient use of resources in the perspective of corporate, social and environment responsibility, to reconcile the search for competitiveness in the Cementir Group market with respect for rules on competition. The Group, in business dealings, is inspired by and observes the principles of loyalty, fairness, transparency, efficiency and market orientation, regardless of the importance of the deal.

All actions, transactions and negotiations carried out and, more generally, people's behaviour in their daily tasks, are inspired by the highest accuracy, completeness and transparency of information, legitimacy, both in form and substance, and clarity and accuracy of accounting records in accordance with regulations and internal procedures. To achieve this goal, the Cementir Group requires its employees to comply with the highest standards of business conduct in the performance of their duties, as set in the Code of Ethics and the procedures to which it refers. For these reasons, the Group:

- guarantees that employees who report any violations of the Code of Ethics will not be subject to any form of retaliation;

- takes fair sanctions commensurate to the type of violation of the Code of Ethics, and guarantees its application to all the categories of employees, keeping into account laws, contracts and regulations applicable in the Country in which it operates;

- periodically checks compliance with the Code of Ethics.

The Code of Ethics, updated on 1 June 2020, with the principles and values defined in the Group Policy on respect for Human Rights, is available on the Company's website pursuant to Best Practice provision 2.5.2 of the Code.

ETHICS COMMITTEE

To monitor the constant compliance with the Code of Ethics by the employees of the Company and its subsidiaries and the application of the regulations following the transfer of the registered office, on 5 October 2019, the Board of Directors resolved, among other things, to establish an Ethics Committee, formed by the Group General Counsel and the Group Chief Internal Audit Officer, which also performs the functions of the Supervisory Board pursuant to Legislative Decree 231/2001.

WHISTLEBLOWING MANAGEMENT PROCEDURE

On 13 November 2019, the Board of Directors approved the Whistleblowing Management Procedure in compliance with Dutch law and subsequently updated it on 11 February 2021 with regard to the communication channels for reporting. The procedure is available on the Company website pursuant to Best Practice provision 2.6.1 of the Code.

POLICY ON BILATERAL CONTACTS WITH SHAREHOLDERS

On 13 November 2019, the Board of Director adopted, in compliance with the Dutch Law, the Policy on bilateral contacts with shareholders. The policy is available on the Company website pursuant to Best Practice provision 4.2.2 of the Code.

Relations with shareholders and financial analysts are handled with a high degree of accuracy and in compliance with the policy, the Code and applicable regulations. By way of example, as was the case at the annual General Meeting held in 2020, the Company, in view of the restrictions on attendance at the 2021 annual General Meeting resulting from the Covid-19 pandemic emergency situation, allowed shareholders to submit questions in writing and provided detailed instructions in the notice of meeting. Moreover, after the Board of Directors' meetings to approve the periodic financial results, the Company organises conference calls to present these results to the financial community and informs the stakeholders by issuing a press release. It has also included a special section on the Company website dedicated to investor relations where presentations of financial results and press releases are published in accordance with the Best Practice provisions of the Code.

Further examples of interaction with other stakeholders, such as customers, suppliers, staff, the local community, public institutions and trade associations, are described in the 2021 Sustainability Report - Non-Financial Statement. The various stakeholders are involved in periodically updating the materiality matrix, which considers as relevant those issues that may have a direct or indirect impact on the Company's ability to establish, maintain or adversely affect the Group's values.

INSIDE INFORMATION

Pursuant to the Market Abuse Regulation (EU Regulation no. 596/2014), Cementir Holding discloses to the public, without delay, any information which: (i) is of a precise nature; (ii) has not been made public; (iii) relates directly or indirectly to the Company or Company's common shares; and (iv) if it were made public, would be likely to have a significant effect on the prices of the Company's common shares or on the price of related derivative financial instruments (the "Inside Information"). In this regard:

"information shall be deemed to be of a precise nature" if: (a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred, or which may reasonably be expected to occur and (b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument. In this respect in the case of a protracted process that is intended to bring about, or that results in particular circumstances or a particular event those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information;

"information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments and derivative financial instruments" mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

An intermediate step in a protracted process shall be deemed to be Inside Information if, by itself, it satisfies the criteria of Inside Information as referred to above.

The above disclosure requirement shall be complied with through the publication of a press release by the Company, in accordance with the modalities set forth under the MAR and Dutch and Italian law, disclosing to the public the relevant Inside Information.

Cementir Holding may, on its own responsibility, delay disclosure to the public of Inside Information provided that all of the following conditions are met: (a) immediate disclosure is likely to prejudice the legitimate interests of Cementir Holding; (b) delay of disclosure is not likely to mislead the public; (c) Cementir Holding is able to ensure the confidentiality of that information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, Cementir Holding may on its own responsibility delay the public disclosure of Inside Information relating to this process, subject to points (a), (b) and (c) above.

Cementir Holding, as well as persons acting on its behalf or on its account, shall draw up and keep regularly updated, a list of all persons who have access to Inside Information and who are working for them under a contract of employment, or otherwise performing tasks through which they have access to Inside Information, such as advisers, accountants or credit rating agencies (the "Insider List").

Cementir Holding or any person acting on its behalf or on its account, shall take all reasonable steps to ensure that any person on the Insider List acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of Inside Information.

CODE OF CONDUCT FOR INTERNAL DEALING

On 13 November 2019, the Board of Director updated the Code of Conduct for Internal Dealing ("Code of Conduct"), adopted by the Company for the first time on 1st April 2006, in compliance to Dutch law. The Code of Conduct ensures maximum transparency and consistency of information provided to the market, with regard to reporting obligations and limitations relating to the purchase, sale, subscription and exchange of shares in Cementir Holding carried out by Managers (Directors of the Company and senior executives who are not Directors of the Board with regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company) and Persons closely associated with them.

In accordance with European regulations, the Code of Conduct provides for a blackout period on the trading of Company shares during the 30 calendar days prior to the Company's disclosure to the market of the data contained in the annual financial statements, in the half-yearly financial statements, in the interim management reports (or other comparable accounting statements or reports for the period) that the Company is bound to, or has decided to, publish.

DISCLOSURES PURSUANT TO DECREE IMPLEMENTING ART. 10 OF EU DIRECTIVE ON TAKEOVERS

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the "Decree"), the Company discloses the following:

(a) Information on the structure of the capital of the Company and the composition of the issued share capital formed entirely by common shares, are detailed in the table here below.

Share capital structure

	No. shares	Percentage of share capital	Listed
Common shares	159,120,000	100%	Borsa Italiana - Euronext STAR Milan Segment

The authorised share capital of the Company amounts to five hundred million euro (EUR 500,000,000) and is divided into five hundred million (500,000,000) shares, each with a nominal value of one euro (EUR 1).

The issued share capital of the Company at 31 December 2021, subscribed and paid up, amounts to EUR 159,120,000 subdivided into 159,120,000 nominal shares of a nominal value of EUR 1.00 each.

Information on the rights attaching to the ordinary shares is in the Company's Articles of Association, available on the Company's website. In particular, rights attaching to ordinary shares of Cementir Holding include (i) preemptive rights upon issue of common shares; (ii) right, either in person or by proxy authorised in writing, to attend and address the General Meeting; (iii) voting rights and the entitlement to distributions of dividends to the extent that the Company's shareholders' equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law or the Articles of Association.

(b) No restrictions apply to transfer of common shares.

(c) Information on direct and indirect shareholdings in the Company's capital in respect of which notification requirements apply, pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act (Wet op het financieel Toezicht, hereinafter "WFT") is in section General Information of the notes to the consolidated financial statement, including the shareholders who hold 3% or more of the issued common shares on the basis of information published on the AFM (Stichting Autoriteit Financiële Markten) website and other information at the disposal of the Company.

(d) No special control rights or other rights accrue to shares in the capital of the Company.

(e) No employee shareholding scheme has been established as under Art. 1 sub 1(e) of the Decree, so there is no specific procedure for the exercise of voting rights by employees.

(f) No restrictions apply to voting rights attaching to common shares in the capital of the Company, nor deadlines for exercising voting rights. The Company is not aware of any depository receipts issued for shares in its capital.

(g) The Company is not aware of any agreements with any shareholder which may result in restrictions on the transfer of shares or limitation of voting rights.

(h) The rules governing the appointment and replacement of members of the Board of Directors are stated in Art. 7.2 of the Articles of Association and described in letter a) "Composition and nomination of the Board of Directors" above. According to Art. 11 of the Articles of Association a resolution to amend the Articles of Association may only be adopted by the General Meeting at the proposal of the Board. If a proposal to amend the Articles of Association is to be submitted to the General Meeting, it shall be so stated in the notice convening the meeting, and a copy of the proposal containing the text of the proposed amendment shall be held available at the Company's office for inspection by every shareholder and other persons with meeting rights, from the date of the notice convening the General Meeting until the conclusion of such meeting.

(i) The powers of Board members are detailed in the Articles of Association and in the Board Rules, both available on the Company's website. With particular reference to the power to issue shares, shares are issued pursuant to a Board resolution if the Board has been authorised to do so by a resolution of the General Meeting for a specific period with due observance of applicable statutory provisions. If and insofar as the Board is not authorised as previously referred to, the General Meeting may resolve to issue shares at the proposal of the Board.

(j) The Board may be authorised by the General Meeting to repurchase shares against payment. The General Meeting of 2 July 2020 resolved to authorise the Board of Directors to implement a buy-back programme (the "Programme"), financed with available liquidity, with the following characteristics:
   (i) duration of 18 months starting from 2 July 2020, until 1 January 2022;
   (ii) maximum aggregate expenditure of EUR 60,000,000;
   (iii) purchase price per share not lower than the par value and not higher than 10% of the reference price - including incidental acquisition costs - recorded in the stock market session of the day preceding the completion of each individual transaction.

The same General Meeting also resolved to grant the Board of Directors, in accordance with Dutch law, all consequent powers relating to any treasury shares purchased or held in execution of the Programme. The Board of Directors, in implementation of the General Meeting resolution of 2 July 2020, as communicated to the market on 12 October 2020, gave a mandate to Banca Finnat Euramerica S.p.A. to execute the buy-back purchase programme on behalf of the Company, specifying the purpose, minimum and maximum consideration, volumes and methods of execution. The Programme ended on 12 October 2021.

(k) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company following a public offer within the meaning of Section 5:70 of the WFT, except for a finance agreement signed in 2021 with a pool of banks. Pursuant to this agreement the Company is required to make early repayments if there is a change of the controlling shareholder. The Company's subsidiaries have in place loan contracts that include standard clauses of change of control that are consistent with the commercial practice.

(l) The Company did not enter into any agreement with a member of the Board or an employee providing for a compensation if they resign or are made redundant without a valid reason or if they resign, are made redundant or if their employment ceases as a result of a public offer within the meaning of Art. 5:70 of the WFT.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Companies with statutory seat in the Netherlands whose shares are listed on a regulated stock exchange or comparable system are required pursuant to the Code to disclose in their annual report to what extent they apply the Principles and Provisions of Best Practice of the Code and, if they do not apply certain Best Practice provisions, to explain the reasons why they have chosen to deviate.

The Company has a governance structure made up of a one-tier Board (the Board of Directors). Pursuant to section 5 of the Code and the related Explanatory Notes, the principles that pertain to the members of the supervisory board are applicable to Non-Executive Directors and the principles that pertain to the members of the management board are applicable to the Executive Director. In addition, the duties and responsibilities set out in section 1 up to including 4 of the Code to the extent they refer to the chairman of a supervisory board, fall in a company with a one-tier board structure, such as Cementir Holding, within the remit of the Non-Executive Directors. As for Cementir Holding, a Senior Non-Executive Director is appointed from among the Non-Executive Directors, who serves as chairman of meetings pursuant to Dutch law (Art. 2:129a of the Dutch Civil Code) and in accordance with Best Practice provision 2.1.9. of the Code, separately from the position of the Chairman and Chief Executive Officer, being the (sole) Executive Director of the Company.

As per the date of approval of the annual financial statements for 2021, Cementir Holding complies with the principles and Best Practice provisions of the Code, subject to the following observations and explanations in respect of each of the Best Practice provisions set out hereunder.

Best Practice Provision 2.1.7.

There are three (3) independent Non-Executive Directors out of a total of eight (8) Non-Executive Directors in office until the approval of the financial statements for the 2022 financial year. Accordingly, they are less than half of the total number of Non-Executive Directors. The other five (5) Non-Executive Directors are related to a shareholder holding ten percent or more of the issued share capital of the Company. In the view of Cementir Holding such board composition is appropriate, as it is consistent with the historical composition of the Board and as it reflects the ownership structure of Cementir Holding, with a shareholder owning a substantial majority of the issued share capital. In this regard, it should furthermore be pointed out that in Cementir Holding's country of origin, where it has a secondary and operational office (Italy), it is customary for a shareholder with a majority participation to also have a majority representation on the board.

Best Practice Provision 2.2.2.

Most of the Non-Executive Directors who were re-elected for a further three year term at the General Meeting of the Company on 20 April 2020 had at that time been in office for more than eight years, while some had at that time been in office for more than twelve years. Cementir Holding believes that renewal beyond the eight-year term set out in this Best Practice provision is appropriate, taking into consideration that, in light of the ownership structure characterising the Company, certain board members are of crucial importance and indispensable for the continuity of the Company and its business. In addition, it may be noted that the provisions of the Code only have become applicable to Cementir Holding as of 5 October 2019.

Best Practice Provision 2.2.4.

In view of the specific nature of the Company's ownership structure, with a shareholder holding a majority stake and with one Executive Director, the Board of Directors does not consider necessary to ensure that the Company disposes of a specific plan for the succession of Executive Directors. In this regard, it should be noted that any vacancy in the seat of an Executive Director and any inability to act is governed by the Articles of Association. In this regard, Art. 7.2.8 of the Articles of Association states that the remaining Executive Directors shall be temporarily entrusted with the executive management of the Company, notwithstanding the power of the Board to provide for a temporary replacement. If the seats of all Executive Directors are vacant or upon the inability of all Executive Directors or the sole Executive Director to act, as the case may be, the executive management of the Company shall temporarily be entrusted to the Non-Executive Directors, notwithstanding the power of the Board to provide for one or more temporary replacements. In 2018, the Company also outlined a “Contingency Plan” that identifies actions to be taken in case it should be necessary to replace the Executive Director. In particular, in case of resignation or early termination of the Chief Executive Officer from office, the duties and responsibilities of the Chief Executive Officer are provisionally assigned to the Vice- Chairman until a new Chief Executive Officer is appointed and in charge, unless the Board of Directors decides otherwise.

Best Practice Provision 3.4.2.

The main elements of the contract with the Executive Director were published on the Company's website in the context of the remuneration report.

Best Practice Provision 4.1.8 and 4.1.9.

In view of the health situation caused by the Covid-19 pandemic and the travel restrictions resulting therefrom, the Non-Executive Directors refrained from attending the General Meeting of 21 April 2021. The Executive Director participated via remote video conference. The independent auditor also participated via remote video conference in the General Meeting of 21 April 2021.

CONTROL AND RESPONSIBILITY STATEMENT

In accordance with best practice 1.4.3 of the Code of December 2016 it is confirmed that:

• This report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems as set out in the Internal Control and Risk Management System section of this report, where no major failings were identified in the 2021 financial year;

• The internal risk management and control systems provide reasonable assurance that the 2021 financial reporting does not contain any material inaccuracies. The Internal Control and Risk Management System section of this annual report provides further details;

• Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis. Compliance with the Code is evident in factors such as the Group's strong cash position, the available credit facilities, the Group's risk management, and the Group's ability to meet its obligations without substantial restructuring or selling of its assets. For more detailed information, please refer to the Group Performance section of this annual report together with The Internal Control and Risk Management System as set out in the notes to the Consolidated Financial Statements section of this annual report;

• Management has assessed the going concern assumption in relation to COVID-19. Based on the latest available information, management concluded that there is no material uncertainty regarding the Group's going concern as a consequence of COVID-19;

• This report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report. The Internal Control and Risk Management System section of this annual report together with the Group Performance section provide a clear substantiation of the abovementioned statement.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement, provided for under the Dutch *Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*, can be found on the company's website www.cementirholding.com.

REPORT OF THE NON-EXECUTIVE DIRECTORS

INTRODUCTION

This report has been drafted in compliance with the Best Practice provision 5.1.5 of the Code: *"The Non-Executive Directors render account of the supervision exercised in the past financial year. They should, as a minimum, report on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2*".

SUPERVISION BY THE NON-EXECUTIVE DIRECTORS

In compliance with the Articles of Association, the Board of Directors, following the appointment of the General Meeting on 20 April 2020 and until the approval of the financial statements as of 31 December 2022, is currently made up of an Executive Director (Francesco Caltagirone, CEO) and eight Non-Executive Directors (Alessandro Caltagirone, Azzurra Caltagirone, Edoardo Caltagirone, Saverio Caltagirone, Fabio Corsico, Veronica De Romanis, Paolo Di Benedetto and Chiara Mancini).

The Non-Executive Directors of the Company are responsible for the supervision of the Executive Director's conduct and performance of duties, the Company's general affairs and its business, developing a general strategy, including the strategy for realising long-term value creation and taking into account risks connected to the Cementir Group's business activities.

Non-Executive Directors supervise at least the following key elements:

(a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;

(b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and

(d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

Cementir Holding has a one-tier board structure, consequently the Non-Executive Directors exercise their duties during the meetings of the Board of Directors and, limited to its members, of the Board Committees.

During 2021, supervision of the Non-Executive Directors was carried out, inter alia, while performing the following activities:

- risk assessment review during the Audit Committee meeting. Every year, Cementir Holding updates the risk assessment model for Group companies, in accordance with the Enterprise Risk Management framework based on the CoSO framework (Committee of Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management). The Integrated Risk Management process is based on a top-down and risk-based approach, starting from the definition of Cementir Holding's Business Plan related to different issues: sustainability, climate change, environment, compliance, operational, financial, strategic planning, health and safety and reputational risks. With this process, risks are identified, assessed, managed and monitored taking into account the operations, risk profiles and risk management system of each business unit, to achieve an integrated risk management process. The main risks were submitted to the Non-Executive Directors who make up the Audit Committee at their meeting on 9 November 2021. In this way, the Non-Executive Directors supervised the organisational process of identifying, assessing and managing risks and opportunities;
- approval first by the Audit Committee and, subsequently, by the Board of Directors of the 2020 Sustainability Report – Non-Financial Statement where long-term objectives are established to create long-term value.
- exam by the Nomination and Remuneration Committee of the Remuneration Report and the Remuneration Policy and subsequent proposal to the Board of Directors which discussed and approved these documents and resolved to submit them for approval at the General Meeting.

Non-Executive-Directors scheduled the yearly meeting recommended by Best Practice provisions of the Code, on 9 March 2022.

More details regarding the role, the composition and the activities carried out by the Non-Executive Directors, including the "Personal Information" pursuant to Best Practice provision 2.1.2 of the Code, are set forth in the paragraph "*Board of Directors*" of the "*Corporate Governance*" section above.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Pursuant to Best Practice provision 2.1.10 of the Code, the Report of the Non-Executive Directors, should state if the independence requirements referred to in Best Practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled and, if applicable, should also state which Non-Executive Director(s), if any, is not considered to be independent.

Until the approval of the financial statements for the 2022 financial year, the independent Non-Executive Directors in office are Veronica De Romanis, Chiara Mancini and Paolo Di Benedetto, while the non-independent Non-Executive Directors are Alessandro Caltagirone, Azzurra Caltagirone, Saverio Caltagirone, Edoardo Caltagirone and Fabio Corsico. Therefore, there are three (3) independent Non-Executive Directors out of a total of eight (8) Non-Executive Directors and thus they are less than half of the total number of Non-Executive Directors. The other five (5) Non-Executive Directors are related to a shareholder holding ten percent or more of the issued share capital of the Company. In the view of Cementir Holding such board composition is appropriate, as it is consistent with the historical composition of the Board and as it reflects the ownership structure of Cementir Holding, with a shareholder owning a substantial majority of the issued share capital. In this regard, it should furthermore be pointed out that in Cementir Holding's country of origin, where it has a secondary and operational office (Italy), it is customary for a shareholder with a majority participation to also have a substantial representation on the board.

In compliance with the Best Practice provision 2.1.9 of the Code, the Board of Directors on 24 April 2020 appointed Paolo Di Benedetto as Senior Non-Executive Director, who serves as chairman of meetings pursuant to Dutch law and in accordance with the Company's Articles of Association and Art. 2.3.7 of the Board Rules.

Finally, with reference to Best Practice provision 2.2.2 of the Code, most of the Non-Executive Directors who were re-elected for a further three year term at the General Meeting of the Company on 20 April 2020 had at that time already been in office for more than eight years, while some had at that time in office for more than twelve years. Cementir Holding believes that renewal beyond the eight-year term set out in this Best Practice provision is appropriate, taking into consideration that, in light of the ownership structure characterising the Company, certain board members are of crucial importance and indispensable for the continuity of the Company and its business. In addition, it may be noted that the provisions of the Code only have become applicable to Cementir Holding as of 5 October 2019.

With said clarifications, the independence requirements set forth in Best Practice provision 2.1.10 of the Code are otherwise met.

ASSESSMENT BY THE NON-EXECUTIVE DIRECTORS

Pursuant to Best Practice provision 2.2.8 of the Code, the Non-Executive Directors of Cementir Holding carried out, for the financial year 2021, an assessment on the size, composition and functioning of the members of the Board, the Board itself and its Committees, indicating: (i) how the assessment of the Non-Executive Directors, as a whole and individually, and of the committees was carried out; (ii) how the assessment of the Executive Director was carried out; (iii) summary considerations and suggestions on possible improvements in the functioning of the Board.

The assessment is carried out yearly by the Directors filling in questionnaires regarding the size, composition and functioning of the Board, its members and committees and, upon their request, through a personal interview. The Company's Corporate Affairs Department deals with the collection and management of confidential feedback. The assessment takes into account the replies of the Non-Executive Directors who expressed their views completing the aforementioned questionnaires.

The Non-Executive Directors expressed unanimous satisfaction with the functioning of the Board of Directors. A high degree of awareness emerged in relation to sustainability issues, in line with the strategic lines and objectives pursued by the Company, and there was considerable focus on training and information activities of various kinds. The Board's areas of excellence include: business analysis and strategies, management control as well as finance and financial management, strategy, the diversity of experience and background of the Board members who contribute with different points of view on the topics discussed. Some of the Non-Executive Directors also highlighted, among the areas for improvement, focus on strategic issues (transition and related risks), sustainability issues, future scenarios, some of them proposing the expansion of the mix of skills and experience within the Board of Directors in the areas of sustainability and social responsibility, regulation and communication.

The managerial structures of Cementir Holding were considered essentially adequate and effective for achieving the objectives set by the Company.

The role of the Executive Director was particularly appreciated in relation to the operational management of the Company, defining the objectives of the Cementir Group and managing the corporate performance, within the scope of the responsibility for creating profit and analysing and proposing strategic opportunities that contribute to the growth of the Group. The Non-Executive Directors agree that the Executive Director has ensured compliance with applicable laws and regulations, the Articles of Association and good practices regarding corporate governance and has also implemented the decisions of the Board of Directors, determined the objectives of the Board of Directors and prepared the annual financial documentation in accordance with applicable legislation. Furthermore, almost all Non-Executive Directors believed that the powers attributed to the Executive Director allow the Board of Directors to adequately exercise the duties of direction and control over management and corporate risks. The vast majority of Non-Executive Directors also deems that the current structure of powers of the Executive Director as defined in the Board Rules is appropriate.

In relation to the Audit Committee, the Non-Executive Directors appreciated and were in agreement with the contribution of this Committee and deemed its composition to be essentially adequate. The Non-Executive Directors considered that the Audit Committee periodically gives the Board of Directors an accurate, effective and substantial picture of the control activities to be carried out, with an indication of the priorities. The Non-Executive Directors also believed that the Committee timely provides the Board of Directors with the necessary documentation and information and that the activities carried out were clearly and effectively illustrated to the Board of Directors and the related recommendations were adequately discussed, having an impact on the decisions of the Board itself. One of the Board members suggested stepping up the interim meetings of the Audit Committee.

The members of the Audit Committee then deemed the number and average duration of the meetings held in 2021 to be adequate; they also considered that the risk assessment and monitoring of the main risks by the Company were carried out in a satisfactory manner and that the organisational structure with regard to risk governance is adequate and satisfactory. The Audit Committee, as a whole, has the technical skills and experience necessary for the credible and effective performance of its functions. While agreeing with the above, one of the members of the Audit Committee would like to strengthen the accounting and financial expertise.

The attendance of the Directors to the Audit Committee was altogether satisfactory (more details are given in Table B - “Attendance” of the “*Corporate Governance*” section, paragraph “*Role of the Board of Directors”*).

More information regarding the role, the composition and the activities carried out by the Audit Committee, are set forth in the “*Corporate Governance*” section, paragraph "Board Committees".

In relation to the Remuneration and Nomination Committee, the Non-Executive Directors appreciated and were in agreement with the contribution of this Committee and deemed its composition to be essentially adequate.

The Non-Executive Directors considered effective and substantial the contribution made to the Board on the remuneration of the Chief Executive Officer and on the remuneration systems in place.

The Non-Executive Directors also found that this Committee makes effective and substantive contributions to the Board regarding any need for the appointment of directors, profiles considered and assessment/motivation of proposed solutions.

The Non-Executive Directors also then held that the Committee timely provides the Board of Directors with the necessary documentation and information and that the activities carried out were clearly and effectively illustrated to the Board of Directors and the related recommendations were adequately discussed, having an impact on the decisions of the Board itself.

The members of the Remuneration and Nomination Committee deemed the number and average duration of the meetings held in 2021 to be adequate. The Remuneration and Nomination Committee, as a whole, essentially has the skills and experience necessary for the credible and effective performance of its functions.

The members actively participated in the meetings (more details are given in Table B - "Attendance" of the "*Corporate Governance*" section, paragraph "*Role of the Board of Directors"*).

More information regarding the role, the composition and the activities carried out by the Remuneration and Nomination Committee, are set forth in the "*Corporate Governance*" section, paragraph " Board Committees".

The Non-Executive Directors will take into account said positive conclusions of the assessment in the selection process to be undertaken on the occasion of the next renewal of the Board of Directors and confirms, also for these purposes, the current Profile, available on the Company's website.

COMMITTEE REPORTS

Pursuant to Best Practice provision 2.3.5 of the Code, the Non-Executive Directors received the reports of each Committee.

On 24 April 2020, the Board of Directors established the Audit Committee and combined the roles of the remuneration committee and the selection and appointment committee in one committee, establishing the Remuneration and Nomination Committee.

The duties and the responsibilities of these Committees are set out in the related charters (published on the Company website) adopted by the Board of Director on 24 April 2020, pursuant to Art. 7.1.4 of the Articles of Association.

The Audit Committee is currently made up of 3 Non-Executive Directors, all independent: Veronica De Romanis (chairwoman), Paolo Di Benedetto and Chiara Mancini.

The Remuneration and Nomination Committee is currently made up of 3 Non-Executive Directors, all independent: Chiara Mancini (chairwoman), Veronica De Romanis and Paolo Di Benedetto.

Further information relating to the number of meetings, the performance of the tasks assigned and the main topics discussed in the meetings of the Committees, are contained in the "*Corporate Governance*" section in the paragraphs *"Audit Committee" and "Remuneration and Nomination Committee".*

The participation of Non-Executive Directors in the meetings of their respective Committees to which they belong, also for the purposes of the disclosure established in Best Practice provision 2.4.4, is detailed in the "*Corporate Governance*" section, Table B of the paragraph "*Role of the Board of Directors*".

The Sustainability Committee, set up on 28 July 2021, did not carry out operational activities, having met informally during the year to hold some induction sessions for the independent directors.

OTHER INFORMATION

ALTERNATIVE PERFORMANCE INDICATORS

The Cementir Group used some alternative performance indicators to enable a better assessment of the performance of economic management and the capital and financial situation. In line with that established in the ESMA/2015/1415 guidelines, the meaning and contents of those indicators are noted below.

- EBITDA: is an indicator of operating performance calculated by adding together “EBIT” and “Amortisation, depreciation, impairment losses and provisions”;
- Net financial debt: is an indicator of financial structure calculated according to Consob Communication No. 6064293/2006, as the sum of the items:
  - Current financial assets;
  - Cash and cash equivalents;
  - Current and non-current financial liabilities.
- Net capital employed: is calculated as the total amount of non-financial assets, net of non-financial liabilities.

NON-FINANCIAL STATEMENT

In recent years Cementir has implemented a programme inspired by circular economy principles, which envisages a series of initiatives focused on reducing the environmental impact of production processes and developing products with reduced CO_2 emissions.

Since 2019, Cementir has decided to take more decisive action to combat climate change by defining a Roadmap for the next 10 years that will maximise the positive effects of existing technologies and lay the groundwork for potential innovations that could lead to the production of ‘net zero emissions’ cement.

In July 2021, the Science Based Targets Initiative (SBTi) certified that the Group's emission reduction targets are consistent with the scenario of limiting global temperature increase to well below 2°C compared to pre-industrial levels.

Cementir's target is to achieve emission levels below 500 kg of CO_2 per tonne of grey cement produced (which means a 30% reduction in CO_2 emissions per tonne of cement by 2030, compared to 1990). For white cement, which is a special product with niche applications and markets (0.5% of world cement production), the target is an emission levels below 800 kg of CO_2 per tonne of white cement produced (equivalent to a 35% reduction, compared to 1990). With this reduction, emissions will be below the EU ETS benchmark for white cement of 928 kg CO_2 per tonne of cement (calculated by multiplying the EU ETS benchmark for clinker, 957 kg CO_2/t clinker, by the clinker factor of 0.97).

In the 10 year Roadmap, the Group planned the main investment needed until 2030, out of which 97 million declared in the Industrial Plan 2022-2024, approved by the Cementir Board of Director in February 2022

As part of its climate commitments, the Group has defined its policy on water management. Maximising its reuse/recycling, minimising withdrawals and consumption and applying efficient operating practices are areas of focus, starting with those geographical areas with the greatest water scarcity. The Group has set targets for improvement in the specific consumption of water for cement production, with an overall reduction of 20% by 2030. In the most water-stressed areas the improvement target is 25%.

At the end of 2021, Cementir received an "A-" climate change rating from CDP[1], improving on the previous year's "B" rating and placing the Group above the cement and ready-mixed concrete industry average (B), the European average (B) and the global average (B-). In addition, Cementir obtained a “B” rating for the first time for the management of water resources ("Water Security"), in line with the sector and the European average (B).

For the reporting period 2021, the European Taxonomy introduced by the EU Regulation 2020/852 and in force as of January 1st 2022, requires non-financial undertakings, as Cementir Group, to disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in terms of turnover, capital expenditure (CapEx) and operating expenditures (OpEx).

Due to its newness and complexity, for the first year of application, the European Commission opted for a simplified disclosure, requiring non-financial undertakings to publish only the share of eligible and non-eligible economic activities in terms of turnover, capital expenditure and operating expenditure. An economic activity is considered eligible if it is included in the delegated acts integrating the Regulation.

The Cementir Group operates in the production and distribution of grey and white cement, ready-mixed concrete, aggregates, and concrete products and in the processing of urban and industrial waste. The economic activities above-mentioned have been examined and reconciled with the descriptions included in the annexes (Annexes I and II) of the Taxonomy irrespective of whether they meet any or all the technical screening criteria laid down in the Climate delegated acts of Taxonomy.

As a result of this reconciliation, only the production and distribution of grey cement and processing of urban and industrial waste meet the descriptions of the Climate Delegated Act. This choice was made considering the technical screening criteria that the Group will have to be compliant to for the next reporting years, that specify “cement production” refers to the production of grey cement only.

It should be emphasized that the activities that have not emerged from this analysis as Taxonomy eligible are simply not contemplated among the macro-areas subject to analysis at this stage by the EU Taxonomy and do not constitute any misalignment with the directives from the EU Commission.

Based on the considerations above-mentioned, in the next table, the 2021 proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in total turnover, CapEx and OpEx are presented.

Proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in total turnover, CapEx and OpEx			
Year 2021	**Total EUR**	**Proportion of Taxonomy eligible economic activities (%)**	**Proportion of Taxonomy non-eligible economic activities (%)**
Turnover	1.359.976.185,00 €	29,19%	70,81%
Operating expenditure (OpEx)	169.134.940,19 €	37,21%	62,79%
Capital expenditure (CapEx)	99.151.307,00 €	36,71%	63,29%

Concerning OpEx, as indicated by EU Taxonomy, the analysis is limited to the following costs: non-capitalized costs related to research and development, repair & maintenance costs, personnel costs linked with maintenance, industrial cleaning costs, building renovation measures and short-term leases.

For more details, please see the specific document in the Non-Financial Statement.

This document is published on the Company’s website www.cementirholding.com, at the same time as the 2021 Annual Report, of which it is an integral part.

1 CDP is a non-profit organization widely recognized as the gold standard of corporate environmental transparency, that encourages companies and governments to reduce their greenhouse gas emissions and to safeguard water resources and protect forests

ORGANISATION AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

On 8 May 2008, the Board of Directors of Cementir Holding approved a new organisational, management and control model based on a careful analysis of the risk of corporate offences in connection with Group operations. The model complies with guidance provided by Legislative Decree No. 231/2001, Italian best practice and Confindustria recommendations.

The Company also adopted a Code of Conduct endorsing the business principles that all company officers and employees, and anyone working with the company in any capacity, are required to comply with, in pursuing company business.

Furthermore, the Company appointed the Supervisory Body pursuant to Legislative Decree 231/2001 to carry out the task of updating and supervising the implementation of the Model adopted by the Company, with the support of the Internal Audit function for specific initiatives.

The Model has been periodically updated since 2008 to reflect organisational changes, as well as regulatory updates (new offences added) to Legislative Decree 231.

On 28 June 2019, the Extraordinary Shareholders' Meeting of the Company decided to transfer its registered office from Rome to Amsterdam, adopting the legal form of a Dutch *Naamloze Vennootschap* and changing its name to Cementir Holding N.V. On 5 October 2019, when all the conditions had been met, the Dutch notarial deed necessary to transfer the Company's registered office was signed, effective as of the same date.

As a result of this transfer, from 5 October 2019 the Italian regulations under Legislative Decree 231/2001 no longer applied to the Company. At the same time, as a result of the transfer, the Supervisory Body set up in accordance with this law also ceased to exist.

Regardless, the Company continues to apply (i) its Code of Ethics (although this should not be understood as making Cementir Holding or the Group subject to the previously applicable regulations), and (ii) the Model, given the Company's operations take place in Italy, where Cementir Holding has established a secondary and operational headquarters.

On 13 November 2019, the Company's Board of Directors also appointed an Ethics Committee, made up of the Group General Counsel and the Company's Chief Internal Audit Officer, granting this committee powers equivalent to those of the Supervisory Body.

RELATED-PARTY TRANSACTIONS

With regard to related-party transactions, as defined by IAS 24, the Group did not conduct any atypical and/or unusual transactions. All business and financial dealings with related parties were conducted on terms equivalent to those that prevail in arm's length transactions.

The Group did not conduct any significant or material transactions concerning related-party transactions. Note 34 to the consolidated financial statements and note 31 to the separate financial statements provide an analysis of transactions with related parties.

TREASURY SHARES

On 12 October, the share buyback programme (the "Programme"), set up in implementation of the shareholders' resolution of 2 July 2020, came to an end, as indicated in the announcement to the market of 13 October 2021, to which reference should be made for details.

Under the Programme, between 15 October 2020 and 12 October 2021 (inclusive), 3,600,000 own shares, equal to 2.2624% of the share capital, were purchased on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., at a weighted average price of EUR 8.1432 per share for a total disbursement of EUR 29,315 thousand (at 31 December 2020, the Company held 694,500 treasury shares, equal to 0.4365% of the share capital, for a value of EUR 4,543 thousand).

MANAGEMENT AND COORDINATION

Cementir Holding NV sets its general and operational strategies independently. In particular, the Board of Directors of Cementir Holding NV has sole responsibility for reviewing and approving strategic, commercial and financial plans, and for overseeing the adequacy of organisational, administrative and accounting structures.

PERSONAL DATA PROTECTION

The Parent Company ensures the protection of personal data in accordance with current laws.

The Company has adopted internal regulations and the relevant operational tools needed to ensure regulatory compliance at the date of entry into force of EU regulation 679/2016. In order to ensure full compliance with the legislation and review the system created also in light of Legislative Decree 101 of 10 August 2018, which came into force on 19 September 2018, Cementir Holding launched another project, now complete, to update and refine its privacy policy.

Litigation

The Company is responsible for leading the defence in proceedings, of which it is not a party in accordance with the terms and conditions set out in a settlement agreement with Italcementi S.p.A., relating to the sale of the shares of Cementir Italia S.p.A. (today Cemitaly S.p.A.), Cementir Sacci S.p.A. (today Italsacci S.p.A.) and Betontir S.p.A., finalised on 2 January 2018.

The main proceedings, relating to events in which the Company may be abstractly subject to compensation obligations based on the aforementioned settlement agreement, in relation to events prior to the transfer, are noted below.

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority ("Authority") found there to have been an agreement aimed at coordinating cement selling prices across the entire country and imposed an administrative fine on the producers involved, including Cemitaly. The Company paid Cemitaly the sum of EUR 5,118,076 as compensation, to extinguish the fine and the interest accrued.

Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 *undecies* paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged "mechanical" impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside "normal industrial practice". At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing, originally set for 20 November 2020, has been postponed to 4 March 2021. The hearing has been set for 10 March 2022.

Other legal disputes

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish Lira (now equal to around EUR 7 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. That judgment was overturned on 18 October 2021 by the Supreme Court, which definitively affirmed the existence of Turkish jurisdiction. We are therefore waiting for the substantive case to be resumed.

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On 8 February 2022, the Board of Directors' of the Parent Company approved the 2022 - 2024 Business Plan. Please refer to the relevant press release available con the company website www.cementirholdidng.com under the Investors, Press Releases section.

The new Group business Plan envisages the achievement of the following targets in 2024:

- **Revenue expected to reach EUR 1.65 billion**, with an annual average growth rate (CAGR) of 6.7%. An increase in the sales volumes of cement, ready-mixed concrete and aggregates is expected in all geographical areas, with price increases especially in the cement sector in the course of 2022, to offset the significant increase in energy, raw material and logistics costs.
- **EBITDA[2] to reach around EUR 350 million**, with an annual average growth rate (CAGR) of about 5%. EBITDA is expected to grow in all geographical areas with the exception of Turkey. Among the Plan assumptions there is a double-digit increase in the cost of fuels and electricity and an average yearly CO_2 shortage of approximately 500,000 tons, whose economic impact is mitigated by an indexed mechanism between product pricing and extra CO_2 cost.
- **Annual capex of approximately EUR 72 million** directed towards developing production capacity, maintaining plant efficiency and safety.
- **Cumulative Green capex of EUR 97 million,** for specific sustainability projects enabling, among others, CO_2 emissions reduction in line with Group's objectives.

The expected cash generation driven by improved results and working capital optimization will allow to reach a 2024 net cash position of over EUR 300 million.

With reference to recent events surrounding the Russian-Ukrainian conflict, the directors have not identified any significant impacts on the financial statements as a whole, in light of the Group's substantial lack of activities in these areas.

Finally, the Plan assumes the distribution of a growing dividend, corresponding to a payout ratio between 20% and 25%.

No other significant facts occurred after the year ended.

MANAGEMENT OPERATING OUTLOOK

For 2022, the Group expects to achieve consolidated revenues of over EUR 1.5 billion, an EBITDA of between EUR 305 and 315 million and a net cash position of approximately EUR 60 million at the end of the year, including capital expenditure of around EUR 95 million.

These expectations do not take into account any intensified geopolitical tensions and any resurgence of the Covid-19 pandemic. As the expectations described here are based on a number of preconditions and assumptions that are beyond management's control, actual results may deviate significantly from the expectations.

[2] EBITDA excludes non recurring items

The foregoing exclusively reflects the point of view of the company's management, and does not represent a guarantee, a promise, an operational suggestion or even just an investment advice. Therefore, it should not be taken as a forecast on future market trends and of any financial instruments concerned.

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2021 OF CEMENTIR HOLDING NV

The Board of Directors proposes that the Shareholders' Meeting:

- approve the Directors' Report on 2021 and the separate financial statements as at and for the year ended 31 December 2021;
- to allocate to the Shareholders, by way of dividend, an amount equal to EUR 27,993,600, net of treasury shares, in the amount of EUR 0.18 for each ordinary share, gross of any withholding taxes, using:
  - earnings for the year for EUR 5,309,127;
  - retained earnings for EUR 14,675,860;
  - share premium reserve for EUR 8,008,613.

Rome, 9 March 2022

Chairman of the Board of Directors

signed: /f/ Francesco Caltagirone Jr.

REMUNERATION REPORT

REMUNERATION OF DIRECTORS

Introduction

It is worth highlighting that the main financial results in 2021 that could influence the Group Remuneration were:

a) Net Financial Debt being EUR 40.4 million (EUR 122.2 million in 2020).
b) EBIT at EUR 197.8 million (EUR 157.2 million in 2020).

The Board of Directors was renewed with its current composition by the General Meeting of 20 April 2020, for a three-year term, reducing the number of members from 13 to 9. Subsequently, by resolution of 24 April 2020, the Board set up the Board Committees, appointing their members and respective chairwomen.

This Section (hereinafter the "**Remuneration Report**") defines the principles and guidelines with which Cementir Holding N.V. (hereinafter "**Cementir Holding**" or "**Company**") determines and monitors its own remuneration policy and describes how it has been implemented with reference to the Executives and Non-Executive Directors (hereinafter jointly "**Directors**"). Please refer to the copy of the 2021 Remuneration Policy approved by the General Meeting on 21 April 2021 with 90.43% of the votes cast and available on the Company's website, www.cementirholding.com. There were no deviations or derogations from the approved Policy.

The 2020 Remuneration Report was submitted to the non-binding and advisory vote of the General Meeting on 21 April 2021 and received the favourable vote of the overwhelming majority of shareholders, amounting to 92.57% of the votes cast, with only 7.43% voting against and abstentions for 7,500 shares. Given the broad consensus received, it was therefore deemed appropriate to maintain the same approach for this Remuneration Report, without substantial changes to its structure and level of disclosure.

The Remuneration Policy for 2022 remained substantially unchanged from the previous year, except for the establishment on 28 July 2021 of an additional Board Committee, the Sustainability Committee.

In this Remuneration Report, Cementir Holding intends to strengthen the transparency of the contents of its remuneration policies and their implementation, allowing investors to obtain information on remuneration, including variable remuneration, and enabling them to make an even more accurate assessment of the Company, thereby enabling shareholders to act in an informed manner when exercising their rights.

The Remuneration Report consists of the following sections:

- **Section I,** illustrating the policy of Cementir Holding N.V. with regard to the remuneration of the Executive and Non-Executive Directors for the year 2022, as well as the procedures used to adopt and implement the policy.

- **Section II**, which indicates the amounts paid during 2021 to the Directors, providing a representation of each pay component.

Both sections of this report have been supplemented with additional information to further increase the level of disclosure, in line with market expectations and in compliance with regulations.

The Remuneration Report is drafted pursuant to Art. 2:135, 2:135a and 2:135b of the Dutch Civil Code (hereinafter "**DCC**") and Chapter 3 of the Dutch Corporate Governance Code (hereinafter the "**Code**"). It was approved by the Board of Directors upon proposal of the Remuneration and Nomination Committee (hereinafter also the "**Committee**" in this Remuneration Report) at the meeting of 9 March 2022. Section I is to be submitted to the approval of the General Meeting called on 21 April 2022. Section II is to be submitted to the advisory vote of the General Meeting called on 21 April 2022.

The Remuneration Report is made available on the Company's website (www.cementirholding.com) after the General Meeting and will be accessible for 10 (ten) years, in compliance to the procedures and within the terms prescribed by current regulations.

SECTION I - REMUNERATION POLICY 2022

This section of the Remuneration Report describes, in a comprehensive manner, the principles and guidelines with which Cementir Holding determines and monitors the remuneration policy and its implementation within the Company (hereinafter the "**Remuneration Policy**" or the "**Policy**").

The Remuneration Policy has the main purpose of summarising the remuneration policies applied within the Group and ensuring a fair and sustainable remuneration system, in line with the long-term corporate strategies and objectives, with regulations and with Stakeholders' expectations.

The total remuneration of Directors, which is deemed appropriate to the size and structure of the Group, the sector of activity carried out and the level of complexity of the business, contributes to the long-term performance of the Company as it enables the Company to attract and retain qualified and experienced Directors, motivating them to achieve the Company's business, financial and strategic objectives and their implementation for the creation of long-term value for all stakeholders consistent with the Company and Group's founding values and culture.

The Policy is also intended to attract and retain members of staff with the professional qualities needed to manage and operate successfully in an international environment characterised by competitiveness and complexity and is also designed to recognise and reward good performance.

Cementir Holding intends to adopt a competitive remuneration system that better guarantees compliance with the delicate balance between strategic objectives and the recognition of the merits of Group employees. with short and medium/long-term variable pay components, the Policy is designed to facilitate the alignment of employees' interests with the pursuit of the priority objective - creation of value - and the achievement of financial targets. This objective is pursued also by linking a significant part of remuneration to the achievement of set performance targets, by means of both the short-term incentive scheme (STI) and the long-term incentive scheme (LTI). The LTI concerns selected employees only.

The Remuneration Policy is made available on the Company's website (www.cementirholding.com) upon approval by the General Meeting and during the period of its applicability in compliance to Art. 2:135a paragraph 7 DCC.

1.1 DEFINITION AND APPROVAL OF THE REMUNERATION POLICY

Parties involved in the Remuneration Policy

The definition of the Remuneration Policy is the result of a clear and transparent process in which the Company's *Remuneration and Nomination Committee* and Board of Directors play a central role.

The Policy is submitted for the approval of the General Meeting by the Board of Directors on the recommendation of the *Remuneration and Nomination Committee*. The Policy is deemed approved with the favourable vote of at least ¾ of the votes cast at the General Meeting. In case the Policy is not approved by the General Meeting, the Company applies the existing policy and submits to the approval of next General Meeting a revised policy.

The bodies and parties involved in the remuneration policies approval process are listed below, along with a precise indication of their roles in the process.

General Meeting

With regard to remuneration, the General Meeting:

- adopts the remuneration policy upon proposal of the Board, pursuant to Art. 7.4.1 of the Company's Articles of Association;
- determines the compensation for the Executives and Non-Executive Directors as well as for the members of the board committees (Audit Committee, Remuneration and Nomination Committee and *Sustainability Committee*), in accordance with the remuneration policy, as provided for in Art. 7.4.2 of the Company's Articles of Association;
- expresses a vote, each year, on the first section of the remuneration report, i.e. on the Remuneration Policy;
- receives adequate disclosure about the implementation of remuneration policies and express an advisory vote, each year, on the second section of the Remuneration Report, i.e. on the report on compensation paid;
- resolves on any remuneration plans based on shares or other financial instruments and intended for Directors, employees and other workers, including Key Executives.

Board of Directors

With regard to remuneration, the Board of Directors:

- submits a remuneration policy proposal to the General Meeting pursuant to Art. 7.4.1 of the Articles of Association, drawn up with the support of the *Remuneration and Nomination Committee*;
- develops the strategy for realising long-term value creation;
- approves the Remuneration Report pursuant to Articles 2:135 and 2:135a DCC, to be presented at the annual General Meeting;
- prepares any remuneration plans based on stocks or other financial instruments and submits them to the General Meeting for approval;
- implements the remuneration plans based on shares or other financial instruments, after authorisation from the General Meeting.

Non-Executive Directors

The Non-Executive Directors among their duties are responsible for the supervision of:

- the performance of the Executive Directors;
- the development of a general strategy, including the strategy for realising long-term value creation.

Executive Directors

The Executive Director, who in this case also assumes the role of CEO pursuant to Art. 7.1.2 of the Articles of Association:

- sets performance targets for the Cementir Group;

- submits to the *Remuneration and Nomination Committee* the stock incentives, stock options, corporate shareholding and other types of incentive plans, motivating and retaining the managers of the Group companies controlled by the Company or, as the case may be, assisting the Committee in their drafting, with the support also of the Group's Human Resources department;
- enforces the Company's Remuneration Policy in accordance with this document.

Remuneration and Nomination Committee

In accordance with the recommendations contained in the Code and the Board of Directors Rules, the *Remuneration and Nomination Committee*:

- prepares the Board's decision-making (including proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments;
- submits a proposal to the Board concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and in any event it covers:
  (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;
  (b) the scenario analyses carried out in advance;
  (c) the pay ratios within the Company and the Business;
  (d) the development of the market price of the shares;
  (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
  (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

Human Resources

The Company's HR Department is involved in defining and approving the proposals for the remuneration plan of the Company's personnel, monitoring and checking that those proposals are fully implemented with the aim of collecting market data in terms of practice, policies and benchmarking and if necessary, resorting to advice from independent experts.

Composition and activities of the Remuneration and Nomination Committee

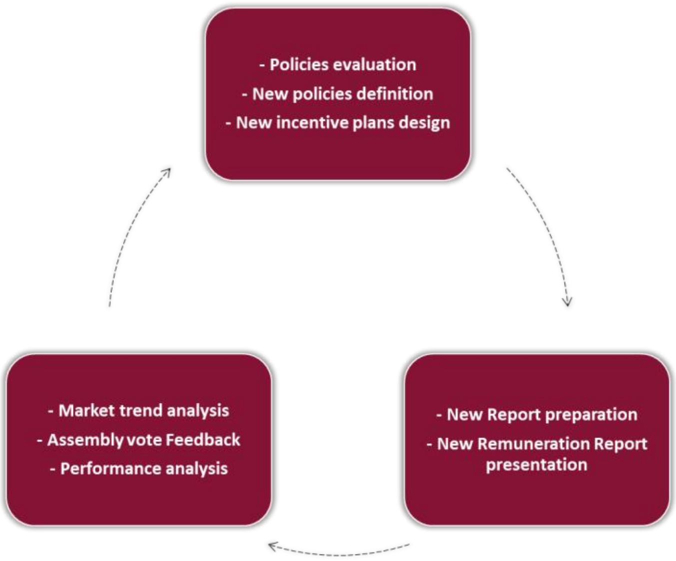
As of the date of approval of this Report, the *Remuneration and Nomination Committee* is made up of three Non-Executive Directors, all independent, appointed by the Board of Directors at the meeting of 24 April 2020:

Composition of the Committee

Chiara Mancini	*Non-Executive independent Director and Chairwoman of the Committee*
Veronica De Romanis	*Non-Executive independent Director and member of the Committee*
Paolo Di Benedetto	*Non-Executive independent Director and member of the Committee*

The *Remuneration and Nomination Committee* provides advice and submits proposals to the Board of Directors, and supervises to ensure that the Remuneration Policy is defined and applied; specifically it prepares the Board of Directors' decision-making regarding the:

- periodical assessment of size and composition of the Board and its Committees, and the proposal for the profile of the Board also in regard to the professional roles whose presence within the Board or the Board Committees is deemed necessary in order for the Board to express its strategy to shareholders before the new Board is appointed, also taking into account the results of the annual assessment of the Board and the Board Committees as required by the Code;
- periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
- drawing up of a succession plan for Executive Directors and Non-Executive Directors;
- proposal of candidates for the office of Executive and Non-Executive Directors;
- supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management;
- drawing up of the Company's diversity policy for the composition of the Board.



In addition:

- submits proposals to the Board of Directors regarding the remuneration policy for Executive and Non-Executive Directors, periodically assessing the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- submits proposals or provides opinions to the Board of Directors regarding the remuneration of Executive and Non-Executive Directors with specific duties, and on the setting of performance targets related to the variable-pay component;
- evaluates and formulates proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans aimed to motivate and retain the managers and employees of the Group companies controlled by the Company;

- reports to the Board on the ways it performs its duties;
- examines the annual Remuneration Report to be approved by the Board and submitted to the vote of the General Meeting as part of the annual financial reports;
- provides opinions on issues submitted to it from time to time for screening by the Board of Directors, concerning remuneration or any pertinent or related topics.

The Non-Executive Directors, including those forming the *Remuneration and Nomination Committee*, can access the information and contact Company departments as necessary, in order to fulfil their duties.

The *Remuneration and Nomination Committee* meets during each financial year according to a calendar scheduled at the beginning of such year and any time it may deem appropriate, upon notice issued by the Chairman of the Committee, so as to ensure the correct execution of its tasks. No Executive Director shall participate to any Committee meeting where proposals related to their remuneration are discussed.

Meetings of the *Remuneration and Nomination Committee* are attended - when deemed appropriate and at the invitation of the Committee - by Company's management (General Counsel, Chief Financial Officer and Chief Human Resources Officer).

Annually, when the financial statements are approved, the *Remuneration and Nomination Committee* reports to the Board in relation to its work.

In 2021, the Remuneration and Nomination Committee met on 9 March and 3 May. During these meetings, the Committee examined and discussed the remuneration policy and the remuneration report drawn up in accordance with Art. 2:135a of the Dutch Civil Code and Best Practice provision 3.1 and following of the Code, as well as the report concerning the activity carried out by the Committee in 2020, drawn up in accordance with Best Practice provision 2.3.5 of the Code; the Remuneration and Nomination Committee also discussed the annual assessment carried out by the members of the Committee pursuant to Best Practice provision 2.2.6 of the Code, confirming the Board Profile. The Remuneration and Nomination Committee also examined and discussed the gates and objectives of the STI 2020, a benchmark analysis on the remuneration of Cementir employees, an analysis of the CEO's paymix with respect to the market.

Independent experts who contributed to preparing the Remuneration Policy

As mentioned in the previous year's Report, in 2020, the Company took advantage of the advice of the independent expert Korn Ferry - Haygroup to conduct international benchmark analyses and to align the Remuneration Policy with peers and market best practices.

1.2 CONTENT OF THE REMUNERATION POLICY

1.2.1 Content of the Remuneration Policy and main changes compared to 2021

The Policy determines the principles and guidelines adopted by the Board in order to define the remuneration of its members and in particular of Executive and Non-Executive Directors as well as members of the Committees. It provides detailed information designed to ensure stakeholders receive more information about pay policies, practices adopted and results achieved, and it shows that the policies are consistent with the business strategy and company performance.

Cementir Holding pursues a Remuneration Policy aimed at motivating, attracting and retaining people who, thanks to their professional skills and personal ability to apply those skills in fulfilling business objectives, are able to build value for the Company's Stakeholders.

The principles applied in defining the Policy are intended to ensure that Cementir Holding is appropriately competitive in its sector and international markets, and in particular for:

- the promotion of merit and performance to reward actions and behaviours that reflect the values of the company, the principles of the code of ethics and the strategic objectives;
- external competitiveness and internal fairness to make sure that pay packages are in line with best practices, and to ensure that they are consistent with the complexity and responsibilities of the role;
- aligning the interests of Management with those of the Shareholders and with the medium-and long-term strategies of the Company;
- aligning the values of the Cementir culture (e.g. sustainability, value of people, etc.) and the model of leadership and skills in line with business objectives, starting from 2021, the skills deriving from the culture of the Cementir Group are also assessed in the context of the STI as a further confirmation and strengthening of the inclination towards the values of the corporate culture;
- the inclusion of specific quantitative KPIs linked to ESG objectives in the STI plan, the Remuneration Policy, therefore, contributes to the implementation of the company strategy, the pursuit of long-term interests and sustainability objectives;
- a focus on rewards and retention purposes based on meritocracy;
- the consideration of the point of view of the Executive-Director and the Board in its entirety, as also provided for by the Code;
- balancing continuity with the choices already made in the past and endorsed by shareholders and the approval of the General Meeting of the proposals presented and, at the same time, a periodic assessment in the light of the international trend, the market practice for comparable companies and the regulatory changes;
- transparency regarding the remuneration system implemented and envisaged for the following year, in accordance with the provisions of the Code and applicable legislation.

The Policy has the primary objective of creating sustainable value over the medium to long-term by creating a strong bond between individual performance and the Group on the one hand, and remuneration on the other.

The 2022 Remuneration Policy does not envisage substantial changes compared to that approved in 2021, confirming the simplification and standardisation of the overall structure of the short-term variable incentive system, thanks mainly to the digitalisation of the process, which will take place through an online definition and subsequent assessment platform. The main change relates to the restructuring of the remuneration of committee members. As a result of the recent establishment of the Sustainability Committee, further confirmation of the Company and Group's growing commitment to ESG, during the year a benchmark analysis was carried out by the Company's departments (in particular the Human Resources department with the contribution of the Legal Department) to verify alignment with the market and the Remuneration Policy was reviewed with reference to market practices.

The Policy also maintains and confirms the medium and long-term incentive system applied in previous years.

The Remuneration and Nomination Committee, at its meeting on 7 March 2022, reviewed the existing report and the criteria selected to assess the variable remuneration of the Executive Director and the performance of the strategic executives and Group personnel receiving variable remuneration. The Remuneration and

Nomination Committee then assessed the Remuneration Policy from the point of view of its consistency with the objectives of the Company and Group, with particular reference to its suitability to contribute to the creation of long-term value. In particular, the ESG objectives included for some beneficiaries of the incentive plan addressed to Group employees were illustrated and discussed in detail, as a further demonstration of the Company's ongoing commitment to pursuing long-term sustainability objectives. Finally, it concluded that the criteria established for both short-term variable remuneration and medium and long-term variable remuneration, insofar as they are applicable to the respective recipients, fully meet these requirements and appear consistent and appropriate to support the implementation of the strategic objectives. It therefore decided to propose the 2022 Remuneration Policy to the Board of Directors, taking into account the Executive Director's views on the level and structure of his remuneration.

1.2.2 Description of fixed and variable pay components with particular regard to their weightings within the overall remuneration, and distinguishing between the short and medium and long-term variable components

The remuneration of Directors has been defined as follows, with reference to the fixed and variable components:

Remuneration of the Board of Directors

The Remuneration Policy for the Board of Directors set by the General Meeting of 21 April 2021 includes the following elements:

(a) remuneration of Directors for the office and for attendance at Board meetings;

(b) remuneration of the Executive Director (who also holds the position of CEO) for the performance of executive functions, powers and responsibilities;

(c) remuneration of Non-Executive Directors;

(d) remuneration of members of the Audit Committee, the *Remuneration and Nomination Committee.*

With reference to letter D., it is recalled that the 2021 Remuneration Policy did not provide for remuneration of the members of the Sustainability Committee, established on 28 July 2021 and therefore after the approval of the aforementioned Policy at the General Meeting.

Remuneration of Directors

The remuneration to be paid to Directors (see letter A) shall be in the form of an allowance for attendance at each meeting of the Board of Directors and of a fixed annual payment for the office of Director, payable to each Director (both Executive and Non-Executive Directors) and approved, in accordance with the provisions of the law, by the General Meeting.

The current annual remuneration of all Directors is:

- a fixed annual allowance of EUR 5,000.00;
- a participation token of EUR 1,000.00 for each board meeting in which they participate in presence or by teleconference, except for written resolutions.

The same is confirmed as policy for 2022.

Remuneration of Directors with specific duties

The compensation to be paid to Directors with specific duties (letters B and D above) is determined, upon proposal of the *Remuneration and Nomination Committee*, taking into account the commitment actually required from each of them and any powers vested in addition to the compensation due to all Directors.

The following Directors have specific duties within the Board of Directors of the Company:

(i) the Chairman of the Board of Directors;
(ii) the CEO;
(iii) the Directors who participate in the Board Committees (Audit Committee, Remuneration and Nomination Committee and Sustainability Committee).

The Non-Executive Directors (i) who are members of the Remuneration and Nomination Committee, the Audit Committee and the Sustainability Committee and (ii) who are appointed as Chairman of such Committees, shall receive an additional fixed compensation, commensurate with the commitment required from each of them in the performance of their aforesaid duties.

Remuneration of the Chairman and CEO.

The annual gross remuneration of the Chairman of the Board of Directors and the CEO generally includes the following elements:

- a fixed component;
- a variable component determined according to the Group's performance and tied to predetermined, measurable parameters connected to the creation of shareholder value in a medium/long-term time span.

In determining the remuneration of the Chairman and of the CEO, the Board of Directors takes into account (i) the specific content of the vested powers and/or (ii) the functions and the role actually served within the Company, thereby assuring that the provision of a possible variable component is consistent with the nature of assigned duties.

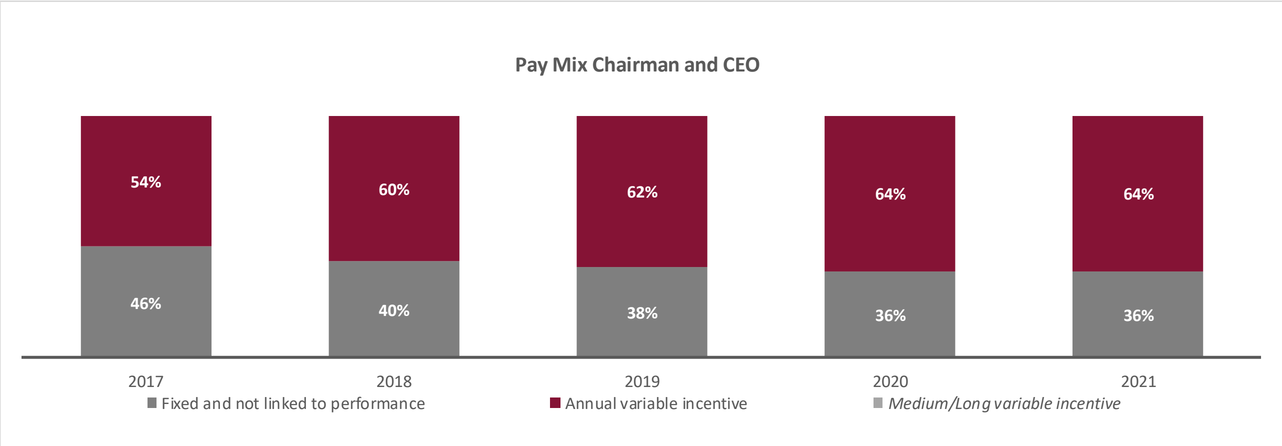
In particular, remuneration is determined on the basis of the following criteria:

- correct balance between the fixed component and the variable component in accordance with the Company's strategic goals and its risk management policy, also taking into account the industry in which it operates and the characteristics of its business;
- provision of maximum limits for the variable components, provided that the fixed component shall be sufficient to remunerate the performance of the Chairman and of the CEO should the variable component not be paid;
- the parameters, economic results and any other specific objectives to which the payment of the variable components is tied are predetermined, measurable and connected to the creation of shareholder value in a medium/long-term time span.

In detail, in line with the resolution approved in previous years, the variable component is set at 2% of the cash flow produced by the Group in the year of reference and is defined according to a formula that enables a quick reference with the consolidated accounts figures, from which the fixed pay component should be deducted. The variable component, which is before taxes and can only have a value of zero or above, can be preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group's half-year financial statements; when the Group's annual financial statements are approved by the General Meeting, the variable component is definitively determined, and the relative balance is paid out. The fixed component is also confirmed consistently with previous years. The fixed component proposed for the Chairman and Chief Executive Officer is EUR 1.8 million per year before taxes, payable on a monthly basis.

The reference to operational cash flow generated by the Group has been identified as it is considered that this value, more than others, represents the link between annual performance (short-term) and the value of the company, and therefore appropriately aligns the results obtained by the CEO with the objective of creating value for all shareholders.

The following is the historical trend of the pay mix, i.e. the percentage weight of the various components of remuneration in relation to Annual Total Compensation (excluding benefits):



As the Chairman and CEO expresses the will of the Company's controlling shareholders and is a shareholder himself, there is an alignment of the interests of the Executive Director with the interest of all shareholders and stakeholders of the Company, consequently there is no need for an (additional) medium/long-term incentive plan.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors is not tied to the Group's economic-financial results or based on short or medium-term incentive plans or based on financial instruments.

Remuneration of Non-Executive Directors proposed for 2022 confirms the structure and the order of magnitude defined in the previous years.

The annual remuneration of Non-Executive Directors consists of:

- a fixed annual allowance of EUR 5,000 determined for all Directors (see letter A above);
- an attendance token of EUR 1,000 for each Board meeting they attend (see letter A above).

Remuneration of Committees members

In addition to the remuneration of Non-Executive Directors, the Remuneration Policy provides for an additional remuneration for the participation in board committees (currently Audit Committee, Remuneration and Nomination Committee and Sustainability Committee), differentiated according to the time and effort dedicated to the performance of the tasks of these committees.

In particular:

- an annual fee of EUR 30,000 for each position held by the Non-Executive Directors as Chairman of the Audit Committee and Remuneration and Nomination Committee;
- an annual fee of EUR 20,000 for each position held by the Non-Executive Directors as member of the Audit Committee and Remuneration and Nomination Committee;
- an attendance token of EUR 1,000 for each meeting of the Sustainability Committee attended by the Non-Executive Directors.

Short-Term Incentive and Long-Term Incentive Schemes

In addition to the remuneration described above for Executive and Non-Executive Directors, Cementir Holding NV adopts, for the managers within the Company, a compensation scheme to create value, for its Stakeholders, achieving ever-improving performance levels within the sustainable value creation structure that is the Company's true objective.

Short-term variable component - STI (Short Term Incentive)

The variable component is based on a Short-Term Incentive (STI) Plan. The system assesses the performance of the Company and of the beneficiary on an annual basis and directs the actions of the management towards strategic objectives in line with the Group's short-term business priorities.

In 2021, the structure of the short-term incentive system was confirmed, based on the financial objectives of the Group and/or the subsidiaries (access system Gate). In addition, objectives were defined with indicators linked to individual performance, as well as skills related to the leadership model. Each target (corporate and individual) is matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%.

In 2021, a fully digitalised performance appraisal system was used for the first time within the Group, by means of a dedicated Performance Management platform that also enables the management of the short-term incentive system and the related assessment of results achieved.

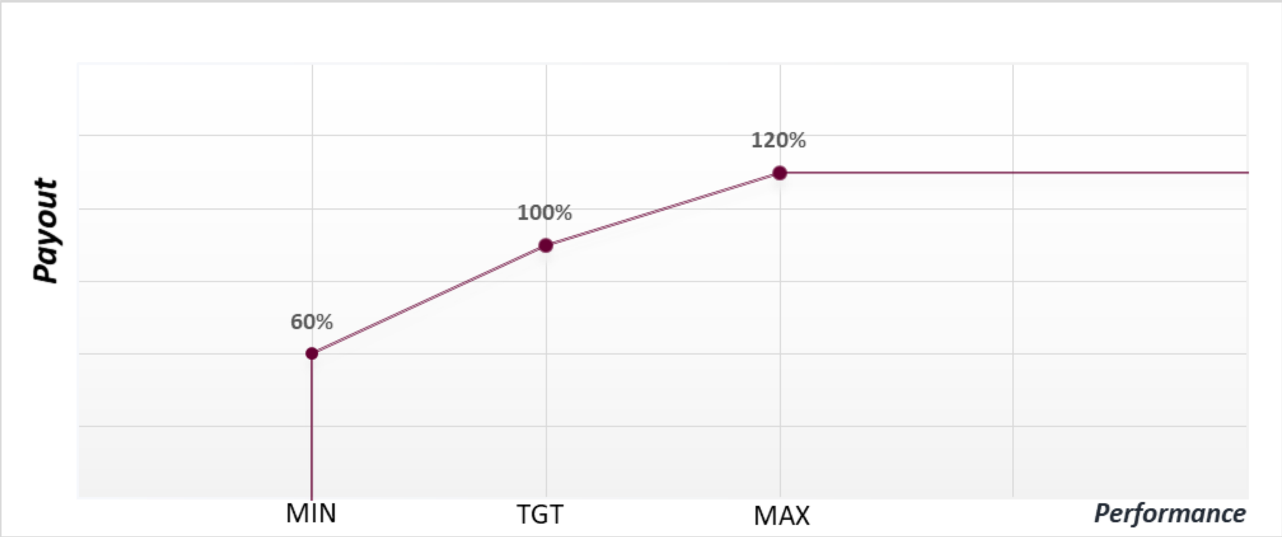
Therefore, the same will continue to be based on the Group's and/or subsidiaries' financial targets, which are the factor that enables access (Gate) to the system. Each target will be matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%. Other individual objectives should be defined on the basis of indicators linked to company performance and/or individual performance specific to the role, while skills have been assessed in relation to the organisational position of reference. The total individual performance assessment is defined according to a rating scale ranging from 1- Unsatisfactory to 5- Exceptional and which will measure the "What" of the objectives, but also the "How" ensuring adherence to company values.

The combination of corporate and individual objectives, as well as skills will entitle to a variable bonus payment.

For the purposes of incentivisation and the final bonus, overall performance, taking into account the entry gate and performance results, cannot be less than 60%.

The structure and weighting of the various objectives, which is standardised at the Group level, is shown in the following table:

30% Weighting	**70% Weighting**
Group targets • Economic-Financial Targets (Gate) ○ EBIT (20%) ○ NCF (10%)	**Individual targets 80%** • Targets based on Operational Projects/Results and sustainability of earnings • Organisational Development and Growth Targets **Cementir Leadership Competencies Model 20%**



In order to encourage managers to pursue their annual budget targets, the short-term incentive plan is addressed to all managers within the Group with exactly the same scheme as described above. Target incentive levels expressed as percentages of fixed remuneration, depend on the responsibility and complexity of the role covered, whilst maintaining a single structure throughout the Group.

Medium/Long Term Incentive – LTI

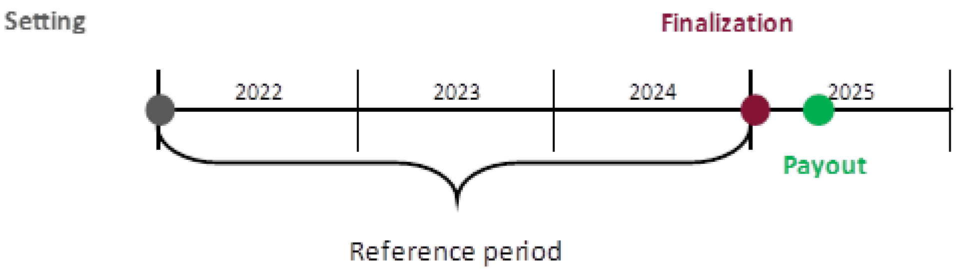
The LTI plan is intended for Key Executive and a selected group of managerial staff, chosen from those who have the greatest impact on the Group's medium/long-term results.

As the CEO is also a major shareholder, he does not participate in this plan.

The LTI plan consists of three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan, and it has the following aims:

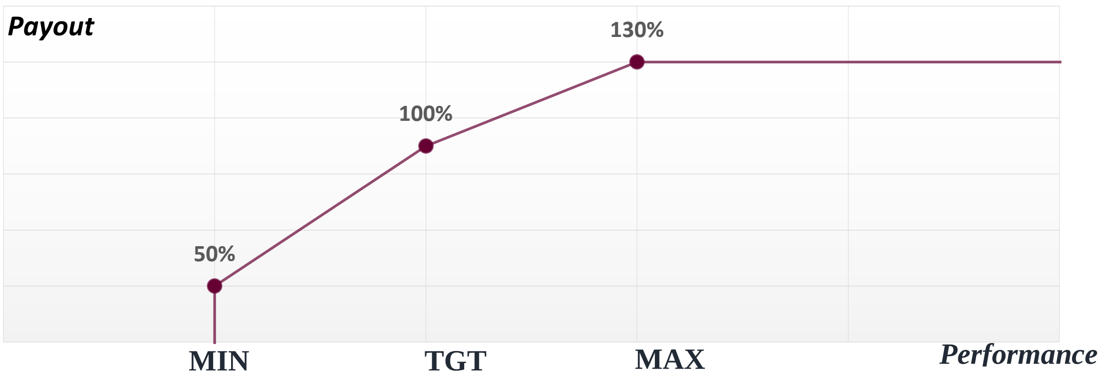
- Incentivise the aforementioned Key Executives to achieve the objectives set out in the Business Plan;
- To converge the interests of Key Executives with those of shareholders to create sustainable medium/long-term value;
- To introduce a motivation and retention plan.

The LTI also provides for the annual award of the right to receive a monetary performance bonus measured over a three-year period, in line with the company's medium-term strategic planning (vesting period).



Bonus opportunities for beneficiaries vary and amount to 30% or 40% of annual gross remuneration to be assigned on achieving the target; the incentive payable at the end of the vesting period is determined on the basis of the performance achieved and varies from 50% to 130% of the value of the bonus.

This incentive may rise to up to 52% (the "cap") of gross annual remuneration upon achievement of levels of performance higher than the target levels.



Performances below the target will see a reduction in the bonus of up to 20% of gross annual salary, when a performance threshold is reached.

No bonus will be awarded if the results are below the threshold.

The award of the bonus depends on two performance conditions being met. These conditions operate separately, and each have a weighting of 50% in the calculation of the bonus:

- Three-year cumulative Free Cash Flow
- Three-year cumulative EBIT

The threshold, target and maximum amount are set in line with the Company's medium-term business plan.

Clawback and malus clauses

A clawback clause applies to both the LTI and the STI. This allows the Board of Directors to ask the beneficiaries to return all or part of the bonuses paid if they find that the performance targets were achieved on the basis of inaccurate or untrue data.

During the 2021, no clawback is deemed required and consequently no clawback has been applied.

1.2.3 Criteria used in assessing performance targets underlying the award of shares, options, other financial instruments and variable pay components

The criteria used in assessing performance targets is based on the financial results of the Group. For more information, refer to the contents of paragraph 1.2.2 above.

1.2.4 Information on the alignment of the Remuneration Policy and the pursuit of the Company's long-term interests and risk management policy

As described above, the Remuneration Policy, inspired by the principles described in paragraph 1.2.1 above, pursues the objective of creating sustainable value over the medium to long-term, for the Company and its shareholders.

Therefore the remuneration of Executive Directors and key executives is structured so as to:

- ensure that the overall remuneration structure is adequately balanced between fixed and variable components, with the aim of creating sustainable value over the medium to long-term, for the Company;
- coordinate the variable remuneration with the achievement of operational and financial targets, in line with the creation of value over the medium to long-term and the actual results achieved by the Company;
- ensure that overall pay levels reflect the professional value of individuals and their contribution to creating sustainable value over the medium to long-term.

For Non-Executive Directors, please refer to paragraph 1.2.2.

In order to achieve challenging Group strategic objectives, the Board approved a compensation plan for the Company's executives to create value for its stakeholders by achieving increasingly better performance levels within the sustainable value creation structure that represents the ultimate goal pursued by the Company. The LTI Plan is intended for Key Executives and a selected group of managers, chosen from among those who have the greatest impact on the Group's medium/long-term results. The LTI plan is divided into three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan. The sustainability objectives were approved and included in the short-term incentive and in the three-year business plan.

Metrics and targets are being continuously assessed and monitored, with a view to progressive improvement, reflecting the increasing alignment between strategy, sustainability and incentive systems.

1.2.5 Vesting period, deferred payment schemes, indication of deferment periods and criteria used to determine them, as well as ex-post adjustment mechanisms and information about clauses on the

inclusion of financial instruments in the portfolio after acquisition, with details of the holding periods and criteria used to determine them

The Company has not adopted any Remuneration Plan based on shares or any other financial instruments nor does it award shares or other financial instruments as variable performance-based pay components. In addition, no clauses were determined for the retention in portfolio of financial instruments after their acquisition, meaning clauses that include the obligation of non-portability on a relevant portion of the shares awarded.

1.2.6 Policy on indemnities applied after termination of contract or resignation

In general, for all Directors, there shall be no (i) indemnities in case of resignation or revocation without just cause or non-renewal, (ii) agreements prescribing the allocation or continuation of non-monetary benefits in favour of persons who have resigned from their office and, (iii) consulting agreements with the Directors for a period following termination of their employment.

With regard to the above, it is consistent that on the one hand the Chairman and CEO is among the main shareholders of the Company, but on the other hand, it must be considered that the payment to be assigned to the other Directors consist in an attendance token and a fixed annual remuneration of a modest entity for each Director, thus limiting the risk of any claim related in any way to the termination of office as Director, and in any case the corresponding amount.

Directors that have an employment relationship with the Company or its Subsidiaries must comply in any case with current provisions related to Collective Labour Agreements for the termination of their employment relationship, in accordance with the legal procedures and requirements.

Where necessary, the Company may request the signature of a non-competition agreement by an outgoing Director, which includes the payment of an indemnity related to the terms and extension of such obligation.

The breach of this agreement will determine the refusal to pay the indemnity or its reimbursement, as well as an obligation to damage compensation for an agreed amount (i.e. the double of the agreed indemnity).

If employment with the Company is terminated for reasons other than just cause, efforts will be made to reach a termination agreement. Subject in any case to the obligations set out by law and/or by the employment agreement, the arrangements for the termination of employment with the Company are tailored on the basis of the relevant reference benchmarks and within the limits defined by courts and practice.

1.2.7 Information about insurance coverage, welfare or pension provision

In line with best practices, a Directors & Officers (D&O) Liability insurance policy covering the liability of the Board of Directors towards third parties has been undersigned.

In case of employment relationship with the Company, pension or welfare provision are in line with the practices applied for managers of the Company.

1.2.8 Information about the use of benchmark pay policies from other companies

The Remuneration Policy was devised by the Company without using as reference the policies of other companies. However, prior to the preparation of the 2022 Remuneration Policy, as part of the annual review, a specific benchmarking activity was carried out on the remuneration of non-executive directors with information available in the remuneration reports published by comparable companies.

The current Remuneration Policy is valid 1 (one) year and is therefore revised yearly by the Remuneration and Nomination Committee and by the Board of Directors and submitted to approval of the General Meeting.

1.2. Derogations and deviations

The Board of Directors, with the abstention, if any, of the Director concerned, on the proposal of the Remuneration and Nomination Committee, may discretionally approve derogations or deviations from any part of the Remuneration Policy, where there are exceptional circumstances that provide compelling reasons for the deviation. However, these derogations can only be temporary until a new policy is adopted in the following circumstances: (a) in the event of changes in the corporate bodies, both in terms of composition and number or competence; or (b) in additional exceptional circumstances. Exceptional circumstances are circumstances in which the deviation from the Remuneration Policy is necessary to pursue long-term interests and sustainability of the Company and/or to ensure its profitability.

SECTION II - PAYMENTS RECEIVED DURING 2021 BY THE MEMBERS OF THE BOARD OF DIRECTORS

This section of the Report sets out the remuneration paid in 2021 to each member of the Board of Directors. This remuneration was paid in application of the principles as set out in the Remuneration Policy.

On 7 March 2022, the Remuneration and Nomination Committee verified the correct application of the Remuneration Policy approved in 2021.

PART I - REMUNERATION COMPONENTS

Remuneration of Directors

Fixed component

The General Meeting of 21 April 2021 approved the proposed Remuneration Policy by a large majority of votes, assigning to all Directors, for their term of office, a fixed allowance of EUR 5,000.00, plus an attendance token of EUR 1,000.00 for each Board meeting they attend.

Variable component

The variable remuneration component was paid exclusively to the Executive Director, who also holds the position of CEO, in accordance with the 2021 Remuneration Policy approved by the General Meeting.

The compensation of Non-Executive Directors is not tied to the Group's economic-financial results or based on short or medium-term incentive plans or based on financial instruments.

Monetary and non-monetary benefits

In keeping with best practices, a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the governing bodies has been undersigned.

Reimbursement of expenses

Directors are entitled to reimbursement of the reasonable expenses incurred because of their office on the basis of the arrangements with the Company.

Treatment/indemnities in case of termination from office

On the date of approval of this Report, no agreements have been stipulated with any of the Directors involving indemnities in case of resignation or revocation without just cause or termination of the position as a result of a takeover bid, nor are there any extant agreements involving the assignment or continuation of non-monetary benefits in favour of persons who have left office; additionally, no consultancy agreements have been stipulated with the Directors for a period after termination, or agreements involving compensation for non-competition commitments.

Remuneration of Directors with specific duties

As of the date of approval of this report, the Directors with specific duties are:

▪ Francesco Caltagirone	Chairman and CEO
	Chairman of the Sustainability Committee
▪ Paolo Di Benedetto	Member of the Remuneration and Nomination Committee
	Member of the Audit Committee
▪ Chiara Mancini	Chairwoman of the Remuneration and Nomination Committee
	Member of the Audit Committee and the Sustainability Committee
▪ Veronica De Romanis	Chairwoman of the Audit Committee
	Member of the Remuneration and Nomination Committee and the Sustainability Committee

(i) Remuneration of the Chairman and CEO

With reference to the remuneration of the Chairman and CEO Francesco Caltagirone, the General Meeting of 21 April 2021 confirmed with broad consensus the remuneration policy and remuneration already in force and unchanged from the previous term of office, as detailed here below and in the table in 2.2.1.

Fixed component

The fixed component is EUR 1.8 million per year before taxes, payable on a monthly basis.

Variable component

The variable components for 2021 were estimated at EUR 3.315 million, before tax. The achievement was calculated as 2% of Net Operating Cash Flow.

(ii) Remuneration for participation in Board Committees

The General Meeting of 21 April 2021 approved the proposed Remuneration Policy and established an additional annual remuneration for participation in the Board Committees in addition to that approved for the office of Director and specifically, as detailed in the table below:

- For the positions of Chairmen of the Committees (Remuneration and Nomination Committee and Audit Committee), an overall fixed annual remuneration of EUR 60 thousand gross of taxes and any statutory surcharges;
- To the other members of the Remuneration and Nomination Committee and the Audit Committee: a fixed compensation of EUR 20 thousand for each position held, before taxes and any law-mandated surcharges.

The 2021 Remuneration Policy did not provide for remuneration for the members of the Sustainability Committee, established on 28 July 2021 and therefore after the approval of the aforementioned Policy by the General Meeting.

***

Information on the compliance of remuneration with the Remuneration Policy and how the performance criteria have been applied

In general, the practice applied by the Company is in line with the 2021 Remuneration Policy. In 2021, in fact, there were no deviations from the 2021 Remuneration Policy.

It is confirmed that the implementation of the 2021 Remuneration Policy has contributed to the creation of long-term value, as occurred also in previous years and to an increasing extent. The individual objectives assigned to the recipients of variable remuneration, in fact, are closely linked to the strategic objectives of the 2021-2023 Business Plan, which identify, among other things, the sustainability roadmap as one of the main interests to be pursued. As regards the recipients of the STI and LTI plans, these are objectively measurable and pre-determined targets, the achievement of which influences variable remuneration to the extent they have been achieved. As for the Directors, the Remuneration Policy provides for a variable component for the Executive Director only, who is also the representative of the majority shareholder and himself a substantial shareholder. This determines the implicit and automatic coincidence of the interests and objectives of the Executive Director with those of all shareholders, including minority shareholders, of the Company and, ultimately, the creation of long-term value.

PART II - COMPENSATION PAID IN FINANCIAL YEAR 2021

Compensation paid to the members of the Board of Directors.

The table below shows the compensation paid in Financial Year 2021, for any reason and in any form, by the Company. There is no compensation paid by subsidiaries of the Cementir Group to the members of the Board of Directors. It should be noted that the remuneration paid in the affiliates is disclosed within the context of the report on remuneration of the parent company Caltagirone S.p.A., published in accordance with the provisions of law applicable to listed companies, to which reference should be made.

COMPENSATION PAID TO THE BOARD OF DIRECTORS AND TO THE MANAGERS WITH STRATEGIC RESPONSIBILITIES
(in thousands of Euros)

Name of Director, position	Fixed Remuneration			Compensation for participation in committees	Variable Compensation (non equity)	Non-monetary benefits	Other fees *	Total	Proportion of fixed and variable remuneration
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work		Bonuses and other incentives				
BOARD OF DIRECTORS									
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5	1.805	81		3.315	7		5.213	64% variable remuneration 36% fixed remuneration
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	5	5						10	100% fixed remuneration
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	5	5						10	100% fixed remuneration
Edoardo Caltagirone, Non-Executive Director	3	5						8	100% fixed remuneration
Saverio Caltagirone, Non-Executive Director	5	5						10	100% fixed remuneration
Fabio Corsico, Non-Executive Director	5	5					260	270	100% fixed remuneration
Paolo Di Benedetto, Senior Non-Executive Indipendent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	4	5		40				49	100% fixed remuneration
Chiara Mancini, Non-Executive Indipendent Director and Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee and of the Sustainability Committee	5	5		50				60	100% fixed remuneration
Veronica De Romanis, Non-Executive Indipendent Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee and of the Sustainability Committee	5	5		50				60	100% fixed remuneration
MANAGEMENT WITH STRATEGIC RESPONSIBILITIES									
Executives with strategic responsibilities:**			3.169		1.666	556		5.391	31% variable remuneration 69% fixed remuneration
TOTAL:	**42**	**1.845**	**3.250**	**140**	**4.981**	**563**	**260**	**11.081**	

*** Consulting agreement**
**** Includes Group COO, Group CFO, Heads of Region and Business Unit Managing Directors**

YEAR 2020

COMPENSI EROGATI AL CONSIGLIO DI AMMINISTRAZIONE E AI DIRIGENTI CON RESPONSABILITÀ STRATEGICHE
(in migliaia di Euro)

Nominativo dell'Amministratore, posizione	Remunerazione fissa			Compenso per la partecipazione ai comitati	Compensazione variabile (non azionaria)	Benefici non monetari	Altri compensi	Totale	Percentuale della remunerazione fissa e variabile
	Gettone di Presenza	Compensi approvati dall'assemblea degli azionisti o dai CdA	Compenso da lavoro dipendente		Bonus e altri incentivi				
CONSIGLIO DI AMMINISTRAZIONE									
Francesco Caltagirone, Presidente del Consiglio di Amministrazione e CEO	4	1.805	81		3.428	7		5.325	64% remunerazione variabile 36% remunerazione fissa
Alessandro Caltagirone, Direttore non esecutivo e vicepresidente	4	5						9	100% remunerazione fissa
Azzurra Caltagirone, Direttore non esecutivo e vicepresidente	5	5						10	100% remunerazione fissa
Edoardo Caltagirone, Direttore non esecutivo	5	5						10	100% remunerazione fissa
Saverio Caltagirone, Direttore non esecutivo	5	5						10	100% remunerazione fissa
Fabio Corsico, Direttore non esecutivo	4	5					225	234	100% remunerazione fissa
Paolo Di Benedetto, Amministratore indipendente non esecutivo senior, membro dell'Audit Committee e membro del Remuneration and Nomination Committee	4	5		40				49	100% remunerazione fissa
Chiara Mancini, Amministratore indipendente non esecutivo e presidente del comitato Remuneration and Nomination Committee e membrodell'Audit Committee	5	5		50				60	100% remunerazione fissa
Veronica De Romanis, Amministratore indipendente non esecutivo, presidente dell'Audit Committee e membro del Remuneration and Nomination Committee	5	5		50				60	100% remunerazione fissa
DIRETTORI CHE HANNO LASCIATO L'INCARICO NEL CORSO DEL 2020									
Mario Delfini, Amministratore non esecutivo e membro del dell'Audit Committee e membro del Remuneration and Nomination Committee	2	2		13				17	100% remunerazione fissa
Roberta Neri, Amministratore indipendente non esecutivo	2	2						4	100% remunerazione fissa
Adriana Lamberto Floristan, Amministratore indipendente non esecutivo e membro dell'Audit Committee	2	2		7				10	100% remunerazione fissa
MANAGEMENT CON RESPONSABILITÀ STRATEGICHE									
Dirigenti con responsabilità strategiche:*			2.871		1.068	551		4.490	24% remunerazione variabile 76% remunerazione fissa
TOTALE:	**47**	**1.850**	**2.952**	**160**	**4.496**	**558**	**225**	**10.288**	

***Inclusi Group COO, Group CFO, Heads of Region e Business Unit Managing Directors**

Stock options assigned to the members of the Board of Directors, to general managers and to the other Key Executives.

There are no stock-option plans for members of the Board of Directors nor for sake of completeness for the General Manager, other Key Executives or employees of the Company.

Incentive plans based on financial instruments, other than stock options, for members of the Board of Directors, General Managers and other Key Executives .

There are no incentive plans based on financial instruments other than stock options (restricted stock, performance share, share plan, etc.); for the members of the Board of Directors nor for sake of completeness for the Director General, for the other Key Executives or employees of the Company.

The Group did not grant loans to Directors or Key Executives during the reporting period and did not have receivables due from them as at 31 December 2021.

The following table shows a comparison of the total remuneration of Directors over the last five years, based on Cementir Holding N.V. Directors in office as at 31 December 2021. Compensation data are reported for the last five years although the Cementir Holding N.V. is a Dutch-listed company starting from 2019.

	2021	2020	2019	2018	2017
BOARD OF DIRECTORS					
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5,213	5,325	5,024	4,751	4,068
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	10	9	8	9	9
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	10	10	11	11	10
Edoardo Caltagirone, Non- Executive Director	8	10	10	11	10
Saverio Caltagirone, Non- Executive Director	10	10	12	12	11
Fabio Corsico, Non-Executive Director *	270	234	236	210	11
Paolo Di Benedetto, Senior Non-Executive Independent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	49	49	72	71	70
Chiara Mancini, Non-Executive Independent Director and Chairwoman of the Remuneration and Nomination Committee and Member of the Audit Committee and of the Sustainability Committee	60	60	52	51	52
Veronica De Romanis, Non-Executive Independent Director, Chairwoman of the Audit Committee and Member of the Remuneration and Nomination Committee and of the Sustainability Committee	60	60	52	52	51
COMPANY RESULTS					
EBIT	197.8	157.2	151.7	153.2	140.6
Average fixed remuneration of an FTE (€)					
	58.841	62.915	60.424	57.755	49.364

* Include consulting agreement

Internal pay ratio

It should be noted that the Cementir Group has offices across the world and, as well known, the geographical location has a strong impact on the rules and measures of remuneration with a consequent influence on the following internal pay ratio.

The pay ratio of CEO compensation compared to the average employee compensation during 2021 is 89:1. In the previous year the ratio was 85:1.

This ratio consists of the CEO's total direct compensation during 2021 of EUR 5,213 thousand as reported in the table reporting Total direct compensation, pension and other benefits in this appendix, compared to the average compensation of all employees. The average compensation of all employees was calculated from the numbers as reported in Note 24.

The average remuneration of each employee is EUR 58.841 thousand, which represents the total cost of EUR 181,406 thousand for the total 3,083 employees.

CONSOLIDATED FINANCIAL STATEMENTS 2021

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

(EUR'000)	Note	31 December 2021	31 December 2020
ASSETS			
Intangible assets with a finite useful life	1	194,474	195,931
Intangible assets with an indefinite useful life (goodwill)	2	317,111	329,776
Property, plant and equipment	3	814,230	817,771
Investment property	4	63,594	79,242
Equity-accounted investments	5	4,988	4,308
Other equity investments	6	257	271
Non-current financial assets	9	282	576
Deferred tax assets	20	50,509	48,770
Other non-current assets	11	3,745	5,003
TOTAL NON-CURRENT ASSETS		**1,449,190**	**1,481,648**
Inventories	7	180,298	150,266
Trade receivables	8	170,170	155,065
Current financial assets	9	4,446	2,614
Current tax assets	10	8,559	6,126
Other current assets	11	15,856	23,095
Cash and cash equivalents	12	282,539	413,565
TOTAL CURRENT ASSETS		**661,868**	**750,731**
TOTAL ASSETS		**2,111,058**	**2,232,379**
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,711	35,711
Other reserves		779,981	759,870
Profit (loss) attributable to the owners of the parent		113,316	102,008
Equity attributable to owners of the Parent	13	**1,088,128**	**1,056,709**
Reserves attributable to non-controlling interests		129,750	118,898
Profit (loss) attributable to non-controlling interests		9,679	7,355
Equity attributable to non-controlling interests	13	**139,429**	**126,253**
TOTAL EQUITY		**1,227,557**	**1,182,962**
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits	14	32,450	36,822
Non-current provisions	15	28,088	25,871
Non-current financial liabilities	17	221,497	162,469
Deferred tax liabilities	20	138,806	137,595
Other non-current liabilities	19	2,041	2,927
TOTAL NON-CURRENT LIABILITIES		**422,882**	**365,684**
Current provisions	15	5,246	4,576
Trade payables	16	281,915	225,937
Current financial liabilities	17	105,864	375,891
Current tax liabilities	18	17,064	17,892
Other current liabilities	19	50,530	59,437
TOTAL CURRENT LIABILITIES		**460,619**	**683,733**
TOTAL LIABILITIES		**883,501**	**1,049,417**
TOTAL EQUITY AND LIABILITIES		**2,111,058**	**2,232,379**

Consolidated income statement

(EUR'000)	Note	2021	2020
REVENUE	21	**1,359,976**	**1,224,793**
Change in inventories	7	14,733	(14,436)
Increase for internal work	22	9,260	6,417
Other income	22	29,751	16,025
TOTAL OPERATING REVENUE		**1,413,720**	**1,232,799**
Raw materials costs	23	(566,468)	(461,195)
Personnel costs	24	(181,406)	(188,430)
Other operating costs	25	(354,894)	(319,434)
EBITDA		**310,952**	**263,740**
Amortisation and depreciation	26	(109,571)	(104,223)
Additions to provision	26	(3,234)	(990)
Impairment losses	26	(364)	(1,354)
Total amortisation, depreciation, impairment losses and provisions		(113,169)	(106,567)
EBIT		**197,783**	**157,173**
Share of net profits of equity-accounted investees	27	818	571
Financial income	27	5,891	12,303
Financial expense	27	(18,849)	(23,519)
Net exchange rate losses	27	(13,657)	(3,970)
Net financial income (expense)	27	(26,615)	(15,186)
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES		**(25,797)**	**(14,615)**
PROFIT (LOSS) BEFORE TAXES		**171,986**	**142,558**
Income taxes	28	(48,991)	(33,195)
PROFIT FROM CONTINUING OPERATIONS		**122,995**	**109,363**
PROFIT (LOSS) FOR THE YEAR		**122,995**	**109,363**
Attributable to:			
Non-controlling interests		9,679	7,355
Owners of the Parent		**113,316**	**102,008**

(EUR)			
Earnings per ordinary share			
Basic earnings per share	29	0.724	0.641
Diluted earnings per share	29	0.724	0.641

(EUR)			
Earnings per ordinary share from continuing operations			
Basic earnings per share	29	0.724	0.641
Diluted earnings per share	29	0.724	0.641

Consolidated statement of comprehensive income

(EUR'000)	Note	2021	2020
PROFIT (LOSS) FOR THE YEAR		**122,995**	**109,363**
Other components of comprehensive income:			
Items that will never be reclassified to profit or loss for the year:			
Net actuarial gains (losses) on post-employment benefits	30	2,854	580
Taxes recognised in equity	30	(708)	(206)
Total items that will never be reclassified to profit or loss		**2,146**	**374**
Items that may be reclassified to profit or loss for the year:			
Foreign currency translation differences - foreign operations	30	(32,370)	(80,298)
Profit (losses) on derivatives	30	3,017	6,643
Taxes recognised in equity	30	(321)	(1,334)
Total items that may be reclassified to profit or loss		**(29,674)**	**(74,989)**
Total other comprehensive expense, net of tax		**(27,528)**	**(74,615)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		**95,467**	**34,748**
Attributable to:			
Non-controlling interests		15,955	(5,404)
Owners of the Parent		**79,512**	**40,152**

Consolidated statement of changes in equity

(EUR'000)	Note	Share capital	Share premium reserve	Other reserves				Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
				Legal reserve	Translation reserve	Hedge reserve	Retained earnings						
Equity at 1 January 2021	**13**	**159,120**	**35,710**	**-**	**(648,715)**	**(393)**	**1,408,979**	**102,008**	**1,056,709**	**7,355**	**118,898**	**126,253**	**1,182,962**
Allocation of 2020 profit (loss)		-	-	-	-	-	102,008	(102,008)	**-**	(7,355)	7,355	**-**	**-**
Distribution of 2020 dividends		-	-	-	-	-	(21,922)	-	**(21,922)**	-	(2,680)	**(2,680)**	**(24,602)**
Treasury share purchase		-	-	-	-	-	(24,772)	-	**(24,772)**	-	-	**-**	**(24,772)**
Total transactions with investors		**-**	**-**	**-**	**-**	**-**	**55,314**	**(102,008)**	**(46,694)**	**(7,355)**	**4,675**	**(2,680)**	**(49,374)**
Profit (loss) for the year		-	-	-	-	-	-	113,316	**113,316**	9,679	-	**9,679**	**122,995**
Change in translation reserve	30	-	-	-	(38,606)	-	-	-	**(38,606)**	-	6,236	**6,236**	**(32,370)**
Net actuarial gains	30	-	-	-	-	-	2,079	-	**2,079**	-	67	**67**	**2,146**
Gain on derivatives	30	-	-	-	-	2,656	-	-	**2,656**	-	40	**40**	**2,696**
Other comprehensive income (expense)		-	-	-	(38,606)	2,656	**2,079**	-	**(33,871)**	-	6,343	**6,343**	**(27,528)**
Total comprehensive income (expense)	**30**	**-**	**-**	**-**	**(38,606)**	**2,656**	**2,079**	**113,316**	**79,445**	**9,679**	**6,343**	**16,022**	**95,467**
Change in other reserves		-	-	-	-	-	(1,332)	**-**	**(1,332)**	-	(166)	**(166)**	**(1,498)**
Total other transactions		**-**	**-**	**-**	**-**	**-**	**(1,332)**	**-**	**(1,332)**	**-**	**(166)**	**(166)**	**(1,498)**
Equity at 31 December 2021	**13**	**159,120**	**35,710**	**-**	**(687,321)**	**2,263**	**1,465,040**	**113,316**	**1,088,128**	**9,679**	**129,750**	**139,429**	**1,227,557**

(EUR'000)	Note	Share capital	Share premium reserve	Other reserves				Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
				Legal reserve	Translation reserve	Hedge reserve	Retained earnings						
Equity at 1 January 2020	**13**	**159,120**	**35,710**	**-**	**(580,956)**	**(5,737)**	**1,352,921**	**83,569**	**1,044,627**	**6,860**	**130,080**	**136,940**	**1,181,567**
Allocation of 2019 profit		-	-	-	-	-	83,569	(83,569)	**-**	(6,860)	6,860	**-**	-
Distribution of 2019 dividends		-	-	-	-	-	(22,277)	-	**(22,277)**	-	(8,625)	**(8,625)**	**(30,902)**
Treasury share purchase		-	-	-	-	-	(4,543)	-	**(4,543)**	-	-	**-**	**(4,543)**
Total transactions with investors		**-**	**-**	**-**	**-**	**-**	**56,749**	**(83,569)**	**(26,820)**	**(6,860)**	**(1,765)**	**(8,625)**	**(35,445)**
Profit (loss) for the year		-	-	-	-	-	-	102,008	**102,008**	7,355	-	**7,355**	**109,363**
Change in translation reserve	30	-	-	-	(67,759)	-	-	-	**(67,759)**	-	(12,539)	**(12,539)**	**(80,298)**
Net actuarial gains	30	-	-	-	-	-	559	-	**559**	-	(185)	**(185)**	**374**
Gain on derivatives	30	-	-	-	-	5,344	-	-	**5,344**	-	(35)	**(35)**	**5,309**
Other comprehensive income (expense)		-	-	-	(67,759)	5,344	559	-	**(61,856)**	-	(12,759)	**(12,759)**	**(74,615)**
Total comprehensive income (expense)	**30**	**-**	**-**	**-**	**(67,759)**	**5,344**	**559**	**102,008**	**40,152**	**7,355**	**(12,759)**	**(5,404)**	**34,748**
Change in other reserves		-	-	-	-	-	(1,250)	-	**(1,250)**	-	3,342	**3,342**	**2,092**
Total other transactions		**-**	**-**	**-**	**-**	**-**	**(1,250)**	**-**	**(1,250)**	**-**	**3,342**	**3,342**	**2,092**
Equity at 31 December 2020	**13**	**159,120**	**35,710**	**-**	**(648,715)**	**(393)**	**1,408,979**	**102,008**	**1,056,709**	**7,355**	**118,898**	**126,253**	**1,182,962**

* For 2019 financial statements the exposure of the Legal Reserve has been reclassified to retained earnings to be consistent with the separate financial statement. As part of the transformation from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019, Management aligned the equity composition.

Consolidated statement of cash flows

(EUR'000)	Note	31 december 2021	31 december 2020
Profit/(loss) for the year		**122,995**	**109,363**
Amortisation and depreciation	26	109,571	104,223
Net Reversals of impairment losses		(10,723)	(5,115)
Share of net profits of equity-accounted investees	27	(818)	(571)
Net financial income (expense)	27	26,615	15,186
Gains on disposals		(2,047)	1,204
Income taxes	28	48,991	33,195
Change in employee benefits		(1,378)	1,070
Change in provisions (current and non-current)		4,450	(12,440)
Operating cash flows before changes in working capital		**297,656**	**246,115**
(Increase) decrease in inventories		(34,566)	22,098
(Increase) decrease in trade receivables		(30,235)	(5,541)
Increase (decrease) in trade payables		69,720	7,500
Change in other non-current and current assets and liabilities		(2,303)	17,291
Change in current and deferred taxes		(9,894)	(2,988)
Operating cash flows		**290,378**	**284,475**
Dividends collected		145	-
Interest collected		2,018	3,337
Interest paid		(8,581)	(12,620)
Other net income (expense) collected (paid)		(17,852)	(3,078)
Income taxes paid		(47,125)	(37,898)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**218,983**	**234,216**
Investments in intangible assets		(2,472)	(6,847)
Investments in property, plant and equipment		(79,214)	(51,609)
Acquisitions, net of cash and cash equivalents acquired		(3,790)	-
Proceeds from the sale of intangible assets		2	95
Proceeds from the sale of property, plant and equipment		4,647	3,229
Proceeds from the sale of equity investments and non-current securities		-	-
Proceeds from assets sold net of cash		-	-
Change in non-current financial assets		(53)	670
Change in current financial assets		8,210	(5,745)
Other changes in investing activities		-	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		**(72,670)**	**(60,207)**
Change in non-current financial liabilities	17	62,022	(13,505)
Change in current financial liabilities	17	(290,610)	(37,476)
Dividends distributed		(24,665)	(30,906)
Other changes in equity	13	(31,149)	2,359
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		**(284,402)**	**(79,528)**
NET EXCHANGE RATE PROFIT (LOSSES) ON CASH AND CASH EQUIVALENTS (D)		**7,063**	**(11,864)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(131,026)**	**82,617**
Opening cash and cash equivalents	12	**413,565**	**330,948**
Closing cash and cash equivalents	12	**282,539**	**413,565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition from the Italian Law requirements with the Dutch Civil Code requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

Cementir Holding NV (the “Parent”) and its subsidiaries make up the Cementir Holding Group (the “Group”), mainly active in the cement and ready-mixed concrete sector in Italy and around the world.

At 31 December 2021 shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to Art. 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone – 104,867,753 shares (65.905%). The shareholding is held as follows:
    - Direct ownership of 1,327,560 shares (0.834%)
    - Indirect ownership through the companies:
        - Calt 2004 Srl – 47,860,813 shares (30.078%)
        - Caltagirone SpA – 22,820,015 shares (14.341%)
        - FGC SpA – 17,585,562 shares (11.052%)
        - Gamma Srl – 5,575,220 shares (3.504%)
        - Pantheon 2000 SpA – 4,466,928 shares (2.807%)
        - Capitolium Srl – 2,604,794 shares (1.637%)
        - Ical 2 Spa - 1,000,000 shares (0.628%)
        - SO.CO.GE.IM Spa - 500,000 shares (0.314%)
        - Compagnia Gestioni Immobiliare Srl - 500,000 shares (0.314%)
        - Porto Torre Spa - 350,000 shares (0.220%)
        - INTERMEDIA Srl - 270,000 shares (0.170%)
        - Vianini Lavori SpA – 6,861 shares (0.004%)
2) Francesco Caltagirone – 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 9 March 2022, the Board of Directors approved these consolidated financial statements at 31 December 2021. The consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2022.

Cementir Holding N.V. is included line-by-line in the consolidated financial statements of the direct parent company Caltagirone SpA, available on the website of Caltagirone Group. At the date of preparation of these consolidated financial statements, the ultimate Parent is FGC SpA due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2021 include the financial statements of the Parent and its subsidiaries. The financial statements of the individual companies at the same date prepared by their directors were used for the consolidation, in accordance with uniform accounting policies.

Going Concern

The financial statement of the Group has been prepared on the basis of the going concern assumption.

Covid-19

During 2020, the Covid-19 lockdowns in countries where the Group operates led to difficulties in sourcing alternative raw materials and fuels and the need to reorganise the timing of related investments, with a slight negative effect on the reduction of the average emissions per tonne. However, in the 2020 financial statements, based on the assessments made by management, no write-downs of current and non-current assets or provisions for risks were reported as a consequence of the Covid-19 pandemic.

During 2021, global economic activity gradually regained momentum as the effects of the Covid-19 pandemic eased due to the effectiveness of the vaccination campaign, particularly in OECD countries, and other measures to contain the virus, which allowed the economy to gradually reopen and people to become more mobile. The expansive monetary policies adopted by central banks and substantial fiscal stimulus measures introduced by governments have supported consumption and investment. In this respect, the recovery of demand and the full operation of the factories allowed the Group to make a significant recovery. Indeed, the 2021 results show a general increase in sales volumes and corresponding revenues. For details, see the Group performance section in the Report on Operations.

In the 2021 financial statements, there were no significant costs, write-downs of current and non-current assets or provisions for risks as a consequence of the Covid-19 pandemic.

Looking to the future, the main risks to the Group's financial performance are related to the possibility of the spread of new vaccine-resistant variants of the virus, as well as the resurgence of inflation driven by the increase in raw material costs as the ultimate effect of the monetary/fiscal policies adopted to boost the economies affected by the pandemic. However, information available to date indicates a general improvement in the pandemic situation. This, together with the Group's proven ability to manage the most acute phase of the pandemic in 2020, makes it possible to consider the short- and long-term effects that the pandemic situation may have on the Group's performance and its ability to operate in the near future as limited.

Government support measures

During 2021, the Group did not benefit from any significant government support measures.

Climate Change

The cement industry's ability to reduce its CO2 emissions and respond to climate change has become a focal point for investors. The Group monitors the risks and opportunities arising from the evolution of transition scenarios and the evolution of physical variables.

Physical variables are divided between two categories of risk:

- Acute: related to the occurrence of extreme weather conditions such as cyclones, hurricanes or floods. Acute physical phenomena, in the various cases, are characterised by considerable intensity and a frequency of occurrence that is not high in the short term, but which, considering long-term scenarios, sees a clear upward trend;

- Chronic: refers to gradual and long-term changes in climate patterns (e.g., sustained high temperatures) that can cause sea-level rises or chronic heat waves.

With regard to the energy transition process, towards a progressive reduction of carbon emissions, there are risks and opportunities linked to changes in the regulatory, technological, market and reputational context.

The Group has decided to clearly represent the types of risk by indicating how each one is managed. The effects were assessed over three time horizons: the short term (1-3 years), linked to the implementation of the Business Plan; the medium term until 2030, in which it will be possible to see the effects of the energy transition; the long term until 2050, by which the Group is committed to achieving net-zero emissions throughout its value chain.

For more details on the risks identified and their impact on the Group, please see the "climate change" section in the Report on Operations. In addition, please see the "Use of estimates" section for more details on the impact of climate change on business estimates and valuations.

It should also be noted that the analysis carried out did not reveal any uncertainty factors that could lead to significant adjustments to the company's estimates in the short/medium term.

Statement of compliance with the IFRS

These consolidated financial statements at 31 December 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

Certain parts of this annual report contain alternative indicators that are not financial performance or liquidity indicators under IFRS. These are commonly referred to as alternative (non-IFRS) performance indicators and include items such as earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before income tax (EBIT). The Company calculates EBITDA before provisions.

Basis of presentation

The consolidated financial statements at 31 December 2021 are presented in euros, the Parent's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. The consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. The Group has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
- the statement of cash flows is presented using the indirect method.

The general criterion adopted is the historical cost method, except for items recognised and measured at fair value based on specific IFRS, as described below in the section on accounting policies.

The IFRS have been applied consistently with the guidance provided in the "Framework for the preparation and presentation of financial statements". The Group was not required to make any departures as per IAS 1.19.

In the financial statements, in addition to those specifically requested by IAS 1 and the other standards, when material, so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

The Parent Cementir Holding N.V. has also prepared its separate financial statements at 31 December 2021 in accordance with EU-IFRS and with Section 2:362(9) of Dutch Civil Code, as defined above.

Standards and amendments to standards adopted by the Group

a) As of 1 January 2021, the Group has adopted the following new accounting standards:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2, the EU endorsement of which took place on 13 January 2021 with Regulation 25. The aim of the document is to modify the existing standards impacted by the reform to include some practical expedients and facilities to limit the accounting impacts resulting from the reform of IBORs.
- Amendments to IFRS 4 Contracts - deferral of IFRS 9, the EU endorsement of which took place on 16 December 2020 with Regulation 2097. The objective of the document is to clarify some application aspects of IFRS 9 pending the final application of IFRS 17.

The adoption of the new standards applicable from 1 January 2021 did not have any significant effects.

b) Standards and interpretations of standards applicable for the financial years starting after 2021 and not adopted in advance by the Group:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Asset; and Annual Improvements 2018-2020 with the aim of making some specific improvements to these standards. This document, which was adopted by the European Union in Regulation No. 1080 of 28 June 2021, is applicable for financial years beginning on or after 1 January 2022.
- On 18 May 2017, the IASB published the new IFRS 17 Insurance Contracts standard, which replaces the current IFRS 4. The new standard on insurance contracts aims to increase transparency on the sources and quality of profits made and to ensure high comparability of results, introducing a single revenue recognition principle that reflects the services provided. In addition, on 25 June 2020, the IASB published the document "*Amendments to IFRS 17*" which includes some amendments to IFRS 17 and the deferral of the entry into force of the new accounting standard to 1 January 2023.
- On 31 March 2021, the IASB published the document 'Amendments to IFRS 16 Leases: Covid 19-Related Rent Concessions beyond 30 June 2021*",* which amended IFRS 16 Leases to extend the practical expedient introduced by "Leases Covid 19-Related Rent Concessions" issued on 28 May 2020 relating to the accounting by lessees for rent concessions obtained as a result of the COVID-19 pandemic for a further twelve months until 30 June 2022. This practical expedient is optional, does not apply to lessors, and allows lessees not to account for rent concessions (suspension of rent, deferral of lease payments due, reductions in rent for a period of time, possibly followed by increases in rent in future periods) as lease modifications if they are a direct result of the COVID-19 pandemic and meet certain conditions. The amendments to IFRS 16 relating to the 2021 amendment are effective for annual periods beginning on or after 1 April 2021, but early application is permitted for annual periods before that date for which publication has not yet been authorised.
- On 12 February 2021, the IASB published "*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*", with the aim of improving the information provided about the accounting policies and measurement criteria adopted in order to provide users of the financial statements with more useful information. The amendments

are applicable to annual reporting periods beginning on or after 1 January 2023. Early application is permitted. The endorsement process is still in progress.

- On 12 February 2021, the IASB published Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors: Definition of Accounting Estimates*",* with the aim of distinguishing changes in accounting policies from changes in accounting estimates. The amendments are applicable to annual reporting periods beginning on or after 1 January 2023. Early application is permitted. The endorsement process is still in progress.

The potential impact of the amendments to be applied in the future on the Group's financial reports is currently being studied and assessed.

c) Accounting standards, amendments and interpretations not yet approved by the European Union:

At the date of approval of these consolidated financial statements, the IASB has issued certain standards, interpretations and amendments that the European Union has yet to endorse, some of which are still at the discussion stage. They include:

- On 23 January 2020, the IASB published some amendments to IAS 1. The document "*Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" requires that a liability be classified as current or non-current based on the rights existing at the reporting date. In addition, it states that the classification is not affected by the entity's expectation that it will exercise its right to defer settlement of the liability. Finally, it clarifies that such settlement consists of the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments were initially expected to become effective on 1 January 2022, however, the IASB, in a second document published on 15 July 2020 entitled "Classification of Liabilities as Current or Non-current - Deferral of Effective Date", deferred their effective date to 1 January 2023. Early application is permitted. At the reference date of these financial statements, the endorsement process was still in progress.
- On 7 May 2021, the IASB published the document "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The amendments require drafters of financial statements to recognise deferred taxes on transactions that give rise to an equivalent amount of taxable and deductible temporary differences on initial recognition. The amendments are effective for financial years beginning on or after 1 January 2023. Early application is permitted. The endorsement process is still in progress.
- On 10 December 2021, the IASB published the amendment to the transitional provision of IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment provides insurers with an option with the aim of improving the relevance of the information to be provided to investors during the initial application of the new standard.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the Group's financial reports is currently being studied and assessed.
The standards or amendments introduced are not expected to have a material impact on the Group's consolidated financial statements.

Basis of consolidation

Consolidation scope

A list of the companies included in the scope of consolidation at 31 December 2021 is provided in annex 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill (component of the purchase price in excess of the sum of the market values of the assets acquired and liabilities assumed in a business combination) that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Transactions under common control and with owners

For transactions under common control, the Group applies the book value method of accounting.
Under the book value method of accounting, such transactions are recognised on the basis of the economic substance of the operation, i.e. a significant influence on the future cash flows of the net assets transferred for the entities concerned. Where the transaction is with owners, the difference between the transfer value and the carrying amounts of the transferred business is a transaction to be recognised, depending on the circumstances, as a contribution or distribution of equity of the entities involved in the transaction.

Subsidiaries

The scope of consolidation includes the Parent, Cementir Holding NV, and the companies over which it has direct or indirect control. Subsidiaries subject to direct or indirect control include companies for which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence of potential voting rights is considered when determining whether control exists.

Subsidiaries are consolidated from the date on which control is obtained until when control ceases to exist. The financial statements used for consolidation purposes have a reporting date of 31 December, i.e., the same as that of the consolidated financial statements. They are usually prepared specifically for the purpose and approved by the directors of the individual companies and adjusted, when necessary, to comply with the Parent's accounting policies.

Consolidation criteria

Subsidiaries are consolidated line-by-line. The criteria adopted for line-by-line consolidation are as follows:

- assets, liabilities, expense and income are consolidated line-by-line, attributing to non-controlling interests (when they exist) their share of equity and profit (loss) for the year, which is presented separately under equity and in the consolidated statement of comprehensive income;
- business combinations where the Parent acquires control of an entity are recognised using the acquisition method. The purchase cost is given by the fair value of the transferred assets, the liabilities assumed and equity instruments issued as at the acquisition date. The acquired assets, liabilities and contingent liabilities are recognised at fair value as at the date of acquisition. The difference between the purchase cost and the fair value of the acquired assets and liabilities is recognised as goodwill, if positive, or directly as income in the income statement, if negative;
- intragroup transactions and balances, including any unrealised profits with third parties arising on transactions with group companies, are eliminated, net of the related tax effect, if material. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the transferred asset;
- gains or losses on the sale of investments in consolidated companies are recognised in equity attributable to the owners of the Parent as owner transactions for the difference between the sales price and the related share of equity sold. If the sale leads to the loss of control and, therefore, the exclusion of the investee from the scope of consolidation, the difference between the sales price and the related share of equity is recognised as a gain or loss in the income statement.

Interests in joint arrangements

A joint arrangement is an agreement whereby two or more parties contractually have joint control of an "arrangement", i.e. when decisions about the relevant activities require the unanimous consent of the parties sharing control.

As regards the method of measurement and recognition in the financial statements, IFRS 11 sets out different approaches for:

- Joint Operations (JO): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

- Joint Ventures (JV): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The formulation of IFRS 11 as regards the distinction between JO and JV therefore depends upon the rights and obligations of the co-venturer in the joint arrangement, i.e. the substance of the arrangement and not its legal form.

As regards the presentation in the consolidated financial statements of JVs, IFRS 11 only requires then to be measured using the equity method, as described below.

As regards JOs, since the parties to the arrangement share the rights to the assets and assume the obligations for liabilities connected to the agreement, IFRS 11 requires each joint operator to recognise the pro-rata value of its share of the assets, liabilities, revenues and expense of the JO.

Associates

Associates are entities over which the Group has significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Investments in associates are measured using the equity method and are initially recognised at cost.

The equity method may be described as follows:

- the carrying amount of the investments equals the Group's share of the investees' equity and includes the recognition of any greater value attributable to the assets and liabilities and any goodwill identified at the acquisition date;
- the Group's share of profits or losses is recognised from the date that significant influence, or joint control, commences and until such significant influence or joint control ceases to exist. If an equity-accounted investee has a deficit due to losses, the carrying amount of the investment is cancelled and any remainder attributed to the Group, where the Group has a constructive or legal obligation to cover such losses, is recognised in a specific provision. Changes in the equity of the equity-accounted investee not related to its profit or loss for the year are offset directly against reserves;
- unrealised significant gains and losses on transactions between the Parent/subsidiaries and equity-accounted investees are eliminated to the extent of the Group's investment therein; unrealised losses are eliminated, unless they represent an impairment loss.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource, controlled by an entity, from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the Group determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group. Useful life is reviewed annually and any changes, if necessary, are applied prospectively.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in the year of its derecognition.

Intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life. Amortisation is determined in the period in which the intangible asset becomes available for use when it actually becomes available for use.

The estimated useful life of the main items of intangible assets with a finite useful life is reported below:

	Useful life intangible assets finite useful life (years)
- Development expenditure	5
- Concessions, licences and trademarks	4-18-30
- Other intangible assets, of which:	5-22
- Customer list	15-20
- Contracts for the exclusive exploitation of quarries	30

Intangible assets with an indefinite useful life are those assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group. They are initially recognised at cost, determined using the same methods indicated above for intangible assets with a finite useful life. They are not amortised but are tested for impairment annually or more frequently, if specific events suggest that they may be impaired, using the methods set out below for goodwill. Any impairment losses are reversed when the reasons therefore no longer exist.

Goodwill [intangible assets with an indefinite useful life]

In the case of an acquisition of a subsidiary, the acquired identifiable assets, liabilities assumed and contingent liabilities are recognised at their fair value as at the date of acquisition. Any positive difference between the purchase cost and the Group's share of fair value of these assets and liabilities is recognised as goodwill under intangible assets; goodwill is allocated to the CGU related to the acquisition. Any negative difference (negative goodwill) is recognised in the income statement at the acquisition date. Goodwill is not amortised after initial recognition but is tested for impairment annually or more frequently whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversed.

Emission rights

In relation to atmospheric emission rights (or CO_2), it should be noted that the accounting treatment of atmospheric emission rights (CO_2) is not expressly governed by IFRS. In relation to emission rights, the initial accounting among intangible assets takes place at cost. At the end of each reporting period, if production requires a greater number of CO_2 allowances than those available in the register, the Group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the Group has an obligation in this sense.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively. Quarries are depreciated considering the quantities extracted in the period compared to the quantity extractable over the quarry's useful life (extracted/extractable criterion). When the Group has a specific commitment to do so, it recognises a provision for site restoration costs.

The estimated useful life of the main items of property, plant and equipment is reported below:

	Useful life of property, plant and equipment
Quarries	Extracted/extractable
Production plants	10-20 years
Other plants (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

The above time brackets, which show the minimum and maximum number of years, reflect the existence of components with different useful lives in the same asset category.

Land, whether free of construction or part of civil or industrial buildings, is not depreciated as it has an indefinite useful life.

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.

Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in the income statement in the year of derecognition.

Leases

Identifying a lease

The company checks whether a contract contains a lease at the inception date (the earlier of the date of the lease agreement and the date of commitment by the parties to the terms of the contract) and subsequently each time the terms and conditions of the contract are changed. A contract is, or represents, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains or represents a lease, the company:

- assesses whether it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- verifies whether the contract refers to the use of a specified asset, explicitly or implicitly, physically distinct or representing substantially all the capacity of a physically distinct asset. If the supplier has the substantive substitution right, the asset is not identified;
- verifies whether it has the right to direct the use of the asset. The company maintains that it has this right when it has the rights to make the most significant decisions to change the method and purpose of using the asset.

For contracts containing more than one lease and non-lease component and therefore falling under other accounting standards, the individual components to which the respective accounting standards apply must be separated out.

The lease term begins when the lessor makes the asset available to the lessee (commencement date) and is determined by reference to the non-cancellable period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations, also including rent-free periods. The term can be extended by:

- the periods covered by an option to renew the contract ("renewal option"), when the company is reasonably certain that it will exercise that option;
- the periods after the date of termination ("termination option"), when the company is reasonably certain that it will not exercise that option.

Termination options held only by the lessor are not considered.

The reasonable certainty of whether or not to exercise an option to extend or terminate the contract is verified by the company on the commencement date, considering all the facts and circumstances that give rise to an economic incentive to exercise or not to exercise the option, and is subsequently reviewed whenever significant events occur or changes in circumstances that could affect the decision, which are under the control of the company.

It should be noted that the group has not used the practical expedient introduced by the amendment to IFRS 16 relating to the accounting by lessees for rent concessions obtained as a result of the Covid-19 pandemic.

<u>Lease accounting</u>

At the effective date of the lease, the company recognises the right of use (RoU) asset and the lease liability.

The right of use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee for the dismantlement and removal of the underlying asset or restoring the underlying asset or the site where it is located, net of any lease incentives received.

The lease liability is measured at the present value of the lease payments that are not paid at that date. For discounting purposes, the company uses the implicit interest rate of the lease when possible - and if it can be inferred from the contract - or alternatively the incremental borrowing rate (IBR). The lease payments included in the measurement of the liability include fixed payments, variable payments that depend on an index or rate, amounts expected to be paid as a residual value guarantee, the exercise price of a purchase option (which the company has reasonable certainty that it will exercise), payments due during an optional renewal period (if the company is reasonably certain that it will exercise the renewal option) and penalties for early termination (unless the company is reasonably certain that it will not terminate the lease early).

Subsequently, the right of use asset is amortised on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease term or the cost of the lease reflects the fact that the lessee will exercise the purchase option. In the latter case, the amortisation periodo must be the shorter of the useful life of the asset and the term of the contract. The estimated useful lives of right of use assets are calculated according to the same approach applied to the associated asset. In addition, the value of the right of use asset is reduced by any impairment losses and adjusted to reflect the re-measurement of the lease liability.

Subsequent to initial measurement at the commencement date, lease liabilities are measured at amortised cost using the effective interest criterion and is remeasured in the event of a change in future lease payments deriving from a change in the index or rate, in the event of a change in the amount that the company expects to pay as a residual value guarantee or when the company changes its measurement as a result of the exercise or non-exercise of a purchase, extension or termination option. When the lease liability is remeasured, the lessee makes a corresponding change to the right of use asset. If the carrying amount of the right of use asset is reduced to zero, the change is recognised in profit/(loss) for the period.

In the statement of financial position, the company recognises right of use assets under assets, within the same line item as that within which the corresponding assets would be presented if they were owned; lease liabilities are recognised under financial liabilities. In the income statement, interest expense on lease liabilities is a component of financial expenses and shown separately from the amortisation of right of use assets.

Subleases

As regards subleases, the company, as intermediate lessor, classifies its share of the head lease separately from the sublease. To this end it classifies the sublease by reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the company has accounted for applying the exemption allowed for by the standard and discussed below, the sublease is classified as an operating lease. In the presence of subleases, the head lease is never considered to be of low value.

Investment property

Investment property is initially measured at cost and subsequently at fair value; changes in value are recognised in the income statement under other income or other operating costs, respectively. The investment property held to earn rentals or for capital appreciation is not depreciated.

Fair value is calculated on the basis of the following methods, depending on the type of investment:

- market value approach based on an analysis of a sample of recent sales of similar properties located in the nearby area. The resulting amount is then adjusted to account for the particular features of the building or land (level 2);
- projection of discounted cash flows based on reliable estimates of future cash flows supported by payments under lease and/or other existing contracts (level 3).

Impairment losses

At each reporting date, the Group assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. If any such indication exists, the Group determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired and written down to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with an indefinite life is estimated at each reporting date or whenever changes in circumstances or specific events make it necessary.

The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use, which is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit to which the asset belongs, in the case of assets that do not independently generate largely separate cash flows.

When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset.

Impairment losses are recognised in the income statement when the carrying amount of the asset or related cash-generating unit (CGU) to which it is allocated is higher than its recoverable amount. Impairment losses on CGUs are firstly used to decrease the carrying amount of any goodwill allocated thereto and subsequently the other assets, in proportion to their carrying amounts. When the reason for an impairment loss on property, plant and equipment and intangible assets other than goodwill no longer exists, the carrying amount of the asset is increased through profit or loss to the carrying amount the asset would have had, had the impairment loss not been recognised and depreciation/amortisation charged.

If the impairment loss is higher than the carrying amount of the tested asset allocated to the CGU to which it belongs, the remaining amount is allocated to the assets included in the CGU in proportion to their carrying amounts. This allocation has as a minimum limit the higher amount of:

- the fair value of the asset, net of costs to sell;
- the value in use, as defined above;
- zero.

Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through their sale and not with their continued use are classified as held for sale and presented separately from other assets and liabilities in the statement of financial position. For that to occur, the asset (or disposal group) must be available for immediate sale in its present condition, subject to terms that are used and customary for the sale of such assets (or disposal groups) and its must be highly probable within one year. If these criteria are met after the reporting date, the non-current asset (or disposal group) is not classified as held for sale. However, if those conditions are met after the reporting date but before authorisation to publish the financial statements, suitable information is provided in the Notes.

Non-current assets (or disposal groups) classified as held for sale, are recognised at the lower of their carrying amount between book value and relative fair value, less costs to sell; the comparative prior year-end captions are not reclassified. A discontinued operation is a component of a company that has either been disposed of or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a coordinated disposal plan for a major activity branch or geographical area of operations or is a subsidiary acquired solely to be resold.

The profit or loss discontinued operations - whether disposed of or classified as held for sale and in the process of being disposed of - are shown separately in the income statement, net of tax effects. The corresponding amounts for the previous year, where present, are reclassified and shown separately in the income statement, net of tax effects, for comparative purposes.

Inventories

Raw materials, semi-finished products and finished goods are recognised at cost and measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes any ancillary costs. In order to determine net realisable value, the carrying amount of any obsolete or slow-moving inventories is written down to reflect their future utilisation/net realisation by recognising an allowance for inventory write-down.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and measurement

Financial assets are classified in three main categories: at amortised cost, at the fair value recognised in the other components of the comprehensive income statement (FVOCI) and at the fair value recognised in the profit/(loss) for the year (FVTPL). The categories established by IAS 39, that is, held till expiry, loans and credits and held for sale, were eliminated.

Financial assets relating to commodity swaps are always recognised at fair value.

If the instrument is held for trading purposes, the changes in fair value must be recognised in the income statement. Whereas, for all the other investments, the company can decide, at the initial recognition date, to subsequently recognise all changes to fair value in the other components of the comprehensive income statement (OCI), exercising the FVTOCI option. In that case, amounts accumulated in the OCI will never be attributed to profit/(loss) for the year even if the investment is removed from accounts. Application of the "FVTOCI" option is irrevocable and reclassifications between the three categories are not permitted.

Related to classification of financial assets represented by RECEIVABLES AND CERTIFICATES OF INDEBTEDNESS, two elements need to be considered:

1. the business model adopted by the company. Specifically:

- *Held to Collect* (HTC), model aimed at owning the financial assets to collect contractual flows;
- Held To Collect and Sale (HTC&S), model aimed at both collecting contractual flows resulting from the financial assets and to sell the financial asset itself;
- other different business models to the two previous ones.

2. the characteristics of the contractual cash flow coming from the financial instrument. More specifically, checking whether those contractual cash flows are solely represented by payment of capital and interest or include other components. This control is called SPPI Test (Solely Payment of Principal and Interest Test).

A financial asset represented by a certificate of indebtedness can be classified in the following categories:

1) Amortised cost when:

a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and
b. the business model adopted by the company foresees that the latter only holds the financial asset to collect the contractual cash flows (HTC business model).

In this category, financial instruments are initially recognised at fair value, including operating costs, and are then valued at amortised cost. Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses (and recovery of losses) for reduced value, profits/(losses) on exchange and profits/(losses) resulting from elimination from accounts are recognised in profit/(loss) of the year.

2) Fair Value Through Other Comprehensive Income (FVTOCI) when:

a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and
b. the business model adopted by the company foresees that the latter holds the financial asset to collect the contractual cash flows and the cash flows generated by sales (HTC&S business model).

In that category the financial instruments classified are initially recognised at fair value, including operating costs.

Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses/(profits) for reduced value, profits/(losses) on exchange are recognised in profits/(losses) for the year. Other changes to the fair value of the instrument are recognised among the other comprehensive income statement components (OCI). When the instrument is deleted from accounts, all profits/(losses) accumulated to OCI will be reclassified in the profit/(loss) for the year.

3) Fair Value Through Profit Or Loss secondarily, that is when:
a. the criteria described above are not complied with or;
b. when the fair value option is exercised.

Financial instruments classified in that category are initially and subsequently recognised at fair value. Operation costs and the changes in fair value are recognised in the profit/(loss) for the year.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired

or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Losses for reduction in value

The 'expected credit loss' model (or 'ECL' model) assumes a significant valuation level due to the impact of economic factor changes on the ECL which are weighted based on probability.

The new loss for reduction in value model applies to financial assets valued at amortised cost or at FVOCI, except for the credit instruments and assets resulting from contracts with customers.

Funds hedging credits are valued using the following approaches: the "General deterioration method" and the "Simplified approach"; specifically:

- The "General deterioration method" requires classification of the financial instruments included in the scope of IFRS 9 application in three stages. The three stages reflect the credit's quality deterioration level, from when the financial instrument is acquired, and imply a different ECL calculation method;
- The "Simplified approach" foresees adoption of some simplifications for trade credits, contract assets and credits resulting from leasing contracts, in order to avoid that companies be obliged to monitor changes to the credit risk, as foreseen by the general model. Recognition of the loss applying the simplified approach must be lifetime, therefore the allocation stage is not required. Therefore, for that type receivables are divided into uniform clusters; the reference parameters (PD, LGD, and EAD) used to calculate the lifetime expected credit losses are then calculated for each cluster using the information available.

In cases where the General Deterioration Method is applied, as was said, financial instruments are classified in three stages based on deterioration of the credit quality between the date of initial recognition and that of valuation:

- Stage 1: includes all financial assets being considered when they are first recognised (Initial recognition date) regardless of the qualitative parameters (e.g.: rating) and except for situations with objective evidence of impairment. In the subsequent valuation stage, all financial instruments that have had a significant increase in credit risk compared to initial recognition or that have a low credit risk at the reference date remain in stage 1 For those assets, credit losses for the next 12 months (12-month ECL) are recognised, considering the possibility that default could occur in the next 12 months. The interest on financial instruments included in stage 1 is calculated on the book value gross of any asset impairment losses;
- Stage 2: includes financial instruments that have had a significant increase in credit risk compared to the initial recognition Date, but no objective evidence of impairment. Solely expected credit losses resulting from all possible default events are recognised for those assets; for the entire expected lifetime of the financial instrument (Lifetime ECL). The interest on financial instruments included in stage 2 is calculated on the book value gross of any asset impairment losses;
- Stage 3: includes financial assets with objective evidence of impairment at the Date of valuation. Solely expected credit losses resulting from all possible default events, for the entire expected lifetime of the financial instrument, are recognised for those assets.

For trade receivables and contract assets that do not include a significant financial component, the Group applies a simplified approach to calculating expected losses, as required by paragraph 5.5.15 of IFRS 9. Therefore, the Group does not monitor changes in credit risk, but fully recognises the expected loss at each reporting date. The Group has established a matrix system based on historical information, revised to take into account forward-looking factors with reference to specific types of debtors and their economic environment, as a tool for determining expected losses.

The Group considers a financial asset to be in default when contractual payments have been due for a period of time that is deemed to be consistent on the basis of the practices applicable in the various countries in which the Group operates. In some cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to recover the contractual amounts in full before considering the credit guarantees held by the Group, in which case the loan is considered non-performing, and stage 3 of the general model is applied. A financial asset is derecognised when there is no reasonable expectation of recovering the contractual cash flows.

The Group also takes available macroeconomic information (e.g. expected GDP) into account when assessing the recoverable amount of trade receivables.

Financial liabilities

Classification and measurement

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, net of directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the liability is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.

Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer their payment for at least 12 months after the reporting date.

Derecognition

Financial liabilities are derecognised when they are extinguished, and the Group has transferred all the risks and obligations related to them.

Derivatives

The Group uses derivatives to hedge the risk of fluctuations in exchange rates, interest rates and market prices.

All derivatives are measured and recognised at fair value.

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of IFRS were not met at the derivative agreement date, changes in their fair value are recognised in the income statement.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity’s risk management objective and strategy for undertaking the hedge as well as methods to test effectiveness. The hedge’s effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

When the hedge relates to changes in the fair value of a recognised asset or liability (fair value hedge), changes in the fair value of both the hedging instrument and the hedged item are recognised in the income statement.

In the case of cash flow hedges (hedging designated to offset the risk of changes in cash flows generated by the future performance of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to the income statement under operating income (expense). If the hedge is not perfectly effective, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately recognised in the income statement. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to the income statement. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to the income statement using the above classification method when the originally hedged transaction takes place.

The fair value of financial instruments was calculated used pricing techniques in order to define the present value of future cash flows attributable to such instruments, using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the Group and the counterparty) was measured using yield-curve spreads.

Treasury shares

The cost of acquiring its own equity instruments ('treasury shares') is deducted from capital. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits

Liabilities for employee benefits paid at or after termination of employment related to defined-benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue. Defined benefit plans also include the post-employment benefits (TFR) due to employees[1] pursuant to Art. 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following pension law reform, postemployment benefits accruing since 1 January 2007 are compulsorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the Group's liability for defined benefits owing to employees solely relates to those vested up to 31 December 2006.

Accounting policies adopted by the Group[1] since 1 January 2007 (described below) comply with the prevailing interpretation of the new legislation and follow the accounting guidance provided by relevant professional bodies. Specifically:

- post-employment benefits accruing since 1 January 2007 are considered to be *defined contribution plans*, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial evaluation and are recognised as personnel expense.
- post-employment benefits vested up to 31 December 2006 continue to be recognised as a company liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2016 balance did not include future salary increases.

Independent actuaries calculate the present value of the Group's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the Group's obligation and employee turnover rate.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's obligations at the reporting date, due to changes in the actuarial assumptions previously used (see above), are recognised directly in other comprehensive income.

Provisions for risks and charges

These provisions cover certain or probable risks and charges identified, whose due date or amount is unknown at the reporting date.

Accruals to provisions for risks and charges are recognised when the company has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in

[1] Relating to Italian companies.

the provision due to the passage of time are recognised as a financial expense. The Group sets up a specific provision when it has an obligation to dismantle and restore sites (e.g., quarries), thus increasing the carrying amount of the related asset pursuant to IAS 16 and IFRIC 1.

The provision for dismantling and removing, recorded in the financial statements, essentially includes the estimated costs that will be incurred, upon completion of the extraction of materials used for production, for the mining closure of quarries, removal of structures and restoration of sites. The Group periodically assesses changes, circumstances or events that may require it to recognise such liabilities.

Liabilities related to the dismantling of tangible assets and the restoration of sites at the end of production activities are recognised, in the presence of a legal or constructive obligation and of the possibility of making a reliable estimate of the charge, as an offsetting entry to the assets to which they refer. In view of the long period of time between when the obligation arises and when it is settled, estimates of charges to be incurred are recognised on the basis of their present value. The adjustment of the provision related to the passage of time is recognised in the income statement under financial income and expenses. Provisions are periodically assessed to take into account updated costs to be incurred, contractual constraints, legislation and practices in the country where the tangible assets are located. Changes in estimates of these provisions are generally recognised as a balancing entry to the assets to which they relate; in this regard, if the change in estimate results in a reduction in an amount greater than the carrying amount of the asset to which it relates, the excess is recognised in the income statement.

Revenue from contracts with customers

The Group is in the business mainly of producing and distributing cement, ready-mixed concrete, aggregates and related services. Revenue from contracts with customers is recognised at the point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. For standard sale of products, control generally passes to the customer at the time the product is delivered and accepted, depending on the delivery conditions and incoterms. The Group has generally concluded that it is the principal in its transactions with clients.

The transaction price may be variable due to discounts, rebates or similar arrangements. Revenue is only recognised for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of services

The Group is providing mainly transport services which are recognised at the time the service is provided.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate, i.e., the interest rate that matches the cash inflows and outflows of a specific transaction. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established. This usually takes place at the date of the shareholders' resolution to distribute the dividends. Therefore, distribution is recognised as a liability in the period in which the shareholders approve it.

Income taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, except for goodwill, applying the tax rates expected to be enacted in the years in which the temporary differences will be recovered or settled. Deferred tax assets are recognised when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in the income statement except for those related to items directly recognised in other comprehensive income. Other current and deferred income taxes are offset when the income taxes are applied by the same tax authority, there is a legal right to offset and payment of the net balance is expected.

Other non-income taxes, such as property taxes, are recognised under other operating costs.

Earnings per share

(i) Basic: basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares.

(ii) Diluted: diluted earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares. The weighted average is adjusted assuming that all potential shares with diluting effects have been converted. Diluted earnings per share are not calculated if the Group makes a loss, as any dilutive effect would lead to an improvement in the earnings per share.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency of individual group companies are recognised at the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the functional currency are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in the income statement.

Non-monetary assets and liabilities denominated in a currency other than the functional currency are recognised at historical cost and converted using the exchange rate in force at the date the transaction was first recognised.

Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate in force at the date fair value was determined.

Translation of financial statements of foreign operations

The financial statements of subsidiaries, associates and joint ventures are prepared using the currency of the primary economic environment in which they operate (the functional currency).

The financial statements of group companies operating outside the eurozone are translated into euros using the closing rate for the statement of financial position items and the average annual rate for the income statement items if no major fluctuations are detected in the reference period, in which case the exchange rate on the date of the transaction applies. Translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the different methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

When a foreign operation is sold, the translation differences accumulated in the specific equity reserve are reclassified to profit or loss.

The main exchange rates used in translating the financial statements of companies with functional currencies other than the euro are as follows:

	31 December 2021	Average 2021	31 December 2020	Average 2020
Turkish lira – TRY	15.23	10.51	9.11	8.05
US dollar – USD	1.13	1.18	1.23	1.14
British pound – GBP	0.84	0.86	0.90	0.89
Egyptian pound – EGP	17.73	18.48	19.20	17.94
Danish krone – DKK	7.44	7.44	7.44	7.45
Icelandic krona – ISK	147.60	150.15	156.10	154.59
Norwegian krone – NOK	9.99	10.16	10.47	10.72
Swedish krona – SEK	10.25	10.15	10.03	10.48
Malaysian ringgit – MYR	4.72	4.90	4.93	4.80
Chinese renminbi yuan – CNY	7.19	7.63	8.02	7.87

Use of estimates

The preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements items that require greater subjective judgement by management when making estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the Group's consolidated financial statements are the following:

- *Intangible assets with an indefinite life:* goodwill is tested for impairment annually to identify any impairment losses to be recognised in the income statement. Specifically, testing entails the calculation of the recoverable amount of the CGUs to which goodwill is allocated by estimating the related value in use or fair valueless costs to sell; if the recoverable amount is lower than the CGUs' carrying amount, the goodwill allocated to it is impaired. Allocation of goodwill to the CGUs and determination of their fair value involves the use of estimates that rely on factors that may change over time, including the technological, economic and regulatory ones deriving from climate change, with potentially significant effects compared to the valuations made by management.
- *Amortisation and depreciation of non-current assets*: amortisation and depreciation are significant costs for the Group. The cost of property, plant and equipment is depreciated systematically over the assets' estimated useful life. The estimated useful life of the Group's assets is determined by management when the asset is purchased, on the basis of past experience of similar assets, market conditions and expectations about future events that could impact the assets' useful life, such as technological change. As such, effective useful life may differ from estimated useful life. The Group regularly assesses technological and sector changes, as well as those related to the effects deriving from climate change, dismantlement costs and the recoverable amount to update useful life. This regular update could lead to a change in the depreciation period and, therefore, the amount of depreciation in future years. Management regularly reviews the estimates and assumptions and the effects of each change are recognised in the income statement. When the review affects current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.
- *Dismantling and removing provisions:* the Group incurs significant liabilities related to the obligations to decommission tangible assets and restore the land environment at the end of production activity. Estimating future decommissioning and restoration costs is a complex process and requires the management's judgement in assessing the liabilities that will be incurred many years from now to meet decommissioning and restoration obligations, which are often not fully defined by laws, administrative regulations or contractual clauses. Moreover, these obligations are affected by the constant updating of decommissioning and restoration techniques and costs, as well as by the continuous evolution of political and public awareness of health and environmental protection. The determination of the discount rate to be used both in the initial measurement of the charge and in subsequent measurements, as well as the forecast of the timing of the disbursements and their possible updating, are the result of a complex process that involves the exercise of professional judgement by management.
- *Purchase price allocation:* as part of business combinations, the identifiable assets purchased and the liabilities assumed are recognised in the consolidated financial statements at fair value on the acquisition date, through a Purchase price allocation process, against the consideration transferred to acquire the control of a company, which corresponds to the fair value of the assets acquired and the liabilities assumed, as well as of capital instruments issued. During the measurement period, the calculation of the aforementioned their

values requires Directors to make estimates on the information available on all facts and circumstances that exist on the acquisition date and may affect the value of the acquired assets and assumed liabilities.

- *Estimate of the fair value of investment property:* at each reporting data investment property is measured at fair value and is not subject to depreciation. When determining their fair value, the Directors based their valuation on assumptions about the trend of the reference real estate market in particular. Such assumptions may vary over time, influencing evaluations and forecasts to be performed by the Directors.

Changes in accounting policies, errors and changes in estimates

The Company modifies the accounting policies adopted from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the company's financial position, performance and cash flows.

Changes in accounting policies are recognised retrospectively in the opening balance of each affected component of equity for the earliest prior period presented. Other comparative amounts shown for each previous period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

The application of a new or amended accounting standard is accounted for as required by the standard. If the standard does not govern the transition method, the change is accounted for retrospectively or, if impracticable, on a prospective basis.

This same approach is applied to material errors. Non-material errors are recognised in the income statement in the period in which the error is identified.

Changes in estimates are recognised prospectively in the income statement in the period in which the change takes place, if it only affects that period, or in the period in which the change takes place and subsequent periods, if the change also affects these periods.

Financial risk management

The Group is exposed to financial risks related to its operations, namely:

Credit risk

The Group is not particularly exposed to credit risk, despite operating in different geographical markets, as it is not overly exposed to a limited number of positions. Moreover, its operating procedures require checks on credit risk, with the sale of products and/or services limited to customers with suitable credit ratings and guarantees.

Receivables are recognised net of the loss allowance, calculated considering the rules set out by IFRS 9, as mentioned above. Therefore, the maximum exposure to credit risk is equivalent to the carrying amount.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

Specifically, the Group monitors and manages its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

It meets its liquidity requirements for investing activities, working capital and the payment of amounts payable drawing on cash flows generated constantly by its operating activities and on credit facilities.

The Group aims to maintain its ability to generate cash flows through operating activities, given the current market conditions. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through its access to credit facilities.

Market risk

Market risk mainly concerns exchange rates, interest rates and raw materials costs, as the Group operates internationally in areas with different currencies. It uses financial instruments to hedge these risks.

The Group monitors the financial risks to which it is exposed regularly so as to assess in advance any potential impacts and take the most suitable action to mitigate them; it does this through the use of derivatives.

Currency risk

Group companies operate internationally; as such they are structurally exposed to currency risk for cash flows from operating activities and financing operations in currencies other than the functional currency.

The Group's operating activities are exposed differently to changes in exchange rates: in particular the cement sector is exposed to currency risk on both revenues, for exports, and costs to purchase solid fuels in USD; whereas the ready-mixed concrete sector is less exposed as both revenue and costs are in local currency. The Group assesses the natural hedging of cash flows and financing for these risks and purchases currency forwards and currency put and call options for hedging purposes. Transactions involving derivatives are performed for hedging purposes.

The Group's presentation currency is the euro. As a result, it is exposed to currency risk in relation to the translation of the financial statements of consolidated companies based in countries outside the Economic Monetary Area (except for Denmark whose currency is historically tied to the euro). The income statements of these companies are translated into euros using the average annual rate in the event that changes in value are not significant, and changes in exchange rates may affect the value in euros, even when the revenue and profits in local currency remain unchanged. Pursuant to the IFRS, translation differences on assets and liabilities are recognised directly in equity in the translation reserve (note 13).

Interest rate risk

As the Group has net financial debt, it is exposed to the risk of fluctuations in interest rates. The Group purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

The Group's operating and financial policies aim to minimise the impact of these risks on its performance.

Raw materials price risk

The Group is exposed to the risk of fluctuations in raw materials prices. It manages this risk through supply agreements with Italian and foreign suppliers which set prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of supply chain concentration and to obtain the most competitive prices.

Also refer to note 32 for quantitative information on risks.

Group's value

Market capitalisation of Cementir shares at 31 December 2021 was EUR 1,333.4 million (EUR 1,058.1 million at 31 December 2020), against Group shareholders' equity of EUR 1,088.1 million (EUR 1,056.7 million at 31 December 2020), as the investors are assigning to the company a value higher than that resulting from the book value of its net assets as according to the Group balance sheet as of the end of 2021.

Segment reporting

In accordance with IFRS 8, the Group has identified its operating segments on the basis of the Parent's internal reporting system for management purposes.

The Group's operations are organised on a regional basis, divided into Regions that represent the following geographical areas: Nordic & Baltic, Belgium, North America, Turkey, Egypt, Asia Pacific and Italy.

The Nordic & Baltic includes Denmark, Norway, Sweden, Iceland, Poland, Russia and the white cement operations in Belgium and France. Belgium includes the activities of the Compagnie des Ciments Belges S.A. group in Belgium and France. North America includes the United States. The Asia Pacific area includes China, Malaysia and Australia. Holding and Services includes the Parent Company, Spartan Hive and Aalborg Portland Digital and other smaller companies.

The Group's geographical segments consist of the non-current assets of each company based and operating in the above areas. Transfer prices applied to transactions between segments for the exchange of goods and services comply with normal market conditions.

The following table shows the performance of each operating segment at 31 December 2021:

(EUR'000)	**Nordic & Baltic**	**Belgium**	**North America**	**Turkey**	**Egypt**	**Asia Pacific**	**Holding and Services**	Unallocated items and adjustments	**CEMENTIR HOLDING GROUP**
Operating revenue	**702,218**	**280,210**	**157,503**	**200,355**	**49,298**	**112,185**	**147,302**	(235,351)	**1,413,720**
Intra-segment operating revenue	(87,542)	(13)	(881)	(19,064)	(3,729)	-	(124,122)	235,351	-
Contributed operating revenue	614,676	280,197	156,622	181,291	45,569	112,185	23,180		1,413,720
Segment result (EBITDA)	**147,254**	**68,602**	**23,829**	**38,303**	**10,842**	**26,830**	**(4,708)**	-	**310,952**
Amortisation, depreciation, impairment losses and provisions	(47,056)	(26,626)	(14,176)	(8,553)	(3,239)	(8,022)	(5,497)	-	(113,169)
EBIT	**100,198**	**41,976**	**9,653**	**29,750**	**7,603**	**18,808**	**(10,205)**	-	**197,783**
Net profit (loss) of equity-accounted investees	623	195	-	-	-	-	-	-	818
Net financial income (expense)	-	-	-	-	-	-	-	(26,615)	(26,615)
Profit (loss) before taxes	-	-	-	-	-	-	-	-	**171,986**
Income taxes	-	-	-	-	-	-	-	(48,991)	(48,991)
Profit (loss) for the year	-	-	-	-	-	-	-	-	**122,995**

The following table shows the performance of each operating segment at 31 December 2020:

(EUR'000)	**Nordic & Baltic**	**Belgium**	**North America**	**Turkey**	**Egypt**	**Asia Pacific**	**Holding and Services**	Unallocated items and adjustments	**CEMENTIR HOLDING GROUP**
Operating revenue	**639,080**	**250,610**	**146,791**	**148,048**	**44,058**	**97,510**	**98,534**	**(191,832)**	**1,232,799**
Intra-segment operating revenue	(88,214)	-	(1,019)	(19,081)	(2,958)	**-**	(80,560)	191,832	-
Contributed operating revenue	550,866	250,610	145,772	128,967	41,100	97,510	17,974	-	1,232,799
Segment result (EBITDA)	**151,921**	**61,206**	**21,299**	**6,830**	**9,802**	**23,913**	**(11,231)**	-	**263,740**
Amortisation, depreciation, impairment losses and provisions	(45,547)	(23,166)	(12,924)	(10,273)	(3,060)	(7,505)	(4,092)	-	(106,567)
EBIT	**106,374**	**38,040**	**8,375**	**(3,443)**	**6,742**	**16,408**	**(15,323)**	-	**157,173**
Net profit (loss) of equity-accounted investees	571	-	-	-	-	-	-	-	571
Net financial income (expense)	-	-	-	-	-	-	-	(15,186)	(15,186)
Profit (loss) before taxes	-	-	-	-	-	-	-	-	**142,558**
Income taxes	-	-	-	-	-	-	-	(33,195)	(33,195)
Profit (loss) for the year	-	-	-	-	-	-	-	-	**109,363**

The following table shows other data for each geographical segment at 31 December 2021:

	Segment assets	**Non current segment assets**	**Segment liabilities**	**Equity-accounted investments**	**Investments in property, plant and equipment and intangible asset**
Nordic & Baltic	738,937	547,332	369,697	4,819	51,921
Belgium	493,157	387,227	158,500	169	17,428
North America	321,875	213,428	56,778	-	5,636
Turkey	175,669	118,070	61,950	-	13,116
Egypt	121,959	36,772	22,892	-	1,825
Asia Pacific	151,157	74,323	30,599	-	6,872
Holding and Services	108,304	72,037	183,085	-	2,353
Total	**2,111,058**	**1,449,189**	**883,501**	**4,988**	**99,151**

The following table shows other data for each segment at 31 December 2020:

	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic	726,305	540,025	364,143	4,308	39,884
Belgium	475,475	397,386	161,981	-	23,050
North America	285,988	204,330	48,183	-	4,684
Turkey	219,253	157,053	55,986	-	9,739
Egypt	104,258	35,317	19,349	-	1,323
Asia Pacific	152,880	69,354	23,798	-	4,568
Holding and Services	268,220	78,183	375,977	-	2,658
Total	**2,232,379**	**1,481,648**	**1,049,417**	**4,308**	**85,906**

The following table shows revenue from third-party customers by geographical segment in 2021:

(EUR'000)	Nordic & Baltic	Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Rest of the world	CEMENTIR HOLDING GROUP
Revenue by customer geographical location	625,845	191,015	160,665	167,505	24,184	123,520	451	66,791	**1,359,976**

Also refer to note 21) for information on segment revenue by product.

For details of the products and services from which each reportable segment derives its revenues, please see the Director's Report.

1) Intangible assets with a finite useful life

At 31 December 2021, intangible assets with a finite useful life amounted to EUR 194,474 thousand (EUR 195,931 thousand at 31 December 2020). Concession rights and licences mainly consisted of concessions to use quarries and software licences for the IT system (SAP R/3). The increase in the period is mainly attributable to the recognition of the fair value of licences relating to the aggregates business of approximately EUR 5.6 million recognised as part of the allocation of the price paid for the acquisition of control of Ege Kirmatas, as described in Note 35.

Other intangible assets include the values assigned to certain assets upon acquisition of the CCB Group and LWCC, such as customer lists and contracts for the exclusive exploitation of quarries. These amounts were recognised as part of the purchase price allocation for the acquisition of these companies.

Amortisation is applied over the assets' estimated useful life.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2021	**1,786**	**51,003**	**231,135**	**3,412**	**287,336**
Additions	-	565	128	2,688	3,381
Disposals	-	(2)	-	-	(2)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	5,634	5	-	5,639
Exchange differences	-	1,230	7,212	5	8,447
Reclassifications	-	265	4,301	(3,078)	1,488
Gross amount at 31 December 2021	**1,786**	**58,695**	**242,781**	**3,027**	**306,289**
Amortisation at 1 January 2021	**1,786**	**20,908**	**68,711**	**-**	**91,405**
Amortisation	-	3,145	13,450	-	16,595
Decrease	-	-	-	-	-
Change in consolidation scope	-	-	4	-	4
Exchange differences	-	769	1,299	-	2,068
Reclassifications	-	-	1,743	-	1,743
Amortisation at 31 December 2021	**1,786**	**24,822**	**85,207**	**-**	**111,815**
Net amount at 31 December 2021	**-**	**33,873**	**157,574**	**3,027**	**194,474**

The Group spent approximately EUR 2.0 million on research and development during the year (EUR 2.1 million at 31 December 2020), all of which was recognised in the income statement.

(EUR'000)	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2020	**1,786**	**55,337**	**237,401**	**456**	**294,980**
Additions	-	1,105	1,475	4,013	6,593
Disposals	-	(3,781)	(1,390)	-	(5,171)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	(2,257)	(8,249)	2	(10,504)
Reclassifications	-	599	1,898	(1,059)	1,438
Gross amount at 31 December 2020	**1,786**	**51,003**	**231,135**	**3,412**	**287,336**
Amortisation at 1 January 2020	**1,786**	**21,487**	**57,319**	**-**	**80,592**
Amortisation	-	3,413	13,978	-	17,391
Decrease	-	(3,781)	(1,390)	-	(5,171)
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	(211)	(1,596)	-	(1,807)
Reclassifications	-	-	400	-	400
Amortisation at 31 December 2020	**1,786**	**20,908**	**68,711**	**-**	**91,405**
Net amount at 31 December 2020	**-**	**30,095**	**162,424**	**3,412**	**195,931**

2) Intangible assets with an indefinite useful life (goodwill)

The Group regularly tests intangible assets with an indefinite useful life, consisting of goodwill allocated to CGUs, for impairment.

At 31 December 2021, the item amounted to EUR 317,111 thousand (EUR 329,776 thousand at 31 December 2020).

The increase for the period in Turkey is attributable to the recognition of goodwill related to the acquisition of control of the company Ege Kirmatas, as described in Note 35. The following table shows CGUs by macro geographical segment.

31.12.2021	Nordic & Baltic	North America	Turkey	Egypt	Asia Pacific	Total
Opening balance	**255,551**	**25,072**	**44,157**	**1,982**	**3,014**	**329,776**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Change in consolidation scope	-	-	65	-	-	65
Exchange differences	1,206	2,092	(16,348)	165	155	(12,730)
Reclassifications	-	-	-	-	-	-
Closing balance	**256,757**	**27,164**	**27,874**	**2,147**	**3,169**	**317,111**

31.12.2020	Nordic & Baltic	North America	Turkey	Egypt	Asia Pacific	Total
Opening balance	**257,024**	**27,387**	**59,284**	**2,124**	**3,228**	**349,047**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-
Exchange differences	(1,473)	(2,315)	(15,127)	(142)	(214)	(19,271)
Reclassifications	-	-	-	-	-	-
Closing balance	**255,551**	**25,072**	**44,157**	**1,982**	**3,014**	**329,776**

In line with previous years, the Group tested the cash generating units (hereinafter CGUs), to which goodwill had been allocated, for impairment.

CGUs are defined as the smallest identifiable group of assets that generates cash inflows which are largely independent of cash inflows generated by other assets or groups of assets. The Group's CGUs consist of companies and/or the specific facilities they operate and to which goodwill paid at acquisition was allocated.

At 31 December 2021, the Group represented the CGUs on the basis of its operating segments, consistent with corporate organisation. The CGU groupings for the "Nordic & Baltic" and "Turkey" include CGUs to which goodwill was allocated for the local acquisitions of companies and/or plants.

In particular, the "Nordic & Baltic" CGU includes the Aalborg Portland Group, Unicon Denmark and Unicon Norway, the "North America" CGU includes the United States, the "Turkey" CGU includes the Cimentas Group, Lalapasa, Sureko, Elazig Cimento, Neales and Egypt refers to the Sinai White Cement Company, the "Asia Pacific" CGU includes Aalborg Portland Malaysia, China and Australia.

Impairment *testing* of the CGUs covered cash flows tied to the relative groups, to check for impairment.

Impairment testing involved comparing each CGU's carrying amount with its value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows forecast by the three/five-year plans prepared by the directors of each CGU. Cash flow projections were estimated using budget forecasts for 2022 approved by the Board of Directors of the respective subsidiaries and of the following two/four-year period carried out by the company management; these projections were prepared on the basis of the Group Business Plan for the three-year period 2022-2024, examined and approved by the Board of Directors of Cementir Holding NV on 8 February 2022. The terminal values were determined using a perpetual growth rate.

The discount rate applied to the estimated future cash flows was determined for each CGU using a weighted average cost of capital (WACC).

Key assumptions to determine value in use of CGUs were as follows:

31.12.2021 Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2022 to terminal period	Average EBITDA ratio 2022 to terminal period
Nordic & Baltic	1%	4.2%	8%	22%
North America	1%	6%	4%	15%
Turkey	4%	17.2%	25%	12%
Egypt	3%	12%	9%	20%
Asia Pacific	3%	8%	8%	17%

31.12.2020 Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2021 to terminal period	Average EBITDA ratio 2021 to terminal period
Nordic & Baltic	1%	3,8-4,5%	2-5,6%	7-15%
North America	1%	5%	2%	16%
Turkey	4%	17.7%	0,5-21%	9-11%
Egypt	3%	15%	7.6%	17.7%
Asia Pacific	3%	7%	4-6%	17-27%

The above tests did not identify any impairment at 31 December 2021.
A sensitivity analysis was performed assuming a hypothetical variation in the discount rate (WACC) and showed that the impairment test results were not sensitive to changes in input assumptions. Specifically, a variation in WACC, at the same conditions, would not result in the recognition of any impairment loss for all the CGUs listed above. Furthermore, a growth rate of terminal values equal to zero, at the same conditions, would not result in the recognition of any impairment loss for all the aforesaid CGUs.

Impairment testing took into consideration performance expectations for 2022. The Group made specific forecasts about its business performance for subsequent years considering the financial and market situation.

The input assumptions stated in the table above were applied to estimates and forecasts determined by on the basis of past experience and expected developments in the markets in which the Group operates. The Group constantly monitors circumstances and events that could lead to impairment losses based on developments in the current economic climate.

3) Property, plant and equipment

At 31 December 2021, property, plant and equipment reached EUR 814,230 thousand (EUR 817,771 thousand at 31 December 2020) and included EUR 74.4 million (EUR 83.9 million at 31 December 2020) in *Right of Use* assets.

The item Change in consolidation scope is attributable to Ege Kirmatas, as described in Note 35.

Additional disclosures for each category of property, plant and equipment are set out below:

(EUR'000)	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
Gross amount at 1 January 2021	**397,233**	**189,816**	**1,103,876**	**144,815**	**-**	**39,074**	**1,874,814**
Additions	4,978	2,509	30,820	18,215	-	39,248	95,770
Disposals	(989)	(251)	(4,850)	(10,118)	-	(114)	(16,322)
Impairment losses	-	-	-	-	-	-	-
Change in consolidation scope	-	-	11	119	-	49	179
Exchange differences	(4,927)	1,601	(24,775)	(3,506)	-	137	(31,470)
Reclassifications and similar changes	1,566	279	24,914	1,103	-	(27,971)	(109)
Gross amount at 31 December 2021	**397,861**	**193,954**	**1,129,996**	**150,628**	**-**	**50,423**	**1,922,862**
Depreciation at 1 January 2021	**222,794**	**19,031**	**742,112**	**73,106**	**-**	**-**	**1,057,043**
Depreciation	13,436	3,496	51,590	24,454	-	-	92,976
Decrease	(584)	(34)	(4,228)	(9,224)	-	-	(14,070)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(2,006)	672	(23,699)	(2,338)	-	-	(27,371)
Reclassifications and similar changes	3	-	(166)	217	-	-	54
Depreciation at 31 December 2021	**233,643**	**23,165**	**765,609**	**86,215**	**-**	-	**1,108,632**
Net amount at 31 December 2021	**164,218**	**170,789**	**364,387**	**64,413**	**-**	**50,423**	**814,230**

Note 31 IFRS 16 – "Leases" gives a breakdown of Right of use assets categorised according to their nature.

(EUR'000)	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
Gross amount at 1 January 2020	**490,051**	**194,727**	**1,499,290**	**65,330**	**102,138**	**41,612**	**2,393,148**
Right of use reclassifications	17,933	-	16,914	67,291	(102,138)	-	-
Gross amount at 1 January 2020	**507,984**	**194,727**	**1,516,204**	**132,621**		**41,612**	**2,393,148**
Additions	4,033	2,314	19,890	25,021	-	28,055	79,313
Disposals	(1,904)	-	(9,247)	(8,263)	-	(359)	(19,773)
Impairment losses	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(21,612)	(635)	(58,640)	(4,490)	-	(584)	(85,961)
Reclassifications and similar changes	(91,268)	(6,590)	(364,331)	(74)	-	(29,650)	(491,913)
Gross amount at 31 December 2020	**397,233**	**189,816**	**1,103,876**	**144,815**		**39,074**	**1,874,814**
Depreciation at 1 January 2020	**307,689**	**24,688**	**1,133,182**	**47,750**	**19,454**	**-**	**1,532,763**
Right of use reclassifications	3,281	-	3,041	13,132	(19,454)	-	-
Depreciation at 1 January 2020	**310,970**	**24,688**	**1,136,223**	**60,882**			**1,532,763**
Depreciation	13,842	1,768	47,561	23,661	**-**	-	86,832
Decrease	(1,234)	-	(7,294)	(5,651)	**-**	-	(14,179)
Change in consolidation scope	-	-	-	-	-	-	**-**
Exchange differences	(9,677)	(613)	(42,879)	(3,015)	**-**	-	(56,184)
Reclassifications and similar changes	(91,107)	(6,812)	(391,499)	(2,771)	**-**	-	(492,189)
Depreciation at 31 December 2020	**222,794**	**19,031**	**742,112**	**73,106**			**1,057,043**
Net amount at 31 December 2020	**174,439**	**170,785**	**361,764**	**71,709**	**-**	**39,074**	**817,771**

See the section on accounting policies for the useful life criteria adopted by the Group.

At 31 December 2021, a total of EUR 108.9 million of property, plant and equipment (EUR 107.9 million at 31 December 2020) was pledged as collateral for bank loans totalling a residual EUR 110.7 million at the reporting date (EUR 98.2 million at 31 December 2020).

Contractual commitments in place at 31 December 2021 to purchase property, plant and equipment amounted to EUR 0 million (EUR 0 million at 31 December 2020). No financial expenses were capitalised in 2021, nor in 2020.

4) Investment property

Investment property of EUR 63,594 thousand (EUR 79,242 thousand at 31 December 2020) is recognised at fair value, calculated annually based on independent expert opinions.

(EUR'000)	31.12.2021			31.12.2020		
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Opening balance	**51,251**	**27,991**	**79,242**	**61,896**	**28,706**	**90,602**
Increase	-	-	**-**	-	-	**-**
Decrease	(1,276)	-	**(1,276)**	(782)	-	**(782)**
Fair value gains (losses)	16,993	(5,906)	**11,087**	6,336	133	**6,469**
Exchange differences	(24,153)	(1,306)	**(25,459)**	(16,199)	(848)	**(17,047)**
Reclassifications	-	-	**-**	-	-	**-**
Closing balance	**42,815**	**20,779**	**63,594**	**51,251**	**27,991**	**79,242**

At 31 December 2021, the investment property mainly included land and buildings of the Cimentas Group for EUR 41.8 million (EUR 50.3 million at 31 December 2020).

At 31 December 2021, the change in fair value includes the revaluation of real estate in Turkey for approximately EUR 18.3 million, of which EUR 17.3 milion related to Land and EUR 1 million related to Building, and the write-down of Building in Italy for EUR 7.2 million due to market prices in 2021.

At 31 December 2021, approximately EUR 6.9 million of investment property was pledged as collateral for bank loans related to the acquisition of the property, totalling a residual, discounted amount of approximately EUR 3.2 million at the reporting date.

The fair value of investment property was determined by independent property assessors who meet professionalism requirements, bearing in mind mainly the prices of other similar assets recently involved in transactions or currently offered on the same market. Refer to note 33) for information on fair value.

5) Equity-accounted investments

The item includes the Group's share of equity in equity-accounted associates and joint ventures. The carrying amount of these investments and the Group's share of the investees' profit or loss are shown below:

31.12.2021

Companies	Business	Registered office	% owned	**Carrying amount**	**Share of profit or loss**
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	3,146	270
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,673	353
Recybel	Other	Liège-Flémalle (Belgium)	25.5%	169	195
Total				**4,988**	**818**

31.12.2020

Companies	Business	Registered office	% owned	Carrying amount	Share of profit or loss
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,956	315
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,352	256
Recybel	Other	Liège-Flémalle (Belgium)	25.50%	-	-
Total				**4,308**	**571**

No indicators of impairment were identified for these investments.

6) Other investments

(EUR'000)	31.12.2021	31.12.2020
Available-for-sale equity investments Opening balance	**271**	**285**
Increase (decrease)	-	-
Fair value gains (losses)	-	-
Change in consolidation scope	-	-
Reclassifications to assets held for sale	-	-
Exchange differences	(14)	(14)
Reclassifications - Recybel	-	-
Available-for-sale equity investments Closing balance	**257**	**271**

No indicators of impairment were identified.

7) Inventories

The breakdown of inventories is shown below:

(EUR'000)	31.12.2021	31.12.2020
Raw materials, consumables and supplies	97,355	82,649
Work in progress	41,995	33,170
Finished goods	40,294	33,837
Advances	654	610
Inventories	**180,298**	**150,266**

Changes were recorded over the period in the different inventory categories as a result of manufacturing processes and sales, the costs of factors of production and the foreign exchange rates used to translate financial statements stated in foreign currencies.

The change in raw materials, consumables and supplies, negative for EUR 19,266 thousand (negative for EUR 2,899 thousand at 31 December 2020) was expensed in the income statement as “Raw materials costs” (Note 23). The positive change in work in progress and finished goods was recorded in the income statement for a total of EUR 14,733 thousand (31 December 2020: negative for EUR 14,436 thousand).

It should be noted that the carrying amount is substantially in line with the net realizable value of the inventories.

There were no inventory write-downs generated by any slowdown in demand due to COVID-19.

8) Trade receivables

Trade receivables, net of related loss allowance, totalled EUR 170,170 (EUR 155,065 thousand at 31 December 2020) and break down as follows:

(EUR'000)		31.12.2021	31.12.2020
Trade receivables		173,129	158,100
Loss allowance		(5,415)	(7,784)
Net trade receivables		**167,714**	**150,316**
Advances to suppliers		2,364	3,902
Trade receivables - related parties	(note 34)	92	847
Trade receivables		**170,170**	**155,065**

The carrying amount of trade receivables equals their fair value. They arise on commercial transactions for the sale of goods and services and do not present any significant concentration risks.

In Turkey, received collaterals amount to EUR 21.4 million at 31 December 2021 (EUR 22.1 million at 31 December 2020).

The increase in trade receivables compared to 31 December 2021 is attributable to the positive trend in revenues.

No difficulties were encountered in the collection of receivables due to COVID-19.

The breakdown by due date is shown below:

(EUR'000)	31.12.2021	31.12.2020
Not yet due	155,497	135,790
Overdue:	17,632	22,310
0-30 days	*10,382*	*14,615*
30-60 days	*3,227*	*3,069*
60-90 days	*632*	*714*
More than 90 days	*3,391*	*3,912*
Total trade receivables	173,129	158,100
Loss allowance	(5,415)	(7,784)
Net trade receivables	**167,714**	**150,316**

9) Current and non-current financial assets

Non-current financial assets of EUR 282 thousand (EUR 576 thousand at 31 December 2020) mainly refer to financial items which will be expensed upon termination of the financing contract signed by Cementir Holding NV in May 2021 with a pool of banks and which will expire in 2024.

Current financial assets totalled EUR 4,446 thousand (EUR 2,614 thousand 31 December 2020) and break down as follows:

(EUR'000)		**31.12.2021**	**31.12.2020**
Fair value of derivatives		3,938	2,134
Accrued income/ Prepayments		87	77
Loan assets - related parties	(note 34)	420	402
Other loan assets		1	1
Current financial assets		**4,446**	**2,614**

10) Current tax assets

Current tax assets, totalling EUR 8,559 thousand (EUR 6,126 thousand at 31 December 2020), mainly refer to IRES and IRAP payments on account to tax authorities, approximately EUR 1.7 million, withholdings (EUR 3.1 million).

11) Other current and non-current assets

Other non-current assets totalled EUR 3,745 thousand (EUR 5,003 thousand at 31 December 2020) and mainly consisted of VAT assets and deposits.

Other current assets totalled EUR 15,856 thousand (EUR 23,095 thousand at 31 December 2020) and consisted of non-commercial items. The item breaks down as follows:

(EUR'000)	**31.12.2021**	**31.12.2020**
VAT assets	4,004	10,369
Personnel	222	86
Accrued income	217	132
Prepayments	3,262	3,297
Other receivables	8,151	9,211
Other current assets	**15,856**	**23,095**

12) Cash and cash equivalents

Totalling EUR 282,539 thousand (EUR 413,565 thousand at 31 December 2020), the item consists of liquidity held by the Group, which is usually invested in remunerated short-term deposits . The item breaks down as follows:

(EUR'000)		**31.12.2021**	**31.12.2020**
Bank and postal deposits		282,117	413,231
Bank deposits - related parties	(note 34)	-	-
Cash-in-hand and cash equivalents		422	334
Cash and cash equivalents		**282,539**	**413,565**

Cash and cash equivalents decreased compared to 31 December 2020, due to the net impact of the early repayment of the term loan and the subscription of a senior term facility for EUR 150 million, for the purchase of treasury shares, payment of dividends all offset by cash generation in the period (note 17).

13) Equity

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent amounted to EUR 1,088,128 thousand at 31 December 2021 (EUR 1,056,709 thousand at 31 December 2020). Profit for 2021 attributable to the owners of the parent totalled EUR 113,316 thousand (EUR 102,008 thousand in 2020).

Share capital

The Parent's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid up and has not changed with respect to the previous year end. There are no pledges or restrictions on the shares.

Other reserves

Treasury shares

On 12 October, the share buyback programme (the "Programme"), set up in implementation of the shareholders' resolution of 2 July 2020, came to an end, as indicated in the announcement to the market of 13 October 2021, to which reference should be made for details.

Under the Programme, between 15 October 2020 and 12 October 2021 (inclusive), 3,600,000 own shares, equal to 2.2624% of the share capital, were purchased on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., at a weighted average price of EUR 8.1432 per share for a total disbursement of EUR 29,315 thousand (at 31 December 2020, the Company held 694,500 treasury shares, equal to 0.4365% of the share capital, for a value of EUR 4,543 thousand).

The financial disbursement related to the purchase of own shares is included in the "Other changes in equity" of CashFlow statement.

Translation reserve

At 31 December 2021, the translation reserve had a negative balance of EUR 687,321 thousand (negative EUR 648,715 thousand at 31 December 2020), broken down as follows:

(EUR'000)	**31.12.2021**	**31.12.2020**	**Change**
Turkey (Turkish lira – TRY)	(645,281)	(583,295)	(61,986)
USA (US dollar – USD)	4,251	(2,151)	6,402
Egypt (Egyptian pound – EGP)	(57,048)	(62,173)	5,125
Iceland (Icelandic krona – ISK)	(2,812)	(2,972)	160
China (Chinese renminbi yuan – CNY)	12,309	5,936	6,373
Norway (Norwegian krone – NOK)	(5,887)	(7,114)	1,227
Sweden (Swedish krona – SEK)	(1,174)	(829)	(345)
Other countries	8,321	3,883	4,438
Total translation reserve - attributable to Group	**(687,321)**	**(648,715)**	**(38,606)**

Dividends

During the year, the company distributed a total of EUR 21,922 thousand in dividends to shareholders for 2020, corresponding to EUR 0.14 per ordinary share.

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounted to EUR 139,429 thousand at 31 December 2021 (EUR 126,253 thousand at 31 December 2020). Profit for 2021 attributable to non-controlling interests totalled EUR 9,679 thousand (EUR 7,355 thousand in 2020).

Capital management

The Board's policy is to maintain a strong capital base aiming to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the capital structure by means of tracking the trend of Net Financial Debt/Position, Net Gearing Ratio and Equity Ratio. For this purpose, net financial debt is calculated as total financial liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted Equity comprises all components of equity other than amounts accumulated in the hedging and cost of hedging reserves.

Specifically, in the meeting of 8 February 2022, the Board of Directors of Cementir Holding NV approved the update of the Business Plan with the aim of achieving a positive cash position in 2022 and more than EUR 300 million at the end of the plan).

The following table highlights the financial indicators:

Ratio	**2021**	**2020**
Total Liabilities	327,361	538,360
- Less cash and cash equivalents and current financial assets	(286,986)	(416,179)
Net Financial Debt	**40,375**	**122,181**
Total Equity	1,227,557	1,182,962
- Hedging reserve	2,842	(123)
Adjusted Equity	1,230,399	1,182,839
Net Gearing Ratio	**3.28%**	**10.33%**
Adjusted Equity	1,230,399	1,182,839
Total Assets	2,111,058	2,232,379
Equity ratio	**58.28%**	**52.99%**

The cost of borrowing is 2.0% of average debt in 2021 (2.4% in 2020).

The Management of the Group monitors the trend of Return on Equity with a ratio given by Profit on continuing operation over Equity. This indicator is 10.02% in 2021 (9.24% in 2020), thanks to the positive performance of operations.

13.1) Subsidiaries with material non-controlling interests

(EUR'000)	Aalborg Portland Malaysia		AB Sydsten	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Revenue	**45,103**	**39,958**	**74,723**	**68,939**
Profit for the year:	**1,217**	**2,802**	**6,933**	**5,633**
- attributable to the owners of the Parent	*852*	*1,961*	3,311	2,657
- attributable to non-controlling interests	*365*	*841*	3,622	2,976
Other comprehensive income (expense)	2,401	(3,653)	(551)	639
Comprehensive income (expense) for the year	**3,618**	**(851)**	**6,382**	**6,272**
Assets:	**71,144**	**65,199**	**56,475**	**57,552**
- Non-current assets	*25,536*	*24,859*	*24,410*	*26,207*
- Current assets	*45,608*	*40,340*	*32,065*	*31,345*
Liabilities:	**13,253**	**11,071**	**30,419**	**31,176**
- Non-current liabilities	*2,361*	*2,265*	*15,447*	*15,385*
- Current liabilities	*10,892*	*8,806*	*14,972*	*15,791*
Net assets	**57,891**	**54,128**	**26,056**	**26,376**
- attributable to the owners of the Parent	*40,520*	*37,890*	*12,156*	*12,355*
- attributable to non-controlling interests	*17,371*	*16,238*	*13,900*	*14,021*
Net change in cash flow	**4,242**	**7,265**	**9,664**	**11,406**
Dividends paid to third parties	**-**	**-**	**2,665**	**2,550**

(EUR'000)	Lehigh White Cement Company		Sinai White Portland Cement	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Revenue	**138,938**	**138,047**	**50,730**	**43,364**
Profit for the year:	**9,972**	**8,621**	**5,425**	**4,759**
- attributable to the owners of the Parent	*6,307*	*5,453*	*3,858*	*3,384*
- attributable to non-controlling interests	*3,665*	*3,168*	*1,567*	*1,375*
Other comprehensive income (expense)	7,805	(7,944)	7,219	(6,256)
Comprehensive income (expense) for the year	**17,777**	**677**	**12,644**	**(1,497)**
Assets:	**268,094**	**236,079**	**122,404**	**104,446**
- Non-current assets	*172,064*	*166,417*	*36,772*	*35,317*
- Current assets	*96,030*	*69,662*	*85,632*	*69,129*
Liabilities:	**49,464**	**43,896**	**25,277**	**19,700**
- Non-current liabilities	*21,582*	*22,878*	*7,870*	*7,460*
- Current liabilities	*27,882*	*21,018*	*17,407*	*12,240*
Net assets	**218,630**	**192,183**	**97,127**	**84,746**
- attributable to the owners of the Parent	*138,283*	*121,555*	*69,068*	*60,263*
- attributable to non-controlling interests	*80,347*	*70,628*	*28,059*	*24,483*
Net change in cash flow	**21,768**	**32,385**	**14,240**	**10,522**
Dividends paid to third parties	**-**	**6,057**	**-**	**-**

14) Employee benefits

Employee benefits totalled EUR 32,450 thousand (EUR 36,822 thousand at 31 December 2020) and included provisions for employee benefits and post-employment benefits. Where conditions are met for their recognition, liabilities are also recognised for future commitments connected with medium/long-term incentive plans that will be paid to employees at the end of the plan period. The long-term incentive plan envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives in the Industrial Plans prepared and approved. It amounted to EUR 2,256 thousand at 31 December 2021 (EUR 3,760 thousand at 31 December 2020).

Liabilities for employee benefits, mainly in Turkey, Belgium and Norway, are included in the defined benefit plans and are partly funded by insurance plans. In particular, plan assets refer to the pension plans in Belgium and Norway. Liabilities are valued applying actuarial methods and assets have been calculated based on the fair value at the reporting date. Post-employment benefits are an unfunded and fully provisioned liability recognised for benefits attributable to employees upon or after termination of employment. This liability is a defined contribution plan. The assumptions are summarised in the table below:

Values in %	**31.12.2021**	**31.12.2020**
Annual discount rate	1%-2%	0,3%-2%
Expected return on plan assets	2%	2%
Annual post-employment benefits growth rate	2.81%	2.62%

The amounts disclosed in the statement of financial position were determined as follows:

(EUR'000)	**31.12.2021**	**31.12.2020**
Liabilities for employee benefits	61,467	63,901
Fair value of plan assets	(31,273)	(30,839)
Employee benefits	**30,194**	**33,062**
Long-term incentive plan obligation	**2,256**	**3,760**
Total employee benefits	**32,450**	**36,822**

The tables below show changes in the net liabilities/(assets) for employee benefits and the related parts:

(EUR'000)	**31.12.2021**	**31.12.2020**
Liabilities for employee benefits opening balance	**63,901**	**64,212**
Current service cost	2,892	2,650
Interest cost	447	568
Net actuarial gains recognised in the year	-1,967	757
Change in consolidation scope	**-**	-
Exchange differences	(1,195)	(978)
Other changes	978	-
(Benefits paid)	(3,589)	(3,308)
Liabilities for employee benefits closing balance	**61,467**	**63,901**

(EUR'000)	31.12.2021	31.12.2020
Fair value of plan assets opening balance	**30,839**	**30,368**
Financial income on plan assets	184	208
Net actuarial gains recognised in the year	688	880
Change in consolidation scope	-	-
Exchange differences	195	(245)
Other changes	-	-
(Benefits paid)	(633)	(372)
Fair value of plan assets closing balance	**31,273**	**30,839**

At 31 December 2021, the effect on the Defined Benefit plans in Belgium/France of a decrease or increase in the key assumptions, is shown below:

- Discount rate +50 bp: EUR -2.2 million;

• Discount rate -50 bp: EUR +2.6 million;

• Increase in healthcare costs + 1%: EUR 1.8 million

Regarding these plans, the life expectancy for an employee of 65 y.o. today:

• Belgium: M: 20.93 years / F: 24.58 years

• France: plans are related to payment during active life or at retirement so the information is not relevant.

Employer and employees' contribution 2021 related to pension plans in Belgium are:

• Employees' contribution: EUR 0.3 million

• Employer's contributions: EUR 1.1 million

Expected Employer contribution 2021 related to pension plans in Belgium are EUR 1.1 million.

Total weighted average duration of these Defined Benefit Obligation is 12 years.

15) Provisions

Non-current and current provisions amounted to EUR 28,088 thousand (EUR 25,871 thousand at 31 December 2020) and EUR 5,246 thousand (EUR 4,576 thousand at 31 December 2020) respectively.

(EUR'000)	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2021	**22,298**	**3,584**	**4,565**	**30,447**
Provisions	740	5,971	129	**6,840**
Utilisations	(382)	(403)	(342)	**(1,127)**
Decrease	(12)	(939)	(239)	**(1,190)**
Change in consolidation scope	-	-	-	**-**
Exchange differences	(774)	(833)	120	**(1,487)**
Reclassifications	-	-	-	**-**
Net actuarial gains recognised in the year	-	-	(149)	**(149)**
Other changes	-	-	-	-
Balance at 31 December 2021	**21,870**	**7,380**	**4,084**	**33,334**
Including:				
Non-current provisions	21,577	3,964	2,547	**28,088**
Current provisions	293	3,416	1,537	**5,246**

(EUR'000)	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2020	**23,188**	**4,243**	**15,823**	**43,254**
Provisions	488	541	393	**1,422**
Utilisations	(471)	(329)	(11,037)	**(11,837)**
Decrease	(166)	(17)	(56)	**(239)**
Change in consolidation scope	-	-	-	**-**
Exchange differences	(741)	(854)	(101)	**(1,696)**
Reclassifications	-	-	-	**-**
Net actuarial gains recognised in the year	-	-	(457)	**(457)**
Other changes	-	-	-	**-**
Balance at 31 December 2020	**22,298**	**3,584**	**4,565**	**30,447**
Including:				
Non-current provisions	22,018	1,010	2,843	**25,871**
Current provisions	280	2,574	1,722	**4,576**

The provision for quarry restructuring is allocated for the cleaning and maintenance of quarries where raw materials are extracted, to be performed before the utilisation concession expires.

In addition, within the net tax charge, an accrual for an amount of Eur 3.1 million has been made in CCB France following a tax audit that took place in 2021 referring to the disavowal of some write off made in 2017 tax year soon after the CCB Group acquisition. A case is ongoing with Tax authorities in France to review their preliminary evaluation.

Other provisions mainly consist of environmental provisions totalling approximately EUR 1.7 million (EUR 1.6 million at 31 December 2020), provision for risks for corporate restructuring costs for around EUR 1.1 million (EUR 1.5 million at 31 December 2020).

16) Trade payables

The carrying amount of trade payables approximates their fair value; the item breaks down as follows:

(EUR'000)		31.12.2021	31.12.2020
Suppliers		274,492	220,849
Related parties	(note 34)	475	289
Advances		6,948	4,799
Trade payables		**281,915**	**225,937**

17) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR'000)		31/12/2021	31/12/2020
Payables to banks	(note 33)	162,556	101,243
Lease liabilities	(note 31)	49,944	58,109
Lease liabilities - related parties (note 34)		376	1,855
Fair value of derivatives		8,621	1,262
Financial debt - related parties		-	-
Non-current financial liabilities		**221,497**	**162,469**
Bank loans and borrowing		7,581	-
Current portion of non-current financial liabilities		68,564	342,220
Current loan liabilities - related parties (note 34)		-	-
Current lease liabilities	(note 31)	24,570	24,247
Current lease liabilities - related parties	(note 34)	1,489	1,460
Other loan liabilities		16	43
Fair value of derivatives		3,644	7,921
Current financial liabilities		**105,864**	**375,891**
Total financial liabilities		**327,361**	**538,360**

The carrying amount of non-current and current financial liabilities approximates their fair value.

It should be noted that during the period, a new senior term loan with a duration of three years, with half-yearly repayments, at market conditions with a pool of banks with Banca Nazionale del Lavoro as agent bank and BNP Paribas Italian Branch as global coordinator. In addition, on 28 May 2021, Cementir Holding repaid, ahead of the due date in October 2021, a term loan of EUR 330 million granted by a pool of banks with Mediobanca as agent bank.

At 31 December 2021, the total financial exposure was EUR 327.4 million (EUR 538.4 million at 31 December 2020), the change in debt of approximately EUR 211 million is mainly related to the repayment of the loan (EUR 330 million), the new loan (EUR 150 million) and the total fair value of derivative instruments, negative for about EUR 12.3 million (negative for about EUR 9.2 million at 31 December 2020), which represents the valuation at 31 December 2021 of the derivatives put in place to hedge against changes in interest rates, commodities and exchange rates maturing between January 2021 and February 2027.

About 72.9% of these financial liabilities requires compliance with financial covenants which were complied with at 31 December 2021. In particular, the *covenant* to be complied with is the debt/EBITDA ratio, at consolidated level.

In this regard, it should be noted that the impact of the COVID-19 pandemic did not show a breach of any covenant in the above loans.

The Group's exposure, broken down by residual expiry of the financial liabilities, is as follows:

(EUR'000)	**31.12.2021**	**31.12.2020**
Within three months	22,640	19,410
Between three months and one year	83,224	356,481
Between one and two years	82,094	35,277
Between two and five years	94,324	69,610
After five years	45,079	57,582
Total financial liabilities	**327,361**	**538,360**

(EUR'000)	**31.12.2021**	**31.12.2020**
Floating rate	315,589	571,769
Fixed rate	11,772	-
Financial liabilities	**327,361**	**571,769**

As required by CONSOB Communication 6064293 of 28 July 2006, the Group's net financial debt is shown in the next table:

(EUR'000)	**31.12.2021**	**31.12.2020**
A. Cash	422	334
B. Other cash equivalents	282,117	413,231
C. Securities held for trading	-	-
D. Cash and cash equivalents	**282,539**	**413,565**
E. Current loan assets	**4,446**	**2,614**
F. Current bank loans and borrowings	(7,581)	-
G. Current portion of non-current debt	(55,974)	(329,605)
H. Other current loan liabilities	(42,308)	(46,286)
I. Current financial debt (F+G+H)	**(105,863)**	**(375,890)**
J. Net current financial debt (I-E-D)	**181,122**	**40,288**
K. Non-current bank loans and borrowings	(221,497)	(162,469)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(221,497)**	**(162,469)**
O. Net financial debt (J+N)	**(40,375)**	**(122,181)**

18) Current tax liabilities

Current tax liabilities amounted to EUR 17,064 thousand (EUR 17,892 thousand at 31 December 2020) and relate to income tax liabilities, net of payments on account.

19) Other non-current and current liabilities

Other non-current liabilities totalled EUR 2,041 thousand (EUR 2,927 thousand at 31 December 2020) and included around 1.6 million of deferred income (EUR 2.5 million at 31 December 2020) relating to future benefits from a business agreement which started to accrue from 1 January 2013, which are payable within five years.

Other current liabilities totalled EUR 59,437 thousand (EUR 59,437 thousand at 31 December 2020) and break down as follows:

(EUR'000)		31.12.2021	31.12.2020
Personnel		25,663	33,584
Social security institutions		3,770	3,667
Related parties	(note 34)	-	4
Deferred income		969	963
Accrued expenses		2,071	2,184
Other sundry liabilities		18,057	19,035
Other current liabilities		**50,530**	**59,437**

Deferred income refers to the future benefits of the above-mentioned business agreement (approximately EUR 0.8 million in line with 31 December 2020).

Other sundry liabilities mainly includes payables to the revenue office for employee withholdings, VAT and other payables.

20) Deferred tax assets and liabilities

Deferred tax liabilities totalling EUR 138,806 thousand (31 December 2020: EUR 137,595 thousand) and deferred tax assets totalling EUR 50,509 thousand (31 December 2020: EUR 48,770 thousand) break down as follows:

(EUR'000)	Deferred tax liabilities	Deferred tax assets
Balance at 1 January 2021	**137,595**	**48,770**
Accrual, net of utilisation in profit or loss	735	4,687
Increase (decrease) in equity	612	(250)
Change in consolidation scope	1,134	-
Exchange differences	(2,029)	(2,688)
Other changes	759	(10)
Balance at 31 December 2021	**138,806**	**50,509**

(EUR'000)	Deferred tax liabilities	Deferred tax assets
Balance at 1 January 2020	**146,001**	**49,695**
Accrual, net of utilisation in profit or loss	(3,294)	4,317
Increase (decrease) in equity	713	(826)
Change in consolidation scope	-	-
Exchange differences	(5,735)	(4,073)
Other changes	(90)	(343)
Balance at 31 December 2020	**137,595**	**48,770**

(EUR'000)	01.01.2021	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	Change in consolidation scope	31.12.2021
Fiscally-driven depreciation of property, plant and equipment	81,707	(963)	-	1,134	81,878
Fiscally-driven amortisation of intangible assets	18,495	(672)	(1,203)	-	16,620
Revaluation of plant	11,286	(582)	(2,623)	(10)	8,071
Other	26,107	2,952	2,409	769	32,237
Deferred tax liabilities	**137,595**	735	(1,417)	1,893	**138,806**
Tax losses carried forward	23,535	4,688	(2,489)	-	25,734
Provisions for risks and charges	1,342	140	(402)	(70)	1,010
Differences in property, plant and equipment	79	-	(348)	-	(269)
Other	23,814	(141)	301	60	24,034
Deferred tax assets	**48,770**	4,687	(2,938)	(10)	**50,509**

(EUR'000)	01.01.2020	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	Change in consolidation scope	31.12.2020
Fiscally-driven depreciation of property, plant and equipment	83,192	197	(1,682)		81,707
Fiscally-driven amortisation of intangible assets	22,216	(2,641)	(1,080)		18,495
Revaluation of plant	12,411	530	(1,655)		11,286
Other	28,182	(1,380)	(695)		26,107
Deferred tax liabilities	**146,001**	(3,294)	(5,112)		**137,595**
Tax losses carried forward	19,639	5,902	(2,006)		23,535
Provisions for risks and charges	1,453	231	(342)		1,342
Differences in property, plant and equipment	394	-	(315)		79
Other	28,209	(1,816)	(2,579)		23,814
Deferred tax assets	**49,695**	4,317	(5,242)		**48,770**

Recovery of the deferred tax assets is expected in the following years within the timeframe defined by the relevant legislation.

An amount of EUR 7 million has been accured referring to the conclusion of a Mutually Agreed Procedure (MAP) mentioned in the 2020 notes to the financial statement. The procedure was initiated in November 2014 following an audit by the Danish Tax Authorities concerning the disavowal of royalties paid by Aalborg Portland Holding to Cementir Holding in the period 2008 – 2012. The Danish and Italian Tax Authorities have reached an agreement in 2021 and consequently an accrual has been posted in the accounts to reflect the application of the decision referring to the period covered by the MAP resolution as well as to the following years up to 2021. The mentioned amount represents the net impact regarding the additional tax charges in Denmark net of the revised tax credit in Cementir Holding.

21) Revenue

(Euro '000)		2021	2020
Product sales		1,270,723	1,143,288
Product sales to related parties	(note 34)	78	75
Services		89,175	81,430
Revenue		**1,359,976**	**1,224,793**

Group revenue reached EUR 1,360.0 million, up 11% compared to EUR 1,224.8 million in 2020.

The caption Services is mainly related to transport services which are recognised at the time the service is provided.

Revenue by product broken down by related operating segments is shown below:

2021 (Euro '000)	Nordic & Baltic	Belgium	North America	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments**	CEMENTIR HOLDING GROUP
Cement	353,598	137,595	139,819	123,766	50,730	107,900	-	*(59,612)*	**853,796**
Ready-mixed concrete	323,781	81,612	-	43,239	-	-	-	-	**448,632**
Aggregates	33,891	55,753	-	1,926	-	2,572	-	-	**94,142**
Waste	-	-	-	12,243	-	-	-	-	**12,243**
Other	-	-	15,659	11,702	-	-	136,580	*(35,799)*	**128,142**
Unallocated items and adjustments	*(37,999)*	*(3)*	-	*(19,614)*	-	*(2,455)*	-	*(116,908)*	**(176,979)**
Revenue	**673,271**	**274,957**	**155,478**	**173,262**	**50,730**	**108,017**	**136,580**	**(212,319)**	**1,359,976**

2020 (Euro '000)	Nordic & Baltic	Belgium	North America	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments**	CEMENTIR HOLDING GROUP
Cement	327,712	131,383	139,045	102,212	43,364	94,605		*(59,065)*	**779,256**
Ready-mixed concrete	292,410	67,944	-	30,515	-		-	-	**390,869**
Aggregates	32,073	53,910	-	-	-	2,585	-	-	**88,568**
Waste	-	-	-	12,077	-	-	-	-	**12,077**
Other	-		13,923	11,070	-	-	89,771	*(23,684)*	**91,080**
Unallocated items and adjustments	*(33,429)*	-		*(14,039)*	-	*(2,530)*	-	*(87,059)*	**(137,057)**
Revenue	**618,766**	**253,237**	**152,968**	**141,835**	**43,364**	**94,660**	**89,771**	**(169,808)**	**1,224,793**

** "Unallocated items and adjustments" mainly refers to infra-group transactions

22) Increase for internal work and other income

Increase for internal work of EUR 9,260 thousand (EUR 6,417 thousand in 2020) refers to the capitalisation of costs of materials and personnel costs used in the realisation of property, plant and equipment and intangible fixed assets.

Other income

Other income of EUR 29,751 thousand (EUR 16,025 thousand in 2020) breaks down as follows:

(Euro '000)		2021	2020
Rent, lease and hires		1,073	1,503
Rent, lease and hires - related parties	(note 34)	106	117
Gains		2,129	712
Release of provision for risks		1,190	239
Insurance refunds		280	170
Revaluation of investment property	(note 4)	18,267	6,713
Other income		6,668	6,474
Other income from related parties	(note 34)	38	97
Other income		**29,751**	**16,025**

23) Raw materials costs

(Euro '000)	2021	2020
Raw materials and semi-finished products	295,492	251,034
Fuel	140,054	83,602
Electrical energy	100,533	83,723
Other materials	49,655	45,735
Change in raw materials, consumables and goods	(19,266)	(2,899)
Raw materials costs	**566,468**	**461,195**

The cost of raw materials amounted to EUR 566.5 million (EUR 461.2 million in 2020), up 23% both due to higher business volumes mainly in Turkey, Denmark and Belgium, and the generalised increase in fuel prices on international markets.

24) Personnel costs

(Euro '000)	2021	2020
Wages and salaries	142,909	145,624
Social security charges	27,714	26,635
Other costs	10,783	16,171
Personnel costs	**181,406**	**188,430**

Pensions cost amount to EUR 929 thousand (EUR 874 thousand in 2020) and are included in other costs.

The Group's workforce breaks down as follows:

	31.12.2021	31.12.2020	average 2021	average 2020
Executives	65	69	68	75
Middle management, white-collar workers and intermediates	1,207	1,172	1,220	1,170
Blue-collar workers	1,811	1,754	1,787	1,773
Total	**3,083**	**2,995**	**3,075**	**3,018**

More specifically, at 31 December 2021, employees in service at the Parent numbered 41 (44 at 31 December 2020); those at the Cimentas Group numbered 773 (748 at 31 December 2020), those at the Aalborg Portland Group numbered 1,131 (1,097 at 31 December 2020), those at the Unicon Group numbered 677 (644 at 31 December 2020), and those at the CCB Group numbered 461 (462 at 31 December 2020). The Group has no employees in the Netherlands.

25) Other operating costs

(Euro '000)		2021	2020
Transport		181,463	152,499
Services and maintenance		86,415	79,874
Consultancy		9,665	10,438
Insurance		4,382	4,223
Other services - related parties	(note 34)	492	492
Rent, lease and hires		10,317	10,688
Rent, lease and hires - related parties	(note 34)	105	83
Other costs		62,055	61,137
Other operating costs		**354,894**	**319,434**

26) Amortisation, depreciation, impairment losses and additions to provision

(Euro '000)	2021	2020
Amortisation	16,595	17,391
Depreciation	92,976	86,832
Provisions	3,234	990
Impairment losses	364	1,354
Amortisation, depreciation, impairment losses and provisions	**113,169**	**106,567**

Amortisation, depreciation, impairment losses and provisions include EUR 27.5 million (EUR 26.1 million in 2020) in amortisation of right of use assets in the application of the IFRS 16.

Impairment losses refer to trade receivables for EUR 0.4 million.

27) Net financial income (expense) and share of net profits of equity-accounted investees

The negative balance for 2021 of EUR 25,797 thousand (2020: negative EUR 14,615 thousand) relates to the share of net profits of equity-accounted investees and net financial income, broken down as follows:

(Euro '000)		2021	2020
Share of profits of equity-accounted investees		818	571
Share of losses of equity-accounted investees		-	-
Share of net profits of equity-accounted investees		**818**	**571**
Interest and financial income		2,031	3,539
Interest and financial income - related parties	(note 34)	48	29
Grants related to interest		-	-
Financial income on derivatives		3,812	8,735
Revaluation of equity investments		-	-
Total financial income		*5,891*	*12,303*
Interest expense		(8,641)	(12,710)
Other financial expense		(3,771)	(6,728)
Interest and financial expense - related parties	(note 34)	(41)	(99)
Losses on derivatives		(6,396)	(3,982)
Total financial expense		*(18,849)*	*(23,519)*
Exchange rate gains		9,002	10,029
Exchange rate losses		(22,659)	(13,999)
Net exchange rate losses		*(13,657)*	*(3,970)*
Net financial income (expense)		**(26,615)**	**(15,186)**
Net financial income (expense) and share of net profits of equity-accounted investees		**(25,797)**	**(14,615)**

In 2021, net financial income was negative by EUR 26.6 million compared to the previous year (negative by EUR 15.2 million in 2020) and included net financial expenses of EUR 10.4 million (EUR 16 million in 2020), foreign exchange expenses of EUR 13.7 million (EUR 4.0 million in 2020) mainly due to the performance of the Turkish Lira and the impact of the valuation of derivatives.

Interest expense included EUR 1.9 million (EUR 1.9 million in the first half of 2020) thousand in interest on lease liabilities arising from the application of the IFRS 16 accounting standard.

Financial income and expense on derivatives mainly reflect the mark-to-market accounting of derivatives purchased to hedge currency and interest rate risks. In the light of the aforementioned measurements, around EUR 3.2 million (around EUR 0.7 million at 31 December 2020) are unrealised gains and around EUR 1.2 million (around EUR 1.2 million at 31 December 2020) are unrealised losses.

Regarding exchange gains (EUR 9 million) and losses (EUR 22.7 million), approximately EUR 2.6 million were unrealised gains (EUR 4.6 million in 2020) and approximately EUR 3.5 million were unrealised losses (EUR 6 million in 2020).

28) Income taxes

(Euro '000)	2021	2020
Current taxes	53,110	40,807
Deferred taxes	(4,119)	(7,612)
Income taxes	**48,991**	**33,195**

The following table shows the difference between the theoretical and effective tax expense:

(Euro '000)	2021	2020
Theoretical tax expense	**40,530**	**36,234**
Tax according to Italian tax rate	**24%**	**24%**
Taxable permanent differences	10,909	6,610
Deductible permanent differences	(7,518)	(7,852)
Tax consolidation scheme	394	835
Other changes	5,617	(2,441)
Effective IRAP tax expense	(941)	(191)
Income taxes	**48,991**	**33,195**
Applicable tax rate for the year	**28%**	**23%**

29) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to the owners of the Parent by the monthly weighted average number of ordinary shares outstanding in the year.

(Euro)	2021	2020
Profit (EUR '000)	113,316	102,008
Weighted average number of outstanding ordinary shares ('000)	156,434	159,043
Basic earnings per ordinary share	**0.724**	**0.641**
Diluted earnings per ordinary share	**0.724**	**0.641**

(Euro)	2021	2020
Profit (EUR '000)	113,316	102,008
Weighted average number of outstanding ordinary shares ('000)	156,434	159,043
Basic earnings per ordinary share from continuing operations	**0.724**	**0.641**
Diluted earnings per ordinary share from continuing operations	**0.724**	**0.641**

Diluted earnings per share equal the basic earnings per share as the only outstanding shares are the ordinary shares of Cementir Holding NV.

30) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

(Euro '000)	2021			2020		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Net actuarial gains (losses) on post-employment benefits	2,854	(708)	**2,146**	580	(206)	**374**
Foreign currency translation differences - foreign operations	(32,370)	-	**(32,370)**	(80,298)	-	**(80,298)**
Financial instruments	3,017	(321)	**2,696**	6,643	(1,334)	**5,309**
Total other comprehensive income (expense)	**(26,499)**	**(1,029)**	**(27,528)**	**(73,075)**	**(1,540)**	**(74,615)**

31) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Group at 31 December 2021 and the related disclosures:

(Euro '000)	Land and buildings	Plant and equipment	Other	Total Right-of-use assets
Gross amount at 1° gennaio 2021	**18,670**	**22,173**	**86,113**	**126,956**
Increase	2,896	2,540	14,099	19,535
Decrease	(626)	(2,209)	(4,620)	(7,455)
Exchange differences	541	527	(947)	121
Reclassifications	3	10	78	91
Gross amount at 31 dicembre 2021	**21,484**	**23,041**	**94,723**	**139,248**
Amortisation at 1° gennaio 2021	**6,079**	**6,277**	**30,675**	**43,031**
Amortisation	3,316	3,955	20,189	27,460
Decrease	(242)	(1,680)	(4,070)	(5,992)
Exchange differences	172	300	(248)	224
Reclassifications	3	2	105	110
Amortisation at 31 dicembre 2021	**9,328**	**8,854**	**46,651**	**64,833**
Net amount at 31 dicembre 2021	**12,156**	**14,187**	**48,072**	**74,415**

(Euro '000)	Land and buildings	Plant and equipment	Other	Total Right-of-use assets
Gross amount at 1° gennaio 2020	**17,933**	**16,914**	**67,291**	**102,138**
Increase	2,135	6,042	22,055	30,232
Decrease	(436)	(143)	(3,098)	(3,677)
Exchange differences	(670)	(826)	(1,257)	(2,753)
Reclassifications	(292)	186	1,122	1,016
Gross amount at 31 dicembre 2020	**18,670**	**22,173**	**86,113**	**126,956**
Amortisation at 1° gennaio 2020	**3,281**	**3,041**	**13,132**	**19,454**
Amortisation	3,114	3,525	19,496	26,135
Decrease	(188)	(256)	(2,152)	(2,596)
Exchange differences	(102)	(228)	(461)	(791)
Reclassifications	(26)	195	660	829
Amortisation at 31 dicembre 2020	**6,079**	**6,277**	**30,675**	**43,031**
Net amount at 31 dicembre 2020	**12,591**	**15,896**	**55,438**	**83,925**

As at 31 December 2021, right-of-use assets reached EUR 74,415 thousand (EUR 83,925 thousand at 31 December 2020) and the "Other" category equal to EUR 48.1 million (EUR 55.4 million at 31 December 2020) mainly included lease contracts for vehicles and means of transport for EUR 47.6 million (EUR 54.9 at 31 December 2020).

The Group's exposure, broken down by expiry of the lease liabilities, is as follows:

(Euro '000)	31.12.2021	31.12.2020
Within three months	7,026	7,031
Between three months and one year	20,264	20,378
Between one and two years	19,359	22,710
Between two and five years	23,513	30,299
After five years	10,326	11,190
Total undiscounted lease liabilities at December 31	**80,488**	**91,608**

Current and non-current lease liabilities are shown below:

(Euro '000)	31.12.2021	31.12.2020
Non-current lease liabilities	49,944	58,109
Non-current lease liabilities - related parties (note 34)	376	1,855
Non-current lease liabilities	**50,320**	**59,964**
Current lease liabilities	24,570	24,247
Current lease liabilities - related parties (note 34)	1,489	1,460
Current lease liabilities	**26,059**	**25,707**
Total lease liabilities	**76,379**	**85,671**

Amounts recognised in the consolidated income statement

(Euro '000)		2021	2020
Depreciation	(note 26)	27,460	26,135
Interest expense on lease liabilities		1,851	1,904
Short-term lease costs		3,141	3,246
Costs of leases of low-value assets		156	153

Amounts recognised in the cash flow statement

(Euro '000)	2021	2020
Total cash outflow for leases	29,324	27,923

32) Financial risks

Credit risk

The Group's maximum exposure to credit risk at 31 December 2021 equals the carrying amount of loans and receivables recognised in the statement of financial position.

Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group's experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Given the sector's collection times and the Group's procedures for assessing customers' creditworthiness, the percentage of disputed receivables is low. If an individual credit position shows irregular payment trends, the Group blocks further supplies and takes steps to recover the outstanding amount.

Due to the market situation, the Group has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

Recoverability is assessed considering any collateral pledged that legally can be attached and advice from legal advisors who oversee collection procedures. The Group impairs all receivables for which a loss is probable at the reporting date, based on whether the entire amount or a part thereof will not be recovered.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Notes 8 and 11 provide information on trade and other receivables.

At 31 December 2021 the break down by Region of Net trade receivables, as follows:

(Eur '000)	31.12.2021	31.12.2020
Nordic & Baltic	54,078	46,604
Belgium	45,844	41,648
North America	19,825	18,531
Turkey	31,062	34,516
Egypt	2,920	2,309
Asia Pacific	6,743	5,703
Italy	7,242	1,005
Total	**167,714**	**150,316**

In Nordic and Baltic Region, receivables are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding ready-mixed concrete and aggregates business, the Group's customers primarily consist of contractors, builders and other customers posing a higher credit risk.

In North America, Asia Pacific and Egypt, activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 21.4 million at 31 December 2021 (EUR 22.1 million at 31 December 2020).

Liquidity risk

The Group has credit facilities which cover any unforeseen requirements.

Note 17 Financial Liabilities provides a breakdown of financial liabilities by due date.

Market risk

Information necessary to assess the nature and scope of financial risks at the reporting date is provided in this section.

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates, which may affect its earnings performance and equity.

With respect to the main effects of consolidating foreign companies, if the exchange rates for the Turkish lira (TRY), Norwegian krone (NOK), Swedish krona (SEK), US dollar (USD), Chinese renminbi yuan (CNY), Malaysian ringgit (MYR) and Egyptian pound (EGP) were an average 10% below the effective exchange rate, the translation of equity at 31 December 2021 would have generated a decrease of EUR 55 million equal to about 4.5% on consolidated equity (reduction of EUR 56 million equal to about 4.8% as at 31 December 2020).

The currency that had the greatest impact was the Turkish Lira (TRY), EUR 11 million. Further currency risks deriving from the consolidation of the other foreign companies are to be considered irrelevant.

The Group is mainly exposed to currency risk in relation to EBIT from sales and purchases in NOK, CNY, GBP, PLN and SEK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have lowered EBITDA by EUR 13.4 million (CNY amounts to EUR 3.4 million, USD amounts to EUR 3.5 million, SEK amounts to EUR 1.7 million, PLN amounts to EUR 1.6 million, TRY amounts to EUR 1.6 million and NOK amounts to EUR 2.7 million) (2020 EUR 10.7 million of which: CNY amounted to EUR 1.7 million, USD amounted to EUR 3.4 million, SEK amounted to EUR 1.6 million, PLN amounted to EUR 1.4 million and NOK amounted to EUR 2.6 million).

The Group entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate of 0.43% + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal instalments.

The fair value liability is included in a separate line item in the balance sheet "Derivatives financial instruments". The ineffective part is recognised as financial income.

2021	**Notional amount**	**Maturity**			**Strike**	**Fair value liability**	**Change in fair value recognised in hedge**	**Ineffective part recognised in income statement**
EURm		**< 1 year**	**1-5 years**	**> 5 years**				
Swap USD/EUR	88.4	11.1	77.3	0.0	1,00 EUR/ 1,235 USD	-7.1	2.0	0.3

2020	**Notional amount**	**Maturity**			**Strike**	**Fair value liability**	**Change in fair value recognised in hedge**	**Ineffective part recognised in income statement**
EURm		**< 1 year**	**1-5 years**	**> 5 years**				
Swap USD/EUR	99.8	11.4	88.4	0.0	1,00 EUR/ 1,235 USD	-1.3	1.5	0.4

At 31 December 2021, risks connected with main receivables and payables in foreign currency related to those in TRY, DKK, NOK, SEK, USD and GBP; Assuming an average drop of 10% in all the exchange rates, the potential effect of the fluctuation, excluding the DKK, would be negative for approximately EUR 2.7 million (31 December 2020: negative for approximately EUR 0.2 million). Similarly, a hypothetical increase in exchange rates would have an identical positive effect.

Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates. Consolidated net financial debt at 31 December 2021 totalled EUR 40.4 million (EUR 122.2 million at 31 December 2020). 96% of the interest rates are floating rates, with the remaining 4% fixed rates.

Assuming all the other variables remain stable, an annual 1% increase in interest rates, for all the currencies in which the Group has borrowings, would have had a negative effect on profit before taxes of EUR 0.8 million (31 December 2020: EUR 1.8 million) and on equity of EUR 0.5 million (31 December 2020: EUR 1.3 million) with respect to the floating rates applicable to the Group's loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

Raw materials price risk

The Group uses a range of raw materials for production purposes, which expose it to price risk, especially for fuel and energy. The Group enters into contracts with defined price conditions for certain raw materials. The market value of swap contracts open at 31 December is as follows:

2021

EUR million	Total
Market value - swap contract	2.4

2020

EUR million	Total
Market value - swap contract	2.1

33) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities.

- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.

- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 december 2021	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
(Eur '000)					
Investment property	4	-	41,794	21,800	**63,594**
Current financial assets (derivative instruments)	9	-	3,938	-	**3,938**
Total assets		**-**	**45,732**	**21,800**	**67,532**
Non current financial liabilities (derivative instruments)	17	-	(8,621)	-	**(8,621)**
Current financial liabilities (derivative instruments)	17	-	(3,644)	-	**(3,644)**
Total liabilities		**-**	**(12,265)**	**-**	**(12,265)**

31 december 2020	Note	Level 1	Level 2	Level 3	Total
(Eur ‘000)					
Investment property	4	-	50,261	28,981	**79,242**
Current financial assets (derivative instruments)	9	-	2,134	-	**2,134**
Total assets		**-**	**52,395**	**28,981**	**81,376**
Non current financial liabilities (derivative instruments)	17	-	(1,262)	-	**(1,262)**
Current financial liabilities (derivative instruments)	17	-	(7,921)	-	**(7,921)**
Total liabilities		**-**	**(9,183)**	**-**	**(9,183)**

No transfers among the levels took place during 2021 and no changes in level 3 were made.

Investment property classified in Level 3 of the fair value hierarchy refers to assets held by Italian companies. For this type of asset, the fair value was determined using the following methodologies commonly accepted in the valuation practice:

- Synthetic - comparative method, on the basis of which the fair value of the asset is determined by referring to the unit market value (€/m2) multiplied by the surface of the asset;
- Direct capitalisation method, according to which the fair value of the asset is determined by dividing the annual income by a capitalisation rate.

33.1) Financial instruments - Fair value and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 december 2021		**Carrying amount**			**Fair value**
(Eur '000)	**Note**	**Fair value – hedging instruments**	**Financial assets/ liabilities**	**Other financial liabilities**	**Level 2**
Financial assets measured at fair value					
Commodity swap	9	2,367			2,367
Forwards	9	26			26
Cross Currency Swap	9	1,545			1,545
		3,938	**-**	**-**	**3,938**
Financial assets not measured at fair value					
Trade and other receivables	8-11		186,026		
Cash and cash equivalents	12		282,539		
		-	**468,565**	**-**	**-**
Financial liabilities measured at fair value					
Interest rate swap	17	3,061			3,061
Cross Currency Swap	17	8,621			8,621
Forwards	17	583			583
Commodity swap	17	-			-
		12,265	**-**	**-**	**12,265**
Financial liabilities not measured at fair value					
Bank loans and borrowing	17		162,556		
Bank overdrafts	17		7,581		
Current loan liabilities	17		68,564		
Other loan liabilities	17			16	
		-	**238,701**	**16**	**-**

31 december 2020		**Carrying amount**			**Fair value**
(Eur '000)		**Fair value – hedging instruments**	**Financial assets/ liabilities**	**Other financial liabilities**	**Level 2**
Financial assets measured at fair value					
Commodity swap	9	2,020			2,020
Forwards	9	114			114
		2,134	**-**	**-**	**2,134**
Financial assets not measured at fair value					
Trade and other receivables	8-11		178,160		
Cash and cash equivalents	12		413,565		
		-	**591,725**	-	-
Financial liabilities measured at fair value					
Interest rate swap	17	7,305			7,305
Cross Currency Swap	17	1,262			1,262
Forwards	17	616			616
Commodity swap	17	-			-
		9,183	**-**	**-**	**9,183**
Financial liabilities not measured at fair value					
Bank loans and borrowing	17		101,243		
Bank overdrafts	17		-		
Current loan liabilities	17		342,219		
Other loan liabilities	17			42	
		-	**443,462**	**42**	-

34) Related party transactions

Transactions performed by group companies with related parties are part of normal business operations and take place at arm's-length conditions. No atypical or unusual transactions took place. The following tables show the value of related party transactions:

31 december 2021 (Eur '000)	**Ultimate Parent**	**Associates**	**Companies under common control**	**Other related parties**	**Total related parties**	Total financial statements	% of item
Statement of financial position							
Non-current financial assets	-	-	107	-	**107**	**282**	37.9%
Current financial assets	-	-	420	-	**420**	**4,446**	9.4%
Trade receivables	63	-	29	-	**92**	**170,170**	0.1%
Trade payables	450	-	25	-	**475**	**281,915**	0.2%
Other non-current liabilities	-	-	-	-	**-**	**2,041**	0.0%
Other current liabilities	-	-	-	-	**-**	**50,530**	0.0%
Non-current financial liabilities	-	-	376	-	**376**	**221,497**	0.2%
Current financial liabilities	-	-	1,489	-	**1,489**	**105,864**	1.4%
Income statement							
Revenue	-	-	78	-	**78**	**1,359,976**	0.0%
Other operating revenue	-	-	144	-	**144**	**29,751**	0.5%
Other operating costs	450	-	173	-	**623**	**354,894**	0.2%
Financial income	-	-	48	-	**48**	**5,891**	0.8%
Financial expense	-	-	41	-	**41**	**18,849**	0.2%

31 december 2020 (Eur '000)	**Ultimate Parent**	**Associates**	**Companies under common control**	**Other related parties**	**Total related parties**	Total financial statements	% of item
Statement of financial position							
Non-current financial assets	-	-	447	-	**447**	**576**	77.6%
Current financial assets	-	-	402	-	**402**	**2,614**	15.4%
Trade receivables	42	-	805	-	**847**	**155,065**	0.5%
Trade payables	250	-	39	-	**289**	**225,937**	0.1%
Other current liabilities	-	-	4	-	**4**	**59,438**	0.0%
Non-current financial liabilities	-	-	1,855	-	**1,855**	**162,469**	1.1%
Current financial liabilities	-	-	1,460	-	**1,460**	**375,890**	0.4%
Income statement							
Revenue	-	-	75	-	**75**	**1,224,793**	0.0%
Other operating revenue	-	-	214	-	**214**	**16,025**	1.3%
Other operating costs	450	-	143	-	**593**	**319,434**	0.2%
Financial income	-	-	29	-	**29**	**12,303**	0.2%
Financial expense	-	-	99	-	**99**	**23,519**	0.4%

The main related-party transactions are summarised below.

Business transactions with associates concern the sale of products and semi-finished products (cement and clinkers) at arm's-length conditions. Revenue and costs connected with business transactions with the ultimate Parent and companies under common control include various services, such as leases.

The Group did not grant loans to directors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2021.

As at 31 December 2021, fees due to directors and key management personnel stood at EUR 11,081 thousand.

Compensation paid to directors in financial year 2021 amounted to EUR 5,690 thousand, as shown in the following table:

(Eur '000)	**2021**	**2020**
Fixed Remueration	1,968	1,978
Compensation for participation in committees	140	160
Variable Compensation	3,315	3,428
Non monetary benefits	7	7
Other fees	260	225
Total	**5,690**	**5,798**

Compensation paid to key management personnel, amounted to EUR 5,391 thousand and included EUR 3,169 thousand for fixed remuneration and EUR 1,666 thousand for variable remuneration. The amount of EUR 556 thousand related to non-monetary benefits.

Further information on remuneration has been included in the Remuneration Report.

35) Business acquisitions and disposals

ACQUISITION OF EGE KIRMATAS AS

On 23 November 2021, through its subsidiary Cimentas AS, the Group acquired 100% of the share capital of Ege Kirmatas AS. The company is active in the aggregates sector.

The transaction qualifies as a business combination and has been treated in accordance with the provisions of IFRS 3. At the date of these consolidated financial statements, the determination of the fair value of the assets acquired and liabilities assumed and the price adjustment procedure were completed; the consideration transferred for the acquisition was EUR 3.9 million (USD 4.8 million), fully paid at the date of these financial statements.

The following table shows the fair values of the net assets acquired at the date of acquisition:

(EUR'000)	Financial statements as at 23/11/2021	Adjustments	Fair value as at 23/11/2021
Intangible assets with a finite useful life	1	4,191	4,192
Property, plant and equipment	133	-	133
Other non-current assets	3	-	3
Inventories	-	-	-
Trade receivables	341	-	341
Other current assets	4	-	4
Cash and cash equivalents	106	-	106
Trade payables	(4)	-	(4)
Current tax liabilities	(50)	-	(50)
Other current liabilities	(35)	-	(35)
Income taxes tax liabilities	(6)	(838)	(844)
Net assets acquired	**494**	**3,353**	**3,847**
Goodwill attributable to the Group			**48**
Consideration paid for the acquisition of control			**3,896**

36) Off balance sheet assets and liabilities

Regarding charges and securities and contract commitments on property, plant and equipment refer to note 3.

Regarding pledge as collateral for banks loans refer to note 4.

37) Independent auditors' fees

Fees paid in 2021 by the Parent Cementir Holding N.V. and its subsidiaries to the independent auditors and their network totalled approximately EUR 1,446 thousand (2020: EUR 1,748 thousand), including EUR 1,226 thousand for audit services (2020: EUR 1,473 thousand) and EUR 220 thousand for other services (2020: EUR 275 thousand).

The following fees were charged by PWC Accountants N.V. to the parent and its subsidiaries, as referred to in Section 2: 382a(1) and (2) of the Dutch Civil Code.

2021 (Eur '000)	PWC Accountants NV	Other PWC network	Non- PWC network	Total
Audit of the financial statement	112	898	216	**1,226**
Other audit engagements	-	17	-	**17**
Tax-related advisory services	-	2	98	**100**
Other non-audit services	-	89	14	**103**
Total fees	**112**	**1,006**	**328**	**1,446**

38) Events after the reporting period

On 8 February 2022, the Board of Directors' of the Parent Company approved the 2022 - 2024 Business Plan.

The new Group business Plan envisages the achievement of the following targets in 2024:

- **Revenue expected to reach EUR 1.65 billion**, with an annual average growth rate (CAGR) of 6.7%. An increase in the sales volumes of cement, ready-mixed concrete and aggregates is expected in all geographical areas, with price increases especially in the cement sector in the course of 2022, to offset the significant increase in energy, raw material and logistics costs.
- **EBITDA to reach around EUR 350 million**, with an annual average growth rate (CAGR) of about 5%. EBITDA is expected to grow in all geographical areas with the exception of Turkey. Among the Plan assumptions there is a double-digit increase in the cost of fuels and electricity and an average yearly CO_2 shortage of approximately 500,000 tons, whose economic impact is mitigated by an indexed mechanism between product pricing and extra CO_2 cost.
- **Annual capex of approximately EUR 72 million** directed towards developing production capacity, maintaining plant efficiency and safety.
- **Cumulative Green capex of EUR 97 million,** for specific sustainability projects enabling, among others, CO_2 emissions reduction in line with Group's objectives.

The expected cash generation driven by improved results and working capital optimization will allow to reach a 2024 net cash position of over EUR 300 million.

Finally, the Plan assumes the distribution of a growing dividend, corresponding to a payout ratio between 20% and 25%.

With reference to recent events surrounding the Russian-Ukrainian conflict, the directors have not identified any significant impacts on the financial statements as a whole, in light of the Group's substantial lack of activities in these areas.

No other significant facts occurred after the year ended.

39) Other information

Litigation

The Company is responsible for leading the defence in proceedings, of which it is not a party in accordance with the terms and conditions set out in a settlement agreement with Italcementi S.p.A., relating to the sale of the shares of Cementir Italia S.p.A. (today Cemitaly S.p.A.), Cementir Sacci S.p.A. (today Italsacci S.p.A.) and Betontir S.p.A., finalised on 2 January 2018.

The main proceedings, relating to events in which the Company may be abstractly subject to compensation obligations based on the aforementioned settlement agreement, in relation to events prior to the transfer, are noted below.

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority ("Authority") found there to have been an agreement aimed at coordinating cement selling prices across the entire country and imposed an administrative fine on the producers involved, including Cemitaly. The Company paid Cemitaly the sum of EUR 5,118,076 as compensation, to extinguish the fine and the interest accrued.

Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 *undecies* paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged “mechanical” impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside “normal industrial practice”. At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing, originally set for 20 November 2020, has been postponed to 4 March 2021. The hearing has been set for 10 March 2022.

Other legal disputes

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange’s regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish Lira (now equal to around EUR 7 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff’s argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. That judgment was overturned on 18 October 2021 by the Supreme Court, which definitively affirmed the existence of Turkish jurisdiction. We are therefore waiting for the substantive case to be resumed.

ANNEX

Annex 1

List of equity investments at 31 December 2021

Company name	Registered office	Share capital	Currency	Type of % Direct	Type of % Indirec	Investment held by Group companies	Method
Cementir Holding NV	Amsterdam (NL)	159,120,000	EUR			Parent	Line-by-line
Aalborg Cement Company Inc.	West Palm Beach (USA)	1,000	USD		100	Aalborg Portland US Inc,	Line-by-line
Aalborg Portland Holding A/S	Aalborg (DK)	300,000,000	DKK		75 23	Cementir Espana SL Globocem SL	Line-by-line
Aalborg Portland A/S	Aalborg (DK)	100,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Belgium SA	Antwerp (B)	500,000	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Digital Srl	Rome (I)	500,000	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland España SL	Madrid (E)	3,004	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland France SAS	Rochefort (FR)	10,010	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Islandì EHF	Kopavogur (IS)	303,000,000	ISK		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland US Inc	West Palm Beach (USA)	1,000	USD		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Anqing) Co Ltd	Anqing (CN)	265,200,000	CNY		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Australia) Pty Ltd	Brisbane (AUS)	1,000	AUD		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg Portland OOO	Kingisepp (RUS)	14,700,000	RUB		99.9 0.1	Aalborg Portland A/S Aalborg Portland Holding A/S	Line-by-line
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
AB Sydsten	Malmö (S)	15,000,000	SEK		50	Unicon A/S	Line-by-line
AGAB Syd Aktiebolag	Svedala (S)	500,000	SEK		40	AB Sydsten	Equity
Alfacem Srl	Rome (I)	1,010,000	EUR	99.99		Cementir Holding NV	Line-by-line
Basi 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Cementir Espana SL	Madrid (E)	3,007	EUR	100		Cementir Holding NV	Line-by-line
Cimbeton AS	Izmir (TR)	1,770,000	TRY		50.28 0.06	Cimentas AS Kars Cimento AS	Line-by-line
Cimentas AS	Izmir (TR)	87,112,463	TRY		97.1 0.12 0.48	Aalborg Portland España Cimbeton AS Kars Cimento AS	Line-by-line
Compagnie des Ciments Belges SA	Gaurain (B)	179,344,485	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Compagnie des Ciments Belges France SAS (CCBF)	Villenueve d'Ascq (FR)	34,363,400	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
Destek AS	Izmir (TR)	50,000	TRY		99.99 0.01	Cimentas AS Cimentas Foundation	Line-by-line

Annex 1 *(cont'd)*

Company name	Registered office	Share capital	Currency	Type of % Direct	 % Indirec	Investment held by Group companies	Method
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	Unicon A/S	Equity
Ege Kirmatas AS	Izimir (TR)	4,200,000	TRY		100	Cimentas AS	Line-by-line
Gaetano Cacciatore LLC	West Palm Beach (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line
Globocem SL	Madrid (E)	3,007	EUR		100	Alfacem Srl	Line-by-line
Ilion Cimento Ltd	Izmir (TR)	300,000	TRY		100	Cimbeton AS	Line-by-line
Kars Cimento AS	Izmir (TR)	513,162,416	TRY		41.55 58.45	Cimentas AS Alfacem Srl	Line-by-line
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	Unicon A/S	Line-by-line
Lehigh White Cement Company	West Palm Beach (USA)	-	USD		24.52 38.73	Aalborg Cement Company Inc White Cement Company LLC	Line-by-line
Neales Waste Management Ltd	Preston (GB)	100,000	GBP		100	NWM Holdings Ltd	Line-by-line
NWM Holdings Ltd	Preston (GB)	5,000,001	GBP		100	Recydia AS	Line-by-line
Quercia Ltd	Preston (GB)	5,000,100	GBP		100	NWM Holdings Ltd	Line-by-line
Recybel SA	Liegi-Flemalle (B)	99,200	EUR		25.5	Compagnie des Ciments Belges SA	Equity
Recydia AS	Izmir (TR)	759,544,061	TRY		67.39 23.72 8.89	Kars Cimento AS Cimentas AS Aalborg Portland Holding	Line-by-line
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		71.11	Aalborg Portland Holding A/S	Line-by-line
Skane Grus AB	Ljungbyhed (S)	1,000,000	SEK		60	AB Sydsten	Line-by-line
Société des Carrières du Tournaisis SA	Gaurain (B)	12,297,053	EUR		65	Compagnie des Ciments Belges SA	Proportionate
Spartan Hive SpA	Rome (I)	300,000	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Sureko AS	Izmir (TR)	43,443,679	TRY		100	Recydia AS	Line-by-line
Svim 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Unicon A/S	Copenaghen (DK)	150,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Unicon AS	Oslo (N)	13,289,100	NOK		100	Unicon A/S	Line-by-line
Vianini Pipe Inc	Branchburg N.J. (USA)	4,483,396	USD		100	Aalborg Portland US Inc	Line-by-line
White Cement Company LLC	West Palm Beach (USA)	-	USD		100	Aalborg Cement Company Inc.	Line-by-line

Rome, 9 March 2022

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

2021 SEPARATE FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

Statement of financial position

(Before profit appropriation)

(EUR'000)	Note	31 December 2021	31 December 2020
ASSETS			
Intangible assets	1	174	301
Property, plant and equipment	2	1,192	1,931
Investment property	3	18,625	22,856
Investments in subsidiaries	4	301,501	298,801
Non-current financial assets	5	260	951
Income taxes tax assets	17	19,677	16,043
Other non-current assets		80	-
TOTAL NON-CURRENT ASSETS		**341,509**	**340,883**
Trade receivables	6	6,130	5,013
- Trade receivables - third parties		-	*10*
- Trade receivables - related parties	31	*6,130*	*5,003*
Current financial assets	7	90,161	172,422
- Current financial assets - third parties		*87*	*60*
- Current financial assets - related parties	*31*	*90,074*	*172,362*
Current tax assets	8	4,672	3,149
Other current assets	9	5,890	4,835
- Other current assets - third parties		*965*	*1,686*
- Other current assets - related parties	*31*	4,925	*3,149*
Cash and cash equivalents	10	3,221	171,120
TOTAL CURRENT ASSETS		**110,074**	**356,539**
ASSETS HELD FOR SALE	32	**-**	**-**
TOTAL ASSETS		**451,583**	**697,422**
EQUITY AND LIABILITIES			
Share capital	11	159,120	159,120
Share premium reserve	12	35,710	35,710
Legal reserve	13	(156)	(1,015)
Other reserves	13	41,455	73,153
Profit (loss) for the year		5,309	14,994
TOTAL EQUITY		**241,438**	**281,962**
Employee benefits	14	2,172	3,648
Non-current provisions	18	370	370
Non-current financial liabilities	15	77,487	5,247
Income taxes tax liabilities	17	-	-
TOTAL NON-CURRENT LIABILITIES		**80,029**	**9,265**
Current provisions		2,323	-
Trade payables	16	1,952	1,672
- Trade payables - third parties		*1,437*	*1,422*
- Trade payables - related parties	*31*	515	*250*
Current financial liabilities	15	120,808	396,900
- Current financial liabilities - third parties		*61,918*	*337,324*
- Current financial liabilities - related parties	31	*58,890*	*59,576*
Current tax liabilities	17	-	-
Other current liabilities	18	5,033	7,623
- Other current liabilities - third parties		*4,919*	*6,960*
- Other current liabilities - related parties	31	*114*	*663*
TOTAL CURRENT LIABILITIES		**130,116**	**406,195**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		**-**	**-**
TOTAL LIABILITIES		**210,145**	**415,460**
TOTAL EQUITY AND LIABILITIES		**451,583**	**697,422**

Income statement

(EUR'000)	Note	2021	2020
REVENUE	19	**10,390**	**10,960**
- Revenue - third parties		*5*	*5*
- Revenue - related parties	31	*10,385*	*10,955*
Increase for internal work	20	-	335
Other operating revenue	21	44	544
- Other operating revenue - third parties		*44*	*544*
TOTAL OPERATING REVENUE		**10,434**	**11,839**
Personnel costs	22	(6,559)	(11,904)
Other operating costs	23	(13,441)	(14,520)
- Other operating costs - third parties		*(12,738)*	*(13,855)*
- Other operating costs - related parties	31	*(703)*	*(665)*
TOTAL OPERATING COSTS		**(20,000)**	**(26,424)**
EBITDA		**(9,566)**	**(14,585)**
Amortisation, depreciation, impairment losses and provisions	24	(3,255)	(2,532)
EBIT		**(12,821)**	**(17,117)**
Financial income	25	25,145	42,639
- Financial income - third parties		*4,491*	*9,454*
- Financial income - related parties	31	*20,654*	*33,185*
Financial expense	25	(13,970)	(14,376)
- Financial expense - third parties		*(11,279)*	*(14,314)*
- Financial expense - related parties	31	*(2,691)*	*(62)*
NET FINANCIAL INCOME (EXPENSE)		**11,175**	**28,263**
PROFIT (LOSS) BEFORE TAXES		**(1,646)**	**11,146**
Income taxes	26	6,955	3,848
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**5,309**	**14,994**

Statement of comprehensive income

(EUR'000)	Note	2021	2020
PROFIT (LOSS) FOR THE YEAR		**5,309**	**14,994**
Other components of comprehensive income:			
Items that will never be reclassified to profit or loss			
Net actuarial gains (losses) on post-employment benefits	27	3	11
Taxes recognised in equity	27	(1)	(3)
Total items that will never be reclassified to profit or loss		**2**	**8**
Items that may be reclassified to profit or loss for the year:			
Profit (Losses) on derivatives	27	1,220	1,741
Taxes recognised in equity	27	(361)	(515)
Total items that may be reclassified to profit or loss		**859**	**1,226**
Total other comprehensive expense, net of tax		**861**	**1,234**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		**6,170**	**16,228**

Statement of changes in equity

Note	11	12						13				13		
(EUR'000)	**Share capital**	**Share premium reserve**	**Legal reserves**		**Other reserves**							**Retained earnings**	**Loss for the year**	**Total Equity**
			Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)	Other IFRS reserves	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial Reserves IAS 19	IFRS 9 Reserve			
Equity at 1 January 2021	**159,120**	**35,710**	**-**	**(1,015)**	**-**	**-**	**-**	**-**	**-**	**(130)**	**-**	**73,283**	**14,994**	**281,962**
Allocation of 2020 profit (loss)	-	-	-	-	-	-	-	-	-	-	-	14,994	(14,994)	-
Distribution of 2020 dividends	-	-	-	-	-	-	-	-	-	-	-	(21,922)	-	(21,922)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(24,773)	-	(24,773)
Total transactions with investors	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	**(31,701)**	**(14,994)**	**(46,695)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	5,309	5,309
Net actuarial gains	-	-	-	-	-	-	-	-	-	3	-	-	-	3
Losses on derivatives	-	-	-	859	-	-	-	-	-	-	-	-	-	859
Total comprehensive income (expense)	**-**	**-**	**-**	**859**	**-**	**-**	**-**	**-**	**-**	**3**	**-**	**-**	**5,309**	**6,171**
Equity at 31 December 2021	**159,120**	**35,710**	**-**	**(156)**	**-**	**-**	**-**	**-**	**-**	**(127)**	**-**	**41,582**	**5,309**	**241,438**

Note	11	12					13					13		
(EUR'000)	**Share capital**	**Share premium reserve**	**Legal reserves**		**Other reserves**							**Retained earnings**	**Profit (loss) for the year**	**Total Equity**
			Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)	Other IFRS reserves	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial Reserves IAS 19	IFRS 9 Reserve			
Equity at 1 January 2020	**159,120**	**35,710**	**-**	**(2,241)**	**-**	**-**	**-**	**-**		**(139)**	**-**	**109,277**	**(9,174)**	**292,553**
Allocation of 2019 profit (loss)	-	-	-	-	-	-	-	-	-	-	-	(9,174)	9,174	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(4,543)	-	(4,543)
Distribution of 2019 dividends	-	-	-	-	-	-	-	-	-	-	-	(22,277)	-	(22,277)
Total transactions with investors	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	**(35,994)**	**9,174**	**(26,820)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	14,994	14,994
Net actuarial gains	-	-	-	-	-	-	-	-	-	9	-	-	-	9
Losses on derivatives	-	-	-	1,226	-	-	-	-	-	-	-	-	-	1,226
Total comprehensive income (expense)	**-**	**-**	**-**	**1,226**	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**-**	**14,994**	**16,229**
Equity at 31 December 2020	**159,120**	**35,710**	**-**	**(1,015)**	**-**	**-**	**-**	**-**	**-**	**(130)**	**-**	**73,283**	**14,994**	**281,962**

Statement of Cash Flows

(EUR'000)	Note	31 December 2021	31 December 2020 *
Profit/(loss) for the year		**5,309**	**14,994**
Amortisation and depreciation	24	932	1,744
Investment property FV adjustment		4,230	244
Loss allowance	6	-	788
Net financial income (expense)	25	(11,175)	(28,263)
- third parties		*6,829*	*4,860*
- related parties	31	*(18,004)*	*(33,123)*
Income taxes	26	(6,955)	(3,848)
Change in employee benefits		(1,472)	1,717
Change in provisions (current and non-current)	18	2,323	(10,409)
Operating cash flows before changes in working capital		**(6,808)**	**(23,033)**
Decrease in trade receivables - third parties (Increase)		9	363
Decrease in trade receivables - related parties		(1,126)	2,844
Increase (Decrease) in trade payables - third parties		15	(147)
Increase (Decrease) in trade payables - related parties		265	(213)
Change in other non-current and current assets and liabilities - third parties		274	(1,523)
Change in other non-current and current assets and liabilities - related parties		(2,325)	(655)
Change in current and deferred taxes		(237)	(512)
Operating cash flows		**(9,933)**	**(22,876)**
Dividends collected		19,000	
Interest received		1,525	3,899
Interest paid		(5,340)	(8,797)
Other net income (expense) collected (paid) on derivatives	25	(5,073)	4,580
Income taxes paid		-	-
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)		**179**	**(23,194)**
Investments in intangible assets		-	(902)
Investments in property, plant and equipment		(177)	(336)
Acquisitions of equity investments		(200)	(610)
Proceeds from the sale of property, plant and equipment		110	55
Proceeds from the sale of equity investments	25	-	33,500
Change in non-current financial assets – third parties		737	564
Change in non-current financial assets – related parties		(47)	595
Change in current financial assets – third parties		239	1,225
Change in current financial assets – related parties		77,864	68,959
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		**78,526**	**103,050**
Change in non-current financial liabilities - third parties		72,241	(537)
Change in current financial liabilities - third parties		(271,435)	58,116
Change in current financial liabilities - related parties		(715)	(1,855)
Dividends distributed		(21,922)	(22,277)
Purchase of treasury shares		(24,773)	(4,543)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)		**(246,604)**	**28,904**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(167,899)**	**108,760**
Opening cash and cash equivalents	10	**171,120**	**62,360**
Closing cash and cash equivalents	10	**3,221**	**171,120**

* In order to facilitate a better representation and comparability of the balances of the statement of cash flows, the previous year's figures have been restated to represent the impact of the management of the centralised cash pooling and loans to Group companies in the management of investment activities.

Reconciliation of the parent's separate equity at 31 December 2021 and 2020 and profit (loss) for the year then ended with consolidated equity and profit (loss)

(EUR'000)	Profit (loss) 2021	Equity 31 December 2021
Cementir Holding NV separate	**5,309**	**241,438**
Effect of consolidating subsidiaries	107,189	1,395,277
Effect of equity-accounted investees	818	48,021
Difference in translation reserve	-	(687,321)
Other differences including the result for the year	-	90,713
Total attributable to the owners of the parent	**113,316**	**1,088,128**
Total attributable to the non-controlling interests	**9,679**	**139,429**
Cementir Holding Group	**122,995**	**1,227,557**

(EUR'000)	Profit (loss) 2020	Equity 31 December 2020
Cementir Holding NV separate	**14,994**	**281,962**
Effect of consolidating subsidiaries	86,443	1,288,088
Effect of equity-accounted investees	571	47,203
Difference in translation reserve	-	(648,715)
Other differences including the result for the year	-	88,171
Total attributable to the owners of the parent	**102,008**	**1,056,709**
Total attributable to the non-controlling interests	**7,355**	**126,253**
Cementir Holding Group	**109,363**	**1,182,962**

The main differences are caused by the valuation of the investments in subsidiaries at cost in the separate financial statements. Translation reserves are therefore not applicable in the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV; Chamber of Commerce registration number 76026728). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition per the Italian law requirements with the Dutch Civil Requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

At 31 December 2021, shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone – 104,867,753 shares (65.905%). The shareholding is held as follows:
    - Direct ownership of 1,327,560 shares (0.834%)
    - Indirect ownership through the companies:
        - Calt 2004 Srl – 47,860,813 shares (30.078%)
        - Caltagirone SpA – 22,820,015 shares (14.341%)
        - FGC SpA – 17,585,562 shares (11.052%)
        - Gamma Srl – 5,575,220 shares (3.504%)
        - Pantheon 2000 SpA – 4,466,928 shares (2.807%)
        - Capitolium Srl – 2,604,794 shares (1.637%)
        - Ical 2 Spa - 1,000,000 shares (0.628%)
        - SO.CO.GE.IM Spa - 500,000 shares (0.314%)
        - Compagnia Gestioni Immobiliare Srl - 500,000 shares (0.314%)
        - Porto Torre Spa - 350,000 shares (0.220%)
        - INTERMEDIA Srl - 270,000 shares (0.170%)
        - Vianini Lavori SpA – 6,861 shares (0.004%)
2) Francesco Caltagirone – 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 9 March 2022, the Company's Board of Directors approved these separate financial statements at 31 December 2021 and authorised their publication on 10 March 2022.

Statement of compliance with the IFRS

These separate financial statements at 31 December 2021, drawn up on a going concern basis for the Parent and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2: 362(9) of the Dutch Civil Code.

Certain parts of this Annual Report contain financial measures that are not measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures and include items such as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Earnings Before Income Taxes (EBIT). The Company calculates EBITDA before provisions.

Basis of presentation

The separate financial statements at 31 December 2021 are presented in euros, the Company's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. They consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The separate financial statements have been prepared on a going concern basis as the directors are reasonably certain that the Company will continue to operate in the foreseeable future, based on their assessment of the risks and uncertainties to which it is exposed.

The Company has opted to present these statements as follows:

1. the statement of financial position presents current and non-current assets and liabilities separately;
2. the income statement classifies costs by nature;
3. the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
4. the statement of cash flows is presented using the indirect method.

The accounting policies are described in Basis of presentation section of the consolidated financial statements and are deemed incorporated and repeated herein by reference. Investments in subsidiaries are accounted for at cost, net of impairment.

Notes

1) Intangible assets

Intangible assets totalled EUR 174 thousand (EUR 301 thousand at 31 December 2020). “Other intangible assets" mainly refers to leasehold improvement costs related to the maintenance of the building in 200 Corso di Francia, owned by ICAL SpA. Amortisation is calculated over five years.

(EUR'000)	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2021	**2,333**	**-**	**2,333**
Increase	-	-	-
Reclassifications	-	-	-
Gross amount at 31 December 2021	**2,333**	**-**	**2,333**
Amortisation at 1 January 2021	**2,032**	**-**	**2,032**
Increase	127	-	127
Amortisation at 31 December 2021	**2,159**	**-**	**2,159**
Net amount at 31 December 2021	**174**	**-**	**174**
Gross amount at 1 January 2020	**15,670**	**-**	**15,670**
Increase	635	14	649
Reclassifications	-	-	-
APD Transfer	(13,972)	(14)	(13,986)
Gross amount at 31 December 2020	**2,333**	**-**	**2,333**
Amortisation at 1 January 2020	**10,620**	**-**	**10,620**
Increase	723	-	723
APD Transfer	(9,311)	-	(9,311)
Amortisation at 31 December 2020	**2,032**	**-**	**2,032**
Net amount at 31 December 2020	**301**	**-**	**301**

2) Property, plant and equipment

At 31 December 2021 the item totalled EUR 1,192 thousand (EUR 1,931 thousand at 31 December 2020). The Other assets consists of furniture, electronic equipment and servers used by the company.

(EUR'000)	Other assets	Right of use assets	Total
Gross amount at 1 January 2021	**317**	**3,949**	**4,266**
Increase	19	158	177
Decrease	-	(187)	(187)
Gross amount at 31 December 2021	**336**	**3,920**	**4,256**
Depreciation at 1 January 2021	**138**	**2,197**	**2,335**
Increase	35	770	805
Decrease	-	(76)	(76)
Depreciation at 31 December 2021	**173**	**2,891**	**3,064**
Net amount at 31 December 2021	**163**	**1,029**	**1,192**
Gross amount at 1 January 2020	**1,687**	**5,004**	**6,691**
APD Transfer	(1,374)	(1,177)	(2,551)
Increase	4	318	322
Decrease	-	(196)	(196)
Gross amount at 31 December 2020	**317**	**3,949**	**4,266**
Amortisation at 1 January 2020	**1,349**	**1,494**	**2,843**
APD Transfer	(1,269)	(120)	(1,389)
Increase	58	963	1,021
Decrease	-	(140)	(140)
Amortisation at 31 December 2020	**138**	**2,197**	**2,335**
Net amount at 31 December 2020	**179**	**1,752**	**1,931**

Property, plant and equipment includes EUR 1,030 thousand in right-of-use assets (EUR 1,752 thousand as at 31 December 2020). Note 28 “IFRS 16 Leases” gives a breakdown of Right-of-use assets categorised according to their nature and its useful life.

The decrease compared to the previous year is essentially attributable to the amortisation of the period.

The estimated useful life of the main items of plant and equipment is reported below:

	Useful life of property, plant and equipment
Various equipment	5 years
Office machines and equipment	5 years

3) Investment property

The item investment property, totalling EUR 18,625 thousand (EUR 22,856 at 31 December 2020), is recognised at fair value, as determined using appraisals prepared by a property assessor, of the property in Torrespaccata (Rome), which decreased against the previous year by EUR 4,230 thousand due to the decrease in market prices of commercial buildings in 2021. Around EUR 6.9 million of investment property has been pledged as collateral to secure non-current bank loans and borrowings with a residual, discounted amount of EUR 3,241 thousand at 31 December 2021.

4) Investments in subsidiaries

Totalling EUR 301,501 thousand (EUR 298,801 thousand at 31 December 2020), the item breaks down as follows:

(EUR'000)	Currency	Registered office	Investment %	Carrying amount at 31/12/2021	Investment %	Carrying amount at 31/12/2020
Cementir Espana SL	EUR	Madrid (ES)	100.00%	206,735	100.00%	206,735
Alfacem Srl	EUR	Rome (I)	99.99%	90,220	99.99%	85,220
Basi 15 Srl	EUR	Rome (I)	99.99%	3,946	99.99%	6,446
Svim 15 Srl	EUR	Rome (I)	99.99%	600	99.99%	400
Equity investments				**301,501**		**298,801**

The change compared to 2020, amounting to EUR 2,700 thousand, refers to combined effect of the increase in the investment in Svim 15 Srl due to the capital contribution of EUR 200 thousand, the reclassification among investments of the financial receivable from Alfacem, amounting to EUR 5,000 thousand, following the waiver of the repayment of a portion of the shareholders' loan in December 2021 and the impairment loss of the investment in Basi 15 Srl amounting EUR 2,500 thousand.

All investments in subsidiaries are in unlisted companies. At the date of preparing these Financial Statements there are no significant issues related to the impairment of the carrying value of the investments.

The list of direct and indirect participations of the parent is shown, according to Art. 2:379(1) DCC, in the annex to the Consolidated Financial Statements.

5) Non-current financial assets

The item amounts to EUR 260 thousand (EUR 951 thousand as at 31 December 2020) and mainly includes:

- EUR 185 thousand for financial receivables arising from the application of the IFRS16 accounting standard with Spartan Hive SpA, Aalborg Portland Digital Srl and Piemme SpA, and related to the lease of the building at 200 Corso di Francia;
- EUR 28 thousand of receivables for guarantee deposits due to mature in less than five years.

6) Trade receivables

Trade receivables totalled EUR 6,130 thousand (EUR 5,013 thousand at 31 December 2020) and break down as follows:

(EUR'000)	31/12/2021	31/12/2020
Trade receivables from third parties	788	798
Loss allowance	(788)	(788)
Trade receivables - subsidiaries (note 31)	6,067	4,959
Trade receivables - other group companies (note 31)	63	44
Trade receivables	**6,130**	**5,013**

The value of trade receivables is representative of their fair value. The maturities of receivables from third party customers are as follows:

(EUR'000)	31/12/2021	31/12/2020
Not yet due	-	10
Overdue	788	788
Loss allowance	(788)	(788)
Total trade receivables from third parties	**-**	**10**

Trade receivables from subsidiaries refer to fees related to the Trademark License Agreement for the use of the trademark by subsidiaries.

Trade receivables from subsidiaries include EUR 3,895 thousand that were overdue at 31 December 2021.

Note 31) Related party transactions provides more information about trade receivables from subsidiaries, associates and other group companies.

7) Current financial assets

Totalling EUR 90,161 thousand (EUR 172,422 thousand at 31 December 2020), the item breaks down as follows:

- loans to the subsidiary Svim 15 Srl, revocable and interest bearing, amounting to EUR 1,258 thousand;
- the loan to Aalborg Cement Company, amounting to EUR 3,540 thousand;
- the loan to White Cement Company, amounting to EUR 6,195 thousand;
- the loan to Spartan Hive SpA, amounting to EUR 17,824 thousand;
- the loan to the subsidiary Alfacem Srl, revocable and interest bearing, amounting to EUR 57,996 thousand;
- the receivable from Aalborg Portland Digital Srl arising from the cash pooling relationship starting in October 2020, for EUR 2,513 thousand.

The change compared to the previous year, amounting to EUR 82,261 thousand, is attributable to:

- reimbursement of the loan to Aalborg Portland Holding A/S, amounting to EUR 60,752 thousand, maturing in October 2021;
- new loans granted to Spartan Hive SpA, Aalborg Cement Company and White Cement Company;
- change in the cash pooling receivable described above, for EUR 1,828 thousand;
- the partial repayment of the loan granted to Alfacem Srl, for EUR 47,004 thousand, including interest;

The item also included EUR 87 thousand of deferrals mainly for fees on the Base Facility and the RCF.

8) Current tax assets

Current tax assets, which amounted to EUR 4,672 thousand (EUR 3,149 thousand at 31 December 2020), consisted of EUR 3,145 thousand mainly of withholding taxes applied to royalties for the use of the trademark and EUR 1,527 thousand of the credit related to the claim for reimbursement due to lower royalties related to the Mutual Agreement Procedure (MAP). The procedure, finalised during 2021, was initiated in November 2014 following an audit by the Danish Tax Authorities concerning the disavowal of royalties paid by Aalborg Portland Holding to Cementir Holding in the period 2008 – 2012.

9) Other current assets

The item totalled EUR 5,890 thousand (EUR 4,835 thousand at 31 December 2020) and breaks down as follows:

(EUR'000)		31/12/2021	31/12/2020
Subsidiaries (IRES tax consolidation scheme)	(note 31)	4,925	3,149
Prepayments		72	73
VAT assets		705	1,425
Other receivables		188	188
Other current assets		**5,890**	**4,835**

10) Cash and cash equivalents

This item, totalling EUR 3,221 thousand (EUR 171,120 thousand at 31 December 2020) consists of cash and cash equivalents held by the Company and breaks down as follows:

(EUR'000)		31/12/2021	31/12/2020
Bank deposits		3,220	171,119
Bank deposits - related parties	(note 31)	-	-
Cash-in-hand and cash equivalents		1	1
Cash and cash equivalents		**3,221**	**171,120**

The change, amounting to EUR 167,900 thousand, was mainly due to the repayment of the term loan, the purchase of treasury shares, the payment of dividends, the partial repayment of loans granted to subsidiaries, described above, and for the remainder to the Company's financial results.

11) Share capital

The Company's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid up and has not changed with respect to the previous year end.

12) Share premium reserve

This item, at 31 December 2021, totalling EUR 35,710 thousand, was unchanged from the previous year end.

13) Reserves

Other reserves totalled EUR 41,299 thousand (EUR 72,138 thousand at 31 December 2020) and break down as follows:

(EUR'000)	Legal Reserve	Other Reserves	Retained Earnings	Total
Balance at 1 January 2021	**(1,015)**	**(130)**	**73,283**	**72,138**
Increase	859	3	-	862
Decrease	-	-	(31,701)	(31,701)
Balance at 31 December 2021	**(156)**	**(127)**	**41,582**	**41,299**

(EUR'000)	Legal Reserve	Other Reserves	Retained Earnings	Total
Balance at 1 January 2020	**(2,241)**	**(139)**	**109,277**	**106,897**
Increase	1,226	9	-	1,235
Decrease	-	-	(35,994)	(35,994)
Balance at 31 December 2020	**(1,015)**	**(130)**	**73,283**	**72,138**

The increase in the Legal Reserve, amounting to EUR 859 thousand, is entirely attributable to the increase in the Cash Flow Hedge reserve.

The decrease in Retained Earnings, amounting to EUR 31,701 thousand, is related to the programme for the purchase of treasury shares (EUR 24,773 thousand), as described below, the distribution of 2020 dividends (EUR 21,922 thousand) and profit appropriation for 2020 (EUR 14,944 thousand).

Equity items

It is noted that the Company is tax residence in Italy, the following table shows the origin, possible use and availability of equity items in respect to Italian tax rules:

(EUR'000)		**Summary of utilisation in previous three years**	
Nature/Description	**Amount as at 31/12/2021**	**To cover losses**	**For other reasons**
Share capital	**159,120**	**-**	**-**
Share premium reserve	35,711	-	-
Legal reserve (Italian law)	31,824	-	-
Reserve for treasury shares in portfolio	(29,315)	-	-
Reserve for dividends undistributed	355		
A) Reserve for grants related to assets	13,207	-	-
Reserve as per Art. 15 of Law No. 67 of 11/3/88	138	-	-
Reserve as per Law 349/95	41		
Goodwill arising on merger	14,676	14,527	29,560
Other IFRS reserves	10,372	-	-
Retained earnings	-	-	4,296
Total reserves	**77,009**	**14,527**	**33,856**
Profit (loss) for the year	**7,809**	**-**	**-**
Total equity	**243,938**	**-**	**-**

A) The reserves that form part of the company's taxable profit if distributed total EUR 13,207 thousand.

The table below shows the reconciliation between Italian tax rules and Dutch Civil Code as at 31 December 2021:

(EUR '000)	**Share premium reserve**	Reserve for treasury shares	Reserve for dividends undistributed	Reserve for grants related to assets	Hedging Reserve*	Legal reserve (Italian Law)	Other IFRS reserves *	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial reserves IAS 19*	IFRS 9 Reserve *	**Retained earnings**	**Total**
Italian Tax rules	35.711	(29.315)	355	13.207	(156)	31.824	5.170	138	41	14.676	(127)	5.485	-	**77.009**
Reclassification due conversion in N.V.	-	29.315	(355)	(13.207)	-	(31.824)	(5.170)	(138)	(41)	(14.676)	-	(5.485)	41.581	
Dutch Civil Code	**35.711**	**-**	**-**	**-**	**(156)**	**-**	**-**	**-**	**-**	**-**	**(127)**	**-**	**41.581**	**77.009**

*other IFRS reserves

Purchase of treasury shares

On 12 October, the share buyback programme (the “Programme”), set up in implementation of the shareholders’ resolution of 2 July 2020, came to an end, as indicated in the announcement to the market of 13 October 2021, to which reference should be made for details.

Under the Programme, between 15 October 2020 and 12 October 2021 (inclusive), 3,600,000 own shares, equal to 2.2624% of the share capital, were purchased on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., at a weighted average price of EUR 8.1432 per share for a total disbursement of EUR 29,315 thousand (at 31 December 2020, the Company held 694,500 treasury shares, equal to 0.4365% of the share capital, for a value of EUR 4,543 thousand).

Dividends

During the year, the company distributed a total of EUR 21,922 thousand in dividends to shareholders for 2020, corresponding to EUR 0.14 per ordinary share.

14) Employee benefits

Post-employment benefits totalled EUR 181 thousand (EUR 166 thousand at 31 December 2020). The figure represents the company’s estimate of its obligation, determined using actuarial techniques, to employees upon termination of employment. On 1 January 2007, the Italian Finance Act and related implementing decrees introduced significant reforms to the regulations governing post-employment benefits, including the right of employees to decide where to allocate their accruing benefits. Benefits may be transferred to a pension fund or kept within the company, in which case they are transferred to a special treasury fund set up by INPS.

As a result of the reforms, accruing Italian post-employment benefits now qualify as a defined contribution plan rather than a defined benefit plan.

The actuarial assumptions used for their measurement are summarised below:

Values in %	**31/12/2021**	**31/12/2020**
Annual discount rate	1.00%	0.00%
Annual post-employment benefits growth rate	2.81%	2.62%

Changes in the liability are shown below:

(EUR'000)	**31/12/2021**	**31/12/2020**
Net liability *opening balance*	**166**	**298**
Current service cost	-	-
Interest cost	-	1
Payments of post-employment benefits	(10)	-
Net actuarial gains recognised in the year	25	(4)
(Contributions received)	-	(129)
(Benefits paid)	-	-
Net liability *closing balance*	**181**	**166**

Employee benefits included the long-term incentive plan that envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives in the Industrial Plans prepared and approved. It amounted to EUR 1,991 thousand at 31 December 2021 (EUR 3,482 thousand at 31 December 2020).

15) Financial liabilities

Non-current and current financial liabilities are shown below:

(EUR'000)		31/12/2021	31/12/2020
Bank loans and borrowing		76,953	3,208
Other non-current loan liabilities		158	184
Other non-current financial liabilities - related parties	(note 31)	376	1,855
Non-current financial liabilities		**77,487**	**5,247**
Bank loans and borrowing		57,419	328,572
Bank loans and borrowings - related parties (note 31)		57,401	58,116
Current portion of non-current financial liabilities		1,188	1,135
Current portion of non-current financial liabilities - related parties (note 31)		1,489	1,460
Fair value of derivatives		3,295	7,599
Other loan liabilities		16	18
Current financial liabilities		**120,808**	**396,900**
Total financial liabilities		**198,295**	**402,147**

It should be noted that during the period, a new senior term loan with a duration of three years, with half-yearly repayments, at market conditions with a pool of banks with Banca Nazionale del Lavoro as agent bank and BNP Paribas Italian Branch as global coordinator. In addition, on 28 May 2021, Cementir Holding repaid, ahead of the due date in October 2021, a term loan of EUR 330 million granted by a pool of banks with Mediobanca as agent bank.

Non-current payables to bank loans and borrowings, for EUR 76,953 thousand, referring to the new senior term loan and to the variable rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA against a mortgage on the property located in Torrespaccata expiring in 2024.

Current bank loans and borrowing, amounting to EUR 57,419 thousand, mainly include the short-term share of the new senior term loan. The decrease compared to the previous year refers to the repayment of Credit Line B (short-term line) of EUR 330 million.

The new senior term loan is secured by collateral appropriate to the type of transaction and requires compliance with the financial covenants, which at 31 December 2021 have been met by the Company. In particular, the covenant to be respected is the ratio between consolidated net financial debt and consolidated EBITDA not exceeding 3.5.

Payables to related party banks, amounting to EUR 57,401 thousand, refer to the balance of cash pooling accounts outstanding with Spartan Hive SpA, CCB, CCB France and Aalborg Portland Holding A/S.

The current portion of non-current financial liabilities mainly includes re-instalments due in 2021 of the floating-rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA secured by a company-owned property in Torrespaccata (EUR 1,044 thousand).

Other non-current loan liabilities, amounting to EUR 534 thousand (EUR 158 thousand to third parties and EUR 376 thousand to related parties), relate to the payable resulting from the application of IFRS 16; while other current loan liabilities, totalling EUR 16 thousand, mainly consist of accrued interest due on non-current loans.

The negative fair value of derivatives totalled approximately EUR 3,295 thousand; the figure is related to the fair value measurement at 31 December 2021 of derivatives purchased to hedge interest rate and currency risks connected with liabilities falling due between January 2021 and February 2027.

At 31 December 2021, a company-owned property in Torrespaccata, Rome, was mortgaged to third parties for EUR 6.9 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at 31 December 2021 amounted to EUR 9,881 thousand (GBP 8.3 million). They include sureties issued to the subsidiaries Quercia Limited and Neales Waste Management, in favour of Intesa San Paolo SpA and UniCredit.

Sureties in GBP were translated into euros at the exchange rates effective at 31 December 2021, equal to EUR/GBP 0.8403.

The company's exposure, broken down by due date of the financial liabilities, is as follows:

(EUR'000)		**31/12/2021**	**31/12/2020**
Within three months		7,974	398
• *third parties*		*7,974*	*-*
• *related parties*	*(note 31)*	*-*	*398*
Between three months and one year		112,834	396,502
• *third parties*		*55,433*	*338,386*
• *related parties*	*(note 31)*	*57,401*	*58,116*
Between one and two years		51,556	2,635
• *third parties*		*51,080*	*1,044*
• *related parties*	*(note 31)*	*476*	*1,591*
Between two and five years		25,931	2,612
• *third parties*		*25,873*	*2,164*
• *related parties*	*(note 31)*	*58*	*448*
After five years		-	-
Total financial liabilities		**198,295**	**402,147**

The carrying amount of current and non-current financial liabilities equals their fair value.

Net financial debt

As required by CONSOB Communication 6064293 of 28 July 2006, the company's net financial debt is shown in the next table.

(EUR'000)	**31/12/2021**	**31/12/2020**
A. Cash	1	1
B. Other cash equivalents	3,220	171,119
C. Cash and cash equivalents (A+B)	**3,221**	**171,120**
D. Current loan assets	**90,161**	**172,422**
E. Current bank loans and borrowings	(57,419)	(328,572)
F. Current portion of non-current debt	(2,677)	(2,595)
G. Other current loan liabilities	(60,712)	(65,733)
H. Current financial debt (E+F+G)	**(120,808)**	**(396,900)**
I. Net current financial debt (C+D+H)	**(27,426)**	**(53,357)**
J. Non-current bank loans and borrowings	(76,953)	(3,208)
K. Other non-current liabilities	(534)	(2,039)
L. Non-current financial debt (J+K)	**(77,487)**	**(5,247)**
M. Net financial debt (I+L)	**(104,913)**	**(58,604)**

The Company's net financial debt at 31 December 2021 amounted to EUR 104,913 thousand (EUR 58,604 thousand at 31 December 2020) up by EUR 46,309 thousand compared to the previous year. This change is mainly due to the payment of dividends and the purchase of treasury shares.

Other current loan liabilities, amounting to EUR 60,712 thousand (EUR 65,733 thousand at 31 December 2020) were down by EUR 5,021 thousand mainly due to the valuation of the fair value of derivatives.

In accordance with Consob communication No. 6064293 of 28 July 2006, the value of non-current receivables has not been included in the calculation of the Company's net financial debt.

If the loan had been included, the net financial debt of Cementir Holding NV would have been EUR 104,653 thousand (as presented below).

(EUR'000)	31/12/2021	31/12/2020
Current financial assets	90,161	172,422
Cash and cash equivalents	3,221	171,120
Current financial liabilities	(120,808)	(396,900)
Non-current financial liabilities	(77,487)	(5,247)
Net financial debt (as per CONSOB Communication)	**(104,913)**	**(58,604)**
Non-current financial assets	260	951
Total net financial debt	**(104,653)**	**(57,653)**

16) Trade payables

The carrying amount of trade payables approximates their fair value. Their balance of EUR 1,952 thousand (EUR 1,672 thousand at 31 December 2020) may be analysed as follows:

(EUR'000)	31/12/2021	31/12/2020
Trade payables - third parties	1,437	1,422
Trade payables - related parties (note 31)	515	250
Trade payables	**1,952**	**1,672**

Note 31) Related party transactions gives a breakdown of trade payables to subsidiaries, associates and Parents.

17) Deferred tax assets and liabilities

At 31 December 2021, deferred tax, amounted to EUR 19,677 thousand, includes deferred tax assets net of deferred tax liabilities as shown below:

(EUR'000)	31/12/2020	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	Other changes	31/12/2021
Tax losses	13,224	2,942	-	-	16,166
Other	7,890	(755)	(194)	-	6,941
Income taxes tax assets	**21,114**	**2,187**	**(194)**	**-**	**23,107**
Difference between accounting value and their tax base	5,071	(1,641)	-	-	3,430
Income taxes tax liabilities	**5,071**	**(1,641)**	**-**	**-**	**3,430**
Total	**16,043**				**19,677**

At 31 December 2021, deferred tax assets, totalling EUR 23,107 thousand, consisted mainly of IRES assets due to the tax losses of companies that opted to join the Italian national tax consolidation scheme; The company expects to recover them over the coming years within the timeframe defined by the relevant legislation.

Deferred tax liabilities, totalling EUR 3,430 thousand at 31 December 2021, consisted of EUR 2,874 thousand in IRES liabilities and EUR 556 thousand in IRAP liabilities.

18) Other current liabilities and current and non-current provisions

(EUR'000)		31/12/2021	31/12/2020
Payables to personnel		1,268	1,255
Social security institutions		462	414
Other liabilities		3,189	5,292
Subsidiaries (IRES and VAT tax consolidation scheme)	(note 31)	114	658
Other payables - related parties (Note 31)		-	4
Other current liabilities		**5,033**	**7,623**

Other liabilities relate mainly to remuneration for directors and auditors for a total of EUR 2,915 thousand.

The amount due to subsidiaries primarily comprises amounts owed by Cementir Holding to companies that have joined the national IRES tax consolidation scheme following the assignment of tax losses of previous years.

As of 31 December 2021, non-current provisions amounted to EUR 370 thousand, unchanged from 31 December 2020, while current funds amount to EUR 2,323 thousand and refer to provisions for litigation recognised during 2021.

19) Revenue

(EUR'000)	2021	2020
Services	10,390	10,960
Revenue	**10,390**	**10,960**

Revenue included EUR 9,561 thousand mainly from revenues for royalties related to the use of the trademark by the subsidiaries and for EUR 234 thousand from revenues for consulting services.

Note 31) Related-party transactions provides more information about revenue from subsidiaries, associates and other Group companies.

20) Increase for internal work

There were no increases for internal work at the date of these financial statements. In 2020 the item, amounting to EUR 335 thousand, referred to the activities carried out in the first four months, capitalised in intangible assets and then transferred to Aalborg Portland Digital Srl.

21) Other operating revenue

(EUR'000)	2021	2020
Building lease payments	-	402
Other income	44	142
Other operating revenue	**44**	**544**

22) Personnel costs

(EUR'000)	2021	2020
Wages and salaries	4,647	5,510
Social security charges	1,659	1,907
Other costs	253	4,487
Personnel costs	**6,559**	**11,904**

The company's workforce breaks down as follows:

	31/12/2021	31/12/2020	2021 average	2020 average
Executives	16	18	17	21
Middle management, white collars and intermediates	25	26	25	32
Total	**41**	**44**	**42**	**53**

The Company has no employees in the Netherlands.

23) Other operating costs

(EUR'000)	2021	2020
Consultancy	1,880	1,783
Directors' fees	4,779	5,929
Independent auditors' fees	253	213
Other services	1,497	1,655
Other operating costs	5,032	4,940
Other operating costs	**13,441**	**14,520**

Other operating costs include the write-down of the Torrespaccata property for EUR 4,230 thousand.

The total includes transactions with related parties; see note 31 for full details.

24) Amortisation, depreciation, impairment losses and provisions

(EUR'000)	2021	2020
Amortisation	127	722
Depreciation	805	1,022
Provisions and write-downs	2,323	788
Amortisation, depreciation, impairment losses and provisions	**3,255**	**2,532**

Amortisation and depreciation includes for EUR 770 thousand (EUR 963 thousand in 2020) in amortisation of right of use assets deriving from the application of IFRS 16.

Provisions relate to an accrual for legal disputes..

25) Net financial expense

Financial income net of expenses was EUR 11,175 thousand. This result is broken down as follows:

(EUR'000)		2021	2020
Total income from investments		**19,000**	**29,760**
Total expense from investments		**(2,500)**	**-**
Interest income from third parties		457	688
Interest income from related parties	(note 31)	1,654	3,425
Other financial income		4,034	8,766
Total financial income		**6,145**	**12,879**
Interest expense		(5,299)	(8,751)
Interest expense - related parties (note 31)		(41)	(62)
Other financial expense		(5,980)	(5,563)
Other financial expense - related parties	(nota 31)	(150)	-
Total financial expense		**(11,470)**	**(14,376)**
Net financial income (expense)		**11,175**	**28,263**

"Income from investments", amounting to EUR 19,000 thousand, refers to the dividends received by the subsidiary Cementir Espana.

Other financial income amounting to EUR 4,034 thousand (EUR 8,766 thousand as of 31 December 2020) consisted of gains on derivative financial instruments purchased to hedge currency.

Other financial expense totalled EUR 5,980 thousand (EUR 5,563 thousand as of 31 December 2020) mainly consisted of expenses connected to the closure of Credit Line B and losses on the measurement of derivatives held to hedge currency and interest rate risks.

26) Income taxes

The item shows a net tax income of EUR 6,955 thousand (EUR 3,848 thousand in 2020) and breaks down as follows:

(EUR'000)	2021	2020
Current taxes	2,960	486
- *IRES*	*2,415*	*486*
- *IRAP*	*545*	
Income taxes tax assets	2,354	2,817
- *IRES*	*2,405*	*2,729*
- *IRAP*	*(51)*	*88*
Income taxes tax liabilities	1,641	545
- *IRES*	*1,323*	*442*
- *IRAP*	*318*	*103*
Taxes	**6,955**	**3,848**

The following table shows a reconciliation between the theoretical tax expense and the effective expense recognised in the income statement:

(EUR'000)	2021	2020
Theoretical tax expense (based on Italian nominal tax rate)	**395**	**(2,675)**
Taxable permanent differences	(287)	(185)
Deductible permanent differences	4,372	6,827
Prior year taxes	1,664	(310)
Change in IRES tax rate	-	
Effective IRAP tax expense	811	191
Taxes	**6,955**	**3,848**

The Company, as allowed by the Consolidated Income Tax Act, participates in the group tax regime called "National tax consolidation scheme" as Parent.

27) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

(EUR'000)	2021			2020		
	Gross amount	Tax effect	Gross amount	Gross amount	Tax effect	Gross amount
Financial instruments	1,220	(361)	**859**	1,741	(515)	**1,226**
Net actuarial gains (losses) on post-employment benefits	3	(1)	**2**	11	(3)	**8**
Total other comprehensive income (expense)	**1,223**	**(362)**	**861**	**1,752**	**(518)**	**1,234**

28) IFRS 16 Leases

The following table shows the movements of RoU at 31 December 2021 and the related disclosures:

(EUR'000)	Land and buildings	Plant and equipment	Other assets	Total Right of use assets
Gross amount at 1 January 2021	**3,473**	**476**	**-**	**3,949**
Increase	15	143	-	158
Decrease	(103)	(84)	-	(187)
Gross amount at 31 December 2021	**3,385**	**535**	**-**	**3,920**
Depreciation at 1 January 2021	**2,026**	**171**	**-**	**2,197**
Depreciation	627	143	-	770
Decrease	-	(77)	-	(77)
Depreciation at 31 December 2021	**2,653**	**237**	**-**	**2,890**
Net amount at 31 December 2021	**732**	**298**	**-**	**1,030**

(EUR'000)	Land and buildings	Plant and equipment	Other assets	Tot Right of use asse
Gross amount at 1 January 2020	**4,368**	**587**	**48**	**5,003**
Transfer to APD	(898)	(231)	(48)	(1,177)
Increase	3	315	-	318
Decrease	-	(195)	-	(195)
Gross amount at 31 December 2020	**3,473**	**476**	**-**	**3,949**
Amortisation at 1 January 2020	**1,281**	**201**	**12**	**1,494**
Transfer to APD	-	(104)	(16)	(120)
Amortisation	745	214	4	963
Decrease	-	(140)	-	(140)
Amortisation at 31 December 2020	**2,026**	**171**	**-**	**2,197**
Net amount at 31 December 2020	**1,447**	**305**	**-**	**1,752**

As at 31 December 2021, right of use assets were EUR 1,030 thousand (EUR 1,752 thousand at 31 December 2020) and mainly included the contract related to the 200 Corso Francia premises for EUR 732 thousand (EUR 1,447 thousand at 31 December 2020).

The depreciation period of the right-of-use assets is reported below:

	Useful life of the right of use assets
Land and buildings	6 years
Plant and equipment	4 years
Other assets	4 years

The Company's exposure, broken down by expiry of the lease liabilities, is as follows:

(EUR'000)	31/12/2021	31/12/2020
Within three months	418	438
Between three months and one year	1,252	1,277
Between one and two years	484	1,681
Between two and five years	58	500
After five years	-	-
Total undiscounted lease liabilities at December 31	**2,212**	**3,896**

Current and non-current lease liabilities are shown below:

(EUR'000)		31/12/2021	31/12/2020
Non-current lease liabilities		158	184
Non-current lease liabilities - related parties	(note 31)	376	1,855
Non-current lease liabilities		**534**	**2,039**
Current lease liabilities		144	125
Current lease liabilities - related parties	(note 31)	1,489	1,460
Current lease liabilities		**1,633**	**1,585**
Total lease liabilities		**2,167**	**3,624**

Amounts recognised in profit/(loss) in the income statement

(EUR'000)	2021	2020
Amortisation and depreciation (note 24)	(770)	(963)
Interest expense on lease liabilities	(47)	(70)

Amounts recognised in the cash flow statement

(EUR'000)	2021	2020
Total cash outflow for leases	1,654	1,729

29) Financial risk management and disclosures

The company is exposed to financial risks connected with its operations, namely:

Credit risk

Cementir Holding N.V.'s exposure to credit risk is not considered particularly significant as it mainly does business with subsidiaries and related parties whose risk of insolvency is substantially inexistent.

Credit risk related to trade receivables from subsidiaries is considered insignificant.

Note 6 provides additional details regarding the maturities of third-party trade receivables.

With respect to bank deposits (note 10) and derivatives (note 7), the Company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

The company monitors its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

The company has credit lines which cover any unforeseen requirements.

Note 15 provides a breakdown of financial liabilities by due date.

Market risk

The market risk mainly concerns currency and interest rate risks.

Currency risk

Cementir Holding N.V. is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Interest rate risk

As Cementir Holding NV has floating rate bank loans, it is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in euros and the medium to long-term interest rate curve is not steep. Having thoroughly assessed the level of rates expected and debt reduction timing based on cash forecasts, Interest Rate Swaps are agreed to partly hedge the risk.

At 31 December 2021, the company's net financial debt amounted to EUR 104,913 thousand (including EUR 93,382 thousand in current loan assets and cash and cash equivalents, EUR 120,808 thousand in current loan liabilities and EUR 77,487 thousand in non-current loan liabilities). 96% of the interest rates are floating rates, with the remaining 4% fixed rates.

With respect to the floating rate on net financial debt, an annual 1% increase in interest rates, assuming all the other variables remain stable, would have had a negative effect on profit before taxes of EUR 0.8 million (EUR 1 million in 2020) and on equity of EUR 0.6 million (EUR 0.8 million at 31 December 2020). A similar decrease in interest rates would have an identical positive impact.

30) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities which can be accessed by the entity at the valuation date.

- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.

- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

31 December 2021 (EUR'000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	3	-	-	18,625	**18,625**
Total assets		**-**	**-**	**18,625**	**18,625**
Current financial liabilities (derivative instruments)	15	-	3,295	-	**3,295**
Total liabilities		**-**	**3,295**	**-**	**3,295**

31 December 2020 (EUR'000)	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	3	-	-	22,856	**22,856**
Total assets		**-**	**-**	**22,856**	**22,856**
Current financial liabilities (derivative instruments)	15	-	7,599	-	**7,599**
Total liabilities		**-**	**7,599**	**-**	**7,599**

No transfers among the levels took place during 2021.

31) Related party transactions

Transactions performed by the Company with related parties are part of its normal business operations and usually take place at market conditions; There were no atypical or unusual transactions, not within normal company management. The loans granted to the subsidiaries Svim 15 Srl, Alfacem Srl, Cementir España SL and Spartan Hive SpA are noted, as described in note 7. These loans are also described in note 15 "Net financial debt".

On 5 November 2010, the Board of Directors of Cementir Holding NV approved a new procedure for related party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions thereto. The procedure has been applicable starting from 1 January 2011. On 13 November 2019, the Board of Directors resolved to make a number of changes to the Related Party Transaction Procedure, following the conversion of Cementir Holding into a company under Dutch law. Finally, it should be noted that the procedure was again approved by the Board of Directors on 9 November 2020 during the periodic review of company procedures.

As required by CONSOB Communication No. 6064293 of 28 July 2006, related party transactions and their effects are reported in the table below:

Trade and financial transactions

Year 2021 (EUR'000)	**Trade receivables**	**Non-current financial assets**	**Current financial assets**	**Other current assets**	**Trade payables**	**Current and non-current financial**	**Other current liabilities**	**Balance**
Cimentas AS	3,645	-	-	-	-	-	-	**3,645**
Alfacem Srl	3	-	57,996	-	-	-	-	**57,999**
Aalborg Portland Holding A/S	2,218	-	1	-	-	(16,000)	-	**(13,781)**
Basi 15 Srl	5	-	-	-	-	-	(78)	**(73)**
Svim 15 Srl	3	-	1,258	-	-	-	(36)	**1,225**
Cementir Espana SL	-	-	-	-	-	-	-	**-**
Aalborg Portland A/S	-	-	-	-	-	-	-	**-**
Lehigh White Cement Company	-	-	-	-	-	-	-	**-**
Aalborg Cement Company	-	-	3,540	-	-	-	-	**3,540**
White Cement Company	-	-	6,195	-	-	-	-	**6,195**
Quercia Ltd	-	-	5	-	-	-	-	**5**
Aalborg Portland Digital S.r.l.	105	52	2,833	674	(36)	-	-	**3,628**
Spartan Hive SpA	62	27	17,824	4,251	(29)	(17,693)	-	**4,442**
Recydia	-	-	-	-	-	-	-	**-**
Caltagirone SpA	63	-	-	-	(450)	-	-	**(387)**
Vianini Lavori SpA	-	-	-	-	-	-	-	**-**
Piemme SpA	-	107	420	-	-	-	-	**527**
Compagnie des Ciments Belges France SA	-	-	1	-	-	(12,148)	-	**(12,147)**
Compagnie des Ciments Belges SA	15	-	1	-	-	(11,559)	-	**(11,543)**
Aalborg Portland Malaysia Sdn. Bhd.	3	-	-	-	-	-	-	**-**
Aalborg Portland Anqing CO. LTD.	8	-	-	-	-	-	-	**-**
ICAL SpA	-	-	-	-	-	(1,865)	-	**(1,865)**
Total related parties	**6,130**	**186**	**90,074**	**4,925**	**(515)**	**(59,265)**	**(114)**	**41,410**
Total financial statements item	**6,130**	**260**	**90,161**	**5,890**	**(1,952)**	**(198,295)**	**(5,033)**	
% of item	**100.00%**	**71.54%**	**99.90%**	**83.62%**	**26.38%**	**28.89%**	**2.27%**	

Year 2020 (EUR'000)	**Trade receivables**	**Non-current financial assets**	**Current financial assets**	**Other current assets**	**Trade payables**	**Current and non-current financial**	**Other current liabilities**	**Balance**
Cimentas AS	2,813	-	-	-	-	-	-	**2,813**
Alfacem Srl	-	-	105,000	-	-	-	(18)	**104,982**
Aalborg Portland Holding A/S	1,909	-	60,752	-	-	-	-	**62,661**
Basi 15 Srl	-	-	-	-	-	-	(308)	**(308)**
Svim 15 Srl	-	-	1,150	-	-	-	(70)	**1,080**
Cementir Espana SL	-	-	310	-	-	-	-	**310**
Aalborg Portland A/S	-	-	-	-	-	-	-	**-**
Lehigh White Cement Company	20	-	-	-	-	-	-	**20**
Quercia Ltd		-	-	-	-	-	-	**-**
Aalborg Portland Digital S.r.l.	50	364	4,647	13	-	-	(87)	**4,987**
Spartan Hive SpA		112	101	3,136	-	(5,573)	(176)	**(2,400)**
Recydia	108	-	-	-	-	-	-	**108**
Caltagirone SpA	42	-	-	-	(250)	-	-	**(208)**
Vianini Lavori SpA	-	-	-	-	-	-	-	**-**
Piemme SpA	2	447	402		-	-	(3)	**847**
Compagnie des Ciments Belges France SA	-	-	-	-	-	(20,989)	-	**(20,989)**
Compagnie des Ciments Belges SA	59	-	-	-	-	(31,554)	-	**31,495)**
Aalborg Portland Malaysia Sdn. Bhd.	-	-	-	-	-	-	-	**-**
Aalborg Portland Anqing CO. LTD.	-	-	-	-	-	-	-	**-**
ICAL SpA	-	-	-	-	-	(3,315)	-	**(3,315)**
Total related parties	**5,003**	**923**	**172,362**	**3,149**	**(250)**	**(61,431)**	**(662)**	**119,094**
Total financial statements item	**5,013**	**951**	**172,422**	**4,835**	**(1,672)**	**(396,900)**	**(7,623)**	
% of item	**99.80%**	**97.06%**	**99.97%**	**65.13%**	**14.95%**	**15.48%**	**8.70%**	

Revenue and costs

Year 2021 (EUR'000)	Operating revenue and other income	Financial income	Operating costs	Financial expense	Balance
Caltagirone SpA	-	-	(450)	-	**(450)**
Cimentas AS	1,950	-	-	-	**1,950**
Alfacem Srl	5	1,171	-	-	**1,176**
Basi 15 Srl	9	1	-	-	**10**
Svim 15 Srl	6	5	-	-	**11**
Cementir Espana	-	19,001	-	-	**19,001**
Aalborg Portland Holding A/S	7,846	372	-	-	**8,218**
Aalborg Portland A/S	-	-	-	(75)	**(75)**
Aalborg Cement Company	-	9	-	-	**9**
White Cement Company	-	15	-	-	**15**
Quercia Ltd	-	1	-	-	**1**
Sinai White Portland Cement Co.S.A.E.	-	-	-	-	**-**
Aalborg Portland Digital S.r.l.	406	20	(115)	-	**311**
Vianini Lavori SpA	-	-	(42)	-	**(42)**
Piemme SpA	72	20	-	-	**92**
Spartan Hive SpA	91	33	(96)	-	**28**
Compagnie des Ciments Belges SA	-	3	-	(75)	**(72)**
Compagnie des Ciments Belges France SA	-	3	-	-	**3**
Aalborg Portland Malaysia Sdn. BHD.	-	-	-	-	**-**
ICAL SpA	-	-	-	(41)	**(41)**
Total related parties	**10,385**	**20,654**	**(703)**	**(191)**	**30,145**
Total financial statements item	**10,434**	**25,145**	**(13,441)**	**(11,470)**	
% of item	**99.53%**	**82.14%**	**5.23%**	**1.67%**	

Year 2020 (EUR'000)	**Operating revenue and other income**	**Financial income**	**Operating costs**	**Financial expense**	**Balance**
Caltagirone SpA	-	-	(450)	-	**(450)**
Cimentas AS	1,631	-	-	-	**1,631**
Alfacem Srl	-	1,818	-	-	**1,818**
Basi 15 Srl	-	6	-	-	**6**
Svim 15 Srl	-	2	-	-	**2**
Aalborg Portland Holding A/S	8,778	31,309	-	-	**40,087**
Aalborg Portland A/S	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	-	-	-	-	**-**
Aalborg Portland Digital S.r.l.	355	51	(110)	-	**296**
Vianini Lavori SpA	-	-	(42)	-	**(42)**
Piemme SpA	83	29	-	-	**112**
Spartan Hive SpA	67	9	(64)	-	**12**
Compagnie des Ciments Belges SA	-	1	-	-	**1**
Compagnie des Ciments Belges France SA	-	1	-	-	**-**
Aalborg Portland Malaysia Sdn. BHD.	-	-	-	-	**-**
ICAL SpA	-	-	-	(62)	**(62)**
Total related parties	**10,914**	**33,226**	**(666)**	**(62)**	**43,412**
Total financial statements item	**11,839**	**42,639**	**(14,520)**	**(14,376)**	
% of item	**92.19%**	**77.92%**	**4.59%**	**0.43%**	

Revenue from the subsidiaries Cimentas AS and Aalborg Portland Holding A/S refers to fees for the Trademark License Agreement and fees for the *Cementir Group Intercompany Service Agreement* (the latter in force until April 2020), whereas for Spartan Hive S.p.A. and Aalborg Portland Digital Srl revenue only refers to fees for the *Cementir Group Intercompany Service Agreement [or Intercompany Services Contract?]*

Financial income from Cementir Espana includes dividends (EUR 19,000 thousand); financial income from Alfacem Srl relates to interest accrued on the loan granted.

Operating costs from Spartan Hive SpA (EUR 96 thousand) relate to purchasing services, while operating costs from Aalborg Portland Digital Srl (EUR 115 thousand) relate to consulting services.

Trade receivables refer to invoices for branding fees sent to Cimentas and Aalborg Portland Holding A/S.

Financial assets refer to interest-bearing loans to Alfacem (EUR 57,996, thousand), Spartan Hive SpA (EUR 17,718, thousand), White Cement Company (EUR 6,195, thousand), Aalborg Cement Company (EUR 3,540, thousand) and Svim 15 Srl (EUR 1,258, thousand). In addition, the item includes financial receivables arising from the cash pooling relationship with Aalborg Portland Digital Srl (EUR 2,513 thousand) and from the sublease of part of the building at 200 Corso di Francia with effect from 1 September 2019, accounted for in accordance with IFRS 16, from Aalborg Portland Digital, Piemme and Spartan Hive

Current and non-current financial liabilities include cash pooling balances with Aalborg Portland Holding A/S (EUR 16,000 thousand), Spartan Hive SpA (EUR 17,693 thousand), CCB SA (EUR 11,559 thousand) and CCB France SA (EUR 12,148 thousand).

Other current liabilities and other current assets mainly related to the effects of Cementir Holding NV and the companies Alfacem Srl, Spartan Hive SpA, Aalborg Portland Digital Srl, Basi15 Srl and Svim15 Srl joining the national tax consolidation scheme.

32) Independent auditors' fees

Fees paid in 2021 to the independent auditors totalled approximately EUR 204 thousand, including EUR 182 thousand for audit services and EUR 22 thousand for other services (EUR 269 thousand in 2020 of which EUR 255 thousand for audit services and EUR 14 thousand for other services).

33) Director's remuneration

Compensation paid in financial year 2021 totalled EUR 5,690 thousand (EUR 5,798 thousand in 2020) as shown below:

(EUR'000)	**2021**	**2020**
Fixed Remuneration	1,968	1,978
Compensation for participation in Board of Directors	140	160
Variable Remuneration	3,315	3,428
Non monetary benefits	7	7
Other fees	260	225
Total	**5,690**	**5,798**

The key management personnel compensation is mainly relating to short-term employee benefits.

The table below shows the compensation paid in Financial Year 2021:

COMPENSATION PAID TO THE BOARD OF DIRECTORS AND TO THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

(in thousands of Euros)

Name of Director, position	Fixed Remuneration			Compensation for participation in committees	Variable Compensation (non equity)	Non-monetary benefits	Other fees *	Total	Proportion of fixed and variable remuneration
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work		Bonuses and other incentives				
BOARD OF DIRECTORS									
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5	1.805	81		3.315	7		5.213	64% variable remuneration 36% fixed remuneration
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	5	5						10	100% fixed remuneration
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	5	5						10	100% fixed remuneration
Edoardo Caltagirone, Non-Executive Director	3	5						8	100% fixed remuneration
Saverio Caltagirone, Non-Executive Director	5	5						10	100% fixed remuneration
Fabio Corsico, Non-Executive Director	5	5					260	270	100% fixed remuneration
Paolo Di Benedetto, Senior Non-Executive Indipendent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	4	5		40				49	100% fixed remuneration
Chiara Mancini, Non-Executive Independent Director and Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee and of the Sustainability Committee	5	5		50				60	100% fixed remuneration
Veronica De Romanis, Non-Executive Indipendent Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee and of the Sustainability Committee	5	5		50				60	100% fixed remuneration
MANAGEMENT WITH STRATEGIC RESPONSIBILITIES									
Executives with strategic responsibilities:**			3.169		1.666	556		5.391	31% variable remuneration 69% fixed remuneration
TOTAL:	**42**	**1.845**	**3.250**	**140**	**4.981**	**563**	**260**	**11.081**	

*** Consulting agreement**

**** Includes Group COO, Group CFO, Heads of Region and Business Unit Managing Directors**

The table below shows the compensation paid in Financial Year 2020:

COMPENSI EROGATI AL CONSIGLIO DI AMMINISTRAZIONE E AI DIRIGENTI CON RESPONSABILITÀ STRATEGICHE
(in migliaia di Euro)

Nominativo dell'Amministratore, posizione	Remunerazione fissa			Compenso per la partecipazione ai comitati	Compensazione variabile (non azionaria)	Benefici non monetari	Altri compensi	Totale	Percentuale della remunerazione fissa e variabile
	Gettone di Presenza	Compensi approvati dall'assemblea degli azionisti o dai CdA	Compenso da lavoro dipendente		Bonus e altri incentivi				
CONSIGLIO DI AMMINISTRAZIONE									
Francesco Caltagirone, Presidente del Consiglio di Amministrazione e CEO	4	1.805	81		3.428	7		5.325	64% remunerazione variabile 36% remunerazione fissa
Alessandro Caltagirone, Direttore non esecutivo e vicepresidente	4	5						9	100% remunerazione fissa
Azzurra Caltagirone, Direttore non esecutivo e vicepresidente	5	5						10	100% remunerazione fissa
Edoardo Caltagirone, Direttore non esecutivo	5	5						10	100% remunerazione fissa
Saverio Caltagirone, Direttore non esecutivo	5	5						10	100% remunerazione fissa
Fabio Corsico, Direttore non esecutivo	4	5					225	234	100% remunerazione fissa
Paolo Di Benedetto, Amministratore indipendente non esecutivo senior, membro dell'Audit Committee e membro del Remuneration and Nomination Committee	4	5		40				49	100% remunerazione fissa
Chiara Mancini, Amministratore indipendente non esecutivo e presidente del comitato Remuneration and Nomination Committee e membrodell'Audit Committee	5	5		50				60	100% remunerazione fissa
Veronica De Romanis, Amministratore indipendente non esecutivo, presidente dell'Audit Committee e membro del Remuneration and Nomination Committee	5	5		50				60	100% remunerazione fissa
DIRETTORI CHE HANNO LASCIATO L'INCARICO NEL CORSO DEL 2020									
Mario Delfini, Amministratore non esecutivo e membro del dell'Audit Committee e membro del Remuneration and Nomination Committee	2	2		13				17	100% remunerazione fissa
Roberta Neri, Amministratore indipendente non esecutivo	2	2						4	100% remunerazione fissa
Adriana Lamberto Floristan, Amministratore indipendente non esecutivo e membro dell'Audit Committee	2	2		7				10	100% remunerazione fissa
MANAGEMENT CON RESPONSABILITÀ STRATEGICHE									
Dirigenti con responsabilità strategiche:*			2.871		1.068	551		4.490	24% remunerazione variabile 76% remunerazione fissa
TOTALE:	**47**	**1.850**	**2.952**	**160**	**4.496**	**558**	**225**	**10.288**	

***Inclusi Group COO, Group CFO, Heads of Region e Business Unit Managing Directors**

34) Off balance sheet liabilities

Regarding pledge as collateral for banks loans refer to note 15.

35) Events after the reporting period

No significant events occurred after the end of the year.

OTHER INFORMATION

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2021 OF CEMENTIR HOLDING NV

The Board of Directors proposes that the Shareholders' Meeting:

- approve the separate financial statements as at and for the year ended 31 December 2021 - including the statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes - showing a profit of EUR 5,309,127;
- distribute, as a dividend, an amount of EUR 27,993,600, net of treasury shares, as EUR 0.18 for each ordinary share, before any applicable withholdings required by law, from:
    - earnings for the year for EUR 5,309,127;
    - retained earnings for EUR 14,675,860;
    - share premium reserve for EUR 8,008,613.

Rome, 9 March 2022

Chairman of the Board of Directors

/f/ Francesco Caltagirone Jr.

Other Information

Provisions of the Articles of Association relating to profit appropriation

Article 10 of the articles of association states the following regarding profit appropriation:
The articles of association show that the annual profit obtained can be fully or in part be allocated to the reserves. The remaining profit is at the free disposal of the general meeting.

Independent Auditor's Report

Independent auditor's report

To: the general meeting of Cementir Holding N.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of Cementir Holding N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Cementir Holding N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the separate financial statements.

The financial statements comprise:

- the consolidated and separate statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated and separate income statement, the consolidated and separate statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

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T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Independence

We are independent of Cementir Holding N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud, going concern, and the findings resulting thereof in the context of our audit of the financial statements as a whole and our forming of an opinion thereon. The information we use in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach to fraud risks and the audit approach to going concern, was addressed in this context. We do not provide a separate opinion or conclusion on these matters.

Overview and context

Cementir Holding N.V. is a multinational company offering innovative building solutions in 70 countries worldwide, is the global leader in white cement and has a diversified business portfolio of cement, aggregates, concrete and value-added products. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

In the notes to the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the recoverability of goodwill we considered this matter as a key audit matter as set out in the section 'Key audit matters' of this report.

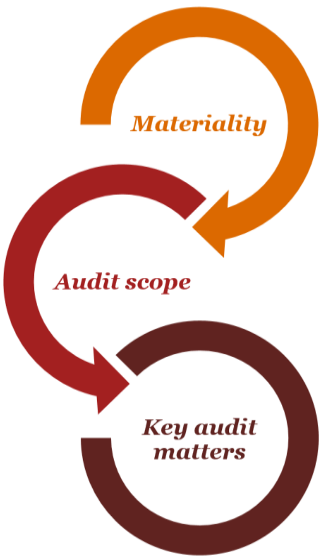
Other areas of focus, that were not considered as key audit matters were, the impact of COVID-19 on the business (including government support), as the financial impact of COVID-19 on the result and the going concern of Cementir was not significant and the level of government support was limited, fraud, as explained below and climate change.

There is increasing attention for climate change and the impact on companies and their operations, as well as the impact of companies on their environment. The Company assessed the possible effects of climate change and its plans to meet the emissionZERO® commitments on its financial position. In the 'Climate change paragraph' in the director's report and on page 115 of the consolidated financial statements, the board of directors reflected on climate-related risk and opportunities.

It is management's assessment that the future estimates and judgements underlying the carrying amounts of assets or liabilities will be influenced by the entity's response to climate related risks, but these are not expected to have a material impact. Management also concluded that the direct impact of climate change on its own operations is considered low. We discussed management's assessment and governance thereof and evaluated the potential impact on the financial position including underlying assumptions and estimates. Please also refer to the key audit matter 'Recoverability of goodwill'.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for this audit. We therefore included experts in the areas of valuations and specialists in the areas of amongst others IT and corporate income taxes in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €12,000,000 for the consolidated financial statements, €4,500,000 for the separate financial statements.

Audit scope
- We conducted audit work in eleven locations organized in four sub-group components Italy, Denmark, Turkey and Belgium.
- Virtual site visits were conducted to three countries - which involved all of the sub-group components in scope.
- Audit coverage: 87% of consolidated revenue, 97% of consolidated total assets and 72% of consolidated profit before tax.

Key audit matters
- Recoverability of goodwill

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding of the strategy of the Group, its business, its internal control environment and IT systems. We analysed where and how those affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed the outcome thereof.

Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the audit committee

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€12,000,000 for the consolidated financial statements, €4,500,000 for the separate financial statements.
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.9% of total revenues. For the separate financial statements, we used 1% of total assets.
Rationale for benchmark applied	We used total revenues as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the consolidated financial statements. On this basis, we believe that total revenues are an important metric for the financial performance of the Company. Additionally, revenues appear to be less volatile than other benchmarks. We consider total assets as the most appropriate benchmark for the separate financial statements given the primary nature of the parent Company's activities, as holding of investments.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €4.7 million and €11 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the audit committee that we would report to them any misstatement identified during our audit above €600,000 for the consolidated financial statements and €450,000 for the separate financial statements as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Cementir Holding N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Cementir Holding N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group: (i) Cementir Holding N.V., (ii) Aalborg Portland sub-group (Denmark), (iii) Çimentaş sub-group (Turkey), (iv) Compagnie des Ciments Belges CCB sub-group (Belgium).

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	87%
Total assets	97%
Profit before tax	72%

We have set component materiality levels, which ranged from €4.7 million to €11 million, based on the mix of size and financial statement risk profile of the components within the group to reduce the overall aggregation risk to an acceptable level.

None of the remaining components represented more than 2.5% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

We held conference calls and video conference meetings with the above-mentioned significant component teams and local management. For each of these locations we reviewed selected working papers of the respective component auditors. During the meetings with local management, we discussed strategy and finance performance of the local businesses.

We performed the audit work on the group consolidation, financial statement and disclosures.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the system of internal control. This includes management's risk assessment process, management's process for responding to the risks of fraud and monitoring the system of internal control and how the Board of Directors exercises oversight, as well as the outcomes. We refer to section 'internal control system for fraud risk management' of the Director's Report where the Board of Directors reflects on its response to fraud risk.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks. We performed enquiries with the board of directors and local management whether they are aware of any actual or suspected fraud, including incidents noted within the Group through the whistle-blower process or otherwise.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
Management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • Estimates; • Significant transactions, if any, outside the normal course of business for the entity. We pay particular attention to tendencies due to possible interests of management.	We evaluated the design and implementation of the internal control measures and assessed the effectiveness of the measures in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed data analysis on high-risk journal entries as part of which we also paid attention to significant transactions outside the normal course of business. Where we identified instances of unexpected journal entries through our data analytics, we performed additional audit procedures to address each identified risk. These procedures included reconciliation with and inspection of transactions to source information. We paid specific attention to consolidation and elimination entries which included reconciliation with and inspection of underlying information. We evaluated key estimates and judgements for bias by management, including retrospective reviews of prior year's estimates. In this context we paid specific attention to the recoverable amount of the goodwill. We refer to the paragraph key audit matter for detailed procedures. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of internal controls.

Identified fraud risks	Our audit work and observations
The risk of fraudulent financial reporting due to overstating revenue The risk of fraud in revenue recognition is a presumed significant risk in all our audits. Revenue is an important measure for the company due to growth targets. These specific targets could lead to pressure on management in terms of overstating revenue. Therefore, we concluded that the risk of fraud in revenue recognition relates to the assertion's existence/occurrence and cut-off.	We assessed the design and implementation of the internal control measures and the effectiveness of these measures in the processes for recording revenues. We performed substantive procedures such as reconciliation with and inspection of revenue to underlying documentation. We performed specific audit procedures at the end of the year related to cut-off procedures to identify potential shifts in revenue in the next financial year to the revenue reported in the current financial year. Finally, we selected journal entries based on specific risk criteria and performed substantive audit procedures for these entries. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence/occurrence and cut off of the revenue reporting.

We incorporated elements of unpredictability in our audit. We reviewed lawyer's letters. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The board of directors prepared the financial statements based on the assumption that the Company is a going concern and that it will continue its operations for the foreseeable future

Our procedures to evaluate management's going concern assessment include, amongst others:

- Considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit, inquiry with management regarding management's most important assumptions underlying their going concern assessment and considering whether management has identified any events or conditions that may cast a significant doubt on the Company's ability to continue as a going concern (hereafter: going concern risks).

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These most important considerations include compliance with debt covenants and recovery from the Covid-19 pandemic, analysing the financial position per balance sheet date compared to prior year as well as the liquidity scenarios, financial stress tests and sensitivity analysis, including the assessment of the debt/EBITDA ratio's for the financing facilities of the company, to assess whether events or circumstances exist that may lead to a going concern risk;

- Evaluating management's current operating plan for 2022 to 2024 including cash flows in comparison with last year, current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Perform inquiries with management as to their knowledge of going concern risks beyond the period of management's going concern assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the audit comittee. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context. We did not identify any key audit matters for the audit of the separate financial statements

Key audit matter	***Our audit work and observations***
Recoverability of goodwill *Refer to note 2 of the consolidated financial statements: Intangible assets with an indefinite useful life (goodwill)'* The carrying value of goodwill as at December 2021 is €317,111 thousand. The Company conducts an annual goodwill impairment test as at the year-end or when circumstances indicate that the carrying value of goodwill may be impaired. Based on the annual goodwill impairment test in the current year, no impairment charge was recorded. The annual evaluation of the recoverability of this intangible asset is linked to the occurrence of the assumptions underlying the group plans.	In the context of the annual goodwill impairment test, we have performed procedures, with the help of our valuation specialists. Our audit procedures included, amongst others: We gained an understanding and assessed the procedures adopted by management in order to verify the compliance with the requirements of 'IAS 36 – Impairment of Assets' adopted by the European Union. We verified the reasonableness of the directors' assumptions used to estimate the expected cash flows and we verified the mathematical accuracy of the calculations prepared by management. In order to assess the directors' forecast capacity, we have performed retrospective review procedures.

Key audit matter	*Our audit work and observations*
This evaluation requires management to make complex estimates, especially with reference to the expected cash flows, the discount rate applied and the determination of the growth rate to use to estimate the terminal value of each group of cash-generating units (groups of CGUs) to which goodwill has been allocated. Management assessed the potential impact of climate-related risks on future expected cashflows to invest in reduction of CO2 emissions. This is not expected to have a material impact on the impairment assessment. We identified the evaluation of the recoverable amount of goodwill as a key audit matter due to significant estimates and assumptions about discount rates, profitability as well as growth rates.	We also verified the consistency of the cash generating units identified (groups of CGUs and CGUs), to which goodwill was allocated compared with the previous year and their alignment with the organizational, management and operating structure of the Group. Additionally, we verified the consistency between assets and liabilities attributable to individual CGUs, including allocated goodwill, and the cash flows used for determining the related recoverable amount. We analysed the assumptions applied in the determination of the discount rate (WACC) used for the impairment test and we performed an independent recalculation using the parameters applicable to the Group. We then examined the sensitivity analyses performed by management in respect of the impact from possible changes in estimated cash flows, in the long-term growth rate and in the discount rate used, on the recoverability of goodwill. We assessed any indications of management bias in determining the significant assumptions. Finally, we verified the adequacy and completeness of the disclosures regarding assumptions, sensitivities and headroom in the explanatory notes.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The board of directors are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors for 2021 of Cementir Holding N.V. This followed the passing of a resolution by the shareholders at the annual general meeting held on 20 April 2020.

European Single Electronic Format (ESEF)

Cementir Holding N.V. has prepared the financial statements, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the financial statements prepared in XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Cementir Holding N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The board of directors is responsible for preparing the financial statements, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the financial statements in this reporting package, is in accordance with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services
To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered
The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 37 of the consolidated financial statements and note 32 of to the separate financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors
The board of directors is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are 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 that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 10 March 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.G.J. Gerritsen RA pwc

Appendix to our auditor's report on the financial statements 2021 of Cementir Holding N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors 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.

In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.