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Secil

✕
Navigator

✕
Semapa Next

✕
ETSA

✕
Semapa

TRANSLATION FROM THE ORIGINAL TEXT IN PORTUGUESE



RESULTS
PRESENTATION
H1 2022

1 HIGHLIGHTS

- The recent conflict in Ukraine triggered by the Russian invasion, linked to the effects of the trade and financial sanctions imposed on Russia, and the way Covid 19 has been managed in China, have caused input prices to rise further, with emphasis on energy. Furthermore, such events have disrupted the supply of raw materials or logistics chains at the international level. The Semapa Group is managing these negative events with a strong commitment to increasing efficiency, boosting productivity, moderating the increase in variable costs by curbing specific consumption, with continued efforts to contain fixed costs.
- The value of **investments** in fixed assets in the first half of 2022 increased by 41.2% to approximately 74.5 million euros, against 52.7 million euros year on year. It should be noted the Pulp and Paper segment amounting to 34.3 million euros and the Cement segment to 37.1 million euros (20.5 million euros related to the CCL - *Clean Cement Line* project in the Outão cement plant) which reflects the Group's commitment to the progressive decarbonization of its business units.
- At the end of the 2nd quarter, Semapa reinforced its investment in UTIS, a company dedicated to the development of sustainable projects linked to the use of hydrogen in continuous combustion optimization systems. This reinforcement of investment allowed UTIS to acquire the assets of Ultimate Power lda., adding to its business portfolio the manufacture of hydrogen production systems and the manufacture of internal combustion optimization systems. After the transaction, the Semapa Group and the Ultimate Cell Group maintain a 50% stake in the capital of UTIS, after the integration of the assets of Ultimate Power.
- At the end of H1 2022, consolidated **interest-bearing net debt** stood at 934.2 million euros, 81.4 million euros below that at the end of 2021. As at 30 June 2022, the Group has a comfortable liquidity position ensured by cash and equivalents and a set of committed and undrawn credit lines.
- In the first half of 2022, the Semapa Group recorded consolidated **revenue** of 1,465.7 million euros (vs. 971.4 million euros in the first half of 2021). In the same period, 1,142.0 million euros were generated in Pulp and Paper/ Navigator (+59.8% year on year), 296.6 million euros in Cement/ Secil (+24.7%) and 27.1 million euros in Environment/ ETSA (+43.8%). Exports and foreign sales for the same period amounted to 1,091.2 million euros, accounting for 74.4% of revenue.

Impacted by the pulp price index, overall increase in the cost of energy, logistics and raw materials, and also by very unbalanced supply vs. demand, the price index for UWF paper in Europe also increased significantly in the 1st half of 2022, driving growth in Navigator's revenue. Cement revenue reflects mostly the good progress in Portugal and Brazil.

- **EBITDA** in H1 2022 totalled 425.1 million euros (vs. 224.8 million euros in the first half of 2021). In the same period, 344.6 million euros were generated in Pulp and Paper (+129% year on year), 70.8 million euros in Cement (+5.5%) and 9.8 million euros in Environment (+35.5%). Consolidated EBITDA margin amounted to 29.0%, 5.9 p.p. above that in the same period of 2021.

The increase in EBITDA was driven by growth in the Pulp and Paper segment, benefiting from efforts to improve efficiency and consumption as well as the positive developments in UWF paper selling prices on international markets. EBITDA of the Cement segment increased 5.5%, resulting essentially from the improvement in Brazil operations, penalised by the negative effects of the increase in production costs, mainly energy costs and a decline in sales of surplus CO₂ emission licences.

- **Net profit attributable to Semapa shareholders** at the end of the first half of 2022 stood at 141.5 million euros (vs. 73.1 million euros in 2021).
- With regard to **Talent**, it is worth mentioning the launch of the 1st Corporate Leadership Program, which involves all of the Group's top management, in partnership with a business school, an investment that reveals the Group commitment to the People and its development.

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2022	H1 2021	Var.	Q2 2022	Q2 2021	Var.
Revenue	1,465.7	971.4	50.9%	823.9	507.7	62.3%
EBITDA	425.1	224.8	89.1%	270.4	117.3	130.5%
EBITDA margin (%)	29.0%	23.1%	5.9 p.p.	32.8%	23.1%	9.7 p.p.
Depreciation, amortisation and impairment losses	(110.4)	(93.3)	-18.2%	(60.8)	(46.1)	-31.8%
Provisions	1.4	(2.3)	163.9%	1.3	(2.0)	163.5%
EBIT	316.2	129.2	144.7%	210.9	69.2	204.9%
EBIT margin (%)	21.6%	13.3%	8.3 p.p.	25.6%	13.6%	12.0 p.p.
Net financial results	(62.4)	(24.0)	-160.2%	(52.2)	(6.1)	-757.8%
Net monetary position	-	(0.2)	100.0%	-	(0.2)	100.0%
Profit before taxes	253.8	105.0	141.8%	158.7	62.9	152.4%
Income taxes	(64.6)	(14.7)	-339.0%	(26.9)	(3.7)	-633.5%
Net profit for the period	189.2	90.3	109.6%	131.8	59.2	122.6%
Attributable to Semapa shareholders	141.5	73.1	93.5%	99.4	47.7	108.5%
Attributable to non-controlling interests (NCI)	47.7	17.1	178.4%	32.3	11.5	181.1%
Cash flow	298.1	185.9	60.4%	191.3	107.3	78.2%
Free Cash Flow	158.0	155.1	1.8%	90.8	87.7	3.5%
	30/06/2022	31/12/2021	Jun22 vs. Dec21			
Equity (before NCI)	1,235.3	1,092.3	13.1%			
Interest-bearing net debt	934.2	1,015.6	-8.0%			
Lease liabilities (IFRS 16)	97.0	96.7	0.3%			
Total	1,031.1	1,112.3	-7.3%			

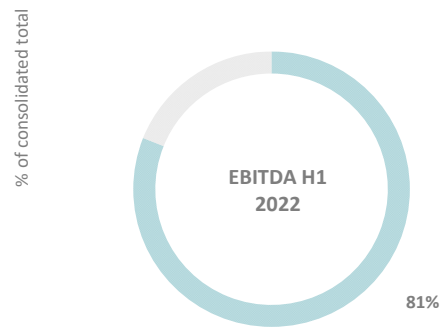
2 PERFORMANCE OF THE SEMAPA GROUP BUSINESS UNITS

2.1. BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consoli dated H1 2022
	H1 2022	22/21	H1 2022	22/21	H1 2022	22/21	H1 2022	22/21	
Revenue - External	1,142.0	59.8%	296.6	24.7%	27.1	43.8%	-	-	1,465.7
Revenue	1,142.1	59.8%	296.6	24.6%	27.1	43.8%	(0.1)	69.2%	1,465.7
EBITDA	344.6	129.0%	70.8	5.5%	9.8	35.5%	(0.1)	-66.4%	425.1
EBITDA margin (%)	30.2%	9.1 p.p.	23.9%	-4.3 p.p.	36.1%	-2.2 p.p.	-	-	29.0%
Depreciation, amortisation and impairment losses	(82.4)	-22.7%	(26.2)	-7.3%	(1.6)	-0.4%	(0.1)	4.2%	(110.4)
Provisions	3.2	>1000%	(1.7)	14.0%	-	-	-	-	1.4
EBIT	265.3	219.5%	42.9	5.4%	8.2	45.6%	(0.2)	-19.1%	316.2
EBIT margin (%)	23.2%	11.6 p.p.	14.5%	-2.6 p.p.	30.1%	0.4 p.p.	-	-	21.6%
Net financial results	(45.1)	-345.1%	(16.9)	-51.0%	(0.1)	21.8%	(0.3)	88.1%	(62.4)
Net monetary position	-	-	-	100.0%	-	-	-	-	-
Profit before taxes	220.3	202.1%	26.0	-11.3%	8.1	46.8%	(0.5)	80.8%	253.8
Income taxes	(63.9)	-355.4%	(8.2)	-311.0%	(1.6)	-45.0%	9.2	275.8%	(64.6)
Net profit for the period	156.3	165.5%	17.8	-34.9%	6.5	47.2%	8.6	>1000%	189.2
Attributable to Semapa shareholders	109.4	165.5%	17.0	-38.8%	6.4	46.0%	8.6	>1000%	141.5
Attributable to non-controlling interests (NCI)	46.9	165.4%	0.7	234.8%	0.1	>1000%	-	-	47.7
Cash flow	235.6	86.5%	45.7	-14.9%	8.1	34.7%	8.8	>1000%	298.1
Free Cash Flow	174.1	43.3%	(16.6)	-147.5%	4.6	67.4%	(4.1)	-1.6%	158.0
Interest-bearing net debt	520.6		317.0		(11.8)		108.3		934.2
Lease liabilities (IFRS 16)	55.3		39.9		1.4		0.3		97.0
Total	575.9		357.0		(10.4)		108.6		1,031.1

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

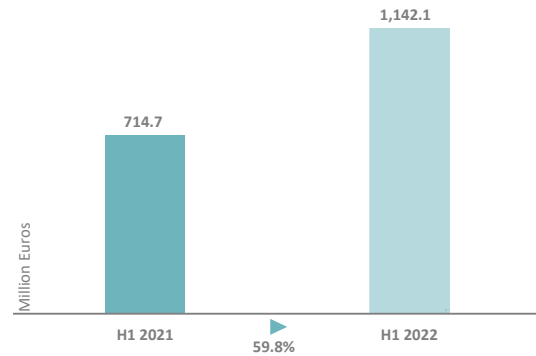
2.2. PULP AND PAPER BUSINESS UNIT



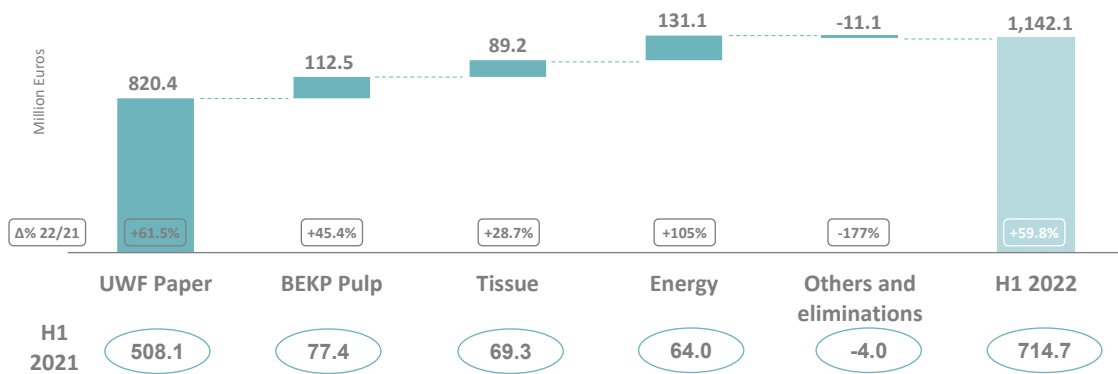
HIGHLIGHTS IN 2022 (VS. 2021)

- Revenue totalled 1,142.1 million euros, driven by the favourable evolution of prices, which represented a growth of 59.8% year on year and 32.0% compared to the previous quarter.

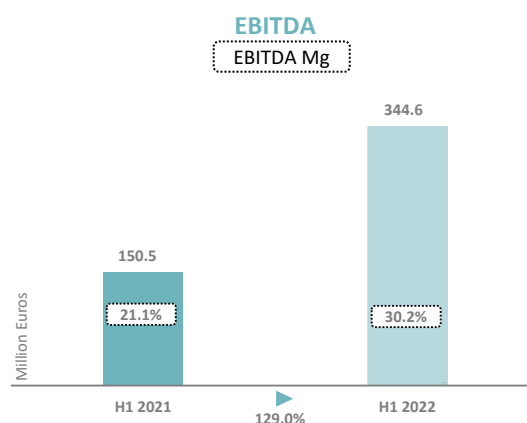
REVENUE



REVENUE BREAKDOWN BY SEGMENT



- EBITDA stood at 344.6 million euros, up by 129.0% compared to the 1st half of 2021. EBITDA margin went up from 21.1% in 2021 to 30.2% in 2022, benefiting from efforts to improve efficiency and consumption as well as the positive developments in selling prices on the international markets.
- Approximately 26 million euros in net positive impact of the EUR/USD exchange rate on EBITDA is worthy of note.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2022	H1 2021	Var.	Q2 2022	Q2 2021	Var.
Revenue	1,142.1	714.7	59.8%	649.8	373.9	73.8%
EBITDA	344.6	150.5	129.0%	223.0	79.9	179.1%
EBITDA margin (%)	30.2%	21.1%	9.1 p.p.	34.3%	21.4%	12.9 p.p.
Depreciation, amortisation and impairment losses	(82.4)	(67.2)	-22.7%	(46.4)	(33.0)	-40.5%
Provisions	3.2	(0.3)	>1000%	3.2	(0.1)	>1000%
EBIT	265.3	83.0	219.5%	179.7	46.8	284.1%
EBIT margin (%)	23.2%	11.6%	11.6 p.p.	27.7%	12.5%	15.1 p.p.
Net financial results	(45.1)	(10.1)	-345.1%	(40.4)	(0.4)	<-1000%
Profit before taxes	220.3	72.9	202.1%	139.4	46.4	200.4%
Income taxes	(63.9)	(14.0)	-355.4%	(30.9)	(8.3)	-273.9%
Net profit for the period	156.3	58.9	165.5%	108.5	38.1	184.5%
Attributable to Navigator shareholders	156.4	58.9	165.5%	108.5	38.1	184.6%
Attributable to non-controlling interests (NCI)	(0.0)	0.0	-225.6%	(0.0)	0.0	-121.6%
Cash flow	235.6	126.3	86.5%	151.8	71.3	113.0%
Free Cash Flow	174.1	121.5	43.3%	97.3	65.1	49.4%
	30/06/2022	31/12/2021				
Equity (before NCI)	903.0	814.5				
Interest-bearing net debt	520.6	594.8				
Lease liabilities (IFRS 16)	55.3	53.2				
Total	575.9	648.0				

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

LEADING OPERATING INDICATORS

in 1 000 t	H1 2022	H1 2021	Var.	Q2 2022	Q2 2021	Var.
Pulp and Paper						
FOEX – BHKP Usd/t	1,205	905	33.2%	1,256	1,028	22.2%
FOEX – BHKP Eur/t	1,105	752	47.1%	1,181	853	38.5%
BEKP Sales (pulp)	150	152	-1.6%	72	73	-1.9%
FOEX – A4- BCopy Eur/t	1,117	814	37.2%	1,196	819	46.0%
UWF Sales (paper)	734	700	4.8%	407	365	11.6%
Tissue						
Total sales of tissue	50.6	51.8	-2.5%	24.8	24.9	-0.7%

OVERVIEW OF PULP AND PAPER

In the first half of 2022, Navigator revenue totalled 1,142 million euros, paper sales accounting for around 71% of the revenue (vs. 70% year on year), pulp sales 10% (vs. 11%), tissue sales 8% (vs. 10%), and energy sales around 11% (vs. 9%).

Paper

Global demand for printing and writing paper was down by 1.4% (YTD May). **UWF paper** decreased 0.5% and coated paper was up by 1.6%, while mechanical fibre paper recorded a fall of 7.4%.

In Europe, apparent UWF paper demand in the first six months evolved negatively by 5.8%. The fall in apparent demand results from the calculation model (based on deliveries from producers), it reflects latent demand unmet, which resulted in stock reductions in the chain across the first months of the year and significant increases in producers' order books. Contrary to what has been usual, in the United States demand for UWF paper grew 3% in the first 5 months of 2022, while decreasing in other world regions by 0.2% (YTD May).

Fear of further significant reduction in demand for UWF paper after the pandemic accelerated decisions to close and reconvert mills in Europe and the US, which, combined with logistical challenges, significantly reduced supply, particularly in these regions. However, post-pandemic demand has proven to be stronger than expected, and the mills that were not affected by the aforementioned measures are operating at full capacity and with historically high order books.

Capacity in Europe decreased significantly (-12% YoY, mainly following the closure of a plant in Scandinavia at the end of Q3 2021 and the conversion to packaging of a plant in France in Q1), in addition to the strike in Northern Europe, which lasted until April, the impact of which was still felt in Q2. Furthermore, import volumes remained below the usual levels as a result of the current logistical challenges. The industry has been hit by these difficulties that we have been experiencing for about a year now, largely resulting from the pandemic. More recently, higher fuel prices have pushed logistical costs to historically high levels, increased delivery times and significantly reduced the supply of resources.

Consequently, in the first half of the year there was a shortage of paper supply in Europe, which was not exclusive to UWF paper.

The office paper benchmark in Europe at the end of June stood at 1,237 €/t, an improvement over the index at the beginning of the year (976 €/t). Navigator has worked hard to implement a responsible pricing policy that allowed it to protect margins, anticipating the impacts of continued cost increases.

In this context, Navigator keeps a historically strong order book, reflecting the sharp drop in available supply in the main regions where it operates.

Navigator's UWF sales totalled 734 thousand tonnes the first half of the year, up by 4.8% on the same period in the previous year, demonstrating the Company's significant efforts to meet its customers' growing needs against a backdrop of supply constraints and severe logistical constraints. UWF revenue was boosted by the general rise in international prices, which Navigator managed to meet, resulting in growth of around 61% in relation to the same period of the previous year. In the first half of the year Navigator also managed to enhance its product mix and reached record sales levels of premium and own-brand products.

With the growing inflow of orders and supply limitations, combined with substantial increases in maritime freights, price rises in markets outside Europe were around two thirds higher than those on European markets, in relation to the same period in 2021. At the same time, in the Iberian Peninsula, prices rose much more slowly than elsewhere in Europe, and Portugal has today some of the lowest paper prices in the world.

The focus on the **packaging** segment is still consolidating and production and sales are moving according to plan. The PM1 and PM3 machines at the Setúbal mill ensure flexibility and complementarity in terms of the ranges in weight offered by each machine.

In the 1st half of the year, packaging sales amounted to 51 million euros, close to the total revenue for the whole year 2021, serving bag, flexible packaging and corrugated cardboard manufacturers, in the latter mainly in niches with higher added value (such as boxes for food use, or packaging, where value is attached to printing and food contact certification, which recycled fibre is unable to offer).

Pulp

The benchmark index for hardwood pulp in Europe - PIX BHKP in euros - at the end of June increased 25% compared to the beginning of the year, to 1,260 €/t, with a variation of about 47% in average prices for the first half of 2022 vs. first half of 2021. It should also be noted that the increase in pulp prices was more significant in euros than in dollars, given the marked appreciation of the dollar against the euro in the first six months of the year. The hardwood pulp benchmark in China grew 46% from the beginning of the year to late June to 842 USD/t, reaching historically high levels which were in line with record values in 2010.

The Pulp sector is experiencing an historic moment worldwide as prices reach unprecedented levels across the globe. The very strong, albeit temporary, imbalance between Demand and Supply in the Pulp market continues to drive prices upwards.

Several factors are contributing to the current imbalance: in Northern Europe, the prolonged strike over the first four months of the year removed more than half a million tons from the pulp market, with an ongoing impact throughout the 2nd quarter; the concentration of annual maintenance shutdowns around the world in the 1st half; delays on the start of new investment projects for pulp in Latin America; Russia's invasion of Ukraine and the consequent embargo on wood imports from Russia has drastically reduced supplies of imported birch in Northern Europe (this is estimated to affect around 1 million tons of annual output of birch pulp); the suspension of chemicals supplies needed to manufacture pulp and the unavailability of logistical services created operational to market pulp production in Russia, limiting pulp supplies to China, Russia's main market. At the end of the first half, pulp stocks were balanced or low along the value chain. Paper producers around the world kept balanced stocks, in line with historical levels, whilst buyers/users of pulp in Europe are facing low stocks levels, lower than on the same period in the previous year.

On the other hand, logistical difficulties also penalised pulp market supply, having caused significant increases in transit times and numerous delays in deliveries due to lack of resources and port congestion.

At the beginning of 2022, Navigator's pulp stocks were relatively low, which combined with significantly higher integration of paper, reduced pulp volumes available for sale in the period. Sales thus stood at 150 thousand tonnes, which reflects a reduction of 1.6% compared to the same period of the previous year. The increase in pulp prices over the last 12 months made it possible to offset the decrease in volumes year on year, with a positive variation in revenue of 45%.

Tissue

The sharp rise in input prices in the first half of the year (energy, logistics and commodities, particularly in the price of chemicals and pulp), put great pressure on tissue manufacturers' margins, with many of them announcing price increases. In this adverse context, Navigator raised prices in line with the sector, thereby mitigating the effects of cost inflation. Despite these price increases, the unit margin of the tissue business decreased when compared with the same period of the previous year.

Tissue sales volume amounted to approximately 51 thousand tonnes, a reduction of around 2% compared to the same period last year. The year-on-year drop is essentially due to the slowdown in sales of reels for non-integrated producers, whilst finished products grew by 3%. The growth performance was supported mainly by the Consumer segment, where exports increased, but also in the Away from Home segment, with the progressive recovery of tourism boosting the Horeca channel. Rising prices boosted tissue revenue up by about 29% in relation to the 1st half of 2021.

Energy

As a result of the one-off remuneration system applicable to cogeneration activities, Navigator's renewable cogeneration plants have been selling their electricity at market prices since January this year.

Electrical **energy** sales totalled approximately 131 million euros in the first half of 2022, which represents an increase of 105% year on year. Contributing to the significant increase in these results is the fact that average spot price of the Iberian electricity market (OMIE), which serves as a reference for the sale, was approximately 206 €/MWh. The sale at market prices partly offset the rise in electricity purchase prices in the non-fixed component for the period, and the purchases of natural gas, fuel and biomass.

Costs

Production costs increased by more than 30% compared to the same period of the previous year, mainly due to the higher cost of wood, as a result of the wood mix, and also due to the higher cost of external fibres, energy and chemicals. It should be noted that although with a higher percentage of non-Iberian wood, thanks to the hard work and knowledge of the industrial teams it was possible to maintain specific consumption at the same level as the previous year's.

Furthermore, logistics costs increased significantly by about 50% year on year; logistical challenges remain and are affecting the economy across the board.

Staff costs increased 19 million euros, largely resulting from Navigator's good performance in the first half of the year, which is conducive to the distribution to employees of higher bonuses of two extra salaries on average, and expansion of the rejuvenation programme to close to 50 employees. Total fixed costs were 20% above the same period of last year, mainly due to staff costs as mentioned above and higher operating costs inherent to more activity after the pandemic.

In this context, efforts to increase productivity and efficiency, and the favourable international price climate offset the strong increase in the cost of production inputs and fostered an EBITDA of 344.6 million euros in the first half. EBITDA margin stood at 30.2% (+9.1 p.p. than in the same period of 2021). Attention is drawn to the net positive impact of the exchange rate on EBITDA of about 26 million euros, with an average EUR/USD exchange rate of 1.09 in H1, which compares to 1.21 in the same period of the previous year.

The **financial results** amounted to -45.1 million euros (vs. -10.1 million euros), deteriorating by about 35 million euros, mainly due to non-recurrent impacts, namely 30.4 million euros related to unfavourable accumulated exchange differences directly associated with the reimbursement of the long-term (shareholder) loan granted to the subsidiary Portucel Moçambique. Without the non-recurring impacts, the financial results would have been 11.1 million euros.

Net income attributable to Navigator shareholders in the first half of 2022 totalled 156.4 million euros (vs. 58.9 million euros in the same period of 2021).

The free **cash flow** generated, 174 million euros, reflects the very favourable circumstances of operating performance, in particular with regard to sales and prices. There was a moderate increase in the amount invested in working capital, due to the increase in revenue: the increases in inventories and customers are in line with the strongly expanding activity. The upward trend in working capital was, nevertheless, contained by the pursuit of a supplier management policy that favours cash generation. This policy sought to guarantee further the availability of liquidity support solutions for Navigator's partners.

In the first half of 2022, the total amount of **investments** was 34.3 million euros, of which 11.7 million euros related to investments classified as Environment, which accounts for close to 34% of the total investment for the period. This is mainly made up of investments aimed at maintaining production capacity, revamping equipment and achieving efficiency gains. It also includes structural and environmental and decarbonisation projects, some of which kicked off already in 2020, such as the New Wood Yard in Figueira da Foz, the New Evaporation Line in Aveiro and the replacement of Fuel Oil Boilers in Setúbal.

Navigator's commitment to innovation and to developing projects that promote resilience, climate transition and digital transition places the company in a privileged position for investment under the Recovery and Resilience Plan (RRP). Navigator submitted several applications that are in line with its strategy. The initiative From Fossil to Forest - Sustainable Packaging Products to Replace Fossil Plastic was one of the Green Agendas approved under the RRP.

Navigator was also involved in three other third party applications approved under component C5 of the RRP. The Company's overall investment is in excess of 100 million euros, of which nearly 93 million euros will be applied by 2025 under the From Fossil to Forest Agenda.

In addition, Navigator and the German company P2X Europe have signed a Memorandum of Understanding to set up a joint venture - P2X Portugal - to develop a state-of-the-art industrial unit to produce non-fossil fuels for the aviation sector on a large scale, also known as e-SAFs (e-Sustainable Aviation Fuels) - carbon-neutral synthetic kerosene, based on green hydrogen and biogenic CO₂. The first two development phases involves investment of around 550-600 million euros in the green H₂ production plant, biogenic CO₂ capturing equipment, and a production capacity of 40,000 tonnes per year of synthetic products. The Portuguese Government has granted P2X Portugal's PtL project the status of Project of National Interest (PIN), which attests to its overall strength, maturity and quality. Subject to the fulfilment of identified conditions precedents and to positive final investment decision by mid-2023, Project is scheduled to start commercial operations as early as the first semester of 2026.

SECOND QUARTER OF 2022 VS. SECOND QUARTER OF 2021

Paper market conditions in the 2nd quarter were affected by the lingering war in Europe and the subsequent increase in uncertainty and fears of disruption in the various supply chains upstream and downstream of Navigator's business. On the other hand, the effects of the strike in Northern Europe that lasted for the first four months of the year were still felt in the second quarter, and it impacted all printing and writing paper and the limited supply of pulp to the market. Additionally, the logistical constraints, which had already been felt for more than a year, continued, as did the closure and significant conversion of capacity, namely among Scandinavian competitors. These factors significantly impacted the volume of supply in Europe and enabled favourable international price developments.

In the 2nd quarter pulp price benchmark index was up by 22% in USD and 38% in euros compared to the average price in the 2nd quarter of 2021, and by 9% in USD and 15% in euros compared to the 1st quarter of 2022.

Impacted by the pulp price index, the overall increase in the cost of energy, logistics and raw materials, and also by a very unbalanced supply vs. demand, the paper price index for in Europe also increased significantly in Q1 2022, both compared to average prices in Q2 2021 (+46%) and compared with the average price of the previous quarter (+15%).

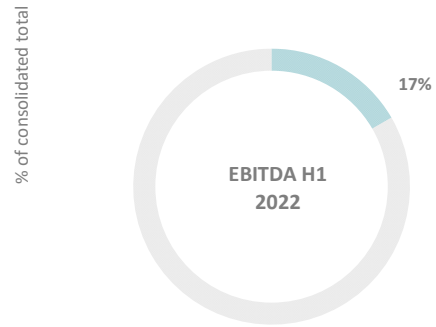
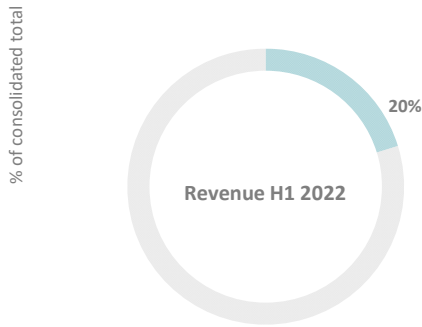
Paper sales volume in the quarter was 407 thousand tonnes, nearly 25% more than in the 1st quarter and 12% compared to the 2nd quarter 2021. It should be noted that in the first quarter the sales volume was more subdued due to the need to replenish stocks and to logistical difficulties. Pulp sales volume was 72 thousand tonnes, 7% below the 1st quarter and 2% below the 2nd quarter of 2021, also due to the need to replenish pulp stocks and to greater integration in paper. Tissue sales volume stood at approximately 25 thousand tonnes, down by 4% from the previous quarter and 1% lower year on year.

In this context, EBITDA in the 2nd quarter stood at 223.0 million euros (+179% vs. the first quarter and +83.4% vs. the second quarter of 2021) and EBITDA margin improved to 34.3%.

The Free Cash Flow generated in the 2nd quarter was 97.3 million euros, comparing positively to the 1st quarter of 2022 and the 2nd quarter of 2021.

Net income attributable to Navigator shareholders amounted to 108.5 million euros, which was a significant improvement compared with the previous quarter (+126.9%) and compared with the same quarter of the previous year (+184.6%).

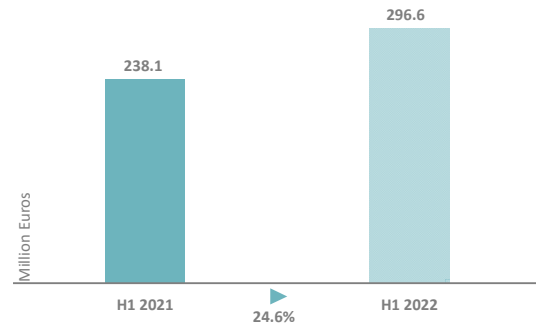
2.3. CEMENT AND OTHER BUILDING MATERIALS BUSINESS UNIT



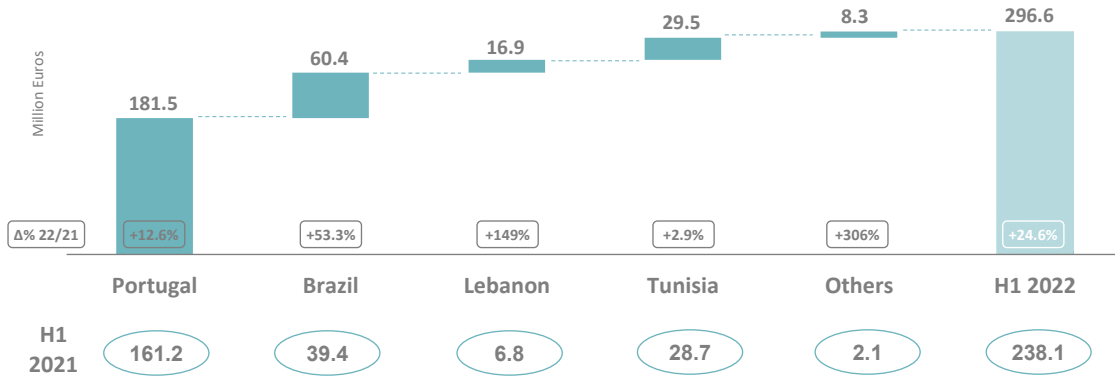
HIGHLIGHTS IN 2022 (VS. 2021)

- In 2022, Secil's accumulated revenue amounted to 296.6 million euros, 24.6% more than that in 2021, which translated into 58.6 million euro increase.
- This increase is essentially the result of positive developments in Portugal and Brazil. The favourable evolution in Lebanon is mainly the result of a sharp increase in prices that more than exceeded the hyperinflation experienced by the country. The exchange variation of the currencies of the different countries (excluding Lebanon) had a positive effect of about 11.6 million euros on Secil's revenue in the first half.

REVENUE

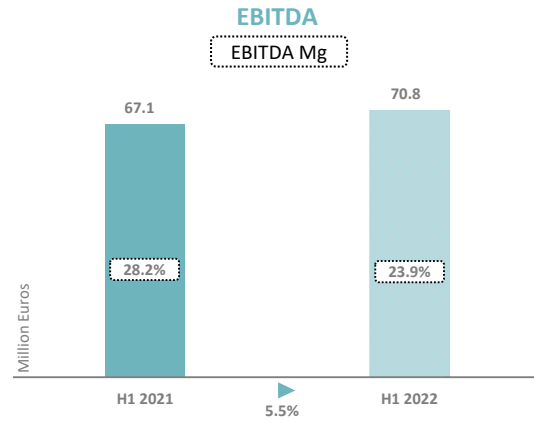


REVENUE BREAKDOWN BY COUNTRY

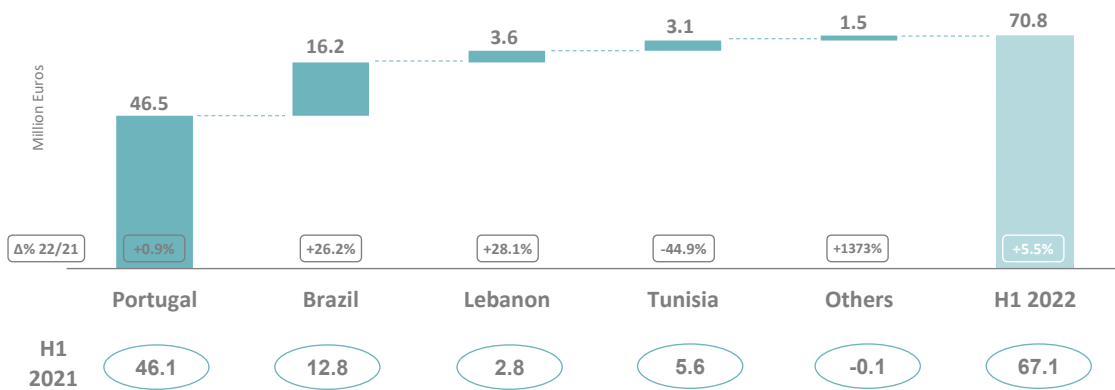


Note: Other includes Angola, Trading, Other and Eliminations.

- EBITDA stood at 70.8 million euros, up by 3.7 million euros year on year. The decrease in sales of surplus CO₂ emission licences of 5.1 million euros compared to the same period last year is worthy of note.
- This evolution reflects the average increase in sales prices and market growth in several countries, as well as the negative effects caused by the increase in production costs, especially energy, as a result of the sharp rise in fuel prices and the inflationary trend seen in all economies stemming from the end of the global health crisis and, more recently, the war in Ukraine.



EBITDA BREAKDOWN BY COUNTRY



Note: Other includes Angola, Trading, Other and Eliminations.

Secil's **net financial profit** deteriorated from the same period of the previous year, from -11.2 million euros to -16.9 million euros. This negative gap results mostly from the increase in the net cost of financing in Brazil, due to the increase in interest rates in that market combined with a significant appreciation of the real against the euro.

Net profit attributable to Secil shareholders totalled 17.0 million euros in H1 compared to 27.8 million euros in same period of the previous year. The decrease results from the higher financial costs and income taxes, partially offset by an improvement in operating results.

In the 1st half of 2022, Secil **invested** 37.1 million euros in fixed assets (vs. 18.4 million euros in the same period of 2021). The investment in the *CCL- Clean Cement Line* project amounting to 20.5 million euros is worthy of note.

LEADING BUSINESS INDICATORS

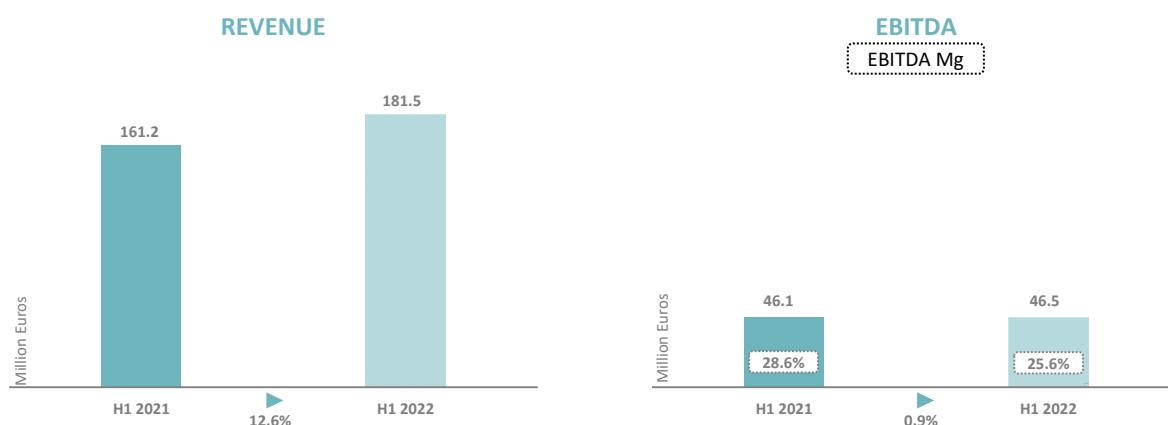
IFRS - accrued amounts (million euros)	H1 2022	H1 2021	Var.	Q2 2022	Q2 2021	Var.
Revenue	296.6	238.1	24.6%	159.5	124.7	28.0%
EBITDA	70.8	67.1	5.5%	41.7	33.8	23.4%
EBITDA margin (%)	23.9%	28.2%	-4.3 p.p.	26.1%	27.1%	-1.0 p.p.
Depreciation, amortisation and impairment losses	(26.2)	(24.4)	-7.3%	(13.5)	(12.2)	-10.2%
Provisions	(1.7)	(2.0)	14.0%	(1.9)	(1.9)	2.2%
EBIT	42.9	40.7	5.4%	26.4	19.6	34.2%
EBIT margin (%)	14.5%	17.1%	-2.6 p.p.	16.5%	15.7%	0.8 p.p.
Net financial results	(16.9)	(11.2)	-51.0%	(12.6)	(4.4)	-189.9%
Net monetary position	-	(0.2)	100.0%	-	(0.2)	100.0%
Profit before taxes	26.0	29.3	-11.3%	13.7	15.0	-8.7%
Income taxes	(8.2)	(2.0)	-311.0%	(4.5)	3.5	-229.9%
Net profit for the period	17.8	27.3	-34.9%	9.2	18.5	-50.2%
Attributable to Secil shareholders	17.0	27.8	-38.8%	9.5	18.5	-48.4%
Attributable to non-controlling interests (NCI)	0.7	(0.5)	234.6%	(0.3)	0.0	-886.0%
Cash flow	45.7	53.7	-14.9%	24.6	32.7	-24.7%
Free Cash Flow	(16.6)	35.0	-147.5%	(7.0)	27.3	-125.8%
	30/06/2022	31/12/2021				
Equity (before NCI)	407.4	371.4				
Interest-bearing net debt	317.0	253.9				
Lease liabilities (IFRS 16)	39.9	41.6				
Total	357.0	295.5				

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

LEADING OPERATING INDICATORS

in 1 000 t	H1 2022	H1 2021	Var.	Q2 2022	Q2 2021	Var.
Annual cement production capacity	9,750	9,750	0.0%	9,750	9,750	0.0%
Production						
Clinker	2,123	2,111	0.6%	1,155	1,102	4.8%
Cement	2,582	2,579	0.1%	1,306	1,357	-3.8%
Sales						
Cement and Clinker						
Grey cement	2,639	2,621	0.7%	1,340	1,399	-4.2%
White cement	40	46	-13.4%	18	20	-10.1%
Clinker	75	65	16.1%	49	40	24.5%
Other Building Materials						
Aggregates	2,434	2,444	-0.4%	1,221	1,275	-4.3%
Mortars	135	134	0.7%	69	69	-0.4%
in 1 000 m3						
Ready-mix	1,008	939	7.4%	516	491	5.0%

PORTUGAL



In **Portugal**, the Bank of Portugal (Projections for the Portuguese Economy - June 2022) expects the Portuguese economy to grow 6.3% in 2022, while the construction production index recorded a year-on-year growth of 2.0% in May, after having risen by 2.9% and 1.2% in March and April respectively (Monthly Economic Survey - July 2022, INE).

Cement consumption in Portugal in H1 of 2022 is estimated to have grown in accumulated terms about 3.3% year on year.

In the first half of 2022, **revenue** of combined operations in Portugal stood at approximately 181.5 million euros, i.e. a 12.6% growth in the same period of 2021.

Revenue in the Cement business unit in Portugal grew 17.9% (+16.1 million euros) from the same period of the previous year, due to the combined effect of higher volumes sold and the increase in respective average selling price.

Domestic market revenue was up by 17.2% against the first half of 2021, as a result of more cement sales driven by more cement consumption and higher average selling price.

Export revenue, including Secil terminals, also improved compared to the same period last year, growing around 13.8% as a result of the combined effect of more volumes exported (+3.9%) at a higher price.

In the other business segments with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Precast), revenue amounted to 84.7 million euros in the first half of 2022, up by 8.8% year on year.

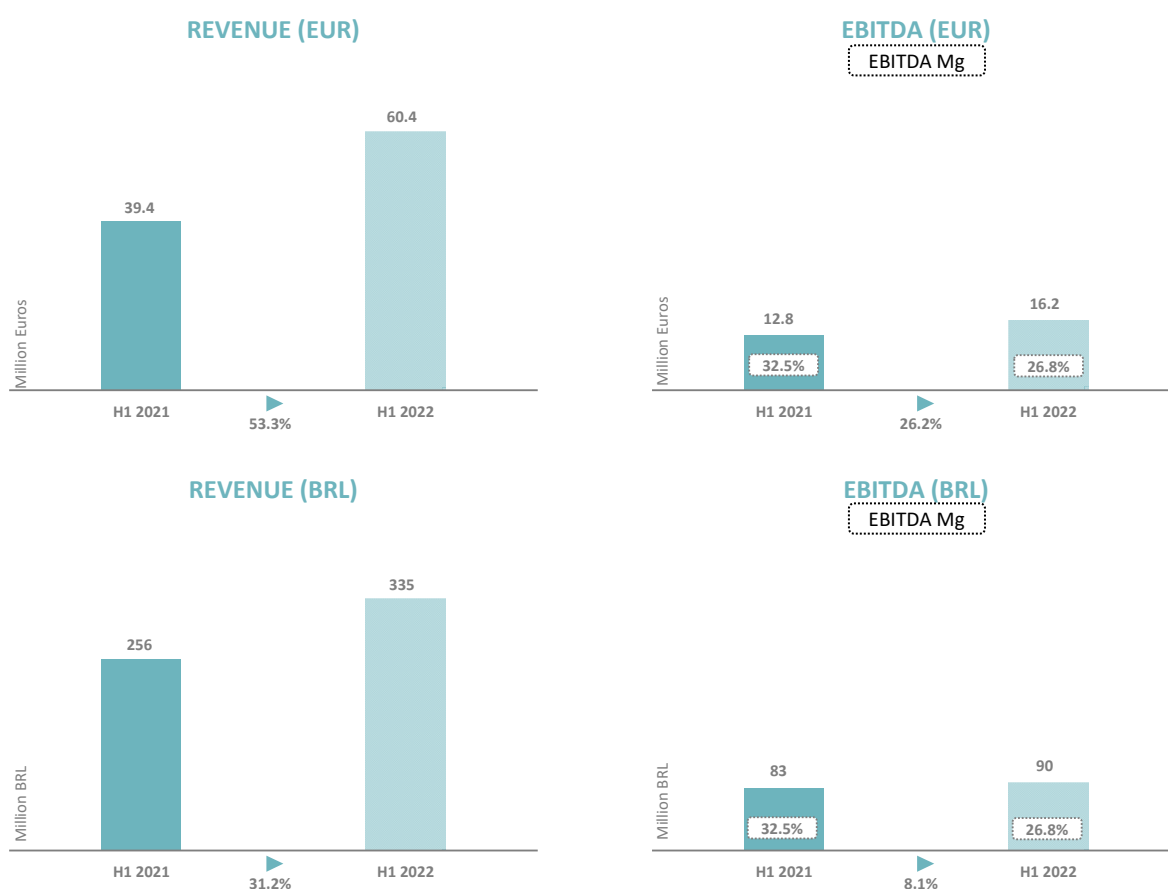
This growth took place in all areas of building materials, benefiting from greater construction dynamics, although it was higher in the Concrete business unit, which recorded +8.1% higher sales volume.

The **EBITDA** of the activities in Portugal amounted to 46.5 million euros, representing a growth 0.9% compared to the same period of 2021.

EBITDA of the Cement business unit was higher than that of the same period last year by 2.1 million euros (+4.5%), negatively impacted by the decrease in the sale of surplus CO₂ emission licences, which represented a significant reduction of 5.1 million euros, and the increase in thermal energy costs, as a consequence of higher international price of fuels. The increase in volumes sold in the domestic and external markets, and higher average prices, both in the domestic and foreign markets, should be positively highlighted.

EBITDA of building material business units overall was down by 2.2 million euros (-23%). Despite the positive evolution in Concrete volumes sold and a slight increase in sales prices, market pressure did not fully offset the increase in variable production costs that contributed to the poorer performance of this segment. On the other hand, the Aggregates segment performed quite well (approximately 13% EBITDA growth), while the EBITDA of the Mortars segment was very close to levels in the first half of 2021.

BRAZIL



Note: Average exchange rate EUR-BRL 2021 = 6.4890 / Average exchange rate EUR-BRL 2022 = 5.5557

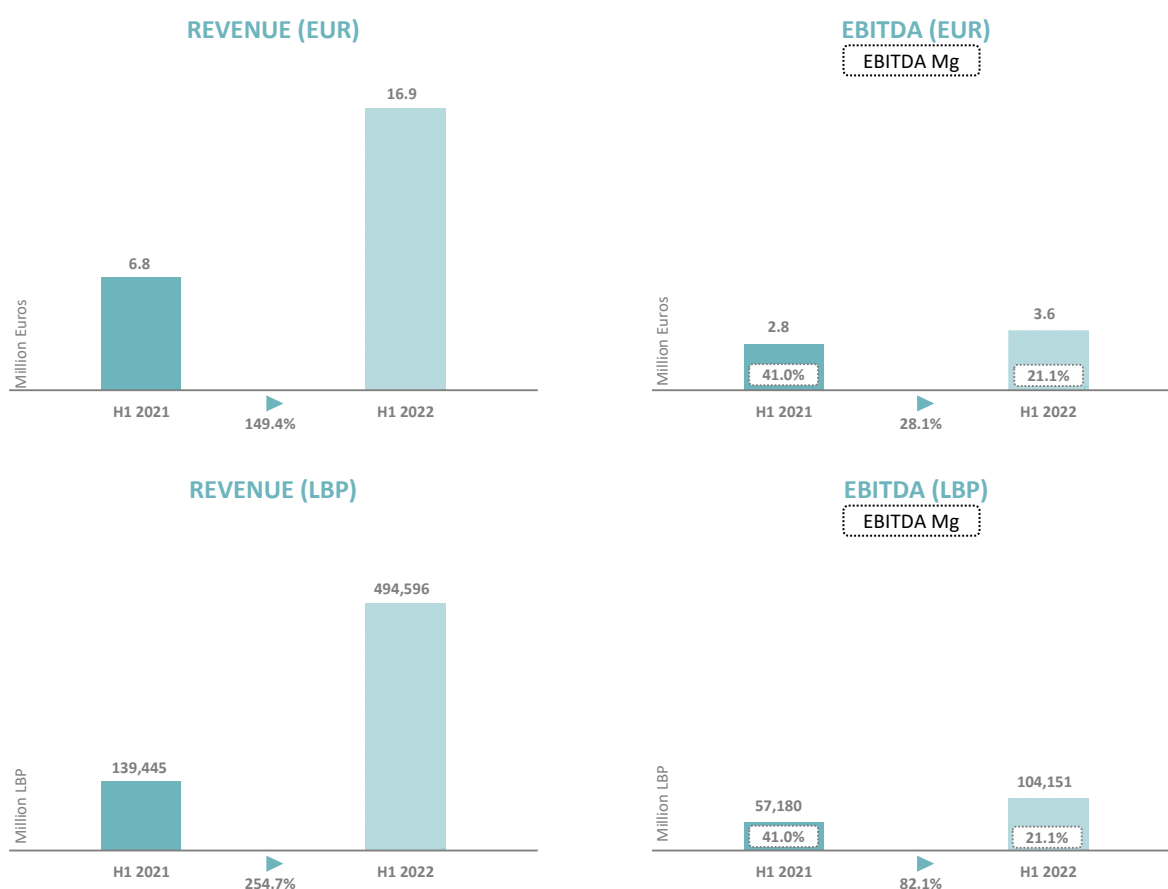
According to the estimates provided by the SNIC (Preliminary Results, June 2022), cement sales of local producers in **Brazil** decreased 2.7% in the first half of the year against the same period of the previous year. Higher interest rates and inflation and the global geopolitical instability contributed negatively to this. The main driver of cement consumption continues to be real estate construction, although less new projects are being launched, due to the high levels of indebtedness of households and the rising cost of funding.

Revenue of combined operations in the country stood at 60.4 million euros in the first half of 2022, 53.3% up on revenue recorded in the same period of 2021. Excluding the effect of the exchange rate appreciation of the Real vis-a-vis the Euro, with a positive impact of around 8.7 million euros, revenue would have been higher by +31%.

Both Cement sales volumes and average sales prices increased in comparison with the same period of the previous year.

EBITDA of activities in Brazil totaled 16.2 million euros, which compares with 12.8 million euros recorded year on year (i.e. 26.2% increase). Excluding the favourable exchange rate effect (+2.3 million euros), EBITDA grew 8%, reflecting the negative impact of higher variable production costs, energy in particular.

LEBANON



Note: Exchange rate EUR-LBP 2021 = 20,559.3 / Exchange rate EUR-LBP 2022 = 29,239.4

Lebanon is plunged into a serious economic-financial and social crisis. Despite the efforts made by political leaders to stabilise the situation, the outbreak of the Covid-19 pandemic and the explosion in Beirut port in August 2020 aggravated further an already precarious situation. In addition, the constant power cuts from the last quarter of 2021 onwards negatively impacted Secil's operations in the country.

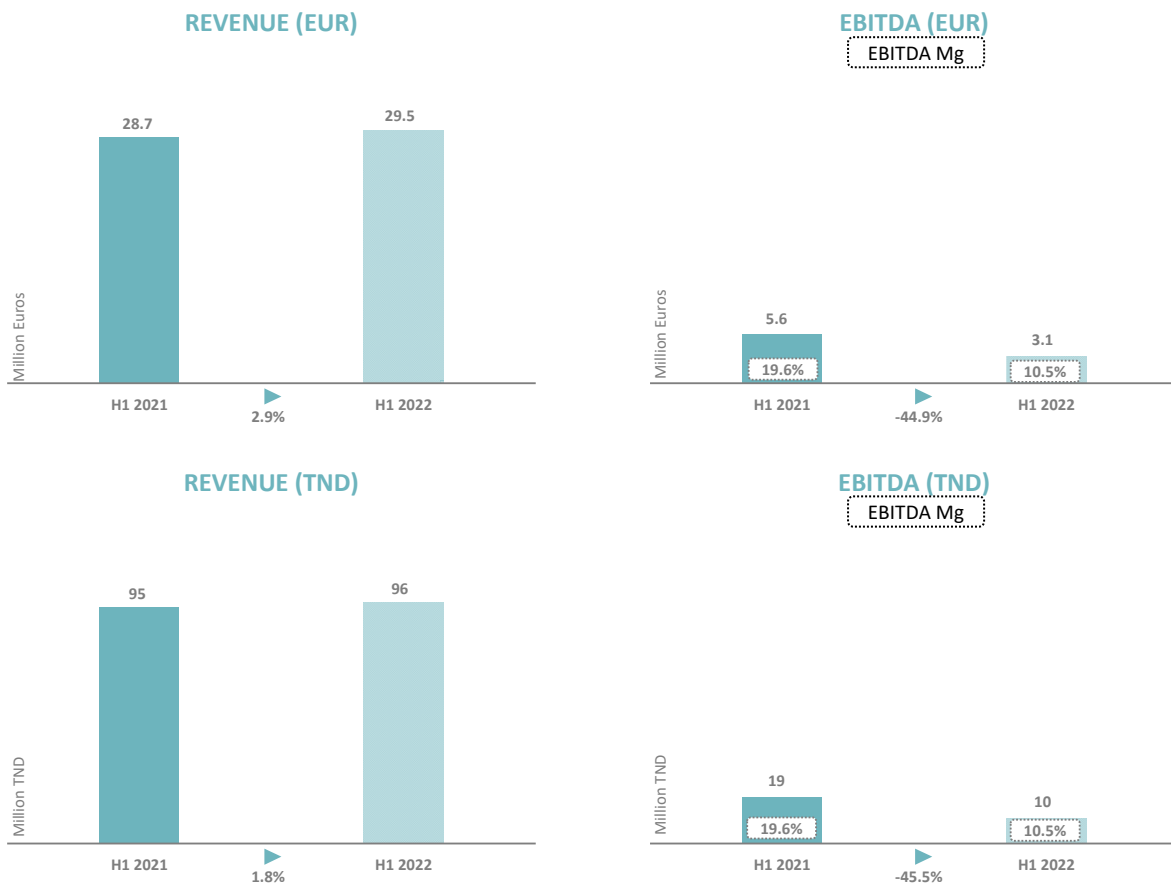
In spite of the context, **revenue** of combined operations in Lebanon increased 149.4%, compared to the same period in 2021, the revenue figure rising from 6.8 million euros to 16.9 million euros. This growth results mainly from the adjustment of sales prices in domestic currency to the hyperinflation and the rapid depreciation of the currency, alongside increases in production costs, namely due to higher fuel costs. Revenue would have been 7.1 million euros higher if the effect of the exchange rate depreciation had been removed. Note that the Lebanese pound ended H1 2022 at 29,239 LBP/EUR, which compares with 20,559 LBP/EUR at the end of the first half of 2021.

The volumes of cement and clinker sold to the domestic market decreased 30.5% compared to the same period last year. Cement revenue grew 109.4%, despite the high exchange rate depreciation of the Lebanese pound, which was more than compensated for by the price increase in domestic currency.

In the Concrete segment, revenue also grew in comparison with the same period of the previous year (+272%), as a result of the increase in volumes sold (+18%), but above all due to higher average sales price in local currency.

EBITDA generated from operations in Lebanon stood at 3.6 million euros, up by 28.1% in relation to the same period the last year. The increase is mostly due to the alignment of sales price with inflation in the domestic economy, the cost containment measures implemented, which more than offset the effect of the exchange rate depreciation of the Lebanese pound, and the increase in input costs, namely energy costs.

TUNISIA



Note: Average exchange rate EUR-TND 2021 = 3.2973 / Average exchange rate EUR-TND 2022 = 3.2620

Tunisia is still facing significant challenges, including high foreign and tax deficits, increasing debt, and insufficient growth to reduce unemployment. Some social unrest and pressure from union claims continue. Government deficit is reflected in fewer public works and the real estate sector faces challenges due to difficulties in obtaining funding (in connection with the fragility of the banking sector), which impacts construction output. The after-effects of the war in Ukraine and the political instability made the situation worse.

In this difficult context, the domestic cement market is expected to have decreased by around 13% in comparison with the same period of 2021, and is still subject to strong competition due to excess installed capacity.

Revenue of the operations carried out in Tunisia showed a positive variation of 2.9% (29.5 million euros in total) compared with the same period of the previous year, the exchange rate impact being close to zero.

Revenue of the Cement business grew around 3.1% to 27.7 million euros, reflecting particularly the reduction in cement sales in the domestic market (-7.5%) and in the foreign market (-4.8%), combined with an increase in prices in the domestic and foreign markets.

In line with the cement business, Concrete business revenue also showed an increase of 2.6% compared to the same period last year, as a result of an increase in the sales price.

EBITDA of the activities in Tunisia amounted to 3.1 million euros, 44.9% below the same period last year (5.6 million euros), as a result of the increase in energy costs, only partially compensated by an increase in average selling prices.

ANGOLA AND OTHERS

It is estimated that, according to the latest figures available, the Angolan cement market was up by 2% compared to the first half of 2021.

The volumes of cement sold by Secil nearly doubled and grew by 99%. Secil Lobito has been implementing a strict price policy that can help it tackle the significant increase in costs expressed in the domestic currency.

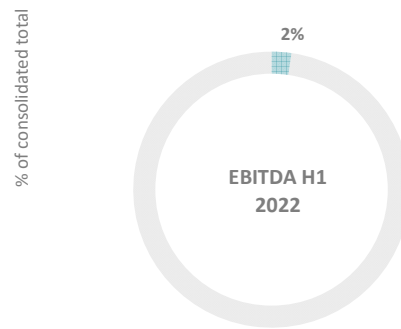
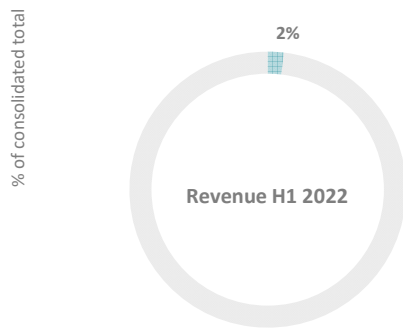
Consequently, **revenue** totalled 7.2 million euros, i.e. 260.5% above that in the same period of the previous year, and was positively affected by the average appreciation of the kwanza, which produced a positive effect of 2.6 million euros. Excluding the exchange rate effect, revenue would have been higher by 132%.

EBITDA in the first half of 2022 amounted to a positive figure of 1.7 thousand euros, which in contrast with the negative 95 thousand euros recorded over the same period in the previous year is a significant improvement.

SECOND QUARTER OF 2022 VS. SECOND QUARTER OF 2021

EBITDA in the second quarter of 2022 was higher than EBITDA in the second quarter of 2021 by around 7.9 million euros (+23%). Such improvement was driven by the increase in EBITDA generated by activities in Portugal of 4.3 million euros (+19%), in line with the favourable development in the construction sector. Business in Brazil (+52%) and in Angola (+1.1 million euros) also made a positive contribution to this evolution, unlike business in Tunisia which had a negative contribution (-54%). EBITDA in Tunisia was 0.6 million euros lower, which reflects the worsening economic and social crisis in that country. The 3.7 million euro growth in EBITDA in Brazil is mainly explained by the rise in sales, the higher average selling price of cement in domestic currency and the appreciation of the exchange rate of the Brazilian real.

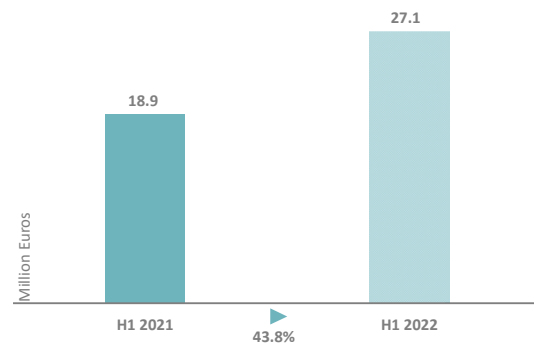
2.4. ENVIRONMENT BUSINESS UNIT



HIGHLIGHTS IN 2022 (VS. 2021)

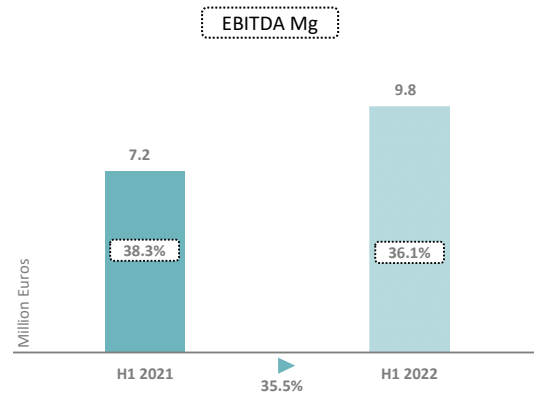
- ETSA recorded revenue of approximately 27.1 million euros in the first half of 2022, which represented an increase of approximately 43.8% year on year.

REVENUE



- EBITDA for ETSA totalled approximately 9.8 million euros in the first six months of 2022, representing a growth of about 35.5% in comparison with the same period of the previous year, essentially due to higher revenue.

EBITDA



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2022	H1 2021	Var.	Q2 2022	Q2 2021	Var.
Revenue	27.1	18.9	43.8%	14.6	9.2	58.6%
EBITDA	9.8	7.2	35.5%	5.8	3.8	54.3%
EBITDA margin (%)	36.1%	38.3%	-2.2 p.p.	40.0%	41.1%	-1.1 p.p.
Depreciation, amortisation and impairment losses	(1.6)	(1.6)	-0.4%	(0.8)	(0.8)	-1.4%
Provisions	-	-	-	-	-	-
EBIT	8.2	5.6	45.6%	5.0	3.0	68.6%
EBIT margin (%)	30.1%	29.7%	0.4 p.p.	34.4%	32.4%	2.1 p.p.
Net financial results	(0.1)	(0.1)	21.8%	(0.0)	(0.0)	20.1%
Profit before taxes	8.1	5.5	46.8%	5.0	2.9	70.1%
Income taxes	(1.6)	(1.1)	-45.0%	(0.9)	(0.5)	-63.8%
Net profit for the period	6.5	4.4	47.2%	4.1	2.4	71.5%
Attributable to ETSA shareholders	6.4	4.4	46.0%	4.1	2.4	69.8%
Attributable to non-controlling interests (NCI)	0.1	-	-	0.0	-	-
Cash flow	8.1	6.0	34.7%	4.9	3.2	53.9%
Free Cash Flow	4.6	2.7	67.4%	1.9	1.5	24.7%
	30/06/2022	31/12/2021				
Equity (before NCI)	92.0	86.6				
Interest-bearing net debt	(11.8)	(8.2)				
Lease liabilities (IFRS 16)	1.4	1.6				
Total	(10.4)	(6.6)				

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

ENVIRONMENT - ACTIVITY OVERVIEW

ETSA recorded **revenue** of approximately 27.1 million euros in the first half of 2022, which represented an increase of about 43.8% compared to the same period of the previous year.

This variation results from an increase in sales compared to the same period last year, stemming essentially from the increase in the sale of class 3 fat and meal, the increase in sales of used cooking oils and the sales of Tribérica, held 70% since 1 September 2021. Services rendered remained at similar levels as in the same period of the previous year.

EBITDA totalled approximately 9.8 million euros in the first six months of 2022, representing a growth of about 35.5% in comparison with the same period of the previous year, essentially due to higher revenue.

EBITDA margin stood at 36.1%, down by around 2.2 p.p. over the margin for the first half of 2021.

Financial results improved by about 21.8% in relation to the same period of the previous year, mostly due to the reduction in average debt.

The combined impact of these factors resulted in Net Profit attributable to ETSA shareholders for the first half of 2022 of approximately 6.4 million euros, up by around 46.0% in comparison with the first half of the previous year.

ETSA invested 3.1 million euros in fixed assets in the first half of 2022.

SECOND QUARTER OF 2022 VS. SECOND QUARTER OF 2021

ETSA recorded revenue in Q2 2022 of about 14.6 million euros, which is around 58.6% growth in comparison with that of the same period of the previous year. This variation results from an increase of about 85.1% in sales and around 8.2% in services rendered.

The change in sales is essentially due to: i) the increase in average prices of class 3 Fat and the volumes sold of this product; ii) the value of sales of Tribérica acquired in September 2021; iii) the increase in sales of used cooking oils (UCO's); and iv) the increase of the selling price of class 1 fat.

Concerning the changes in services rendered, this is essentially due to: i) the increase in class 1 and 2 collections, which resulted in an increase in these services despite the decrease in the average invoicing price; ii) the increase in SIRCA collections; and iii) the invoicing of the new coffee capsule collection service, which amounted to around 75 thousand euros (in the 1st half of 2021 this service did not exist).

EBITDA totalled approximately 5.8 million euros in the 2nd quarter of 2022, about 54.3% above EBITDA levels in the same period of 2021.

2.5. VENTURE CAPITAL BUSINESS UNIT

In the 1st half of 2022, Semapa Next made investments in two startups, namely Defined AI, a Portuguese technology company whose platform provides data to train and validate artificial intelligence models and Kencko, a company that produces and sells fruit and vegetable-based smoothies and food. In July, Semapa Next made an investment in Flecto, a startup that offers a platform for companies to manage any rental business.

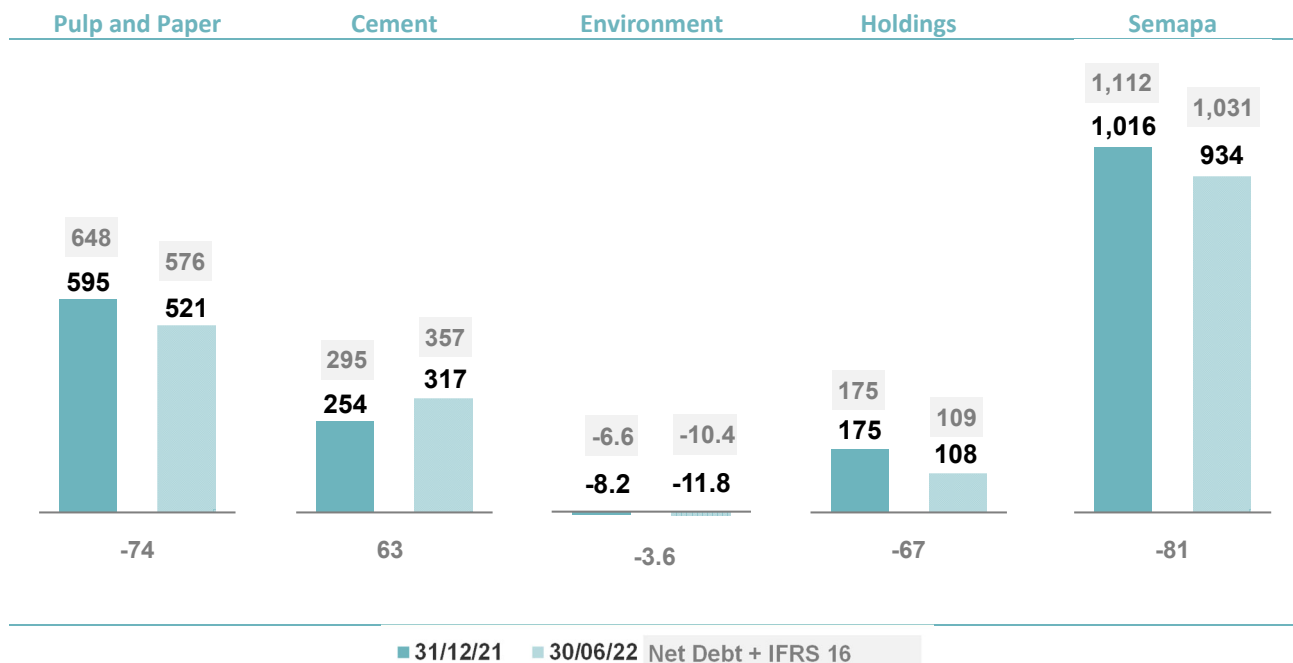
In addition to direct investments, Semapa Next has also invested in the two new Lakestar funds, a Swiss-based venture capital firm whose portfolio is made up of companies, such as Spotify, Revolut or Blockchain, among others.

In addition, Semapa Next actively monitored its portfolio and continued to analyse investment opportunities in Series A and B stage companies. With several investment opportunities in the pipeline, an eventful second half of 2022 is expected. Finally, Semapa Next has participated and will continue to participate in national and international events in view of strengthening institutional ties with Venture Capital investors.

3 SEMAPA GROUP – FINANCIAL AREA

3.1. DEBT

NET DEBT



On 30 June 2022, **consolidated net debt** stood at 934.2 million euros, representing a reduction of around 81.4 million euros over the figure ascertained at the close of 2021. Including the effect of IFRS 16, net debt would have been 1,031.1 million euros, 81.2 million euros below the figure at the end of 2021. Besides the operating cash flow generated, these variations are explained by:

- Pulp and Paper: -74.2 million euros, including investments in fixed assets of about 34.3 million euros and distribution of 100 million euros in dividends;
- Cement: +63.2 million euros, including investments of about 37.1 million euros in fixed assets, reimbursement of 40.5 million euros in supplementary payments to Semapa and the impact of the appreciation of the Brazilian real on net debt of Brazil (7 million euros);
- Environment: -3.6 million euros, in spite of the difficulty in collecting the amounts billed to the Government; and,
- Holdings: -66.9 million euros;

As at 30 June 2022, total consolidated cash amounted to 419.4 million euros, in addition to 723.0 million euros in contracted and unused credit lines for the Group, thus ensuring a strong liquidity position.

It is worth noting that at the end of June Navigator issued a bond loan of 150 million euros maturing in 2028 under the Sustainability-Linked Bonds Framework. The terms of the loan are directly linked to three ESG indicators (reduction of CO₂ emissions, increase in the proportion of certified wood and increase in consumption of energy from renewable sources) envisaged in Navigator's Sustainability Agenda which, in turn, are aligned with the United Nations Sustainable Development Goals.

3.2. NET PROFIT

Net profit attributable to Semapa shareholders was 141.5 million euros, which represents an increase of 68.4 million euros compared to the same period of the previous year, due essentially to the combined effect of the following factors:

- 200.3 million euro increase in EBITDA, mainly due to the increase of 194.1 million euros in the Pulp and Paper segment;
- An increase of 13.3 million euros in depreciation, amortisation and impairment losses and provisions;
- Deterioration in net financial results of approximately 38.4 million, reflecting on the one hand the increase in the net cost of funding of Secil Brasil and on the other hand non-recurrent impacts, namely 30.4 million euros related to unfavourable accumulated exchange differences directly associated with the reimbursement of the long-term loan (shareholder loans) granted to Navigator's subsidiary Portucel Moçambique.
- An increase in income taxes of approximately 50 million euros, deriving fundamentally from higher income.

4 OUTLOOK

The first half of 2022 was marked by the Russian invasion of Ukraine, which rapidly changed the geopolitical and macroeconomic environment, further weakening the world economy that was recovering from the serious effects of the pandemic crisis. Associated with the conflict is the imposition of trade and financial sanctions on Russia, which, combined with the zero Covid policy in China, results in the deterioration of investor confidence, increased levels of uncertainty, heightened inflationary pressures, especially in the energy and food components, the worsening of global production chains disruptions, and the downward revision of growth prospects for the global economy. The increase in inflationary pressures has led Central Banks to adopt progressively less accommodative monetary policies, resulting in higher interest rates and tighter funding conditions. The Semapa Group is monitoring this situation in order to mitigate the potential impacts, and is implementing several measures, including in the management of supplies and its production costs.

In the latest World Economic Outlook Update (WEO Update) released in July 2022, the IMF forecasts a real increase in global GDP of 3.2% and 2.9% in 2022 and 2023 (figures revised downwards by 0.4 p.p. for 2022 and by 0.7 p.p. for 2023), compared to the April 2022 World Economic Outlook. The IMF estimates that GDP for the Euro area will increase 2.6% in 2022 (downward revision of 0.2 p.p. compared to the April WEO) and increase by 1.2% in 2023 (downward revision of 1.1 p.p.).

The IMF (WEO April) expects real GDP for Portugal to grow 4.0% in 2022 (downward revision of 1.1 p.p. compared to figures in the October WEO) and 2.1% in 2023. Inflation estimates stand at 4.0% for 2022 and 1.5% for 2023.

The Bank of Portugal (Projections for the Portuguese economy – June 2022) estimates that Portuguese economic growth in 2022 will be 6.3%, converging in the following years to projected long-term growth rates: 2.6% in 2023 and 2.0% in 2024. Inflation estimates stand at 5.9% for 2022 and drop to 2.7% and 2.0% for 2023 and 2024.

PULP AND PAPER

In this context, possible energy supply risks, disruptions in the supply of raw and subsidiary materials or in logistics are expected to continue to put pressure on margins, particularly for non-integrated paper producers, and hinder the normal functioning of European industrial and transport operations.

Historically high prices combined with seasonal factors over the summer could also have a negative impact on paper demand. At the same time, there is the risk that the high level of paper prices in Europe, combined with lower logistical costs, could make paper imports profitable, namely from Asian or American players, thereby putting pressure on paper prices in Europe. Even so, the European industry starts the second half with its order books at an all-time high level and with paper relatively scarce.

On the other hand, the current market environment may lead to further capacity reductions in Europe, following strategic decisions and/or due to profitability problems, in order to cope with the sharp increase in variable costs.

Rising costs remain one of Navigator's prime concerns. There is a continued focus on protecting paper and tissue margins, with the prudence needed to ensure costs are passed on through sales channels without compromising the products affordability for customers. It is a difficult balance to reach, which Navigator is constantly attentive to.

Navigator is also pressing ahead with its ambitious diversification and product development plan, especially for the Packaging segment, and will continue to expand ranges in terms of grammages, as well as innovating and developing new sustainable packaging solutions, able to replace fossil/plastic-based products. A further two patents have been filed in 2022 in relation to the gKraft project, reflecting the Company's efforts to innovate and improve efficiency and its focus on paper quality, especially as regards strength and printing.

CEMENT AND OTHER BUILDING MATERIALS

Secil is assessing potential investment opportunities, with emphasis on the decarbonisation of its industrial processes and R&D in products and solutions in the sectors in which it operates, against the backdrop of the Recovery and Resilience plan (RRP). The implementation of the Recovery and Resilience plan is expected to foster economic recovery in Portugal.

Secil expects to conclude the investment in the CCL (Clean Cement Line) project at the Outão plant by the end of 2022, taking on a vanguard role in combining a set of mature and innovative technologies. The project will enable a 20% reduction in CO₂ emissions, a 20% improvement in energy efficiency and the production of 30% of electricity through heat recovery from the process itself. The low carbon clinker resulting from this process will enable the company to respond competitively to requests for green procurement on the market.

In July this year Secil launched Verdi Zero Concrete, the first carbon-neutral concrete in Portugal, a product based on a Secil innovation in product development, which guarantees, from the outset, significant reduction in CO₂ emissions. Verdi Zero Concrete is therefore a less carbon-intensive concrete that promotes the circular economy as it is made of recycled waste and uses less virgin raw materials. The remaining emissions will be offset through a carbon offset programme that is certified by Climate Impact Partners with the CarbonNeutral® Product label. This is yet another important step on the path to decarbonisation at Secil, with the aim of achieving carbon neutrality by 2050, in line with the commitments made to reduce CO₂ emissions from Secil's operations.

The IMF World Economic Outlook Update (WEO Update) released in July 2022 forecasts a recovery of the Brazilian economy of 1.7 in 2022 (+0.9 p.p. compared to the forecasts in the April WEO) and 1.1% in 2023.

Projected levels of inflation are estimated to be 8.2% in 2022 and 5.1% in 2023 (WEO April). Higher inflation and, particularly, rising interest rates may affect the course of real estate financing and the respective investments, which may be offset by planned public investment in infrastructure.

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

Displaying one of the World's highest foreign debts, the country announced in March 2020 its first default after several months of declining foreign currency reserves and a strong depreciation of the Lebanese pound in the parallel market. In the World Economic Outlook (WEO) published in April 2022, the IMF continues to not provide any estimates due to the high level of uncertainty.

In September 2021 a new government was appointed with a view to initiating negotiations with the International Monetary Fund to enable the country's financial rebalancing.

With regard to Tunisia, the most recent forecasts published by the IMF (World Economic Outlook, April 2022) highlight 2.2% GDP growth in 2022, with inflation standing at 7.7%. Projections for 2023-2027 are not made public, because technical discussions on a potential support programme are taking place.

Tunisia already found itself in financial hardship and social instability due to the pandemic, and political instability since the second half of 2021, made worse after the government resigned, increased uncertainty as to the country's progress. The appointment of a new government in October 2021 offered hope, but the spill over effects of the Ukraine war and the president's recent dissolution of parliament have added to the climate of uncertainty.

Meanwhile, faced with the risk of default, the country resumed negotiations with the International Monetary Fund, which laid down a set of measures and reforms needed to restore macroeconomic stability, and to improve the efficiency of state-owned enterprises and strengthen the competitiveness of the Tunisian economy.

The outlook for Angola (World Economic Outlook, IMF, April 2021) hints at 3.0% recovery in 2022, followed by 3.3% growth in 2023. Inflation expectations for 2022 and 2023 are 23.9% and 13.2%, respectively.

ENVIRONMENT

In the current macroeconomic environment, increases in several production inputs are already in place, mainly energy related, namely electricity, thermal and fossil fuel costs.

Concerning the traditional business of ETSA, the following is worth noting: focus on the expansion of its production and destination markets (with exports accounting for around 55.6% of total sales as at 30 June 2022), identifying new opportunities for vertical growth, channelling its investments to improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection

centres, while focusing on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

VENTURE CAPITAL

Semapa Next will continue to monitor its portfolio and will actively participate in national and international events in order to find future investment opportunities in technology companies, build and cement institutional relationships with investors and monitor new market trends.

Lisbon, 28 July 2022

The Board

FINANCIAL TIMETABLE

Date	Event
4 November 2022	First 9 Months 2022 Results Announcement

DEFINITIONS

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

EBIT = Operating profit

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

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

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

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

DISCLAIMER

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



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