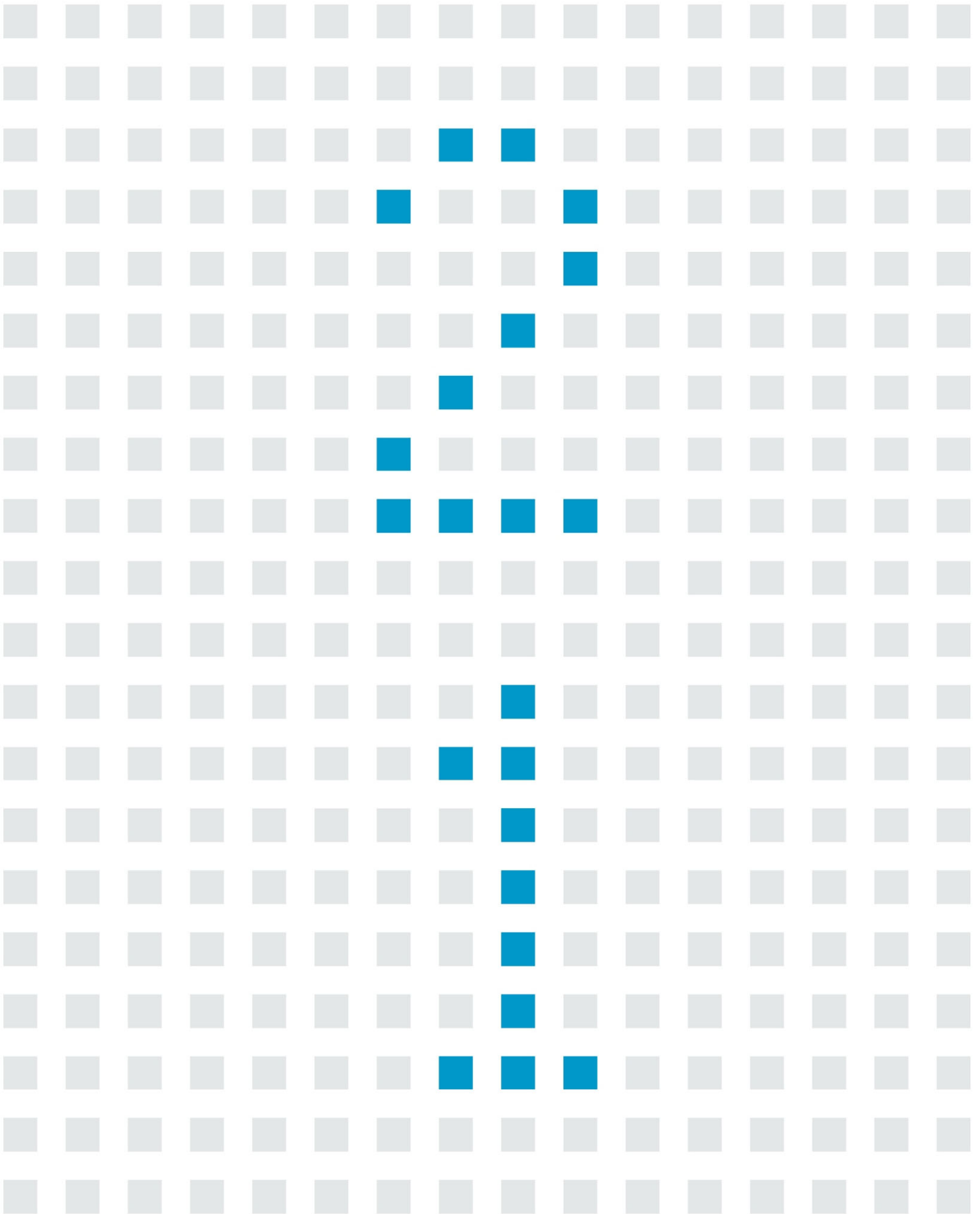


INTERIM REPORT
H1 2021



TRANSLATION FROM THE ORIGINAL TEXT IN PORTUGUESE



HALF-YEARLY ACCOUNTS

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PART 1

MANAGEMENT REPORT

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1 HIGHLIGHTS

OVERALL PERFORMANCE

- After the new waves of Covid-19 infections in the 1st quarter, which forced governments in the Group's key markets to take lockdown measures, in the last three months the economies have gradually opened up with an impact mainly on the Pulp and Paper segment. The second quarter of 2021 performed better than the first quarter of the year and naturally better than Q2 2020, when the Group's business was severely hit by the pandemic.
- The consolidated revenue of Semapa Group in the first half of 2021 was 971.4 million euros (+3.1% year-on-year), 714.6 million euros generated in Pulp and Paper / Navigator (+2.7%), 237.9 million euros in Cement / Secil (+3.2%), and 18.9 million euros in Environment / ETSA (+20.4%). Exports and foreign sales for the same period amounted to 709.8 million euros, accounting for 73.1% of revenue.
- Navigator's revenue reflects the increase in paper volumes which offset the lower year-on-year price level, as the average of the benchmark index for A4 in Europe on the first half of 2021 still compares unfavourably with its average for the same period last year – 814 €/t vs. 855 €/t. On the other hand, despite the rapid and significant recovery in the pulp market's reference prices, pulp sales stood at 152 thousand tonnes, 21% below the first half of 2020, when Navigator benefited from larger quantities of pulp available for sale after some of its paper machines shutdown due to the pandemic. The growth in the Cement segment results essentially from the positive evolution in the Portuguese, Brazilian and Tunisian markets, which overcame the negative effects of the strong exchange rate depreciation against the Euro, particularly of the Brazilian real and the Lebanese pound.
- EBITDA in H1 2021 totalled 224.8 million euros (vs. 203.3 million euros in the first half of 2020). In the same period, 150.5 million euros were generated in Pulp and Paper (+7.4%), 67.1 million euros in Cement (+14.9%) and 7.2 million euros in Environment (+40.6%). EBITDA in the 2nd quarter of 2021 was 9.9 million euros above that of Q1 and 33.1 million euros more than in Q2 2020, which was negatively impacted by the lockdown measures taken. In the 1st half of 2021 consolidated EBITDA margin was 23.1%.
- Net profit attributable to Semapa shareholders at the end of the first half of 2021 stood at 73.1 million euros (vs. 30.3 million euros in the same period in 2020). This growth resulted from a favourable evolution of EBITDA (+21.5 million euros) combined with better financial results (+19.4 million euros) stemming from the lower negative exchange rate effects in Secil (Brazilian real), a reduction in depreciation, amortization and impairment losses (+18.4 million euros) and negatively influenced by the tax function (-9.8 million euros).
- The value of investments made in the first half of 2021 amounted to approximately 53 million euros, vs. 65 million euros over the same period of the previous year, with particular emphasis on the Pulp and Paper segment amounting to 33 million euros.
- During the first half of 2021, net debt decreased in all business segments, and interest bearing consolidated net debt totalled 1,142.9 million euros, 72.6 million euro less compared to the end of 2020. On 30 June 2021, total consolidated cash amounted to 251 million euros, in addition to 648.8 million euros in committed and undrawn credit lines, thus ensuring strong liquidity in the current context of uncertainty.

LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Revenue	971,4	941.8	3.1%	507.7	417.8	21.5%
EBITDA	224,8	203.3	10.6%	117.3	84.2	39.4%
EBITDA margin (%)	23,1%	21.6%	1.6 p.p.	23.1%	20.1%	3.0 p.p.
Depreciation, amortisation and impairment losses	(93,3)	(111.8)	16.5%	(46.1)	(54.7)	15.6%
Provisions	(2,3)	(4.0)	44.0%	(2.0)	(1.7)	-18.5%
EBIT	129,2	87.5	47.6%	69.2	27.8	148.7%
EBIT margin (%)	13,3%	9.3%	4.0 p.p.	13.6%	6.7%	7.0 p.p.
Net financial results	(24,0)	(43.4)	44.7%	(6.1)	(17.4)	64.9%
Net monetary position	(0,2)	-	-	(0.2)	-	-
Profit before taxes	105,0	44.2	137.7%	62.9	10.5	500.7%
Income taxes	(14,7)	(4.9)	-200.9%	(3.7)	4.6	-179.1%
Net profit for the period	90,3	39.3	129.9%	59.2	15.1	292.0%
Attributable to Semapa shareholders	73,1	30.3	141.4%	47.7	13.1	264.9%
Attributable to non-controlling interests (NCI)	17,1	9.0	91.0%	11.5	2.0	466.2%
Cash flow	185,9	155.0	19.9%	107.3	71.5	50.2%
Free Cash Flow	154,9	146.2	6.0%	88.0	113.3	-22.3%
	30/06/2021	31/12/2020	Jun21 vs. Dec20			
Equity (before NCI)	978,8	948.8	3.2%			
Interest-bearing net debt	1,142,9	1,215.5	-6.0%			
Lease liabilities (IFRS 16)	85,2	80.3	6.1%			
Total	1,228,1	1,295.9	-5.2%			

SUMMARY TABLE OF OPERATING INDICATORS

	Unit	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Pulp and Paper							
BEKP Sales (pulp)	1 000 t	152	193	-21.1%	73	110	-33.0%
UWF Sales (paper)	1 000 t	700	598	17.2%	365	231	57.7%
Total sales of tissue	1 000 t	51.8	51.9	-0.2%	24.9	26.0	-4.0%
Cement							
Sales of Grey cement	1 000 t	2,621	2,421	8.3%	1,399	1,283	9.1%
Sales of Ready-mix	1 000 m3	939	877	7.1%	491	442	11.1%
Environment							
Collection of raw materials - Animal waste (categories 1, 2 and 3)	1 000 t	60.0	59.3	1.1%	29.6	28.5	3.9%

2 PERFORMANCE OF THE SEMAPA GROUP BUSINESS AREAS

2.1. BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consolidated H1 2021
	H1 2021	21/20	H1 2021	21/20	H1 2021	21/20	H1 2021	21/20	
Revenue - External	714.6	2.7%	237.9	3.2%	18.9	20.4%	-	-	971.4
Revenue	714.7	2.8%	238.1	3.1%	18.9	20.4%	(0.3)	-6.7%	971.4
EBITDA	150.5	7.4%	67.1	14.9%	7.2	40.6%	(0.1)	83.6%	224.8
EBITDA margin (%)	21.1%	0.9 p.p.	28.2%	2.9 p.p.	38.3%	5.5 p.p.		0.0 p.p.	23.1%
Depreciation, amortisation and impairment losses	(67.2)	18.2%	(24.4)	12.2%	(1.6)	-3.4%	(0.1)	33.1%	(93.3)
Provisions	(0.3)	86.4%	(2.0)	5.8%	-	-	-	-	(2.3)
EBIT	83.0	48.2%	40.7	42.9%	5.6	56.7%	(0.2)	66.9%	129.2
EBIT margin (%)	11.6%	3.6 p.p.	17.1%	4.8 p.p.	29.7%	6.9 p.p.		0.0 p.p.	13.3%
Net financial results	(10.1)	-22.4%	(11.2)	62.3%	(0.1)	24.5%	(2.5)	51.2%	(24.0)
Net monetary position	-		(0.2)		-		-		(0.2)
Profit before taxes	72.9	52.7%	29.3	>1000%	5.5	59.8%	(2.7)	52.7%	105.0
Income taxes	(14.0)	-51.6%	(2.0)	-336.0%	(1.1)	-41.2%	2.4	-43.5%	(14.7)
Net profit for the period	58.9	52.9%	27.3	>1000%	4.4	65.3%	(0.3)	80.3%	90.3
Attributable to Semapa shareholders	41.2	52.9%	27.8	>1000%	4.4	65.3%	(0.3)	80.3%	73.1
Attributable to non-controlling interests (NCI)	17.7	53.0%	(0.5)	79.0%	0.0	65.7%	-	-	17.1
Cash flow	126.3	3.1%	53.7	82.0%	6.0	42.4%	(0.2)	87.4%	185.9
Free Cash Flow	121.5	6.6%	34.8	5.2%	2.7	-37.8%	(4.1)	21.8%	154.9
Interest-bearing net debt	658.1		249.4		(2.2)		237.7		1,142.9
Lease liabilities (IFRS 16)	52.9		30.4		1.7		0.3		85.2
Total	711.0		279.7		(0.5)		237.9		1,228.1

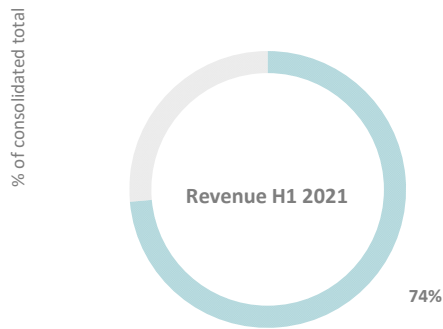
Notes:

For the purpose of calculating the change in net debt the values of 31.12.2020 are used.

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

The Navigator Company (“Navigator”) released its results on 27 July 2021, so only the highlights of that report will be presented herein. Secil and ETSA, which are not listed, did not publish their results. Therefore, their operations are described in more detail.

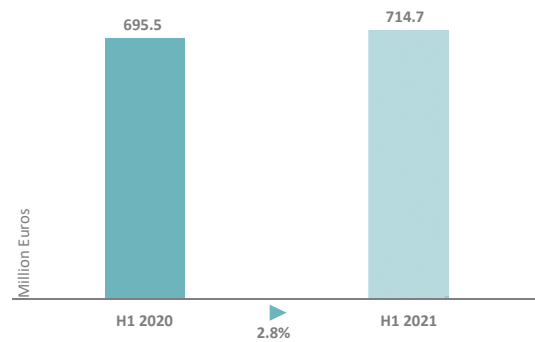
2.2. PAPER AND PULP BUSINESS AREA



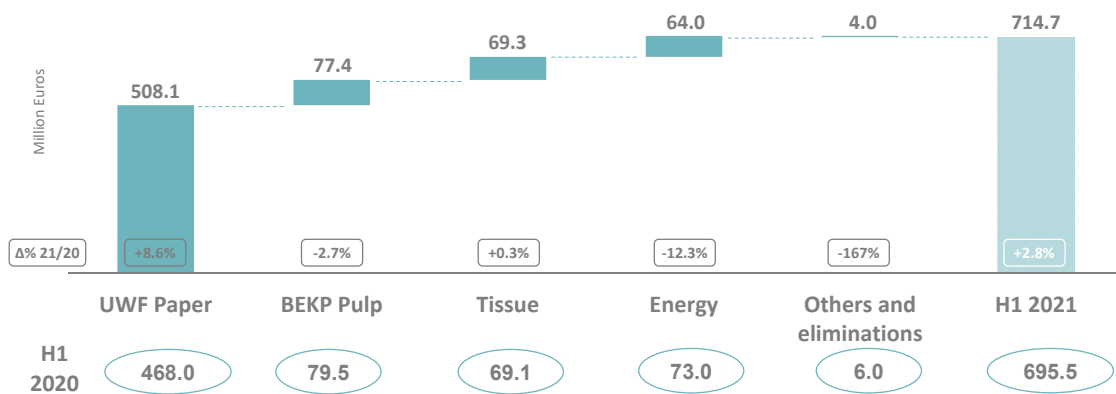
HIGHLIGHTS IN 2021 (VS. 2020)

- Revenue amounted to 714.7 million euros in the first half of 2021, 2.8% higher year on year. The increase in paper volumes offset the lower price levels.

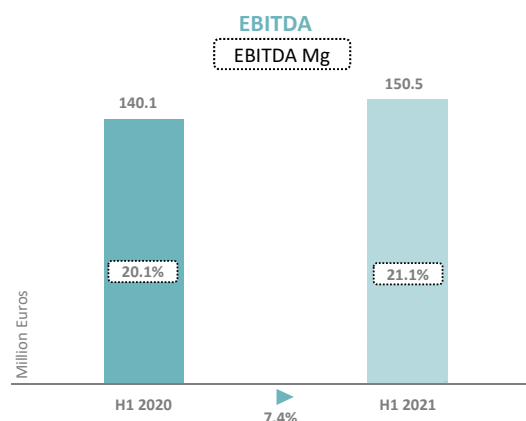
REVENUE



REVENUE BREAKDOWN BY SEGMENT



- EBITDA stood at 150.5 million euros, up by 7.4% in relation to the 1st half of 2020. EBITDA margin went from 20.1% in 2020 to 21.1% in 2021, benefitting from the improvement in paper volumes, higher pulp sales prices and savings in variable unit costs.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Revenue	714.7	695.5	2.8%	373.9	289.7	29.1%
EBITDA	150.5	140.1	7.4%	79.9	51.7	54.6%
EBITDA margin (%)	21.1%	20.1%	0.9 p.p.	21.4%	17.8%	3.5 p.p.
Depreciation, amortisation and impairment losses	(67.2)	(82.2)	18.2%	(33.0)	(40.1)	17.7%
Provisions	(0.3)	(1.9)	86.4%	(0.1)	(0.0)	-271.8%
EBIT	83.0	56.0	48.2%	46.8	11.5	305.6%
EBIT margin (%)	11.6%	8.1%	3.6 p.p.	12.5%	4.0%	8.5 p.p.
Net financial results	(10.1)	(8.3)	-22.4%	(0.4)	(2.1)	81.2%
Profit before taxes	72.9	47.8	52.7%	46.4	9.4	391.7%
Income taxes	(14.0)	(9.3)	-51.6%	(8.3)	1.2	-780.8%
Net profit for the period	58.9	38.5	52.9%	38.1	10.6	258.2%
Attributable to Navigator shareholders	58.9	38.5	52.9%	38.1	10.7	258.0%
Attributable to non-controlling interests (NCI)	0.0	0.0	83.7%	0.0	(0.0)	553.5%
Cash flow	126.3	122.6	3.1%	71.3	50.8	40.3%
Free Cash Flow	121.5	114.0	6.6%	65.1	99.1	-34.3%
	30/06/2021	31/12/2020				
Equity (before NCI)	764.5	806.6				
Interest-bearing net debt	658.1	680.0				
Lease liabilities (IFRS 16)	52.9	53.1				
Total	711.0	733.1				

Note:

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

KEY OPERATING INDICATORS

in 1 000 t	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Pulp and Paper						
FOEX – BHKP Usd/t	905	680	33.1%	1,028	680	51.1%
FOEX – BHKP Eur/t	752	617	21.7%	853	619	37.8%
BEKP Sales (pulp)	152	193	-21.1%	73	110	-33.0%
FOEX – A4- BCopy Eur/t	814	855	-4.8%	819	845	-3.1%
UWF Sales (paper)	700	598	17.2%	365	231	57.7%
Tissue						
Total sales of tissue	51.8	51.9	-0.2%	24.9	26.0	-4.0%

OVERVIEW OF PAPER AND PULP

In the first half of 2021, Navigator revenue totalled 714.7 million euros, paper sales accounting for around 70% of the revenue (vs. 67% year on year), pulp sales 11% (vs. 11%), tissue sales 10% (vs. 10%), and energy sales around 9% (vs. 10%). After a 1st quarter marked by new waves of infections from Covid-19 and lockdown periods in most of Navigator's key markets, in the last three months the economies have gradually opened up and Paper demand has recovered. After pulp prices recovered strongly, the price of paper has shown another upward adjustment in the second quarter however, this recovery was insufficient to bring the A4-BCopy benchmark above 2020 levels.

The global demand for printing and writing papers was up 1% YTD May, and UWF paper grew 4%, performing better than coated paper (0%) and mechanical papers (-5%). The performance of UWF paper demand in Europe in the first half grew by 6%, with strong monthly figures in May (+35%) and June (+36%).

In the United States, accumulated demand for UWF paper in the first six months of the year has already reached a positive level, with YTD growth of 0.3% and very positive evolutions in May and June (+18% and +17%, respectively). Such recovery is also visible in the other global regions, namely China that achieved growth YTD 2021 of 17%.

The A4 paper benchmark in Europe at the end of June stood at 823 €/t, a positive development compared to the index at the beginning of the year (806 €/t), and showing a gradual recovery in prices. However this recovery was insufficient to bring the index above its 2020 level, so the average in the first half of 2021 still compares negatively with its average for the same period last year – 814 €/t vs. 855 €/t.

Navigator raised prices in all regions in the first six months and its average selling price has clearly improved since the beginning of the year, particularly in the first and second quarter. It should be noted that the average selling price was heavily penalized by developments in the exchange rates in international markets, and its mix of products and markets reflected the pandemic situation in Europe and a greater weight of overseas markets with a strong recovery in demand and prices.

In this context, Navigator's sales reflected the improvement in paper demand in the year, with a 17% increase in quantities sold, to 700 thousand tonnes. However, revenue was impacted by price levels, reflecting nonetheless around 9% growth YoY.

In the pulp market, in early 2021, reference prices recovered rapidly and significantly, first in China and then in Europe. The hardwood pulp benchmark index in Europe - PIX BHKP in euros - at the end of June increased 69% compared to the beginning of the year, to 938 €/t, with a variation of about 22% in average prices for the first half of 2021 vs. the first half of 2020. The hardwood pulp benchmark index in China grew 52% from the beginning of the year to late June to 759 USD/t, peaking at 780 USD/t in May. Despite a downward adjustment in pulp prices in China during the second half of the 2nd quarter, the European price grew until the beginning of July.

Despite the narrowing of the price differential between hardwood and softwood pulp, it is still wider than historical averages, especially in China, providing support for hardwood pulp prices in Europe in the months ahead.

This improvement in pulp prices was supported by a number of factors, in particular the improvement in global economic conditions, overall increase in commodity prices, and several specific sector drivers, including the recovery in demand from the tissue Away from Home segment, the recovery in demand for pulp in Europe (driven by specialties, the Decor segment) and the robust demand for printing and writing papers, particularly in the UWF. Furthermore, demand for cardboard packaging made of virgin fibre (Ivoryboard) grew, while less fibre available globally also helped to boost pulp demand.

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

At the beginning of 2021, Navigator's pulp stocks were relatively low, which combined with the large shutdown for maintenance of the plant in Figueira da Foz at the end of the first quarter and the integration of paper, reduced pulp volumes available for sale in the first half of the year. Sales stood at 152 thousand tonnes, 21% below levels in the first half of 2020, when Navigator benefited from a larger quantity of pulp available after some of its paper machines stoppages due to the pandemic and some destocking. The recovery of pulp prices since the beginning of the year made it possible to mitigate the decline in sales volumes, and the revenue in the first half was down by 3% YoY.

Sales in Europe grew in the first six months against 2020, with the Decor and UWF segment having recorded an increase, while specialties and tissue were down.

The tissue market suffered the impacts of the restrictions on mobility that occurred again at the beginning of the year, especially in the Away-from-Home segment, with the delay in the reopening of the economies, and the consequent effect on the Horeca channel and the return to work in the office. The At-Home segment experienced the effects of some destocking on behalf of households, especially in relation to the same period in the previous year. With the roll-out of the vaccination programs and the improved outlook for a return to some normalcy, the Away-from-Home segment is expected to improve gradually, albeit at a slower pace than initially anticipated.

The sharp rise in pulp prices in the first half of the year, peaking in July (1,139 USD/t for BHKP in Europe), puts a lot of pressure on the margins of tissue producers, many of whom announced price increases for June and July.

In this context, Navigator sales continued to perform as well as in 2020 and stood at 51.8 thousand tonnes, roughly in line with the previous year. Average selling price stood slightly above that of the previous year (+0.4%), and sales prices of the main finished products had a positive evolution. Consequently, revenue in the first half was in line with that of the first half of 2020.

In the first half of 2021, energy revenue totalled 64 million euros, which represents a reduction of 12% year on year. The reduction stems mainly from the fact that the combined-cycle natural gas cogeneration plant in Setúbal has been supplying electric power to one of the paper machines since the beginning of the year, since one of the transformers broke down, which prevents the purchase for this machine, to the detriment of selling power to the grid. It is expected that the situation will be back to normal in March 2022.

Along the first half of 2021, there was a positive evolution of production variable costs (at constant levels), of about 23 million euros, achieved in wood, energy and chemicals, essentially due to improved efficiency in specific consumption levels. The efforts to contain fixed costs initiated in 2020 also persisted; operating costs were decreased by 7 million euros compared to the first half of 2020 (-15%), while personnel and maintenance costs moved in the opposite direction as anticipated, increasing 14% and 15% respectively. Total fixed costs stood at 4% above fixed costs year on year.

In this context, EBITDA amounted to 150.5 million euros in the first half, which compares to 140.1 million euros in the same period of the previous year (+7.4%). The EBITDA margin stood at 21.1% and compares with 20.1% YoY. The net negative impact of the exchange rate on EBITDA of about 20 million euros is worth noting, with an average EUR/USD in the 1st half of 2021 of 1.21 vs. 1.10 in the first half of 2020.

The financial results amounted to -10.1 million euros (vs. -8.3 million euros), worsening 1.9 million euros mainly due to the negative change in compensatory interest (-1.4 million euros) which, albeit positive, compare with a higher amount in 2020, and the cancellation of an interest rate swap linked to the redemption of a retail bond issue in December 2020 (-1.5 million euros). In the opposite direction, the positive change of 0.8 million euros in interest earned on financial investments should be noted, which in the period was slightly positive compared to the very negative values obtained in the same period last year. The costs of financing operations were negatively affected by the increase in the average cost of debt resulting from the lower weight of short-term debt, which had a bigger weight in the same period of the previous year due to the liquidity obtained to cope with the pandemic.

Net profit attributable to Navigator shareholders in the first half of 2021 totalled 58.9 million euros (vs. 38.5 million euros over the same period in the previous year).

There was a significant generation of Free Cash Flow in the first half of 121.5 million euros, reflecting the progressive recovery of Navigator's operating performance conditions. It should be noted that in Q2 2020 several cash flow management measures were taken to adjust to a context with a high level of uncertainty, which at the time translated into significant and immediate cash release.

Capital expenditure in the first half of 2021 amounted to 32.8 million euros (which compares to 48.7 million euros in the first half of 2020). This amount is mainly made up of investments for the maintenance of production capacity and improved efficiency. This also includes 5.5 million euros in environmental projects and around 3 million euros in other projects, including the new woodchip pile in Aveiro and the photovoltaic power plants in Figueira da Foz (completed) and Setúbal (under construction). The implementation of the investment plant in the first half of the year ended up being constrained by the restrictions related with the pandemic.

SECOND QUARTER OF 2021 VS. SECOND QUARTER OF 2020

The 2nd quarter clearly had a better performance than Q1 2021 and naturally better than Q2 2020, when Navigator's activity was severely hit by the pandemic.

Revenue amounted to 373.9 million euros, 10% higher than that of the 1st quarter of 2021, and 29.1% compared to the 2nd quarter of 2020, due mainly to the recovery of paper volumes and improved pulp prices.

In effect, paper volume grew by 9% from Q1 2021 to 365 thousand tonnes, recovering 58% versus Q2 2020. PIX A4-Copy B paper index benchmark price recovered 1.3% from the 1st to the 2nd quarter, although still standing below the level in the same quarter of the previous year. After prices were raised twice in the European market, the average selling price of Navigator recovered more than 3% during the first two quarters of 2021.

Pulp sales volumes evolved differently given the lower availability of pulp for the market (-6.5% compared to the first quarter of 2021 and -33% compared to the second quarter of 2020) namely due to maintenance shutdowns and a higher integration in UWF paper. The increase in pulp prices in 2021 made up for less volumes sold, so that pulp revenue totalled about 42 million euros, up by 17.5% over the 1st quarter of 2021 and showing a reduction of 6.4% over the same quarter.

Tissue sales volumes in the 2nd quarter were below that in the previous quarters (-7% vs. first quarter of 2021 and -4% vs. 2nd quarter 2020), since the Away from Home segment recovered more slowly than expected and domestic consumer stocks declined. The positive development in average selling price of tissue helped to mitigate the impact on revenue, which dropped 5% compared to Q1 2021 and stood at the same level compared to the same quarter in the previous year.

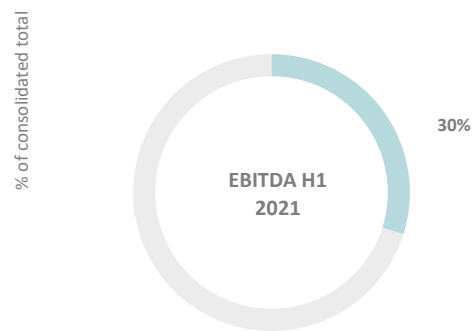
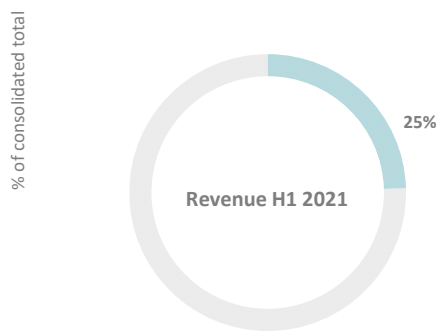
In the second quarter, energy revenue totalled 32.7 million euros, which represents an increase of 5% against Q1, and production amounted to 502 GWh, compared to 479 GWh in Q1.

In this context, EBITDA in the quarter stood at 79.9 million euros (+13% vs. the first quarter and +54.6% vs. the second quarter of 2020) and EBITDA margin improved to 21.4%.

Free Cash Flow generated in the quarter of 65.1 million euros compares positively to that of the 1st quarter of 2021 and stood below that of the 2nd quarter of 2020, at a time when cash flow management measures were taken to adjust to a context with a high level of uncertainty.

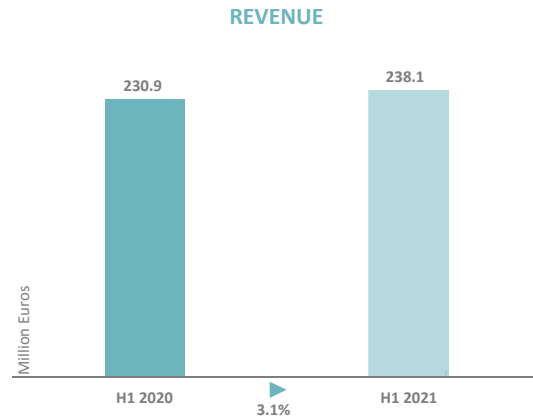
Net profit attributable to Navigator shareholders amounted to 38.1 million euros, which was a significant improvement compared with the previous quarter (+84%) and compared with the same quarter of the previous year (+258%).

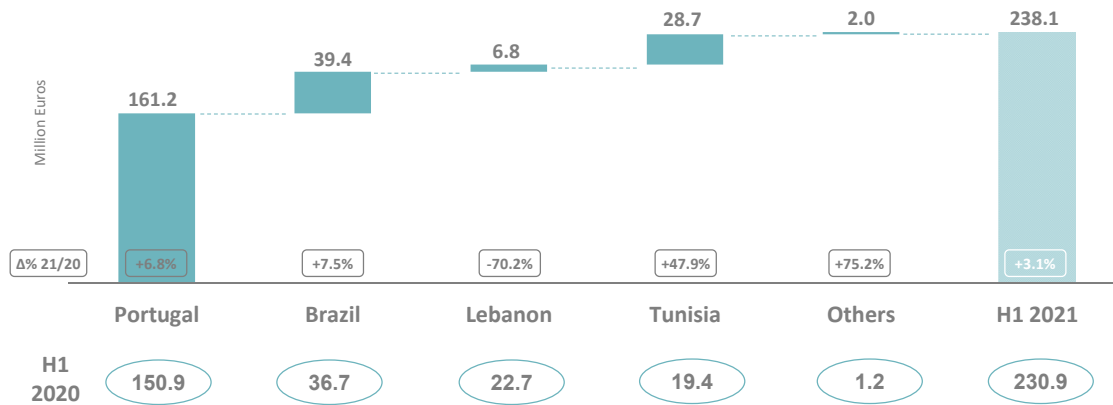
2.3. CEMENT AND OTHER BUILDING MATERIALS BUSINESS AREA



HIGHLIGHTS IN 2021 (VS. 2020)

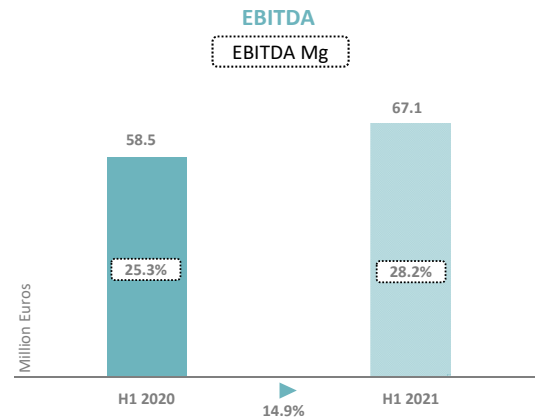
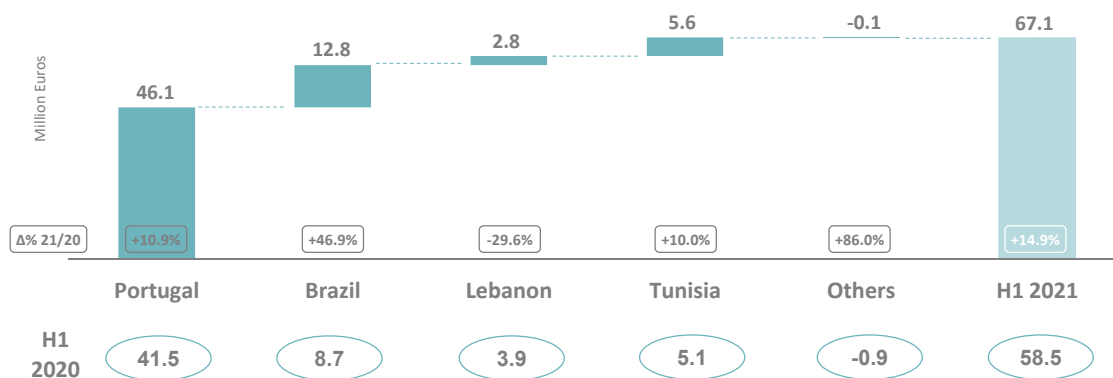
- In the first half of 2021, Secil's accumulated revenue amounted to 238.1 million euros, 7.2 million euros (3.1%) more than that of the same period in 2020.
- The growth results essentially from positive developments in the Portuguese, Brazilian and Tunisian markets, which overcame the negative effects of the strong depreciation of its currencies against the Euro, which was the case in particular of the Brazilian real and the Lebanese pound. The effect of the exchange variation of the currencies in those countries (excluding Lebanon that is suffering from hyperinflation) had a negative effect of about 9.7 million euros on revenue in the first half.



REVENUE BREAKDOWN BY COUNTRY


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

- Consolidated EBITDA reached 67.1 million euros, which corresponds to an increase of 8.7 million euros, compared to the same period last year (+14.9%), as a result of the developments in Portugal, Tunisia and Brazil.


EBITDA BREAKDOWN BY COUNTRY


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

Secil's net financial results improved significantly year on year, from -29.8 million euros to -11.2 million euros. The positive difference resulted from the combined effect of a reduction in the net financing cost (+2.3 million euros), decrease in exchange rate differences (+14 million euros), mainly due to the fact that exchange loss in 2020 was severely impacted by the depreciation of the BRL, which decreased substantially in the first half of 2021, as well as by the reduction in impairments year on year (+2.6 million).

Net profit attributable to Secil shareholders in the first half of 2021 totalled 27.8 million euros vis-à-vis the amount of 2.1 million euros over the same period in the previous year. The positive change was due to improvement in operating results and in the financial results.

Secil recorded an investment value of 18.4 million euros in the first half of 2021, reflecting an increase compared to the same period in 2020 (3.7 million euros). Additionally, in the first half of 2020, Secil cashed in 9.5 million euros from the sale of financial investments.

LEADING BUSINESS INDICATORS

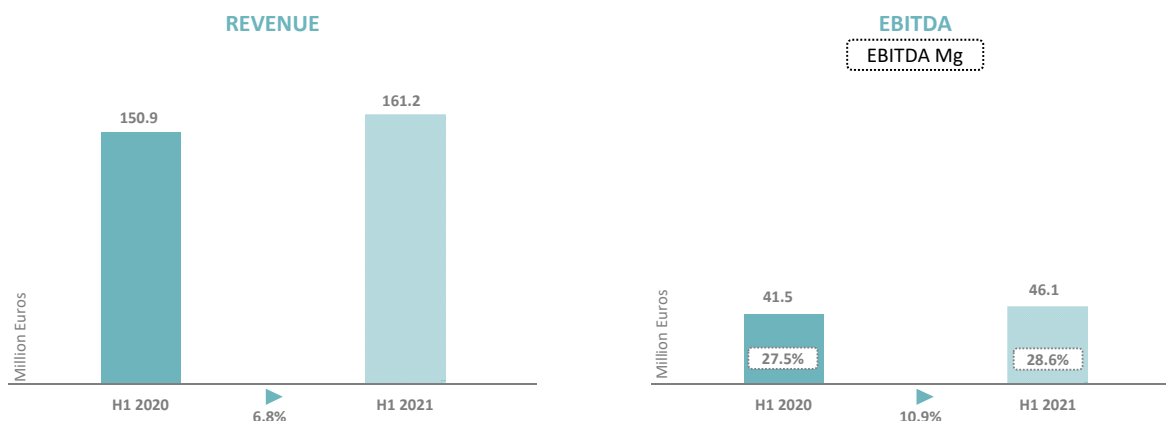
IFRS - accrued amounts (million euros)	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Revenue	238.1	230.9	3.1%	124.7	120.9	3.1%
EBITDA	67.1	58.5	14.9%	33.8	30.0	12.8%
EBITDA margin (%)	28.2%	25.3%	2.9 p.p.	27.1%	24.8%	2.3 p.p.
Depreciation, amortisation and impairment losses	(24.4)	(27.9)	12.2%	(12.2)	(13.7)	10.3%
Provisions	(2.0)	(2.1)	5.8%	(1.9)	(1.7)	-14.7%
EBIT	40.7	28.5	42.9%	19.6	14.6	34.1%
EBIT margin (%)	17.1%	12.3%	4.8 p.p.	15.7%	12.1%	3.6 p.p.
Net financial results	(11.2)	(29.8)	62.3%	(4.4)	(12.4)	64.8%
Net monetary position	(0.2)	-	-	(0.2)	-	-
Profit before taxes	29.3	(1.3)	>1000%	15.0	2.3	561.5%
Income taxes	(2.0)	0.8	-336.0%	3.5	1.2	196.9%
Net profit for the period	27.3	(0.5)	>1000%	18.5	3.4	437.7%
Attributable to Secil shareholders	27.8	2.1	>1000%	18.5	4.6	300.8%
Attributable to non-controlling interests (NCI)	(0.5)	(2.6)	79.0%	0.0	(1.2)	103.3%
Cash flow	53.7	29.5	82.0%	32.7	18.8	74.1%
Free Cash Flow	34.8	33.0	5.2%	27.6	16.1	71.7%
	30/06/2021	31/12/2020				
Equity (before NCI)	357.3	330.9				
Interest-bearing net debt	249.4	272.6				
Lease liabilities (IFRS 16)	30.4	25.2				
Total	279.7	297.8				

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

KEY OPERATING INDICATORS

in 1 000 t	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Annual cement production capacity	9,750	9,750	0.0%	9,750	9,750	0.0%
Production						
Clinker	2,111	1,962	7.6%	1,102	997	10.6%
Cement	2,579	2,279	13.2%	1,357	1,181	15.0%
Sales						
Cement and Clinker						
Grey cement	2,621	2,421	8.3%	1,399	1,283	9.1%
White cement	46	33	38.5%	20	18	11.2%
Clinker	65	142	-54.2%	40	118	-66.5%
Other Building Materials						
Aggregates	2,444	2,243	9.0%	1,275	1,138	12.1%
Mortars	134	116	16.0%	69	58	18.5%
in 1 000 m3						
Ready-mix	939	877	7.1%	491	442	11.1%

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

PORTUGAL


Cement consumption in Portugal in the first half of 2021 is estimated to have grown about 12% year on year.

Revenue of combined operations in Portugal stood at approximately 161.2 million euros in the first half of 2021, i.e. 6.8% more than in the same period in 2020.

Revenue in the Cement business unit in Portugal grew 9.7% (+7.9 million euros) from the same period in the previous year, due to the combined effect of higher volumes sold to the domestic market and the increase in respective average selling price.

Domestic market revenue was up by circa 9% against 2020, as a result of more volume sold driven by growth in cement consumption (+12%). Despite the high level of competition, caused by the oversupply in Europe, the Mediterranean and West Africa, export revenue, including Secil terminals, grew by about 10%, despite the decrease in exported volumes, as a result of the increase in the average selling price and a more favourable sales mix.

In the other business units with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Precast), revenue in the first half of 2021 amounted to 77.9 million euros, up by 7.1% year on year.

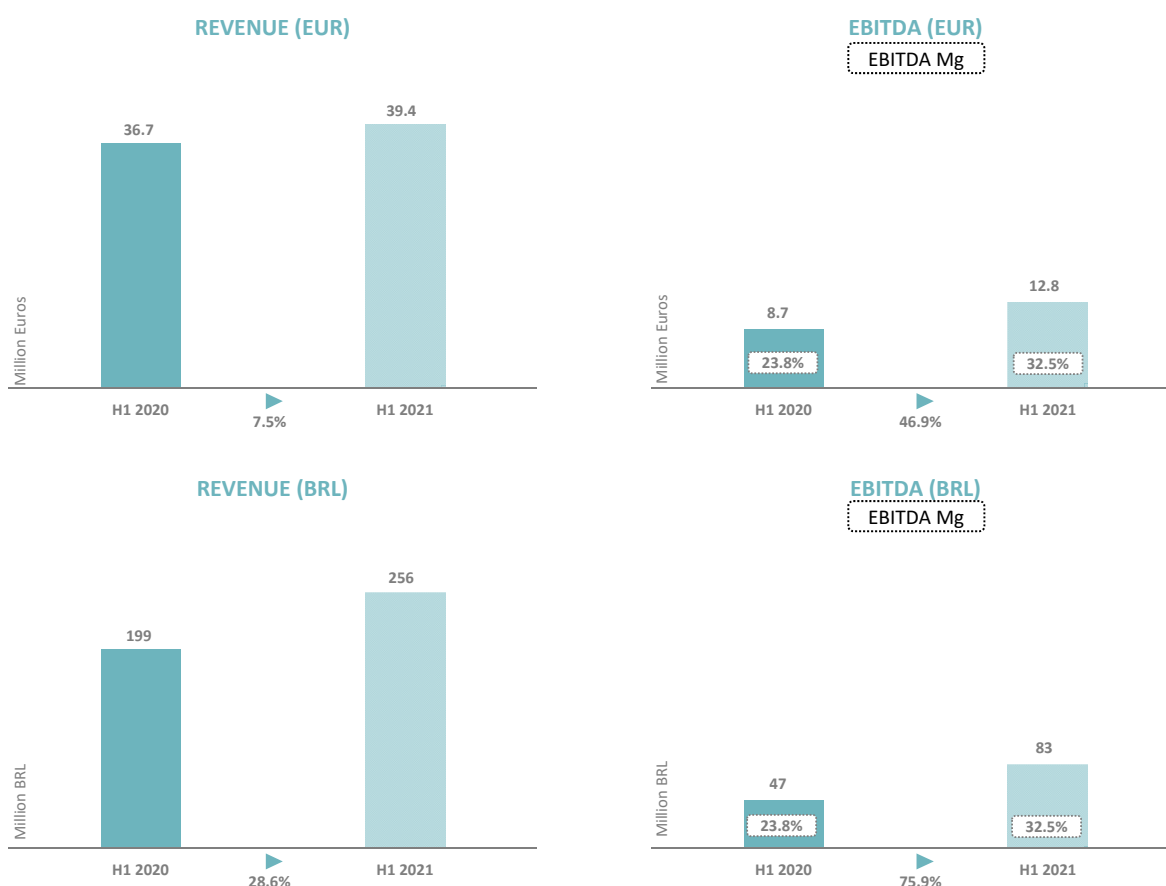
This growth took place in all areas of building materials, benefiting from greater building dynamics, although it was lower in the Concrete business unit, which recorded around 2% more in sales volume, as it was affected by the heavy rainfall in the beginning of the year.

EBITDA of total operations in Portugal increased by 10.9%, standing at 46.1 million euros vs. 41.5 million euros recorded for the same period in the previous year.

The Cement business unit contributed the most to such positive development, since it grew 23.5% year on year. The rise in sales volumes on the domestic market, together with the rise in average prices, the reduction in the maintenance fixed costs and the sale of CO₂ surplus licenses (2.6 million euros more year on year), more than offset the increase in international solid fuel price. It should be noted that EBITDA in Q1 2020 was positively impacted by the capital gains on the sale of financial investments (+5.2 million euros).

EBITDA of the building materials business units overall was up by 6.4% (+0.6 million euros). This development was mostly impacted by the strong performance of the Aggregates and Mortars segments and negatively by the Ready-mix concrete and Precast segments. Additionally, EBITDA in the first half of 2020 was positively affected by the recording of capital gains on the sale of fixed assets (land) in the Pre-cast and Aggregates segment, which together represented 1.2 million euros.

BRAZIL



Nota: Average exchange rate EUR-BRL 2020 = 5.4200 / Average exchange rate EUR-BRL 2021 = 6.4890

According to the estimates of SNIC (Preliminary Results - June 2021), cement consumption in Brazil increased 15.4% against the first half of 2020, which was strongly influenced by strong rainfall and the start of the pandemic.

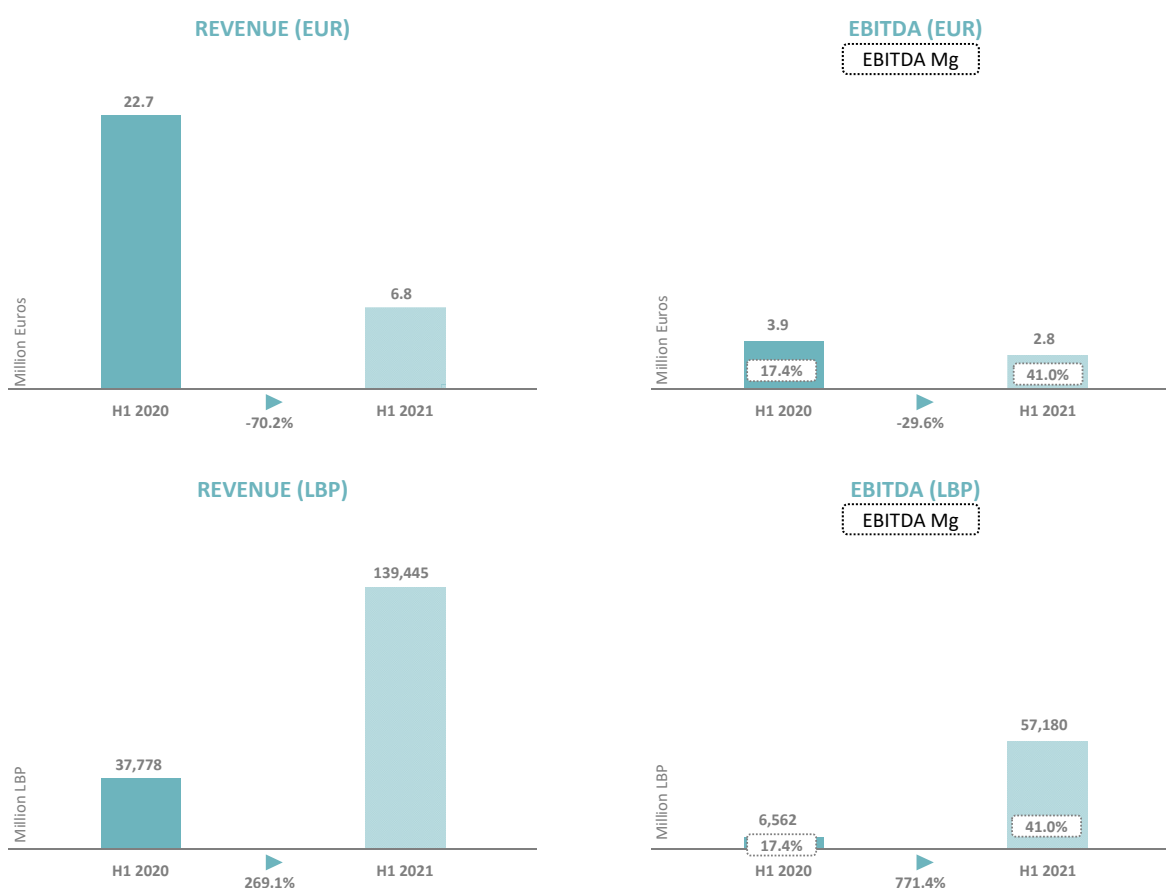
The main drivers of this performance are still good weather conditions, development projects and self-constructions that continue to play an important role in cement sales, even after the emergency support was suspended in January.

Revenue of combined operations in the country stood at 39.4 million euros in the first half of 2021, 7.5% up on revenue recorded in the same period in 2020. However, discounting the effect of the exchange rate depreciation of the Real against the Euro, with a negative impact of around 7.8 million euros, revenue would have been higher by 10.5 million euros (+29%).

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

The EBITDA of activities in Brazil totalled 12.8 million euros, which compares with 8.7 million euros recorded year on year (i.e. 46.9% increase). Excluding the unfavourable exchange rate effect (-2.5 million euros), EBITDA would have increased by 76%, reflecting the good performance of activity, which helped to offset the negative impact of higher variable production costs.

LEBANON



Nota: Average exchange rate EUR-LBP 2020 = 1,661.3 / Average exchange rate EUR-LBP 2021 = 20,559.3

Lebanon is plunged in a serious social and economic-financial crisis. Despite the efforts made by political forces to stabilise the situation, the outbreak of the Covid-19 pandemic and the explosion in Beirut harbour in August 2020 aggravated further an already precarious situation. As the pandemic intensified and spread, the Lebanese authorities took measures to contain the pandemic in the first half of 2021, which negatively impacted Secil operations in the country.

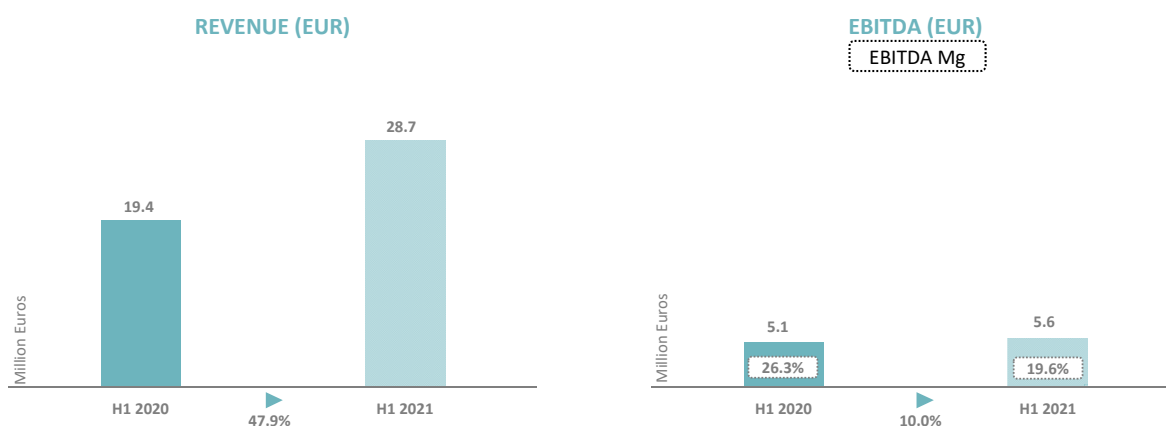
In this context, revenue of combined operations in Lebanon decreased 70.2%, compared to the same period in 2020, standing at 6.8 million euros. The decrease is mainly due to the falling value of the Lebanese pound, which hit revenue severely. Note that the Lebanese pound ended the quarter at 17,057 per 1 USD, which compares with 1,507.5 per 1 USD at the end of the first half of 2020.

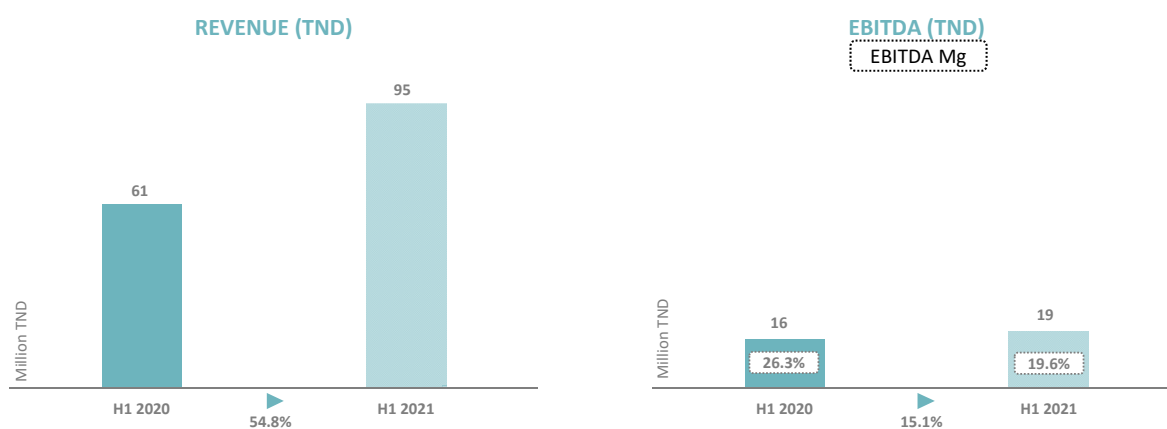
Cement sales in the domestic market grew 1.9% year on year (largely affected by the pandemic), and estimates point to a growth in the Lebanese cement market of 11%. Revenue decreased 72.3%, mainly due to the high exchange rate depreciation of the Lebanese Pound, which was partially offset by the price increase in local currency.

Concrete revenue was also further negatively impacted by the depreciation of the Lebanese pound, bringing revenue down by 63.0% year on year, in spite of the increase of 18.6% in volumes sold and higher average selling price in the local currency.

EBITDA from operations in Lebanon stood at 2.8 million euros, down by 29.6% in relation to the first half of 2020. The decrease is mainly due to the impact of the exchange rate devaluation of the Lebanese Pound recorded on purchases of goods and services in foreign currency, partially offset by the increase in average selling price and measures to contain fixed costs.

TUNISIA





Nota: Average exchange rate EUR-TND 2020 = 3.1509 / Average exchange rate EUR-TND 2021 = 3.2973

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

As the pandemic intensified and spread, the authorities took lockdown measures to contain the pandemic in the first half of 2021, which negatively impacted Secil operations in the country.

However, the domestic cement market has shown signs of upturn, and it is estimated to have grown around 36% in comparison with the same period in 2020 (heavily impacted by the outbreak of the pandemic), and is still subject to strong competition due to excess installed capacity.

Revenue for combined operations in Tunisia showed a positive year-on-year variation of 47.9%, totalling 28.7 million euros, negatively impacted by 1.3 million euros due to the depreciation of the Tunisian Dinar against the Euro.

Revenue of the Cement business grew approximately 47.0% to 26.9 million euros, reflecting the increase in the volume of cement sales in the domestic market, accompanied by the positive variation in average selling price in the local currency. In the foreign market, both cement and clinker exports increased.

Revenue of the Concrete business grew 49.9% year on year, mainly due to the increase in volumes sold.

Subsequently, the EBITDA from operations in Tunisia amounted to 5.6 million euros, which compared to the figure in the first half of 2020 is an accrual of 10.0%. The good performance of the commercial activity made it possible to mitigate the negative effects of higher variable costs, particularly in energy and industrial maintenance.

ANGOLA AND OTHERS

It is estimated that, according to the latest figures available, the Angolan cement market was up by 14% compared to the first half of 2020. The volume of cement sold by Secil fell 1.4% in comparison to the same period in the previous year. In a context of strong inflation and significant depreciation of the Kwanza vis-à-vis the Euro, Secil Lobito has been implementing a strict price policy that can help it tackle significant increase in costs, either expressed in the national currency and those arising from the necessary imports. Under these conditions, the price of cement in local currency rose year on year, partially offsetting the fall in sales volumes

Consequently, revenue totalled 2.0 million euros, i.e. 1.4% below that in the same period of the previous year, and was strongly affected by the currency depreciation, which produced a negative effect of 0.6 million euros. Excluding the exchange rate effect, revenue would have been higher in 26%.

EBITDA in the first six months of 2021 amounted to a negative figure of 0.1 million euros, which despite all else, in contrast with the negative 0.7 million euros recorded over the same period in the previous year, is a significant improvement.

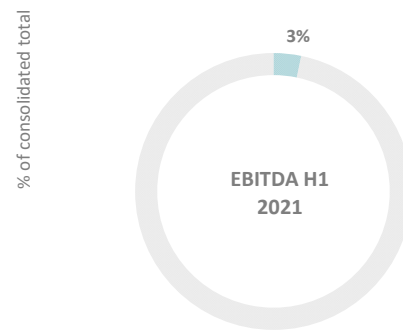
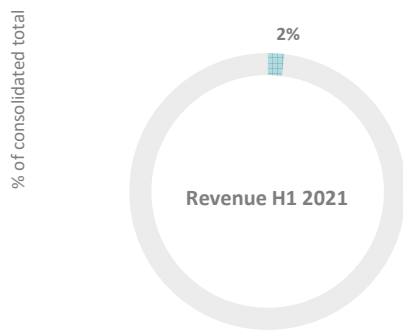
SECOND QUARTER OF 2021 VS. SECOND QUARTER OF 2020

EBITDA in Q2 2021 was higher than EBITDA in Q2 2020 by around 3.8 million euros (+12.8%), continuing the recovery trend seen in the previous quarters. This change resulted from the positive influence of the businesses in Portugal (+14.7%) and Brazil (+24.0%), with the negative business results in Tunisia (down by 0.4 million euros) and Lebanon (down by 0.7 million euros), heavily impacted by the worsening economic and social crisis the countries are going through.

The 3.0 million euro increase in Portugal is basically due to the EBITDA of the Cement business, but to the Aggregates and Mortars, as well, reflecting the positive growth experienced by the construction sector. The 1.4 million euro increase in Brazil resulted mainly from the rise in average selling price.

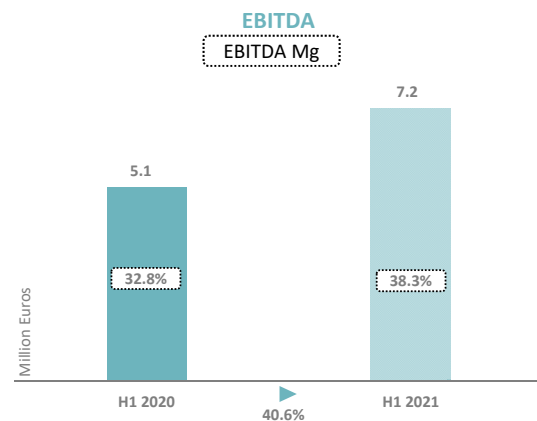
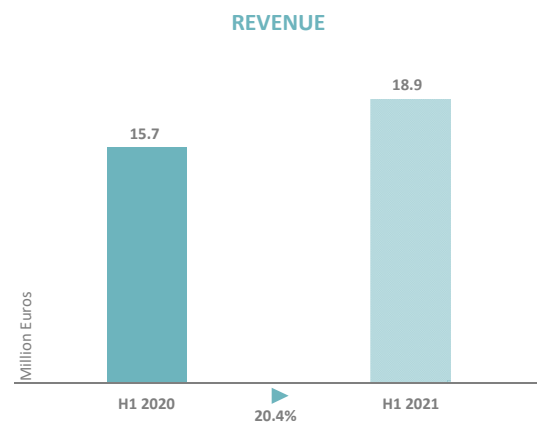
The negative evolution in Lebanon's EBITDA is related to the unfavourable economic context of the activity in 2020 and 2021, and the joint effect of the strong currency depreciation and the implementation of IAS 29 (hyperinflation), which contributed to a reduction in that country's EBITDA of 0.7 million euros in Q2 2021 compared to the same period in 2020.

2.4. ENVIRONMENT BUSINESS AREA



HIGHLIGHTS IN 2021 (VS. 2020)

- ETSA recorded revenue of approximately 18.9 million euros in the first half of 2021, which represented an increase of approximately 20.4% against the same period in the year 2020.
- The increase in revenue stemmed from (i) the increase in selling prices for category 3 meal, essentially due to the increased price of substitute products such as soy meal, and (ii) the increase in selling prices of category 3 fat, essentially due to an increase in price of substitute products such as soy oil and palm oil.
- The EBITDA of ETSA totalled approximately 7.2 million euros in the first half of 2021, representing a growth of about 40.6% in comparison with the first half of 2020, mainly due to higher revenue and control of the main costs.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Revenue	18.9	15.7	20.4%	9.2	7.3	26.5%
EBITDA	7.2	5.1	40.6%	3.8	2.5	52.7%
EBITDA margin (%)	38.3%	32.8%	5.5 p.p.	41.1%	34.1%	7.1 p.p.
Depreciation, amortisation and impairment losses	(1.6)	(1.6)	-3.4%	(0.8)	(0.8)	-1.7%
Provisions	-	-	-	-	-	-
EBIT	5.6	3.6	56.7%	3.0	1.7	76.7%
EBIT margin (%)	29.7%	22.9%	6.9 p.p.	32.4%	23.2%	9.2 p.p.
Net financial results	(0.1)	(0.1)	24.5%	(0.0)	(0.1)	28.0%
Profit before taxes	5.5	3.5	59.8%	2.9	1.6	81.0%
Income taxes	(1.1)	(0.8)	-41.2%	(0.5)	(0.4)	-40.8%
Net profit for the period	4.4	2.7	65.3%	2.4	1.2	93.4%
Attributable to ETSA shareholders	4.4	2.7	65.3%	2.4	1.2	93.4%
Attributable to non-controlling interests (NCI)	-	-	-	-	-	-
Cash flow	6.0	4.2	42.4%	3.2	2.0	57.6%
Free Cash Flow	2.7	4.4	-37.8%	1.5	2.9	-48.1%
	30/06/2021	31/12/2020				
Equity (before NCI)	82.1	78.7				
Interest-bearing net debt	-2.2	-0.5				
Lease liabilities (IFRS 16)	1.7	1.9				
Total	-0.5	1.4				

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

KEY OPERATING INDICATORS

in 1 000 t	H1 2021	H1 2020	Var.	Q2 2021	Q2 2020	Var.
Collection of raw materials - Animal waste (Categ. 1, 2 and 3)	60.0	59.3	1.1%	29.6	28.5	3.9%
Sales - Animal fats and used food oil	8.6	7.5	14.6%	4.0	3.6	9.2%
Sales - Meal (Categories 1, 2 and 3)	11.3	11.4	-1.0%	5.2	5.6	-7.2%

OVERVIEW OF THE ENVIRONMENT ACTIVITY

ETSA recorded revenue of approximately 18.9 million euros in the first half of 2021, which represented an increase of approximately 20.4% against the same period in the year 2020.

This development was essentially due to an increase in sales of 34.1% year on year, mostly as a result of (i) the rise in the average selling price of category 3 meal by approximately 52.2%, (ii) an increase in average selling price of category 3 fats by around 20.8% and rise of 5.2% in volumes sold, (iii) 71.0% increase in sales volumes of used cooking oil with a price increase of 28.3% and (iv) increase in volumes sold of category 1 fat by 44.0% with a rise in price of 19.0%.

Consolidated services rendered increased around 4.1%, mostly as a result of the 1.7% increase in the quantity received in the context of the services rendered from the collection of animals on farms, and of 4.6% growth in the number of retainer fees collected from mass distribution.

EBITDA totalled approximately 7.2 million euros in the first half of 2021, representing a growth of about 40.6% in comparison with the first half of 2020, essentially due to higher revenue and control of the main costs. The EBITDA margin stood at 38.3%, up by around 5.5 p.p. over the margin for the same period of 2020.

Financial results improved by about 24.5% in relation to previous year, mostly due to the reduction in average debt.

The combined impact of these factors resulted in a Net Profit attributable to ETSA shareholders for the first half of 2021 of approximately 4.4 million euros, up by around 65.3% in comparison with the first half of 2020.

ETSA recorded an investment value of 1.6 million euros in the first half of 2021.

SECOND QUARTER OF 2021 VS. SECOND QUARTER OF 2020

ETSA recorded revenue in Q2 2021 of about 9.2 million euros, which represented a 26.5% increase year on year. This variation results from an increase of about 43.4% in sales and around 3.4% in consolidated services rendered.

The change in sales is essentially due to i) the increase in the average prices of category 3 Meal by about 68.2%, ii) the increase in the average prices of category 3 Fat by about 33.0% and iii) the increase in the quantities of used cooking oil (UCO) sold (301.8%) and in its average selling price by 45.9%. The changes in the services rendered derive essentially from the growth in retainer fees and other collections.

EBITDA totalled approximately 3.8 million euros in the 2nd quarter of 2021, about 52.7% above EBITDA levels in the same period in 2020.

2.5. VENTURE CAPITAL BUSINESS AREA

Semapa Next invested in two venture capital funds in the first half of 2021, namely Notion Capital and firstminute Capital. Additionally, Semapa Next co-lead the investment in the Series A of 8 million euros in LOQR, which is a company that develops digital identity and authentication technology for financial institutions. In addition to the investments made, Semapa Next continued to actively manage its portfolio and to analyse different investment opportunities in Series A and Growth stage companies.

In the first six months, the current partnership with Techstars made it possible for Semapa Next to participate in the Global Sustainability Challenge alongside other multinational companies and to launch its own programme called The Future of Food & Food Packaging Challenge. This initiative seeks to identify start-ups whose solutions fit into the programme's theme and has the active participation of Navigator and ETSA.

3 SEMAPA GROUP – FINANCIAL AREA

3.1. INDEBTEDNESS

NET DEBT



On 30 June 2021, consolidated net debt stood at 1,142.9 million euros, representing a reduction of around 72.6 million euros over the figure ascertained at the close of 2020. Including the effect of IFRS 16, net debt would have been 1,228.1 million euros, 67.7 million euros below the figure at the end of 2020.

In the current context, the Group was still very focused on optimising cash flow, with particular emphasis on actively reducing costs and on optimising the working capital and Capex, which generated Free Cash Flow of 154.9 million euros (vs. 146.2 million euros in the same period of 2020). The following are the changes in net debt compared to year-end 2020 by business area:

- Pulp and paper: -21.9 million euros, arising from efficient working capital and capex management, including investments of about 32.8 million euros and dividends distribution of 99.6 million euros;
- Cement: -23.3 million euros, including investments of about 18.4 million euros and the depreciation of the Brazilian real with a positive effect of approximately 7.3 million euros;
- Environment: -1.7 million euros, in spite of the difficulty in collecting the amounts billed to the Government; and,
- Holdings: -25.7 million euros, resulting namely from dividends received from Navigator (69.7 million euros) and the payment of dividends (40.9 million euros).

On 30 June 2021, total consolidated cash amounted to 251 million euros, in addition to 648.8 million euros in committed and undrawn credit lines, thus ensuring strong liquidity in the current context of uncertainty.

3.2. FINANCIAL RESULTS

In the first half of 2021 financial results amounted to a negative figure of 24.0 million euros, an improvement of 44.7% in relation to the figure recorded in the same period in the previous year.

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

- Reduction of interest paid on borrowings of 2.9 million euros as a result of lower indebtedness;
- The unfavourable exchange differences recorded a positive variation due mainly to a decrease in exchange rate differences and related hedges (+15 million euros), essentially because exchange rate losses of 2020 were heavily impacted by the depreciation of the Brazilian real, which decreased substantially in the 1st half of 2021.

3.3. NET PROFIT

Net profit attributable to Semapa shareholders was 73.1 million euros, which represents an increase of 42.8 million euros compared to the same period in the previous year, due essentially to the combined effect of the following factors:

- An increase in EBITDA of 21.5 million euros; EBITDA performed better in all business segments, with special emphasis on Pulp and Paper (+10.4 million euros) and Cement and Other Building Materials (+8.7 million euros);
- A reduction in depreciation, amortisation and impairment losses of 18.4 million euros, with emphasis on Navigator;
- Reduction in net provisions of 1.8 million euros;
- Improvement in net financial results by about 19.4 million euros, reflecting in particular the less negative exchange rate effects on Secil (Brazilian real);
- Increase in taxes on profits of approximately 9.8 million euros.

4 OUTLOOK

Although some factors of uncertainty dissipated by the end of 2020, including the signing of the Brexit trade agreement and the election of the new US President, the outlook for economic growth remains uncertain, as several other risk factors remain, including the progress of the pandemic. In the context of the public health crisis, the new waves (including new variants of SARS-Cov-2) requiring aggressive containment measures, the effectiveness and speed of the large-scale vaccination programmes, and the availability of effective therapies to treat the virus will set the pace of economic recovery.

The response of economic agents to public health protection measures and the impact of support measures are also wrapped in uncertainty. The monetary, fiscal and prudential policies that were decisive in mitigating the effects of the pandemic will continue to be paramount for the recovery dynamics of the economies.

According to the World Economic Outlook Update (WEO) published in July 2021, the IMF expects world GDP to grow 6.0% in 2021 and 4.9% in 2022. GDP in the Euro Zone is expected to grow by 4.6% in 2021 and 4.3% in 2022. Portuguese GDP is expected to grow by 3.9% in 2021 and 4.8% in 2022 according to the World Economic Outlook of April 2021. Projected levels of inflation are 0.9% and 1.2% in 2021 and 2022, respectively. The Bank of Portugal Projections for the Portuguese economy 2021-23 (Economic Bulletin of June 2021) are more optimistic, pointing out to a GDP growth of 4.8% and 5.6% for the years 2021 and 2022, respectively. The expected inflation for 2021 is 0.7% and 0.9% for 2022.

PULP AND PAPER

As the economy recovers and the vaccination plan is implemented, conditions in the pulp, paper and tissue sectors are expected to remain positive overall.

In the paper business, the expected economic recovery combined with an improved balance between supply and demand in the United States and Europe, following the outflow of capacity and conversions already announced ensure good prospects for the second half of 2021. The very high order intake and industry backlog in June, low import volumes, pressured by freight costs, and a well-balanced level of stocks in the pipeline, consolidate this positive outlook and allow to anticipate further price increases in the second half of the year. It should be noted that in addition to the price of pulp and freight, chemical and energy costs are also putting strong pressure on the income of European paper producers.

In the pulp market, after the sharp growth seen over the past few months, and the narrowing of the price gap between regions, a more moderate development is expected in the second half of the year, with prices peaking in the third quarter in Europe.

In tissue, the increase in the price of pulp and other production factors is putting pressure on producers' margins and the announcements of price increases have intensified, although more slowly than would be desirable. Navigator is developing a set of measures for reducing costs, which will allow it to reduce the impact on its margins.

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

In the last 18 months, a strategic decision about the avenues for its future development prompted Navigator to move into the production of new packaging products, developing a new business area in a growing segment and as a response to the need felt worldwide to fight the consumption of plastics, namely single use plastics, and contribute to reduce the pollution of the oceans.

From Fossil to Forest – a strategy aligned with Navigator's purpose of creating sustainable value for its investors and for society as a whole, making a better planet to hand down to future generations through sustainable products and solutions that are natural, recyclable and biodegradable, and that contribute towards carbon sequestration, oxygen production, the protection of biodiversity, soil formation, and the fight against climate change.

Navigator has decided to invest in the packaging solutions for the food industry, which are safer and more hygienic, reducing the risk of contamination by bacteria, microorganisms and even dangerous substances that recycled fibres typically contain. With a unique texture and singular printing performance, these products are resistant and in line with the concept of sustainable shelf ready packaging.

The packaging segment has a wide range of products and the Company aims to rapidly evolve into the production of flexible packaging, bags and Kraftliner products. This approach allows a greater flexibility in terms of production, as it keeps the option of maintaining the production of UWF in these paper machines, adjusting to market conditions.

Navigator expects to sell a significant volume of packaging products until year-end and enlarge its offer in 2022. The main goal is to gradually increase the output until it reaches approximately 200 thousand tonnes by 2025/2026. The estimated Capex in this first phase for producing these products is approximately 10-12 million euros per year.

Additionally, the growth can be done in a moderate way, improving the use of less relevant UWF assets, opening the way for future conversions or greenfield investments in new machines.

The reporting of the packaging activity will continue to be included in the UWF segment, until it wins sufficient materiality.

CEMENT AND OTHER BUILDING MATERIALS

The Bank of Portugal (Projections for the Portuguese economy – June 2021) estimates that the Portuguese economy will grow 4.8% in 2021, assuming that the pandemic is brought under control, including further progress in the roll-out of the vaccines, and economic policy support is maintained to mitigate the permanent effects of the crisis in the productive capacity, thus projecting a stronger recovery than it had estimated in March.

AICCOPN and AECOPS expect "activities in the building sector to remain positive, reaching an average growth rate of +2.2% in real terms". The Gross Value of Production of the residential construction segment should slow down somewhat, essentially due to a high level of uncertainty that may lead to the slowing down of planned investments, and the impact of less development projects licensed by the Municipalities. Public investment is likely to grow dynamically, as it will benefit from the European funds to be received.

According to the World Economic Outlook Update (WEO), published in July 2021, the IMF expects Brazilian economy to recover 5.3% in 2021 and 1.9% in 2022.

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 harbour 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. Negotiations with the IMF have been going on since May 2020 following the request for external assistance, but no agreement has been reached so far.

According to the latest IMF estimates (World Economic Outlook, IMF April 2021) the Lebanese economy has contracted around 25.0% in 2020, and inflation rate has been 88.2%. No projections for the period from 2021 to 2026 have been published due to the high degree of uncertainty.

With regard to Tunisia, the most recent forecasts published by the IMF (World Economic Outlook, IMF April 2021) expect GDP growth of 3.8% in 2021 and 2.4% in 2022. Projected levels of inflation are 5.8% and 6.3% in 2021 and 2022, respectively.

Tunisia found itself already in financial hardship and social instability, and the pandemic has increased uncertainty as to the country's progress.

The outlook for Angola (World Economic Outlook, IMF April 2021) hints at a recovery of 0.4% in 2021, followed by a 2.4% growth in 2022. Projected levels of inflation are 22.3% and 13.1% in 2021 and 2022, respectively.

ENVIRONMENT

The crisis caused by the Covid-19 pandemic has significantly altered the economic landscape in Portugal, as in Europe and the rest of the world, with consequences difficult to predict in several markets. However, one can say that the food market where ETSA moves, given its nature, is less affected by the health crisis when compared to other sectors of activity.

With the vaccination plan currently underway, all indications are that 2021 will be a year of economic recovery in Portugal, but this does not mean that the country will regain its pre-pandemic economy any time soon. In this regard, the awaited recovery of the purchasing power of the Portuguese over the course of 2021 would likely result in a slight increase in the volumes of raw material collected and therefore in the volumes of finished products sold.

The current crisis also presents several short term opportunities that include: (i) concentrating on the horizontal expansion of its production and destination markets (exports accounted for around 44.4% of total sales on 30 June 2021), (ii) 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, and (iii) focus on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

VENTURE CAPITAL

Semapa Next will continue to monitor its investment portfolio to add value to the companies and funds it invests in, and to make more direct investments in startups and investment funds in 2021. Moreover, and in partnership with Techstars, Semapa Next will participate in new Global Business Challenges to identify targets for investment with high growth potential, particularly in Europe.

Lisbon, 30 July 2021

BOARD OF DIRECTORS

CHAIRMAN:

JOSÉ ANTÔNIO DO PRADO FAY

MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

VÍTOR PAULO PARANHOS PEREIRA

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

FRANCISCO JOSÉ MELO E CASTRO GUEDES

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

FINANCIAL TIMETABLE

Date	Event
4 November 2021	First 9 Months 2021 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 Portuguese. In the event of discrepancies, the Portuguese language version prevails.

PART 2

DECLARATION REQUIRED UNDER ARTICLE
246.1 c) OF THE SECURITIES CODE

DECLARATION REQUIRED UNDER ARTICLE 246.1 C) OF THE SECURITIES CODE

Article 246.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of declarations, as described in this article. In the case of Semapa, a standard declaration has been adopted, which reads as follows:

“I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code that, to the best of my knowledge, the condensed financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the first half of 2021, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of said company and other companies included in the consolidated accounts, and that the interim management report sets out faithfully the information required by Article 246.2 of the Securities Code.”

As required by this rule, we provide below a list of the names of the people signing the declaration and their functions in the company:

Name	Function
José António do Prado Fay	Chairman of the Board of Directors
João Nuno de Sottomayor Pinto de Castello Branco	Member of the Board of Directors
Ricardo Miguel dos Santos Pacheco Pires	Member of the Board of Directors
Vítor Paulo Paranhos Pereira	Member of the Board of Directors
António Pedro de Carvalho Viana-Baptista	Member of the Board of Directors
Carlos Eduardo Coelho Alves	Member of the Board of Directors
Filipa Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Francisco José Melo e Castro Guedes	Member of the Board of Directors
Lua Mónica Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Mafalda Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Vítor Manuel Galvão Rocha Novais Gonçalves	Member of the Board of Directors
José Manuel Oliveira Vitorino	Chairman of the Audit Board
Gonçalo Nuno Palha Picão Caldeira	Member of the Audit Board
Maria da Graça Torres Ferreira da Cunha Gonçalves	Member of the Audit Board

PART 3

LIST OF QUALIFYING HOLDINGS AS REQUIRED BY SUB-PARAS. C) OF ARTICLE 9.1 OF REGULATION NO. 5/2008 OF THE SECURITIES CODE (CMVM)

LIST OF QUALIFYING HOLDINGS, INDICATING THE NUMBER OF SHARES HELD AND THE CORRESPONDING PERCENTAGE OF VOTING RIGHTS, CALCULATED IN ACCORDANCE WITH ARTICLE 20 OF THE SECURITIES CODE (WITH REFERENCE TO THE DATE OF THIS REPORT):

	Holder	No. shares	% shares and voting rights	% non-suspended voting rights
A -	Sodim, SGPS, S.A.	27,508,892	33.849%	34.442%
	Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.938%	48.779%
	Subtotal:	66,468,323	81.787%	83.221%
B -	Bestinver Gestión, S.A., S.G.I.I.C.	-	-	-
	Bestinver Global, F.P.	362,428	0.446%	0.454%
	Bestinver Plan Mixto, F.P.	91,556	0.113%	0.115%
	Bestinver Mixto, F.I.	13,658	0.017%	0.017%
	Bestinver Bolsa, F.I.	649,964	0.800%	0.814%
	Bestifond, F.I.	1,016,934	1.251%	1.273%
	Bestvalue, F.I.	198,367	0.244%	0.248%
	Bestinver Empleo II, F.P.	1,963	0.002%	0.002%
	Bestinver Futuro EPSV	8,776	0.011%	0.011%
	Bestinver Empleo III, F.P.	1,506	0.002%	0.002%
	Bestinver Empleo, F.P.	11,068	0.014%	0.014%
	Bestinver Iberian SICAV	54,420	0.067%	0.068%
	Bestinver Bestifund SICAV	40,613	0.050%	0.051%
	Bestinver Crecimiento EPSV	7,370	0.009%	0.009%
	Subtotal:	2,458,623	3.025%	3.078%
C -	Norges Bank (the Central Bank of Norway)	1,699,613	2.091%	2.128%
D -	Cobas Asset Management, SGIIC, S.A.	1,637,038	2.014%	2.050%
	On behalf of the following shareholders, as an investment management entity: Cobas Value, SICAV SA; AZ Multi Asset. Subfund: AZ Multi Asset - Bestvalue; Cobas Global, F.P.; Cobas Iberia, F.I.; Cobas Lux SICAV. Subfund Cobas Selection Fund; Cobas Lux SICAV. Subfund Cobas Iberian Fund; Cobas Mixto Global, F.P.; Cobas Selección, F.I.; Cobas Concentrados, F.I.L.; Cobas Renta, F.I. e Alternative Fund SICAV-SIF-Cobas Concentrated Value Fund			

Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. holds 1,400,627 own shares, corresponding to 1.723% of its share capital.

PART 4

INTERIM CONSOLIDATED FINANCIAL
STATEMENTS

INTERIM CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	H1 2021	H1 2020
Revenue	2.1	971,379,680	941,795,340
Other operating income	2.2	44,492,937	48,696,743
Changes in the fair value of biological assets	3.7	(5,047,423)	3,028,521
Costs of goods sold and materials consumed		365,136,252	362,551,852
Variation in production		2,818,800	7,370,985
Supplies and services	2.3	270,521,157	275,179,893
Payroll costs	7.1	116,962,107	111,127,929
Other operating expenses	2.3	36,255,414	27,936,859
Net provisions	9.1	2,250,595	4,020,428
Depreciation, amortisation and impairment losses in non-financial assets	3.6	93,348,777	111,752,030
Operating results		129,169,692	87,523,586
Group share of (loss) / gains of associated companies and joint ventures	10.3	1,190,158	1,269,879
Financial income and gains	5.10	7,852,523	18,590,934
Financial expenses and losses	5.10	33,010,691	63,229,144
Net monetary position (gains / (losses))	2.1	(236,522)	-
Profit before tax		104,965,160	44,155,255
Income tax	6.1	14,714,857	4,889,550
Net profit for the period		90,250,303	39,265,705
Attributable to Semapa's Shareholders		73,105,052	30,286,796
Attributable to non-controlling interests	5.6	17,145,251	8,978,909
Earnings per share			
Basic earnings per share, Euro	5.3	0.915	0.378
Diluted earnings per share, Euro	5.3	0.915	0.378

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	H1 2021	H1 2020
Net profit for the period without non-controlling interests		90,250,303	39,265,705
Items that may be reclassified to the income statement			
Derivative financial instruments – Hedging			
Fair value changes		(1,799,844)	1,364,943
Tax on items above		494,957	(375,360)
Currency translation differences		(12,591,191)	39,763,452
Other comprehensive income for the period			
Hyperinflationary economies (Lebanon)		-	-
Items that may not be reclassified to the income statement			
Remeasurements of post-employment benefits			
Remeasurements	7.2	4,066,403	(4,696,260)
Tax on items above		(329,050)	33,143
Total other comprehensive income (net of taxes)		(11,650,982)	(42,101,345)
Total comprehensive income for the period		78,599,321	(2,835,640)
Attributable to:			
Semapa's Shareholders		70,817,248	(10,977,836)
Non-controlling interests		7,782,073	8,142,196
		78,599,321	(2,835,640)

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	30-06-2021	31-12-2020
ASSETS			
Non-current assets			
Goodwill	3.1	333,761,795	331,146,928
Intangible assets	3.2	370,028,497	313,145,496
Property, plant and equipment	3.3	1,759,041,378	1,802,961,376
Right-of-use assets	3.5	86,610,612	81,006,516
Biological assets	3.7	143,537,030	148,584,452
Investment in associated companies and joint ventures	10.3	4,115,331	3,117,099
Investment properties	3.9	370,054	371,260
Other financial investments	8.3	14,858,806	9,403,561
Receivables and other non-current assets	4.2	36,320,259	37,194,260
Deferred tax assets	6.2	72,700,156	73,621,270
		2,821,343,918	2,800,552,218
Current assets			
Inventories	4.1.1	247,820,669	236,543,966
Receivables and other current assets	4.2	355,244,157	331,854,764
Income tax	6.1	17,442,590	13,126,350
Cash and cash equivalents	5.9	250,958,420	444,755,259
		871,465,836	1,026,280,339
Non-current assets held for sale	3.8	4,162,459	4,162,459
		875,628,295	1,030,442,798
Total assets		3,696,972,213	3,830,995,016
EQUITY AND LIABILITIES			
Capital and reserves			
Share Capital	5.2	81,270,000	81,270,000
Treasury shares	5.2	(15,946,363)	(15,946,363)
Translation reserve	5.5	(222,124,444)	(218,994,285)
Fair value reserves	5.5	(4,603,211)	(3,922,725)
Legal reserve	5.5	16,695,625	16,695,625
Other reserves	5.5	1,048,397,118	982,702,158
Retained earnings	5.5	2,018,570	429,769
Net profit for the period		73,105,052	106,588,079
Equity attributable to Semapa's Shareholders		978,812,347	948,822,258
Non-controlling interests	5.6	236,806,573	259,154,345
Total Equity		1,215,618,920	1,207,976,603
Non-current liabilities			
Interest-bearing liabilities	5.7	1,075,299,514	1,199,559,876
Lease liabilities	5.8	70,777,308	67,729,016
Pensions and other post-employment benefits	7.2.1	9,474,932	14,511,206
Deferred tax liabilities	6.2	228,112,527	231,285,380
Provisions	9.1	51,207,879	50,940,318
Payables and other current liabilities	4.3	33,796,964	30,234,239
		1,468,669,124	1,594,260,035
Current liabilities			
Interest-bearing liabilities	5.7	318,591,157	460,926,030
Lease liabilities	5.8	14,432,039	12,410,630
Payables and other current liabilities	4.3	614,989,554	503,814,326
Income tax	6.1	64,671,419	51,607,392
		1,012,684,169	1,028,758,378
Total liabilities		2,481,353,293	2,623,018,413
Total equity and liabilities		3,696,972,213	3,830,995,016

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Treasury shares	Translation reserve	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2021		81.270.000	(15.946.363)	(218.994.285)	(3.922.725)	16.695.625	982.702.158	429.769	106.588.079	948.822.258	259.154.345	1.207.976.603
Net profit for the period		-	-	-	-	-	-	-	73.105.052	73.105.052	17.145.251	90.250.303
Other comprehensive income (net of taxes)		-	-	(3.130.159)	(680.486)	-	-	1.516.823	-	(2.293.822)	(9.357.160)	(11.650.982)
Total comprehensive income for the period		-	-	(3.130.159)	(680.486)	-	-	1.516.823	73.105.052	70.811.230	7.788.091	78.599.321
Application of 2020 profit for the period:												
- Transfer to other reserves		-	-	-	-	-	65.694.960	-	(65.694.960)	-	-	-
- Dividends paid	5.4	-	-	-	-	-	-	-	(40.893.119)	(40.893.119)	-	(40.893.119)
Dividends paid by subsidiaries to non-controlling interests	5.6	-	-	-	-	-	-	-	-	-	(30.204.884)	(30.204.884)
Other operations - Hyperinflationary economies (Lebanon)	5.6	-	-	-	-	-	-	71.978	-	71.978	69.021	140.999
Total transactions with shareholders		-	-	-	-	-	65.694.960	71.978	(106.588.079)	(40.821.141)	(30.135.863)	(70.957.004)
Other movements		-	-	-	-	-	-	-	-	-	-	-
Equity as of 30 June 2021		81.270.000	(15.946.363)	(222.124.444)	(4.603.211)	16.695.625	1.048.397.118	2.018.570	73.105.052	978.812.347	236.806.573	1.215.618.920
Equity as of 1 January 2020		81.270.000	(8.922.980)	(122.926.540)	(3.030.775)	16.695.625	868.632.108	5.098.856	124.053.720	960.870.014	300.848.910	1.261.718.924
Net profit for the period		-	-	-	-	-	-	-	30.286.796	30.286.796	8.978.909	39.265.705
Other comprehensive income (net of taxes)		-	-	(40.614.463)	583.185	-	-	(2.251.949)	-	(42.283.227)	181.882	(42.101.345)
Total comprehensive income for the period		-	-	(40.614.463)	583.185	-	-	(2.251.949)	30.286.796	(11.996.431)	9.160.791	(2.835.640)
Application of 2019 profit for the period:												
- Transfer to other reserves		-	-	-	-	-	114.070.048	-	(114.070.048)	-	-	-
- Dividends paid	5.4	-	-	-	-	-	-	-	(9.983.672)	(9.983.672)	-	(9.983.672)
Acquisition of treasury shares	5.1	-	(7.023.383)	-	-	-	-	-	-	(7.023.383)	-	(7.023.383)
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(2.684.658)	(2.684.658)
Total transactions with shareholders		-	(7.023.383)	-	-	-	114.070.048	-	(124.053.720)	(17.007.055)	(2.684.658)	(19.691.713)
Other movements		-	-	-	-	-	2	(2)	-	-	(305)	(305)
Equity as of 30 June 2020		81.270.000	(15.946.363)	(163.541.003)	(2.447.590)	16.695.625	982.702.158	2.846.905	30.286.796	931.866.528	307.324.738	1.239.191.266

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in Euro	Notes	H1 2021	H1 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,013,886,899	1,044,191,693
Payments to suppliers		(713,244,745)	(740,116,835)
Payments to employees		(86,186,669)	(87,619,013)
Cash flows from operations		214,455,485	216,455,845
Income tax received / (paid)		517,337	(5,055,179)
Other receipts / (payments) relating to operating activities		25,031,311	33,435,236
Cash flows from operating activities (1)		240,004,133	244,835,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Financial investments		-	9,680,823
Property, plant and equipment		1,327,158	1,585,291
Interest and similar income		3,887,806	3,680,933
Group share of (loss) / gains of associated companies and joint ventures		-	772,089
		5,711,098	15,719,136
Outflows:			
Financial investments		(5,095,208)	(5,223,018)
Property, plant and equipment		(43,389,416)	(72,213,538)
Intangible assets		(10,021,716)	(743,949)
Other assets		-	(199,049)
		(58,506,340)	(78,379,554)
Cash flows from investing activities (2)		(52,795,242)	(62,660,418)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		1,309,307,622	1,263,186,152
		1,309,307,622	1,263,186,152
Outflows:			
Interest-bearing liabilities		(1,590,459,395)	(891,273,059)
Amortisation of lease agreements		(10,720,329)	(9,742,965)
Interest and similar expense		(19,656,495)	(22,894,235)
Dividends		(71,122,244)	(40,848,042)
Acquisition of treasury shares		-	(7,023,382)
Other financing activities		-	(123,294)
		(1,691,958,463)	(971,904,977)
Cash flows from financing activities (3)		(382,650,841)	291,281,175
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(195,441,950)	473,456,659
Effect of exchange differences		1,031,081	(3,432,953)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.9	444,755,259	259,241,194
Impairment		614,030	(2,600,549)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.9	250,958,420	726,664,351

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

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1 INTRODUCTION

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



ACCOUNTING POLICIES

This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.



MAIN ESTIMATES AND JUDGEMENTS

This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. The most significant estimates and judgements are presented in Note 1.6.



REFERENCE

This symbol indicates a reference to another Note or another section of the Financial Statements where more information about the items disclosed is presented.

1.1 THE SEMAPA GROUP

The SEMAPA Group (Group) comprises Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. (“Semapa”) and its subsidiaries. Semapa located at Av. Fontes Pereira de Melo, 14, 10^o Piso, Lisboa was incorporated on 21 June 1991 and its corporate purpose is to manage holdings in other companies as an indirect form of performing economic activities. The Company has been listed on NYSE Euronext Lisbon since 1995 with ISIN PTSEM0AM0004.

Company:	Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Head Office:	Av. Fontes Pereira de Melo, 14, 10 ^o Piso, Lisboa Portugal
Legal Form:	Public Limited Company
Share Capital:	Euro 81,270,000
N.I.P.C.:	502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cement and derivatives, and environment, developed respectively through its subsidiaries The Navigator Company (former Portucel, S.A. named in the present document as Navigator or Navigator Group), Secil – Companhia Geral de Cal e Cimento, S.A. (“Secil” ou “Grupo Secil”) and ETSA – Investimentos, SGPS, S.A. (“ETSA” or “ETSA Group”).

Semapa also holds a venture capital business unit, carried out through its subsidiary Semapa Next, S.A., whose objective is to promote investments in startups and venture capital funds with high growth potential.



A more detailed description of the Group activity in each business line is disclosed in Note 2.1 – Revenue and segment reporting.

Semapa is included in the consolidation perimeter of Sodim — SGPS, S.A., which is its parent company and the final controlling entity.

1.2 RELEVANT EVENTS OF THE PERIOD

CORONAVIRUS

Semapa Group monitors the evolution of the public health emergency, with constant updates of the contingency plans in force at the several units and companies that comprise it, in accordance with the indications of the General Directorate of Health (*Direção-Geral de Saúde*) and the Government. The Group continues to analyse the potential impacts of the COVID-19 pandemic on its financial position, performance and cash flows arising from the impacts it has had on its economic activity, namely the impacts on relevant accounting estimates and judgments. This analysis did not result in any signs of impairment in the first half of 2021.

The Group currently shows a solid free cash-flow generation and a strengthened financial position, and it is the Board of Directors' belief that, given its financial and liquidity position, it will overcome the negative impacts of this crisis, without compromising the going concern principle applied in the preparation of these interim consolidated financial statements.

SODIM | PUBLIC OFFER FOR ACQUISITION OF SEMAPA'S SHARES

On 26 April 2021, shareholder Sodim, SGPS, S.A. published the announcement and prospectus of launching a general and voluntary public offering for the acquisition of common shares representing the share capital of Semapa, SGPS, S.A. The offering period started on 26 April 2021 and ended on 4 June 2021. The results of the offer were analysed on 7 June 2021 and, as a result, Sodim now holds, directly and indirectly, 66,093,765 shares representing 81.326% of the respective share capital and 82.752% of Semapa's voting rights.

NAVIGATOR | STRATEGY UPDATE

The Navigator Company Group's strategic thinking has led it to move decisively into the production of new packaging products, developing a new business area in a fast-growing segment and responding to the need felt worldwide to reduce consumption of plastics, namely single-use plastics, confirming its role in replacing plastics with sustainable materials.

From Fossil to Forest - a strategy aligned with the purpose of creating sustainable value, for its shareholders, and for society as a whole, leaving future generations a better planet. Through natural, recyclable and biodegradable sustainable products and solutions which contribute upstream to carbon fixing, oxygen production, biodiversity protection, soil formation and the fight against climate change, Navigator has decided to invest in making safer and more hygienic packaging paper available to the food industry without the risks of contamination by bacteria, microorganisms and even dangerous substances that recycled fibre typically contains. With a unique texture and unique printing performance, these products are resistant and fully in line with the concept of sustainable shelf ready packaging.

This new development strategy foresees a gradual growth and will allow to take advantage, in this first phase, of Setúbal's PM1 and PM3 paper machines, which are smaller but with a great production flexibility, creating the opportunity for future conversions or a greenfield investment in new machines.

The Group plans to sell a significant volume of packaging paper by the end of 2021, and to expand its supply in 2022. The Company's aim is to gradually increase production until it reaches around 200,000 tonnes in 2025/2026. The Capex forecasted in this first phase for the production of these products is approximately 10-Euro 12 million, per year, in the coming years.

NAVIGATOR | SUSTAINABILITY LINKED BOND

The subsidiary Navigator negotiated a Sustainability Linked Bond, a loan in the amount of Euro 100 million with a maturity of five years, whose conditions are indexed to compliance with ESG indicators, reflecting the company's full commitment to sustainability goals.

1.3 SUBSEQUENT EVENTS

Between 1 July 2021 and 29 July 2021, there were no subsequent events that could give rise to adjustments to these consolidated financial statements.

1.4 BASIS FOR PREPARATION

AUTHORISATION TO ISSUE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 29 July 2021.

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

ACCOUNTING FRAMEWORK

The interim consolidated financial statements for the six-month period ended 30 June 2021 were prepared in accordance with the provisions of the International Accounting Standard (IAS) no. 34 – Interim Financial Reporting.

The following Notes have been selected in order to contribute to the understanding of the most significant changes in the Group's consolidated financial position and its performance compared to the last annual reporting date as of 31 December 2020. In this context, these interim financial statements should be read together with the Semapa Group's consolidated financial statements for the period ended 31 December 2020.

BASIS FOR MEASUREMENT

The notes to the consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation perimeter (Note 10.1) and based on historical cost, except for biological assets (Note 3.7) and for financial instruments measured at fair value through profit or loss or at fair value through equity (Note 8.3), in which derivative financial instruments are included (Note 8.2). The liability for Pension and other post-employment benefits is recognised at its present value less the respective asset.

COMPARABILITY

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

BASIS FOR CONSOLIDATION

SUBSIDIARIES

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

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

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

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

Subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity under the caption Retained earnings (Note 5.5).

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

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

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

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

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

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

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

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

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

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

ASSOCIATED COMPANIES

Associated companies are all the entities over which the Group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Investments in associated companies are equity accounted.

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

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

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

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

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

JOINT VENTURES

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

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

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

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

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

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

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

PRESENTATION CURRENCY AND TRANSACTIONS IN A CURRENCY OTHER THAN THE PRESENTATION CURRENCY AND HYPERINFLATIONARY ECONOMIES

The items included in the financial statements of each of the Group entities included in the consolidation perimeter are measured using the currency of the economic environment in which the entity operates (functional currency). These consolidated financial statements are presented in Euro.

All the Group's assets and liabilities denominated in currencies other than the reporting currency have been translated into Euro using the exchange rates ruling at the statement of financial position date (Note 8.1.1). The currency differences arising from differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or at the statement of financial position dates, are recorded as income and expenses in the period (Note 5.10).

The income captions of foreign transactions are translated at the average rate for the period. The differences arising from the application of this rate, as compared with the balance prior to the conversion, are reflected under the Currency translation reserve caption in shareholders' equity (Note 5.5). Whenever a foreign entity is sold, the accumulated exchange difference is recognised in the consolidated income statement as part of the gain or loss on the sale.

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

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

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

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

As of 30 June 2021 and 31 December 2020, the exchange rates used for the translation of assets and liabilities expressed in currencies other than Euro are detailed as follows:

	30-06-2021	31-12-2020	Valuation/ (devaluation)		30-06-2021	31-12-2020	Valuation/ (devaluation)
TND (Tunisian Dinar)				DKK (Danish krone)			
Average exchange rate for the period	3.2973	3.1998	(3.05%)	Average exchange rate for the period	7.4368	7.4542	0.23%
Exchange rate for the end of the period	3.2942	3.2879	(0.19%)	Exchange rate for the end of the period	7.4362	7.4409	0.06%
LBN (Lebanese pound)				HUF (Hungarian forint)			
Average exchange rate for the period	20,559.30	10,307.60	(99.46%)	Average exchange rate for the period	357.8797	351.2494	(1.89%)
Exchange rate for the end of the period	20,559.30	10,307.60	(99.46%)	Exchange rate for the end of the period	351.6800	363.8900	3.36%
USD (American dollar)				AUD (Australian dollar)			
Average exchange rate for the period	1.2053	1.1422	(5.52%)	Average exchange rate for the period	1.5626	1.6549	5.58%
Exchange rate for the end of the period	1.1884	1.2271	3.15%	Exchange rate for the end of the period	1.5853	1.5896	0.27%
GBP (Steling pound)				MZM (Mozambican metical)			
Average exchange rate for the period	0.8680	0.8897	2.44%	Average exchange rate for the period	81.3377	80.2346	(1.37%)
Exchange rate for the end of the period	0.8581	0.8990	4.56%	Exchange rate for the end of the period	75.4550	92.9200	18.80%
PLN (Polish zloti)				BRL (Brazilian real)			
Average exchange rate for the period	4.5374	4.4430	(2.12%)	Average exchange rate for the period	6.4890	5.8978	(10.02%)
Exchange rate for the end of the period	4.5201	4.5597	0.87%	Exchange rate for the end of the period	5.9263	6.3768	7.06%
SEK (Swedish krona)				MAD (Moroccan dirham)			
Average exchange rate for the period	10.1308	10.4848	3.38%	Average exchange rate for the period	10.8250	10.8163	(0.08%)
Exchange rate for the end of the period	10.1110	10.0343	(0.76%)	Exchange rate for the end of the period	10.5980	10.9351	3.08%
CZK (Czech koruna)				NOK (Norway Kroner)			
Average exchange rate for the period	25.8541	26.4551	2.27%	Average exchange rate for the period	10.1759	10.7228	5.10%
Exchange rate for the end of the period	25.4880	26.2420	2.87%	Exchange rate for the end of the period	10.1717	10.4703	2.85%
CHF (Swiss franc)				AOA (Angolan Kwanza)			
Average exchange rate for the period	1.0946	1.0705	(2.25%)	Average exchange rate for the period	788.6669	689.8670	(14.32%)
Exchange rate for the end of the period	1.0980	1.0802	(1.65%)	Exchange rate for the end of the period	767.9000	822.3820	6.62%
TRY (Turkish lira)				MXN (Mexican peso)			
Average exchange rate for the period	9.5226	8.0547	(18.22%)	Average exchange rate for the period	24.3270	24.5194	0.78%
Exchange rate for the end of the period	10.3210	9.1131	(13.25%)	Exchange rate for the end of the period	23.5784	24.4160	3.43%
ZAR (South African rand)				AED (Dirham)			
Average exchange rate for the period	17.5244	18.7655	6.61%	Average exchange rate for the period	4.4245	4.1931	(5.52%)
Exchange rate for the end of the period	17.0114	18.0219	5.61%	Exchange rate for the end of the period	4.3644	4.5065	3.15%
RUB (Russian roubles)				CAD (Canadian dollar)			
Average exchange rate for the period	89.5502	82.7248	(8.25%)	Average exchange rate for the period	1.5030	1.5300	1.76%
Exchange rate for the end of the period	86.7725	91.4671	5.13%	Exchange rate for the end of the period	1.4722	1.5633	5.83%

1.5 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN 2021

Amendment	
Standards and amendments endorsed by the European Union	
COVID-19 - Related Rent Concessions (Amendment to IFRS 16)	<p>In May 2020, the International Accounting Standards Board (IASB) issued COVID-19 - Related Rent Concessions, which amended IFRS 16 Leases.</p> <p>If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether COVID-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications, so that, for example, the amount of rent forgiven on or before 30 June 2021 is taken to income the same year that the concession is granted, instead of being allocated over the duration of the contract as would be the case were the practical expedient not allowed.</p> <p>The Amendment shall be applied for annual reporting periods beginning on or after 1 June 2020.</p>
Interest Rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	<p>In August 2020, the IASB issued the interest rate benchmark reform - Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.</p> <p>The objective of the Amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform (IBOR reform). The amendments are the result of the second phase of the IASB project addressing the accounting impacts of the IBOR reform, which gave rise to the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project that addressed the pre-replacement accounting impacts of the IBOR reform and were issued by the IASB in 2019.</p> <p>The amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2021.</p>
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	<p>The IASB has issued the Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) on 25 June 2020.</p> <p>The objective of the Amendments is to extend the expiry date of the temporary exemption from applying IFRS 9 by two years (i.e. from 2021 to 2023) in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.</p>

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS OF MANDATORY APPLICATION ON OR AFTER 1 JANUARY 2021

Amendment	Effective date
Standards and amendments endorsed by the European Union that the Group decided not to apply early	
Reference to the Conceptual Framework (Amendments to IFRS 3)	<p>In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.</p> <p>The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.</p> <p>The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.</p>
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)	<p>In May 2020, the IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.</p> <p>The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss.</p> <p>The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.</p>
Onerous Contracts — Cost of Fulfilling a Contract	<p>In May 2020, the IASB issued Onerous Contracts — Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.</p> <p>The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.</p>
Annual Improvements to IFRS Standards 2018-2020	<p>On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:</p> <ul style="list-style-type: none"> (a) allow an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRSs; (b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9); (c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and (d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41. <p>The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.</p>

Standards and amendments not yet endorsed by the European Union

Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	<p>The IASB issued on 23 January 2020 narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.</p> <p>The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period.</p>	<p>1 January 2023</p>
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The amendments aim to:

- a. specify that an entity's right to defer settlement must exist at the end of the reporting period;
- b. clarify that the classification is not affected by management's intentions or expectations as to whether the entity will exercise its right to postpone settlement;
- c. clarify how loan conditions affect classification; and
- d. clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments.

This amendment is effective for periods starting after 1 January 2023.

Disclosure of accounting policies (amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2)	<p>Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.</p> <p>The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.</p>	<p>1 January 2023</p>
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The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but may be applied earlier.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	<p>The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>	1 January 2023
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	<p>The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021.</p> <p>The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.</p> <p>In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligation.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.</p>	1 January 2023
IFRS 17 – Insurance Contracts	<p>The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after 1 January 2023.</p>	1 January 2023

1.6 MAIN ESTIMATES AND JUDGEMENTS

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

- the best information and knowledge of current events and in certain cases on the reports of independent experts;
- the actions that the Group considers it may have to take in the future; and
- on the date on which the operations are realised, the outcome could differ from those estimates.

MAIN ESTIMATES AND JUDGEMENTS

Estimates and judgements	Notes
Recoverability of Goodwill and brands	3.1 – Goodwill 3.2 - Intangible assets
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 – Employee benefits
Fair value of biological assets	3.7 – Biological assets
Recognition of provisions	9.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment

2 OPERATIONAL PERFORMANCE

2.1 REVENUE AND SEGMENT REPORTING



ACCOUNTING POLICIES

SEGMENT REPORTING

An operating segment is a component of an entity:

- i) business activities that can generate revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- ii) whose operating results are regularly reviewed by the entity's chief operating decision-maker for the purpose of making decisions about allocating resources to the segment and evaluating its performance; and
- iii) for which different information is available.

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

The information used in segment reporting corresponds to the financial information prepared by the Group. All the inter-segment sales and services are performed at market prices and eliminated on consolidation.

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group:

PULP AND PAPER

The Navigator Group's main business is the production and sale of writing and printing thin paper (UWF) and domestic consumption paper (Tissue), and it is present in the whole value-added chain, from research and development of forestry and agricultural production, to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP – and electric and thermal energy, as well as its commercialisation. The Navigator Group has recently started the production of new packaging products, an activity whose development is expected to take place gradually.

The Navigator Group has four industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, only produces tissue paper.

Wood and cork are produced from woodlands owned or leased by the Group in Portugal and Spain, and also from granted lands in Mozambique. The production of cork and pine wood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's own BEKP production is consumed in the production of UWF and tissue paper in Aveiro. Sales of BEKP, UWF and tissue paper are made to more than 130 countries around the world.

Energy, heat and electricity are mainly produced from biofuels in three cogeneration plants. Heat production is used for internal consumption while electricity is sold to the national energy grid. The Navigator Group also owns another two cogeneration units using natural gas, integrated in the production of paper in Figueira da Foz and in Setúbal, and two separate units using biofuel.

CEMENT AND DERIVATIVES

The Cement and derivatives segment is led by Secil - Companhia Geral de Cal e Cimento, S.A., which has a strong presence in the cement industry, being a business group with several operations in Portugal and in several countries around the world (Secil Group).

The main product marketed by the Secil Group is cement. The sale of ready-mixed concrete, aggregates, mortars, and precast concrete constitutes a verticalisation of the cement segment allowing the Group to obtain synergies.

Secil Group has 3 cement plants in Portugal, Secil-Outão, Maceira-Liz and Cibra-Pataias, and the cement is sold in its various forms (in bulk or bagged, on pallets or big bags) through the different trading hubs owned by the Group. The Secil Group also owns other factories located in Brazil, Tunisia, Lebanon, and Angola.

A significant factor in the marketing of cement is the transportation cost, which is why the Secil Group maintains a private wharf in Secil-Outão, a sea terminal in Spain and a sea terminal in the Netherlands.

With regards to cement "derivatives", the ready-mixed concrete represents the greatest weight in the Group's revenue, with the Secil Group owning several production and marketing centres in Portugal, Spain, Tunisia, Lebanon and Brazil.

Secil Group has also the licence to exploit several quarries, from which it extracts materials for incorporation in cement production or commercialisation as aggregates.

ENVIRONMENT

The Environment segment is led by ETSA - Investimentos, S.G.P.S., S.A., whose operating activities in Portugal and Spain refer mainly to the rendering of services associated with the cumulative recovery of animal by-products and food products containing animal origin substances, and the sale of the products resulting from this recovery for incorporation in the production of fertilisers, animal feed and biodiesel ("ETSA Group").

The activities developed by the ETSA Group play a very important role in the defence of the population and the environment, providing new life to products that would otherwise be directed to landfills or undifferentiated waste treatment centres.

The main activities developed by the Group are:

- collection, packaging, sorting, unpacking and upgrading of animal by-products (categories 1, 2 and 3), other foodstuffs and waste oils, from collection sites such as slaughterhouses, cutting plants, butchers, municipal markets and modern retail;
- the sale of animal fats, meal and used cooking oil.

ETSA Group develops its activity through the transformation units located in Coruche and Loures, and the collection network is assured by its own road fleet, duly certified by the Portuguese National Authority for Food and Animal Health (Direção Geral de Alimentação e Veterinária - DGAV).

HOLDINGS

This segment refers to the management activities of the Semapa Group, that is, the services rendered by Semapa to its subsidiaries in various areas such as strategic planning, legal, financial, accounting, tax, talent management, among others, while incurring in payroll expenses and the contracting of specialised services.

This segment includes the new venture capital unit developed through the subsidiary Semapa Next, S.A..

REVENUE

Revenue is presented by operating segment and by geographical area, based on the country of destination of the goods and services sold by the Group.

Revenue recognition in each operating segment is described as follows:

Pulp and paper

Commercial contracts with customers refer essentially to the sale of goods such as paper, pulp, tissue, and energy, and to an extent limited to the transportation of those goods, when applicable.

Paper revenue refers to sales made through Retail Stores (B2C) or Commercial Distributors (B2B) which include large distributors, wholesalers or commercial operators. Revenue is recognised at a specific time, when control is transferred in accordance with the agreed incoterm, at the amount of the performance obligation satisfied, and the price of the transaction is a fixed amount invoiced based on quantities sold, less cash discounts and quantity discounts, which are reliably estimated.

Pulp revenue results from sales to international paper producers. Revenue is recognised at a specific time, by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced on the basis of quantities sold, less cash discounts and quantity discounts, which are reliably determinable. On the export side, the transfer of control of the products occurs in general when there is a transfer of control to the customer, according to the Incoterms negotiated.

Tissue revenue results from sales of tissue paper produced for the private label of modern national and international retail chains. Revenue is recognised at a specific time by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to the quantities sold. Revenue is recognised against the delivery of the product, at which time the transfer of control over the product is deemed to take place.

Energy revenue results from the valuation of the energy produced and delivered to the national electricity system, according to the metering, valued at the tariff defined in the contract for a 25-year period in progress.

Cement and derivatives

Cement

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

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

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

Revenue is recognised at a specific time, when the control is transferred, by the amount of the performance obligation satisfied. The transaction price results from the price lists in force adjusted by cash discounts and quantity discounts, granted to customers, depending on whether they are resellers or industrial customers, as described in the general terms and conditions of sale. For large customers and specific projects, the prices and discount conditions are fixed by contract, on an individual basis.

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

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

Materials

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

Revenue from Materials is recognised, at a specific moment, on the date of delivery of the product to the customer, even if the contract involves phased deliveries, due to the different phases of the work and quantities to be moved.

Revenue is recognised by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced based on quantities sold, less cash discounts and quantity discounts, which are reliably estimated.

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

The area of prefabricated concrete essentially refers to the commercialisation of standard prefabricated materials. In this business area the Group recognises the revenue of all products with the delivery of the product to the customer.

Environment

Revenue recorded by the Environment segment refers to the sale of products and the rendering of services.

Product sales are mainly lard, tallow, animal fat, flour (for the feed industry), and oils (for the biodiesel market). Revenue is recognised, at a specific moment, when the products are delivered to the customer's premises or location designated by the customer, at which time the transfer of control to the customer is considered to occur.

The main customers are national and international animal feed producers.

The services rendered by the ETSA Group refer mainly to the following:

- collection and treatment of Category 1 and 2 material from farmed and domestic animal carcasses, in accordance with the contract with DGAV - Direção Geral de Alimentação e Veterinária, as well as from slaughterhouses and other conventional collection centres; and
- packing in refrigerated equipment, collection, transport, sorting and unpacking of Category 3 materials (meat and fish) and other foodstuffs (fresh or frozen), in bulk or packaged, in the network of modern retail shops and town markets.

Revenue recognition is made on a monthly basis for services rendered on a regular and uniform basis to the modern retail network. As for the contract with DGAV, revenue is recognised for each service rendered, as calculated on a monthly basis.



MAIN ESTIMATES AND JUDGEMENTS

SEGMENT REPORTING

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group: Pulp and Paper, Cements and Derivatives, and Environment, consistent with the way the Semapa Group's management team monitors and analyses performance.

FINANCIAL INFORMATION BY OPERATING SEGMENT IN THE FIRST HALF OF 2021 AND 2020

H1 Amounts in Euro	2021	Note	Pulp and paper	Cement and derivatives	Environment	Holdings	Within-Group Eliminations	Total
Revenue			714,734,217	238,077,929	18,862,600	8,175,452	(8,470,518)	971,379,680
Other operating income (a)		2.2 and 3.7	11,819,961	27,560,587	44,905	61,598	(41,537)	39,445,514
Cost of goods sold and materials consumed		2.3	(292,530,789)	(69,878,185)	(2,727,278)	-	-	(365,136,252)
Supplies and services		2.3	(194,329,574)	(76,477,029)	(4,647,797)	3,578,812	8,512,055	(270,521,157)
Other operating expenses (b)		2.3	(89,225,080)	(52,136,454)	(4,311,880)	4,725,307	-	(150,398,721)
Depreciation and amortisation		3.6	(67,167,299)	(24,503,469)	(1,609,356)	(125,041)	-	(93,405,165)
Impairment losses		3.6	(823)	(57,211)	-	-	-	56,388
Net provisions		9.1	(259,909)	(1,990,686)	-	-	-	(2,250,595)
Interest and similar expense		5.10	(8,507,230)	(9,129,979)	(39,312)	3,148,052	74	(20,824,499)
Group share of (loss) / gains of associated companies and joint ventures		10.3	-	1,190,158	-	-	-	1,190,158
Net monetary position (Lebanon)			-	(236,522)	-	-	-	(236,522)
Other financial gains and losses		5.10	(1,615,217)	(3,275,426)	(58,463)	615,511	(74)	(4,333,669)
Profit before tax			72,918,257	29,258,135	5,513,419	2,724,651	-	104,965,160
Income tax		6.1	(14,032,625)	(1,998,310)	(1,120,685)	2,436,763	-	(14,714,857)
Net profit for the period			58,885,632	(27,259,825)	4,392,734	(287,888)	-	90,250,303
Attributable to Shareholders			41,199,369	(27,801,329)	4,392,242	(287,888)	-	73,105,052
Non-controlling interests		5.6	17,686,263	(541,504)	492	-	-	17,145,251
OTHER INFORMATION (30-06-2021)								
Total Segment assets			2,382,923,616	1,212,888,334	88,193,528	29,533,456	(16,566,721)	3,696,972,213
Goodwill		3.1	122,907,528	174,431,333	36,422,934	-	-	333,761,795
Intangible assets		3.2	168,719,913	201,308,584	-	-	-	370,028,497
Property, plant and equipment		3.3	1,216,647,110	518,721,862	23,028,629	643,777	-	1,759,041,378
Biological assets		3.7	143,537,030	-	-	-	-	143,537,030
Deferred tax assets		6.2	31,069,668	41,119,801	510,687	-	-	72,700,156
Investments in associated companies and joint ventures		10.3	-	4,115,331	-	-	-	4,115,331
Cash and cash equivalents		5.9	184,092,548	62,562,652	2,656,596	1,646,624	-	250,958,420
Total segment liabilities			1,495,799,116	706,212,372	14,554,663	281,353,863	(16,566,721)	2,481,353,293
Interest-bearing liabilities		5.7	842,167,225	311,922,527	458,343	239,446,084	(103,508)	1,393,890,671
Adjustment of property, plant and equipment		3.3	32,707,406	13,151,053	1,553,518	24,517	-	47,436,494

H1 Amounts in Euro	2020	Note	Pulp and paper	Cement and derivatives	Environment	Holdings	Within-Group Eliminations	Total
Revenue			695,501,712	230,908,435	15,661,605	7,827,958	(8,104,370)	941,795,340
Other operating income (a)	2.2 and 3.7		13,613,811	31,889,558	164,114	739	-	45,668,222
Cost of goods sold and materials consumed	4.1		(289,236,682)	(71,078,549)	(2,236,621)	-	-	(362,551,852)
Supplies and services	2.3		(200,674,883)	(74,304,569)	(4,397,509)	(3,907,302)	8,104,70	(275,179,893)
Other operating expenses (b)	2.3		(79,117,804)	(58,964,139)	(4,054,796)	(4,299,034)	-	(146,435,773)
Depreciation and amortisation	3.6		(82,155,793)	(27,811,998)	(1,556,048)	(186,856)	-	(111,710,695)
Impairment losses	3.6		(821)	(40,514)	-	-	-	(41,335)
Net provisions	9.1		(1,907,275)	(2,113,153)	-	-	-	(4,020,428)
Interest and similar expense	5.11		(7,292,345)	(12,062,012)	(66,731)	(5,206,195)	6,067	(24,621,216)
Group share of (loss) / gains of associated companies and joint ventures	10.3		-	1,269,879	-	-	-	1,269,879
Other financial gains and losses	5.11		(974,683)	(18,995,008)	(62,837)	21,601	(6,067)	(20,016,994)
Profit before tax			47,755,237	(1,302,070)	3,451,177	(5,749,089)	-	44,155,255
Income tax	6.1		(9,255,303)	846,614	(793,557)	4,312,696	-	(4,889,550)
Net profit for the period			38,499,934	(455,456)	2,657,620	(1,436,393)	-	39,265,705
Attributable to Shareholders			26,936,844	2,129,022	2,657,323	(1,436,393)	-	30,286,796
Non-controlling interests	5.6		11,563,090	(2,584,478)	297	-	-	8,978,909
OTHER INFORMATION (31-12-2020)								
Total Segment assets			2,516,169,216	1,214,686,765	83,844,958	36,318,463	(20,024,386)	3,830,995,016
Goodwill	3.1		122,907,528	171,816,466	36,422,934	-	-	331,146,928
Intangible assets	3.2		163,400,684	149,744,812	-	-	-	313,145,496
Property, plant and equipment	3.3		1,249,639,984	529,719,529	22,914,551	687,312	-	1,802,961,376
Biological assets	3.7		148,584,452	-	-	-	-	148,584,452
Deferred tax assets	6.2		30,629,217	42,543,120	448,933	-	-	73,621,270
Investments in associated companies and joint ventures	10.3		-	3,117,099	-	-	-	3,117,099
Cash and cash equivalents	5.9		302,399,831	130,609,827	1,635,351	10,110,250	-	444,755,259
Total segment liabilities			1,586,945,132	724,710,131	13,598,823	317,788,713	(20,024,386)	2,623,018,413
Interest-bearing liabilities	5.7		982,410,783	403,416,182	1,167,072	273,609,764	(117,895)	1,660,485,906
Adjustment of property, plant and equipment	3.3		80,639,102	26,098,481	2,147,946	49,846	-	108,935,375

(a) Includes "Other operating income" and "Fair value adjustments of biological assets"

(b) Includes "Production variation", "Payroll costs" and "Other operating expenses"

NOTE: The figures presented by business segments may differ from those presented individually by each Group, following the harmonization adjustments made in the consolidation

REVENUE BY BUSINESS SEGMENT, GEOGRAPHICAL AREA AND RECOGNITION STANDARD

H1 2021	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Portugal	113,165,889	134,607,176	13,786,318	261,559,383	26.93%
Rest of Europe	353,822,361	19,978,080	5,008,098	378,808,540	39.00%
America	78,711,985	39,746,979	-	118,458,964	12.19%
Africa	100,528,117	36,724,057	-	137,252,174	14.13%
Asia	67,518,139	6,858,987	68,185	74,445,311	7.66%
Oceania	855,309	-	-	855,309	0.09%
	714,601,799	237,915,279	18,862,601	971,379,680	100.00%
Recognition standard					
At a point in time	714,601,799	237,915,279	11,426,516	963,943,594	99.23%
Over time	-	-	7,436,085	7,436,085	0.77%

H1 2020	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Portugal	143,888,813	126,241,673	11,514,897	281,645,383	29.91%
Rest of Europe	326,345,754	17,868,645	3,869,530	348,083,929	36.96%
America	68,757,542	36,532,006	-	105,289,548	11.18%
Africa	76,591,728	28,514,215	-	105,105,943	11.16%
Asia	79,726,195	21,475,483	277,178	101,478,856	10.78%
Oceania	191,681	-	-	191,681	0.02%
	695,501,713	230,632,022	15,661,605	941,795,340	100.00%
Recognition standard					
At a point in time	695,501,713	230,632,022	8,520,117	934 653 852	99.24%
Over time	-	-	7,141,488	7 141 488	0.76%

In 2021 and 2020, the revenue presented in different business and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group, not representing any of them, individually, 10% or more of the overall revenue of the Group

2.2 OTHER OPERATING INCOME



ACCOUNTING POLICIES

OPERATING GRANTS AND GRANTS RELATED TO BIOLOGICAL ASSETS

Government grants are recognised at their fair value and only when there is a reasonable assurance that the grant will be received, and the Group will comply with all required conditions. Operating grants, received with the purpose of compensating the Group for costs incurred, are systematically recorded in the income statement during the periods in which the costs that those grants are intended to compensate are recorded.

Grants related to biological assets (Note 3.7) carried at the fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

In the first half of 2021 and 2020, Other operating income is detailed as follows:

Amounts in Euro	Note	H1 2021	H1 2020
Grants - CO2 emission allowances		23,935,013	22,294,472
Disposal of CO2 emission allowances		5,118,160	2,532,870
Gains on disposal of non-current assets		3,249,095	8,240,392
Power interruption - REN		2,196,006	2,318,773
Own work capitalised		2,043,008	266,401
Compensations received		1,314,577	2,676,832
Operating subsidies		1,299,170	2,111,439
Inventory gains		1,140,506	777,140
Income from waste treatment		468,246	225,558
Supplementary income		349,983	964,609
Recovery/settlement of uncollectibles		8,069	17,045
Other operating income		3,371,104	6,271,212
		44,492,937	48,696,743

The amount recorded under Grants - CO₂ emission allowances correspond to the recognition of the free allocation of emission allowances, which are offset with the expense recognised for the issue of allowances granted free of charge, and therefore its effect on the consolidated income statement is neutral.

In the first half of 2020, the item Gains on the sale of non-current assets includes Euro 6.2 million corresponding to the capital gains recorded by the subsidiary Secil with the sale of: 1) 25% of the associate Setefrete (Euro 4.9 million) and 2) 50% of the subsidiary Allmicroalgae (Euro 1.2 million).

2.3 OTHER OPERATING EXPENSES

In the first half of 2021 and 2020, Other operating expenses is detailed as follows:

Amounts in Euro	Note	H1 2021	H1 2020
Cost of goods sold and materials consumed	4.1.3	365,136,252	362,551,852
Variation in production	4.1.4	2,818,800	7,370,985
Supplies and services			
Energy and fluids		77,272,110	80,681,308
Inventory transportation		84,750,774	77,552,621
Specialised work		45,776,473	49,630,598
Repair and maintenance		24,786,607	25,338,727
Fees		3,040,902	2,546,453
Insurance		4,745,521	8,195,081
Subcontracts		1,147,052	1,054,653
Other		29,001,718	30,180,452
		270,521,157	275,179,893
Payroll costs	7.1	116,962,107	111,127,929
Other operating expenses			
Membership fees		908,784	889,676
Donations		415,029	680,440
Costs with CO ₂ emission allowances		27,305,834	23,961,639
Impairment on receivables		124,395	1,940,264
Impairment on inventories	4.1.5	979,303	(5,240,343)
Other inventory losses		1,169,920	509,435
Indirect taxes		3,111,001	3,219,229
Losses on disposal of non-current assets		55,828	172,269
Other operating expenses		2,185,320	1,804,250
		36,255,414	27,936,859
Provisions	9.1	2,250,595	4,020,428
Total operating expenses		788,306,725	788,187,946

In order to mitigate the expected drop in revenue resulting from the reduction in turnover caused by the pandemic, the Group implemented several cost-cutting measures, which explains the reduction in the External supplies and services item.

In the first half of 2020, the caption Impairment on inventories includes the reversal of impairment resulting essentially from the sale of UWF (Euro 4,575,051) and Tissue (Euro 1,069,943) paper waste by the subsidiary Navigator.

3 INVESTMENTS

3.1 GOODWILL



ACCOUNTING POLICIES

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

Amortisation and impairment	Goodwill is not amortised. The Group annually carries out impairment tests to the goodwill, or where there are signs of impairment. Recoverable amounts of cash flow units are determined, based on the calculation of usage values and fair value less cost of sale. Impairment losses on goodwill cannot be reversed.
Disposals and loss of control	Gains or losses arising from the sale or loss of control over an entity or business to which Goodwill is allocated include the amount of the corresponding goodwill.
Acquisitions in a currency other than the presentation currency	Goodwill generated on the acquisition of a foreign entity is recorded in the functional currency of that entity and converted into the reporting currency of the Group (Euro), at the exchange rate prevailing at the balance sheet date. Exchange differences generated in this conversion are recorded under Currency translation reserve (Note 5.5) as other comprehensive income.
Tax deductibility	Derived from the current tax legislation in Portugal, it is not expected that Goodwill generated or to be recognised will be tax deductible. In other geographies where the Group operates, a differentiated tax treatment is applied.

GOODWILL – NET AMOUNT

Goodwill is attributed to the Group's cash generating units (CGU's) that correspond to the operating segments identified in Note 2.1, as follows:

Amounts in Euro	30-06-2021	31-12-2020
Pulp and paper	122,907,528	122,907,528
Cement and derivatives	174,431,333	171,816,466
Environment	36,422,934	36,422,934
	333,761,795	331,146,928

MOVEMENTS IN THE PERIOD

Amounts in Euro	30-06-2021	31-12-2020
Net value at the beginning of the period	331,146,928	345,172,676
Acquisitions	-	-
Exchange rate adjustment	2,614,867	14,025,748
Net value at the end of the period	333,761,795	331,146,928

3.2 INTANGIBLE ASSETS



ACCOUNTING POLICIES

Intangible assets are stated at cost of acquisition, deducted of accumulated amortisation and impairment losses. Depreciation is calculated using the straight-line method, over a period between 3 to 5 years and annually for CO₂ emission rights.

CO₂ EMISSION RIGHTS

Given the absence of accounting standards for the recognition and measurement of CO₂ allowances, the policy defined by the management is as follows:

<p>Recognition of free allowances and subsequent measurement</p>	<p>CO₂ emission allowances granted to the Group within the European Union Emissions Trading Scheme (EU ETS) for the assignment of CO₂ emission allowances at no cost, gives rise to an intangible asset for the allowances, a government grant and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period.</p> <p>Emission allowances are only recorded as intangible assets when the Group is able to exercise control. At inception, they are initially measured at the fair value (Level 1).</p> <p>When the market value of the emission allowances falls significantly below its book value and such decrease is considered permanent, an impairment loss is recognised for emission allowances which the Group will not use in its operations. The liability to deliver allowances is recognised based on actual emissions (Note 4.3 – Payables and other current liabilities). This liability will be settled using allowances on hand, being measured at the book value of those allowances. Any additional emissions are measured using the market value as at the balance sheet date.</p>
<p>Recognition in the income statement</p>	<p>In the consolidated Income Statement, the Group recognises as an expense (Other expenses and losses) the issues performed at fair value on the attribution date, except for acquired licenses, where the expense is measured at the license acquisition cost.</p> <p>These expenses will offset the other operating income resulting from the recognition of the original grant (also recognised in profit or loss at fair value on the allocation date) and from the releases or sales of any excess allowances.</p> <p>The effect on the Income statement will, therefore, be neutral regarding the consumption of granted allowances. Any net effect on the Income Statement will result from the purchase of additional allowances to cover excess emissions, from the sale of effective consumption or from impairment losses recorded to allowances that are not used at operational level.</p>
<p>Brands</p>	
<p>Recognition and initial measurement</p>	<p>Whenever brands are identified in a business combination, the Group records them separately and these are measured at fair value on the acquisition date.</p>
<p>Subsequent measurement and impairment</p>	<p>At cost less impairment losses. Brands are not subject to amortisation as their useful life is indefinite.</p> <p>The Group annually carries out impairment tests to the brands, or where there are signs of impairment.</p>

INTANGIBLE ASSETS DEVELOPED INTERNALLY



ACCOUNTING POLICIES

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

MOVEMENTS IN INTANGIBLE ASSETS

Amounts in Euro	Brands	Industrial property and other rights	CO ₂ emission allowances	Assets under construction	Total
Gross amount					
Balance as of 1 January 2020	278,671,558	23,830	61,732,182	295,052	340,722,622
Acquisitions/Attributions	-	4,335	64,911,624	1,790,877	66,706,836
Disposals	-	-	(29,741,191)	-	(29,741,191)
Adjustments, transfers and write-offs	-	-	(29,972,395)	339,470	(29,632,925)
Exchange rate adjustment	(8,550,291)	-	-	-	(8,550,291)
Balance as of 31 December 2020	270,121,267	28,165	66,930,220	2,425,399	339,505,051
Acquisitions/Attributions	-	2,737,943	78,308,940	2,426,793	83,473,676
Disposals	-	-	(2,882,560)	-	(2,882,560)
Adjustments, transfers and write-offs	-	-	(24,788,283)	-	(24,788,283)
Exchange rate adjustment	(1,280,371)	-	-	-	(1,280,371)
Balance as of 30 June 2021	268,840,896	2,766,108	117,568,317	4,852,192	394,027,513
Amortisation and impairment losses					
Balance as of 1 January 2020	(28,768,601)	(13,628)	(1,782,394)	-	(30,564,623)
Amortisation for the period (Note 3.6)	(15,381)	(4,473)	1,782,394	-	1,762,540
Impairment losses for the period (Note 3.6)	-	-	-	-	-
Adjustments, transfers and write-offs	-	-	-	-	-
Exchange rate adjustment	2,442,528	-	-	-	2,442,528
Balance as of 31 December 2020	(26,341,454)	(18,101)	-	-	(26,359,555)
Amortisation for the period (Note 3.6)	(3,973)	(2,314)	-	-	(6,287)
Impairment losses for the period (Note 3.6)	-	-	-	-	-
Adjustments, transfers and write-offs	-	-	-	-	-
Exchange rate adjustment	2,366,826	-	-	-	2,366,826
Balance as of 30 June 2021	(23,978,601)	(20,415)	-	-	(23,999,016)
Net book value as of 1 January 2020	249,902,957	10,202	59,949,788	295,052	310,157,999
Net book value as of 31 December 2020	243,779,813	10,064	66,930,220	2,425,399	313,145,496
Net book value as of 30 June 2021	244,862,295	2,745,693	117,568,317	4,852,192	370,028,497

BRANDS

As of 30 June 2021 and 31 December 2020, the net value of the brands is detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
Pulp and paper		
Navigator	107,568,000	107,568,000
Soporset	43,919,000	43,919,000
Cement and derivatives		
Secil Portugal	71,700,000	71,700,000
Supremo (Brazil)*	15,543,306	14,446,973
Gabés (Tunisia)*	6,131,990	6,143,739
Other	-	2,101
	244,862,295	243,779,813

* The value of these brands is subject to exchange rate adjustment.

CO₂ EMISSION ALLOWANCES

The movements in CO₂ emission allowances were as follows:

Amounts in Euro	30-06-2021		31-12-2020	
	Tons	Amount	Tons	Amount
Opening balance	2,939,553	66,930,220	2,782,955	61,732,182
Allowances awarded free of charge	1,863,607	62,785,260	2,441,299	54,642,535
Allowances acquired	244,798	15,523,680	510,962	10,269,089
Allowances sold	(128,000)	(2,882,560)	(603,500)	(15,386,205)
Allowances returned to the Licensing Coordinating Entity	(706,844)	(24,788,283)	(2,192,163)	(44,327,381)
Closing balance	4,213,114	117,568,317	2,939,553	66,930,220

The CO₂ licenses held by the Group, recorded in accordance with the above policy, are detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
CO ₂ allowances (ton)	4,213,114	2,939,553
Average unit value	27,91	22,77
	117,568,317	66,930,220
Market price	56.37	32.72

4.1. 3.3 PROPERTY, PLANT AND EQUIPMENT



ACCOUNTING POLICIES

Recognition and initial measurement	<p>Property, plant and equipment acquired up to 1 January 2004 (date of transition to IFRS) are recorded at acquisition cost, or acquisition cost revaluated in accordance with accounting principles generally accepted in Portugal, up to that date, less depreciation and accumulated impairment losses.</p> <p>Property, plant and equipment acquired after transition date are recorded at acquisition cost, less depreciation and impairment losses.</p>																		
Depreciation and impairment	<p>The straight-line method is used from the moment the asset is available for use, using the rates that best reflect its estimated useful life.</p> <p>The depreciation of exploration lands results from the estimated average useful life of the land, considering the period of extraction of raw material.</p> <table border="1"> <thead> <tr> <th colspan="2">Estimated useful life (years)</th> </tr> </thead> <tbody> <tr> <td>Land</td> <td>14</td> </tr> <tr> <td>Buildings and other constructions</td> <td>12 – 30</td> </tr> <tr> <td>Basic equipment</td> <td>6 – 25</td> </tr> <tr> <td>Transportation equipment</td> <td>4 – 9</td> </tr> <tr> <td>Tools</td> <td>2 – 8</td> </tr> <tr> <td>Administrative equipment</td> <td>4 – 8</td> </tr> <tr> <td>Returnable containers</td> <td>6</td> </tr> <tr> <td>Other property, plant and equipment</td> <td>4 – 10</td> </tr> </tbody> </table>	Estimated useful life (years)		Land	14	Buildings and other constructions	12 – 30	Basic equipment	6 – 25	Transportation equipment	4 – 9	Tools	2 – 8	Administrative equipment	4 – 8	Returnable containers	6	Other property, plant and equipment	4 – 10
Estimated useful life (years)																			
Land	14																		
Buildings and other constructions	12 – 30																		
Basic equipment	6 – 25																		
Transportation equipment	4 – 9																		
Tools	2 – 8																		
Administrative equipment	4 – 8																		
Returnable containers	6																		
Other property, plant and equipment	4 – 10																		

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary at the statement of financial position date. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is recorded (Note 3.6).

Subsequent costs	<p>Scheduled maintenance expenses are considered a component of the acquisition cost of property, plant and equipment and are fully depreciated by the next forecasted maintenance date.</p> <p>Other expenses with repairs and maintenance are recognised as an expense in the period in which they are incurred.</p>
Spare and maintenance parts	<p>Spare parts are considered strategic as they are directly related to production equipment and their use is expected to last for more than two financial years. Maintenance parts considered as "critical spare parts" are recognised in non-current assets, as Property, plant and equipment. Respecting this classification, spare parts are depreciated from the moment they become available for use and are assigned a useful life that follows the nature of the equipment, where they are expected to be integrated, not exceeding the remaining useful life of these.</p>
Borrowing costs	<p>Borrowing costs directly related to the acquisition or construction of fixed assets are capitalised when their construction period exceeds one year, and form part of the asset's cost.</p> <p>During the periods presented, no financial charges for loans directly related to the acquisition or construction of property, plant and equipment were capitalised.</p>
Write-offs and disposals	<p>Gains or losses arising from write-offs or disposals are determined by the difference between the proceeds from the disposals when applicable less transaction costs and the carrying amount of the asset, and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).</p>

RECOVERABILITY OF PROPERTY, PLANT AND EQUIPMENT

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

USEFUL LIFE AND DEPRECIATION

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

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

Given the relevance of this estimate, the Group makes regular use of external and independent experts to assess the adequacy of the estimates used.

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2021, Assets under construction includes investments associated with ongoing development projects, mainly from the subsidiary Navigator, in particular those related to the redesign of the wet pulp production zone no. 4 in Aveiro (Euro 10,450 thousand), the new chip stack (Euro 7,972), the environmental plan (Euro 7,649 thousand), the photovoltaic power plants in Figueira da Foz and Setúbal (Euro 2,061 thousand). The remainder is related to several projects for improving and optimising the production process.

In the first half of 2021 and during 2020, no borrowing costs directly related to the acquisition, construction or production of property, plant and equipment were capitalised.

Amounts in Euro	Land	Buildings and other constructions	Equipment and other tangibles	Assets under construction	Total
Gross amount					
Balance as of 1 January 2020	425,023,485	1,129,940,316	5,567,582,362	153,482,669	7,276,028,832
Changes in the perimeter	-	(9,137)	(662,550)	(43,478)	(715,165)
Acquisitions	92,016	708,075	746,231	107,389,053	108,935,375
Disposals	(1,537,652)	(2,571,328)	(10,468,951)	-	(14,577,931)
Effect of hyperinflationary economies	17,210,206	4,657,427	46,651,609	577,930	69,097,172
Adjustments, transfers and write-offs	2,270,309	11,805,738	79,174,924	(112,324,284)	(19,073,313)
Exchange rate adjustment	(35,403,463)	(76,992,994)	(221,443,153)	(7,202,551)	(341,042,161)
Balance as of 31 December 2020	407,654,901	1,067,538,097	5,461,580,472	141,879,339	7,078,652,809
Acquisitions	-	(672)	8,159,682	39,277,484	47,436,494
Disposals	(372,915)	(41,128)	(5,068,255)	-	(5,482,298)
Adjustments, transfers and write-offs	140,745	634,152	65,572,415	(81,243,563)	(14,896,251)
Exchange rate adjustment	(7,570,264)	(2,309,432)	(28,821,501)	(262,107)	(38,963,304)
Effect of hyperinflationary economies	-	-	-	-	-
Balance as of 30 June 2021	399,852,467	1,065,821,017	5,501,422,813	99,651,153	7,066,747,450
Accumulated depreciation and impairment losses					
Balance as of 1 January 2020	(83,499,951)	(729,014,570)	(4,434,875,274)	(3,629,921)	(5,251,019,716)
Changes in the perimeter	-	76	6,474	-	6,550
Depreciation for the period	(4,757,327)	(18,392,458)	(183,721,653)	-	(206,871,438)
Disposals	158,105	2,189,403	10,246,186	-	12,593,694
Impairment losses	(976,509)	24,426	248,116	(786)	(704,753)
Adjustments, transfers and write-offs	(39,592)	1,146,285	20,349,328	-	21,456,021
Effect of hyperinflationary economies	(5,539,103)	(3,073,748)	(40,426,784)	-	(49,039,635)
Exchange rate adjustment	3,630,912	35,881,789	158,375,142	-	197,887,843
Balance as of 31 December 2020	(91,023,465)	(711,238,797)	(4,469,798,465)	(3,630,707)	(5,275,691,434)
Depreciation for the period (Note 3.6)	(2,641,144)	(8,726,739)	(76,094,728)	-	(87,462,611)
Disposals	(164,940)	507,224	8,239,181	-	8,581,465
Impairment losses (Note 3.6)	-	10,683	46,528	-	57,211
Adjustments, transfers and write-offs	193,660	836,200	9,740,281	102,292	10,872,433
Exchange rate adjustment	2,887,343	3,676,591	29,372,929	-	35,936,863
Balance as of 30 June 2021	(90,748,546)	(714,934,838)	(4,498,494,274)	(3,528,415)	(5,307,706,073)
Net book value as of 1 January 2020	(341,523,534)	400,925,746	1,132,707,088	149,852,748	2,025,009,116
Net book value as of 31 December 2020	(316,631,436)	356,299,301	991,782,007	138,248,632	1,802,961,376
Net book value as of 30 June 2021	(309,103,921)	350,886,180	1,002,928,539	96,122,738	1,759,041,378

As of 30 June 2021 and 31 December 2020, there are no property, plant and equipment given as collateral.



The commitments made by the Group for the acquisition of property, plant and equipment are detailed in Note 9.2 - Commitments.

3.4 GOVERNMENT GRANTS



ACCOUNTING POLICIES

Government grants received to offset the Group for investments made in Property, plant and equipment, including those granted as tax credits, are classified as Deferred income (Note 4.3 – Payables and other current liabilities) and are recognised in income over the estimated useful life of the respective subsidised assets, and are associated with the depreciation of the period (Note 3.6), for presentation purposes.

GOVERNMENT GRANTS REPAYABLE

Government grants, in the form of loans repayable at a subsidised rate, are discounted on the date of initial recognition based on the market interest rate at the date of grant, the value of the discount constituting the value of the grant to be amortised over the period of the loan or asset whose acquisition it is intended to finance, depending on the activities financed. These liabilities are included in Payables and other current liabilities (Note 4.3).

GOVERNMENT GRANTS – MOVEMENTS

Amounts in Euro	30-06-2021	31-12-2020
Opening balance	35,231,672	42,776,572
Attribution	-	1,112,066
Charge-off	(1,999,848)	(9,587,344)
Other	494,652	930,378
Closing balance	33,726,476	35,231,672
<i>Of a financial nature</i>	<i>13,139,346</i>	<i>13,768,052</i>
<i>Of a fiscal nature</i>	<i>20,587,130</i>	<i>21,463,620</i>

GOVERNMENT GRANTS – DETAIL

Amounts in Euro	30-06-2021	31-12-2020
Under AICEP contracts		
Enerpulp, S.A.	593,727	859,211
Navigator Pulp Aveiro, S.A.	7,551,447	8,296,893
Navigator Pulp Setúbal, S.A.	125,238	254,271
Navigator Pulp Figueira, S.A.	9,255,733	9,612,781
Navigator Parques Industriais, S.A.	1,899,318	1,928,996
Navigator Tissue Aveiro, S.A.	12,063,585	12,450,222
Other		
Raiz	2,186,230	1,748,208
Viveiros Aliança, SA	51,198	81,090
Closing balance	33,726,476	35,231,672

3.5 RIGHT-OF-USE ASSETS



ACCOUNTING POLICIES

At the date the lease enters into force, the Group recognises a right-of-use asset at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease grants received; and iii) initial direct costs incurred. To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or its location may be added, when required by the lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The useful life considered for each class of assets under right of use is equal to the useful life of Property, plant and equipment (Note 3.3) in the same class when there is a call option and the Group expects to exercise it.

SHORT-TERM LEASES AND LOW-VALUE ASSET LEASES

The Group recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than USD 5,000 directly as operating expenses of the year (Note 2.3), on a straight-line basis.

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Industrial property and other rights	Land	Buildings and other constructions	Equipment and other tangibles	Total
Gross amount					
Balance as of 1 January 2020	1,211,963	54,030,858	10,343,874	23,162,843	88,749,538
Acquisitions	201,575	6,652,397	1,033,782	14,327,741	22,215,495
Adjustments, transfers and write-offs	(219,150)	(1,350,612)	(899,283)	(1,926,274)	(4,395,319)
Exchange rate adjustment	-	(534,074)	(795,498)	(661,592)	(1,991,164)
Balance as of 31 December 2020	1,194,388	58,798,569	9,682,875	34,902,718	104,578,550
Acquisitions	963,772	2,717,343	1,272,946	9,334,166	14,288,227
Adjustments, transfers and write-offs	-	(273,339)	(364,514)	(625,134)	(1,262,987)
Exchange rate adjustment	-	(27,307)	(73,727)	61,580	(39,454)
Balance as of 30 June 2021	2,158,160	61,215,266	10,517,580	43,673,330	117,564,336
Accumulated amortisation, depreciation and impairment losses					
Balance as of 1 January 2020	(233,138)	(4,669,081)	(2,567,622)	(5,615,437)	(13,085,278)
Depreciation and impairment losses (Note 3.6)	(71,690)	(4,657,861)	(1,651,461)	(7,514,033)	(13,895,045)
Adjustments, transfers and write-offs	(2)	174,108	326,899	1,800,222	2,301,227
Exchange rate adjustment	-	155,987	652,599	298,476	1,107,062
Balance as of 31 December 2020	(304,830)	(8,996,847)	(3,239,585)	(11,030,772)	(23,572,034)
Depreciation and impairment losses (Note 3.6)	(390,479)	(2,212,764)	(790,689)	(5,002,249)	(8,396,181)
Adjustments, transfers and write-offs	-	230,982	207,930	478,856	917,768
Exchange rate adjustment	-	22,582	108,303	(34,162)	96,723
Balance as of 30 June 2021	(695,309)	(10,956,047)	(3,714,041)	(15,588,327)	(30,953,724)
Net book value as of 31 January 2020	978,825	49,361,777	7,776,252	17,547,406	75,664,260
Net book value as of 31 December 2020	889,558	49,801,722	6,443,290	23,871,946	81,006,516
Net book value as of 30 June 2021	1,462,851	50,259,219	6,803,539	28,085,003	86,610,612

The item Land essentially refers to rights to use of land for forestry exploitation existing in the subsidiary Navigator, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the 2nd harvest takes place before the 24th year of the term.

3.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

The caption Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	Note	H1 2021	H1 2020
Depreciation of property, plant and equipment for the period	3.3	87,731,904	110,152,804
Investment grants charge-off	3.4	(2,269,141)	(5,971,994)
Depreciation of property, plant and equipment, net of grants used		85,462,763	104,180,810
Impairment on property, plant and equipment - losses		-	(61,733)
Impairment on property, plant and equipment - reversals		(57,211)	(127,753)
Impairment on property, plant and equipment for the period	3.3	(57,211)	(189,486)
Amortisation in intangible assets for the period	3.2	6,287	837,292
Depreciation of right-of-use assets for the period	3.5	8,456,183	7,246,038
Impairment on assets held for sale	3.8	-	230,000
Depreciation of investment properties	3.9	383	383
Impairment losses on investment properties	3.9	823	822
ICMS - Value-added tax on goods and services included in depreciation (Brazil)		(520,451)	(553,828)
		93,348,777	111,752,031

The decrease in Depreciation of property, plant and equipment, compared to the previous period, is essentially due to the review of the useful lives of some assets in the Pulp and Paper segment, according to an evaluation report performed by an independent entity.

3.7 BIOLOGICAL ASSETS



ACCOUNTING POLICIES

The Group's biological assets mainly comprise the forests held for the production of timber, suitable for incorporating in the production process of BEKP or to sell in the market, mainly eucalyptus, also including other species such as pine and cork oak.

Biological assets are measured at fair value less estimated selling expenses at the time of harvest.

Fair Value (level 3 of the IFRS 13 fair value hierarchy)

When calculating the fair value of forests, the Group used the discounted cash flows method, based on a model developed in house, regularly tested by independent external assessments.

In the model developed, assumptions are considered corresponding to the nature of the assets under evaluation, namely, the development cycle of the different species, the productivity of the forests, the wood sales price (when there is an active market) less the cost of harvesting, the rents of own, leased land, replanting and transport, the costs of planting and maintenance, the cost inherent in leasing the forest land; and the discount rate.

The discount rate corresponds to a market interest rate without inflation, consistent with the structure of projections, determined on the basis of the Group's expected rate of return on its forests, which are intended to be sold intra-group.

Concession areas	The costs incurred with the site preparation before the first afforestation are recorded as property, plant and equipment and depreciated in line with its expected useful lives corresponding to the concession period.
Change of estimates	Changes in estimates of growth, growth period, price, cost and other assumptions are recognised in the income statement as fair value adjustments of biological assets.
Harvesting	At the time of harvest, wood is recognised at fair value less estimated costs at point of sale or consumption, which corresponds to the initial carrying amount of the inventory.



MAIN ESTIMATES AND JUDGEMENTS

ASSUMPTIONS

Assumptions corresponding to the nature of the assets being valued were considered:

- Productivity of forests;
- Wood sales price (when there is an active market) less the cost of harvesting, rents for own, leased and concessioned land, replanting and transport, planting and maintenance costs, the cost inherent in leasing forest land;
- Discount rate for 2021 corresponding to 3.07% (2020: 3.07%). Note that the Group incorporates the fire risk into the model's cash flows. If this risk were incorporated into the discount rate, it would be of 4.65%.

In the first half of 2021, the Group reviewed the allocation of wood transport logistics costs, essentially due to the evolution of the price of diesel for road use.

These values, calculated in accordance with the expected extraction of their productions, correspond to the following future production expectations:

	30-06-2021	31-12-2020
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,237	10,245
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc (1)	3,431	3,394
Pine (Portugal) - Potential future of wood extractions k ton	302	306
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork Oak (Portugal) - Potential future of cork extractions k @	577	573

Additionally, as of 30 June 2021 and 31 December 2020 (i), there are no amounts of biological assets whose property is restricted and/or pledged as guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no government grants related to biological assets recognised in the Group's consolidated financial statements.

DETAIL OF BIOLOGICAL ASSETS

Amounts in Euro	30-06-2021	31-12-2020
Eucalyptus (Portugal)	114,118,399	118,916,833
Pine (Portugal)	6,493,056	6,311,003
Cork oak (Portugal)	6,352,850	6,050,894
Other species (Portugal)	560,244	591,289
Eucalyptus (Mozambique)	16,012,481	16,714,433
	143,537,030	148,584,452

With regards to the Mozambique project, Navigator and the Mozambican Government continue to work under the terms of the MoU signed in 2018, namely on the precedent conditions, in particular on logistical issues relating to the Port of Macuze. In public statements made at the end of November, the Port concession holder said it would start construction of the port in third quarter of 2021, with an expected start-up date in the first quarter of 2024.

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. In the first half of 2021, Portucel Moçambique made its first export of wood produced in Mozambique, from its plantations in Manica, with the shipment of a vessel containing 32,000 cubic metres of bark-free solid wood from the port of Beira, in Mozambique, to the port of Aveiro, bound for the Figueira da Foz Industrial Complex. Two more ships are also scheduled for 2021, representing approximately 100,000 m³ of wood.

Concerning Eucalyptus, the most relevant biological asset in the six-month period ended 30 June 2021, the Group extracted 330.037 m³ssc of wood from its owned and explored forests (31 December 2020: 574,507 m³ssc).

MOVEMENTS IN BIOLOGICAL ASSETS

Amounts in Euro	30-06-2021	31-12-2020
Opening balance	148,584,452	131,769,841
Variation		
Logging	(12,797,053)	(13,152,960)
Growth	1,825,374	1,210,823
New plantations	1,553,615	1,887,259
Other changes in fair value	4,370,642	7,026,357
Total variation	(5,047,422)	(3,028,521)
Closing balance	143,537,030	128,741,320
Remaining quarters	-	19,843,132
Closing balance	143,537,030	148,584,452

The amounts shown as Other changes in fair value correspond to actual costs of forest asset management foreseen and incurred in the period, changes in the general assessment assumptions (price of wood and cost of capital) and changes in expectations in relation to the annual model:

Amounts in Euro	30-06-2021	31-12-2020
Costs of assets management		
Forestry	1,994,027	2,047,681
Structure	862,716	1,527,024
Fixed and variable rents	5,434,966	5,589,383
Impairment on the Mozambique project	-	-
	8,291,709	9,164,088
Changes in expectations		
Variations in other species	452,964	343,118
Transport logistics costs	(3,608,053)	-
Other changes in expectations	(765,978)	(2,480,849)
	(3,921,067)	(2,137,731)
	4,370,642	7,026,357

3.8 NON-CURRENT ASSETS HELD FOR SALE



ACCOUNTING POLICIES

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

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

Measurement and presentation	From the moment property, plant and equipment is classified as non-current assets held for sale, they are measured at the lower of book value or at fair value less costs to sell and their depreciation ceases. When the fair value less costs to sell is lower than the book value, the difference is recognised in the income statement.
Disposals	Gains or losses on disposals of non-current assets, determined by the difference between the sale price and the respective net book value, are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).

As of 30 June 2021 and 31 December 2020, Assets held for sale, in the amount of Euro 4,162,459, correspond essentially to land in the Cement and derivatives segment.

In 2020, the subsidiary Secil recorded an impairment of Euro 5,030,000 corresponding to industrial equipment recognised as Assets held for Sale.

3.9 INVESTMENT PROPERTIES



ACCOUNTING POLICIES

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

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

MOVEMENTS IN INVESTMENT PROPERTIES

Amounts in Euro	30-06-2021	31-12-2020
Opening balance	371,260	373,673
Amortisation and impairment losses	(1,206)	(2,413)
	370,054	371,260

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

4 WORKING CAPITAL

4.1 INVENTORIES



ACCOUNTING POLICIES

Goods and raw materials	Goods and raw materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs and it is determined using the weighted average cost as the valuation method.
Finished and intermediate products and work in progress	<p>Finished and intermediate products and work in progress are valued at the lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) and their net realisable value.</p> <p>The net realisable value corresponds to the estimated selling price, after deducting estimated completion and selling costs. The difference between production cost and net realisable value, if lower, is recorded as an operational cost.</p>

4.1.1 INVENTORIES – DETAIL BY NATURE

AMOUNTS NET OF ACCUMULATED IMPAIRMENT LOSSES

Amounts in Euro	30-06-2021	31-12-2020
Raw materials	134,203,670	129,104,493
Goods	10,423,149	6,657,118
Sub-products and waste	2,963,415	3,596,468
	147,590,234	139,358,079
Finished and intermediate products	97,097,665	92,979,177
Products and work in progress	3,132,770	4,206,710
	100,230,435	97,185,887
Total	247,820,669	236,543,966

4.1.2 INVENTORIES – DETAIL BY SEGMENT AND GEOGRAPHY

Amounts in Euro	30-06-2021	%	31-12-2020	%
Pulp and paper				
Portugal	156,790,282	85.4%	151,157,200	85.5%
Rest of Europe	11,275,830	6.1%	10,675,568	6.0%
America	15,547,960	8.5%	14,902,369	8.4%
	183,614,072	100.0%	176,735,137	100.0%
Cement and derivatives				
Portugal	31,851,452	50.1%	29,328,910	50.0%
Rest of Europe	2,267,100	3.6%	2,374,773	4.0%
America	8,381,231	13.2%	6,964,793	11.9%
Africa	19,309,947	30.4%	17,251,056	29.4%
Asia	1,703,440	2.7%	2,766,287	4.7%
	63,513,170	100.0%	58,685,819	100.0%
Environment - Portugal	693,427	100.0%	1,123,010	100.0%
	247,820,669		236,543,966	

The amount related to Portugal, from Pulp and Paper segment, includes Euro 10,579,435 (31 December 2020: Euro 9,419,705) relating to inventories for which invoices have already been issued but whose control has not been transferred to customers.

As of 30 June 2021 and 31 December 2020, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

4.1.3 MOVEMENTS IN IMPAIRMENT LOSSES IN INVENTORIES

Amounts in Euro	Note	30-06-2021	31-12-2020
Opening balance		(10,509,972)	(24,918,865)
Increases		(1,097,658)	(634,100)
Reversals		118,356	5,874,444
Impact on results for the period	2.3	(979,303)	5,240,343
Remaining quarters		-	3,712,495
Exchange rate adjustment		422,794	3,023,339
Hyperinflationary economies		-	(287,836)
Charge-off		25,335	2,720,552
Closing balance		(11,041,145)	(10,509,972)

4.2 RECEIVABLES AND OTHER CURRENT ASSETS



ACCOUNTING POLICIES

TRADE AND OTHER RECEIVABLES

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

Receivables and other current and non-current assets were as follows:

Amounts in Euro	30-06-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables						-
Pulp and paper segment	-	167,445,875	167,445,875	-	133,591,397	133,591,397
Cement and derivatives segment	-	62,291,405	62,291,405	-	49,602,293	49,602,293
Environment segment	-	16,813,599	16,813,599	-	12,917,744	12,917,744
	-	246,550,879	246,550,879	-	196,111,434	196,111,434
Receivables - Related parties	-	940,928	940,928	-	946,445	946,445
State	-	43,926,811	43,926,811	-	59,271,883	59,271,883
Department of Commerce (EUA)	1,374,623	4,426,566	5,801,189	3,245,517	6,608,333	9,853,850
Enviva Pellets Greenwood, LLC (EUA)	29,956,077	2,103,677	32,059,754	30,747,820	2,747,317	33,495,137
Accrued income	-	14,527,027	14,527,027	-	18,451,205	18,451,205
Deferred costs	-	17,655,409	17,655,409	-	12,133,566	12,133,566
Derivative financial instruments	-	812,243	812,243	-	7,331,771	7,331,771
Other	4,989,559	24,300,617	29,290,176	3,200,923	28,252,810	31,453,733
	36,320,259	355,244,157	391,564,416	37,194,260	331,854,764	369,049,024



The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables and other current assets is presented in Note 8.1.1 - Credit risk.

DEPARTMENT OF COMMERCE (USA)

As of 30 June 2021 and 31 December 2020, the balance corresponds to the amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

In January 2021, the Department of Commerce confirmed the final rate to be applied for the third period of review from March 2018 to February 2019 at 6.75%. The final rate remained unchanged from the preliminary rate at 6.75%, so that the Group will receive around Euro 4.4 million for the difference between the deposits made and the final rate payable.

The non-current receivable relates to the expected value of the reimbursement of the 4th review period, from March 2019 to February 2020. For the subsequent review periods (5 and 6), Navigator is estimated to pay to the DoC approximately 3.7 million Euro (Note 4.3).

ENVIVA PELLETS GREENWOOD, LLC (USA)

Reflects the present value of the amount still to be received from the sale of the pellet business by Navigator (Note 2.2). The nominal receivable shall bear interest at the rate of 2.5% (note 5.11).

State is detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
Value added tax - recoverable	6,011,689	17,727,119
Value added tax - repayment requests	24,129,138	27,006,418
Tax on Goods and Services (ICMS)	1,556,217	1,381,325
Industrialised Products Tax (IPI)	599,242	515,339
Social Security Financing Contribution (COFINS)	922,680	1,635,279
PIS and COFINS credit on fixed assets	8,292,055	8,117,401
Other taxes	131,979	605,190
Amounts pending repayment (tax proceedings decided in favour of the Group)	2,283,812	2,283,812
	43,926,811	59,271,883

Accrued income and deferred costs were detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
Accrued income		
Energy sales	10,631,617	12,314,111
Compensations receivable	832,965	2,982,965
Other	3,062,445	3,154,129
	14,527,027	18,451,205
Deferred costs		
Insurance	5,991,372	421,201
Rentals	7,635,166	7,209,419
Other	4,028,871	4,502,946
	17,655,409	12,133,566
	32,182,436	30,584,771

4.3 PAYABLES AND OTHER CURRENT LIABILITIES



ACCOUNTING POLICIES

FINANCIAL LIABILITIES AT AMORTISED COST

Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest on other financial liabilities at amortised cost" (Note 5.11).

Payables and other current liabilities were detailed as follows:

Amounts in Euro	Note	30-06-2021	31-12-2020
Trade payables - current account		289,090,671	237,879,202
Trade payables - Property, plant and equipment - current account		5,336,376	5,629,661
State		73,311,743	59,806,065
<i>Instituto do Ambiente</i>		56,947,544	48,927,954
Related parties	10.4	588,740	859,487
Other payables		6,137,871	3,104,168
Derivative financial instruments	8.2	15,471,332	6,404,465
Accrued costs - payroll costs		38,229,088	38,682,709
Other accrued costs		51,712,003	58,013,473
Non-repayable grants		77,763,013	44,105,976
Other deferred income - ISP		401,173	401,166
Payables and other liabilities – Current		614,989,554	503,814,326
Non-repayable grants		30,023,022	30,234,239
Repayable grants		3,773,942	-
Payables and other liabilities – Non-current		33,796,964	30,234,239
		648,786,518	534,048,565

State is detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
Personal income tax withhold (IRS)	5,067,665	4,407,347
Value added tax	35,750,975	31,649,269
Social security contributions	6,750,688	4,074,130
Tax on Goods and Services (ICMS)	621,812	375,222
<i>Programa de Desenvolvimento da Empresa Catarinense (PRODEC)</i>	702,393	627,605
<i>Programa Paraná Competitivo</i>	22,585,180	17,398,977
Social Security Financing Contribution (COFINS)	188,025	21,372
Other	1,645,006	1,252,143
	73,311,743	59,806,065

As of 30 June 2021 and 31 December 2020, there were no overdue debts to the State.

NON-REPAYABLE GRANTS - DETAILS

Amounts in Euro	Note	30-06-2021	31-12-2020
Investment grants		3,703,454	4,997,433
Grants - CO ₂ emission allowances		60,016,215	24,048,529
Other grants		14,043,344	15,060,014
Non-repayable grants – Current		77,763,013	44,105,976
Investment grants		30,023,022	30,234,239
Non-repayable grants – Non-current		30,023,022	30,234,239
		107,786,035	74,340,215

5 CAPITAL STRUCTURE

5.1 CAPITAL MANAGEMENT

CAPITAL MANAGEMENT POLICY

The objectives of Semapa Group, when managing capital, are to safeguard the Group's ability to continue as a going concern and value creation for shareholders, through a conservative dividend policy based on principles of financial strength. The aim has been to maintain a financial structure compatible with the Group's sustained growth and different business areas, whilst maintaining sound solvency and financial autonomy indicators. Accordingly, capital considered for the purposes of capital management corresponds to Equity. Equity does not include any financial liabilities.

In order to maintain or adjust its capital structure, the Group can adjust the amount of dividends payable to its shareholders, return capital to its shareholders, issue new shares or sell assets to lower its borrowings.

5.2 SHARE CAPITAL AND TREASURY SHARES



ACCOUNTING POLICIES

Semapa's share capital is fully subscribed and paid up, represented by shares with no nominal value.

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the amount received. The cost directly attributable to the issue of new shares options for a business acquisition are included in the acquisition cost, as part of the purchase price.

TREASURY SHARES

Recognition	At acquisition value, as a reduction of equity.
Acquisitions by Group company	When any Group company acquires shares of the parent company, the payment, which includes directly-associated incremental costs, is deducted from the shareholders' equity attributable to the holders of the parent company's capital until the shares are cancelled, redeemed or sold.
Disposal of treasury shares	When shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under Other reserves (Note 5.5).
Extinction of treasury shares	The extinction of treasury shares is reflected in the consolidated financial statements, as a reduction of share capital and in the caption Treasury shares at its nominal and acquisition cost, respectively. The differential between those amounts is recorded in Other reserves.

SEMAPA'S SHAREHOLDERS

Semapa's shareholders are detailed as follows:

Entity	30-06-2021		31-12-2020	
	No. of shares	%	No. of shares	%
Shares without nominal value				
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.94	38,959,431	47.94
Sodim, SGPS, S.A.	27,508,892	33.85	19,478,903	23.97
Bestinver Gestión, SGIIC, S.A.	2,458,623	3.03	4,032,051	4.96
Cobas Asset Management, SGIIC, S.A.	1,637,038	2.01	-	-
Norges Bank (the Central Bank of Norway)	1,699,613	2.09	1,699,613	2.09
Sociedade Agrícola da Quinta da Vialonga, S.A.	-	-	625,199	0.77
Treasury shares	1,400,627	1.72	1,400,627	1.72
Other shareholders with less than 2% interest	7,605,776	9.36	15,074,176	18.55
	81,270,000	100.00	81,270,000	100.00

TREASURY SHARES - MOVEMENTS

Movements in Treasury shares are detailed as follows:

	H1 2021		2020	
	No. of shares	Book value (Euro)	No. of shares	Book value (Euro)
Treasury shares held at the beginning of the period	1,400,627	15,946,363	823,337	8,922,980
Acquisition of shares by Semapa	-	-	577,290	7,023,383
Disposals in the period	-	-	-	-
Treasury shares held at the end of the period	1,400,627	15,946,363	1,400,627	15,946,363

5.3 EARNINGS PER SHARE



ACCOUNTING POLICIES

The basic earnings per share are determined based on the division of profits or losses attributable to the ordinary shareholders of Semapa by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, Semapa adjusts the profit or loss attributable to ordinary equity holders, as well as the weighted average number of outstanding shares, for the purposes of all potential dilutive common shares.

Amounts in Euro	H1 2021	H1 2020
Profit attributable to Company's shareholders	73,105,052	30,286,796
Total number of issued shares	81,270,000	81,270,000
Average treasury shares in the portfolio	(1,400,627)	(1,083,435)
Weighted average number of shares	79,869,373	80,186,565
Basic earnings per share	0.915	0.378
Diluted earnings per share	0.915	0.378

4.2. 5.4 DIVIDENDS

Dividends per share presented are calculated based on the number of shares outstanding on the grant date.

DIVIDENDS DISTRIBUTED IN THE PERIOD

Amounts in Euro	Date	Amount allocated	Dividends per share
Dividends distributed in 2021			
Approval at the Semapa Annual Shareholders' Meeting of the payment of dividends relating to the 2020 net profit on an individual basis in accordance with IFRS	30 April 2021	40,893,119	0.512
Dividends distributed in 2020			
Approval at the Semapa Annual Shareholders' Meeting of the payment of dividends relating to the 2019 net profit on an individual basis in accordance with IFRS	29 May 2020	9,983,672	0.125

5.5 RESERVES AND RETAINED EARNINGS



ACCOUNTING POLICIES

FAIR VALUE RESERVES

Fair value reserve refers to the accumulated change in fair value of derivative financial instruments classified as hedging instruments, and financial investments measured at fair value through other comprehensive income, net of deferred taxes. Changes relating to derivatives are reclassified to profit or loss for the period as hedged instruments affect profit or loss for the period. The change in fair value of financial investments recorded under this item is not recycled to profit or loss.

CURRENCY TRANSLATION RESERVE

The currency translation reserve corresponds to the cumulative amount related to the Group's appropriation of exchange rate differences resulting from the translation of the financial statements of the subsidiaries and associated companies operating outside the Euro zone, mainly in Brazil, Tunisia, Lebanon, Angola, Mozambique, the United States of America, Switzerland and United Kingdom.

LEGAL RESERVES

The Portuguese Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the share capital. This reserve cannot be distributed, unless in the event of the Company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital. The legal reserve is constituted by its maximum amount in the periods presented.

OTHER RESERVES

This caption corresponds to reserves available for distribution to shareholders that were constituted through the appropriation of prior year's earnings and other movements. The part of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).

Amounts in Euro	30-06-2021	31-12-2020
Foreign exchange reserve	(222,124,444)	(218,994,285)
Fair value of derivative financial instruments	(4,603,211)	(3,922,725)
Fair value reserves	(4,603,211)	(3,922,725)
Legal reserves	16,695,625	16,695,625
Other reserves	1,048,397,118	982,702,158
Retained earnings	2,018,570	429,769
Reserves and retained earnings	840,383,658	776,910,542

CURRENCY TRANSLATION RESERVE

The impact of exchange rate by currency is as follows:

Amounts in Euro	30-06-2021	31-12-2020
Opening balance	(218,994,285)	(122,926,540)
Brazilian Real	10,228,080	(44,989,752)
Tunisian Dinar	(100,234)	(2,019,548)
Lebanese Pound	(10,477,173)	(46,196,978)
American Dollar	(669,593)	(5,181,329)
Mozambican metical	(1,634,504)	549,900
Other currencies	(476,735)	1,769,962
Closing balance	(222,124,444)	(218,994,285)

During the first half of 2021, the variation in this reserve was essentially driven by:

- the valuation of the Brazilian Real against the Euro (Note 1.4) and through the integration of the financial statements of the subsidiaries with head office and operating in Brazil (belonging to the Cement and Derivatives segment);
- the strong devaluation of the Lebanese Pound against the Euro (Note 1.4) and through the integration of the financial statements of the subsidiaries Ciment de Siblinge and Soime (belonging to the Cements and Derivatives segment) operating in Lebanon.

5.6 NON-CONTROLLING INTERESTS

DETAIL OF NON-CONTROLLING INTERESTS, BY SUBSIDIARY

Amounts in Euro	% held	Equity		Net profit	
		30-06-2021	31-12-2020	1H 2021	1H 2020
Pulp and paper					
The Navigator Company, S.A.	30.56%	229,581,077	242,226,481	17,681,811	11,560,667
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	285,329	275,182	4,452	2,423
Portucel Moçambique	19.80%	-	-	-	-
Cement and derivatives					
Secil - Companhia Geral de Cal e Cimento, S.A.	0.00%	7,331	6,789	571	44
Société des Ciments de Gabés	1.28%	689,016	724,773	24,292	12,686
IRP - Indústria de Rebocos de Portugal, S.A.	25.00%	325,798	431,141	139,657	108,472
Secil - Companhia de Cimento do Lobito, S.A.	49.00%	(3,222,613)	(2,693,304)	(329,316)	(749,122)
Ciments de Sibline, S.A.L.	48.95%	8,572,173	17,615,243	(376,760)	(1,956,047)
Madebritas - Sociedade de Britas da Madeira, Lda.	0.00%	59,049	59,049	-	-
Other	0.00%	500,238	500,196	53	(511)
Environment					
ETSA - Investimentos, SGPS, S.A.	0.01%	9,175	8,795	491	297
		236,806,573	259,154,345	17,145,251	8,978,909

At the reporting date, there are no rights of protection of non-controlling interests that significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

MOVEMENTS OF NON-CONTROLLING INTERESTS BY OPERATING SEGMENT

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
Balance as of 1 January 2020	246,191,135	54,649,514	8,261	300,848,910
Hyperinflationary economies (Lebanon)	-	1,850,482	-	1,850,482
Dividends	(29,771,068)	(2,919,592)	(66)	(32,690,726)
Translation reserve	(350,455)	(43,122,370)	-	(43,472,825)
Financial instruments	(77,163)	(3)	-	(77,166)
Actuarial gains and losses	(2,964,968)	(138)	-	(2,965,106)
Other movements in equity	-	3	(3)	-
Net profit for the period	29,474,182	6,185,992	602	35,660,776
Balance as of 31 December 2020	242,501,663	16,643,888	8,794	259,154,345
Hyperinflationary economies (Lebanon)	-	69,021	-	69,021
Dividends	(29,899,208)	(305,564)	(112)	(30,204,884)
Translation reserve	(526,034)	(8,934,994)	-	(9,461,028)
Financial instruments	(459,869)	-	-	(459,869)
Actuarial gains and losses	563,592	148	-	563,740
Net profit for the period	17,686,262	(541,502)	491	17,145,251
Balance as of 30 June 2021	229,866,406	6,930,997	9,173	236,806,576



The accounting policies applicable to non-controlling interests, as well as the information about the Group subsidiaries with significant non-controlling interests are disclosed in Note 10.1 - Companies included in the consolidation.

5.7 INTEREST-BEARING LIABILITIES



ACCOUNTING POLICIES

Interest-bearing liabilities	Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.
Initial measurement	At fair value, net of transaction costs incurred.
Subsequent measurement	At amortised cost, using the effective interest rate method. The difference between the repayment amount and the initial measurement amount is recognised in the Income Statement over the debt period under "Interest expenses on other loans" in Note 5.11 - Net financial results.
Fair value	The book value of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to their fair value. The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in Note 8.4 - Financial assets and liabilities.
Presentation	In current liabilities, unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.



MAIN ESTIMATES AND JUDGEMENTS

DISCLOSURE BY OPERATING SEGMENT

Given that treasury management is performed autonomously by each business segment, as disclosed in Note 8.1 - Financial Risk Management, the information on interest-bearing liabilities that is disclosed in this Note follows that structure.

COMMERCIAL PAPER

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

INTEREST-BEARING LIABILITIES

Amounts in Euro	30-06-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	618,214,286	102,500,000	720,714,286	665,714,286	171,000,000	836,714,286
Commercial paper	225,000,000	124,800,000	349,800,000	325,000,000	200,000,000	525,000,000
Bank loans	202,509,923	92,834,089	295,344,012	179,083,327	90,946,320	270,029,647
Loans related charges	(9,129,388)	(1,693,689)	(10,823,077)	(8,651,088)	(1,054,771)	(9,705,859)
Debt securities and bank debt	1,036,594,821	318,440,400	1,355,035,221	1,161,146,525	460,891,549	1,622,038,074
Other interest-bearing debts	38,704,693	150,757	38,855,450	38,413,351	34,481	38,447,832
Other interest-bearing liabilities	38,704,693	150,757	38,855,450	38,413,351	34,481	38,447,832
Total interest-bearing liabilities	1,075,299,514	318,591,157	1,393,890,671	1,199,559,876	460,926,030	1,660,485,906

Other interest-bearing liabilities mainly includes incentives from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of several research and development projects, which includes the incentive under the investment agreement entered into with the Navigator Group subsidiary for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a repayable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last repayment happening in 2027.

BOND LOANS

Amounts in Euro	30-06-2021	31-12-2020	Maturity date	Interest rate
Pulp and Paper segment				
Navigator 2015-2023	150,000,000	150,000,000	September 2023	Indexed to Euribor
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Indexed to Euribor
Navigator 2020-2023	100,000,000	15,000,000	August 2023	Indexed to Euribor
Navigator 2021-2026	20,000,000	-	April 2026	Indexed to Euribor
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Indexed to Euribor
Navigator 2016-2021	-	45,000,000	August 2021	Indexed to Euribor
Navigator 2016-2021	-	100,000,000	April 2021	Fixed
	445,000,000	485,000,000		
Cement and derivatives segment				
Secil 2016 / 2021	-	26,000,000	January 2021	Fixed
Secil 2017 / 2022	20,000,000	20,000,000	October 2022	Fixed
Secil 2016 / 2023	25,714,286	25,714,286	February 2023	Fixed
Secil 2018 / 2023	20,000,000	20,000,000	June 2023	Fixed
Secil 2019 / 2026	60,000,000	60,000,000	December 2026	Fixed
Secil 2020 / 2023	50,000,000	50,000,000	May 2023	Indexed to Euribor 6M
Secil 2020 / 2027	-	50,000,000	April 2027	Fixed
	175,714,286	251,714,286		
Holdings				
Semapa 2016 / 2023	100,000,000	100,000,000	June 2023	Fixed
	100,000,000	100,000,000		
	720,714,286	836,714,286		

COMMERCIAL PAPER

Loans in the form of Commercial Paper were detailed as follows:

Amounts in Euro	30-06-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Commercial Paper						
Pulp and Paper segment	205,000,000	35,000,000	240,000,000	240,000,000	135,000,000	375,000,000
Cement and derivatives segment	-	-	-	-	15,000,000	15,000,000
Environment segment	-	-	-	-	-	-
Holdings	20,000,000	89,800,000	109,800,000	85,000,000	50,000,000	135,000,000
	225,000,000	124,800,000	349,800,000	325,000,000	200,000,000	525,000,000

BANK LOANS

Amounts in Euro	30-06-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Pulp and Paper - variable rate	32,708,333	7,083,333	39,791,666	21,250,000	8,750,000	30,000,000
Pulp and Paper - fixed rate	84,166,666	2,777,778	86,944,444	58,055,555	2,777,778	60,833,333
Cement and derivatives - variable rate	53,464,653	61,432,488	114,897,141	50,434,693	54,847,692	105,282,385
Cement and derivatives - fixed rate	12,420,271	11,040,490	23,460,761	20,343,079	13,362,121	33,705,200
Environment - variable rate	-	-	-	-	708,729	708,729
Holdings - variable rate	3,750,000	2,500,000	6,250,000	5,000,000	2,500,000	7,500,000
Holdings - fixed rate	16,000,000	8,000,000	24,000,000	24,000,000	8,000,000	32,000,000
	202,509,923	92,834,089	295,344,012	179,083,327	90,946,320	270,029,647

LOAN REPAYMENT PERIODS

Amounts in Euro	30-06-2021	31-12-2020
1 to 2 years	300,170,937	388,414,940
2 to 3 years	308,585,012	173,787,895
3 to 4 years	96,990,266	58,646,438
4 to 5 years	229,062,440	370,829,187
Above 5 years	149,620,247	216,532,504
Total	1,084,428,902	1,208,210,964

FINANCIAL COVENANTS

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

Additionally, as of 30 June 2021 and 31 December 2020, the Group complies with the financial ratio limits imposed under its financing contracts.

5.8 LEASE LIABILITIES



ACCOUNTING POLICIES

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

Lease liabilities comprised the following:

Amounts in Euro	30-06-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Pulp and paper	47,434,269	5,445,521	52,879,790	47,473,102	5,607,817	53,080,919
Cement and derivatives	21,863,511	8,504,292	30,367,803	18,683,350	6,282,929	24,966,279
Environment	1,283,736	426,255	1,709,991	1,479,955	435,121	1,915,076
Holdings	195,792	55,971	251,763	92,609	84,763	177,372
	70,777,308	14,432,039	85,209,347	67,729,016	12,410,630	80,139,646

5.9 CASH AND CASH EQUIVALENTS



ACCOUNTING POLICIES

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.7).

Amounts in Euro	30-06-2021	31-12-2020
Cash	770,702	1,232,309
Short-term bank deposits	227,556,885	408,707,406
Other short-term investments	24,205,154	37,003,891
Cash and cash equivalents in the consolidated cash flow statement	252,532,741	446,943,606
Impairment	(1,574,321)	(2,188,347)
Cash and cash equivalents	250,958,420	444,755,259

The amount presented under Other short-terms investments corresponds to amounts invested by the subsidiary Navigator in a portfolio of short-term financial assets, highly liquid and issuers with appropriate rating.

As of 30 June 2021 and 31 December 2020, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group companies.

5.10 NET FINANCIAL RESULTS



ACCOUNTING POLICIES

Borrowing costs relating to loans are generally recognised as financial costs, in accordance with the accrual accounting principle.

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

Net Financial Results were detailed as follows:

Amounts in Euro	H1 2021	H1 2020
Interest paid on debt securities and bank debt	(14,926,928)	(17,824,968)
Interest paid on other borrowings	-	(5,427)
Commissions on loans and expenses with credit facilities	(4,364,006)	(5,318,347)
Interest expense by applying the effective interest method	(19,290,934)	(23,148,742)
Interest paid on lease liabilities	(1,533,565)	(1,472,474)
Financial expenses related to the Group's capital structure	(20,824,499)	(24,621,216)
Financial discount of provisions Environmental recovery	(31,577)	(14,830)
Unfavourable exchange rate differences	-	(31,584,692)
Losses on hedging derivatives	(3,187,892)	(1,532,980)
Losses on trade derivatives	(8,151,864)	(1,187,515)
Other financial expenses and losses	(814,859)	(4,287,911)
Financial expenses and losses (excluding changes in fair value)	(33,010,691)	(63,229,144)
Favourable exchange rate differences	5,413,164	-
Interest earned on financial assets at amortised cost	1,110,707	1,350,201
Gains from trading derivatives	-	14,726,864
Fair value gains from other financial investments	54,620	39,295
Other financial income and gains	1,274,032	2,474,574
Financial income and gains	7,852,523	18,590,934
Net financial results	(25,158,168)	(44,638,210)

In 2020, the amount reflected in Unfavourable exchange rate differences derives, essentially, from the exchange rate variation in financing in USD and Euro, held by the Brazilian subsidiaries of Secil, Supremo and Margem, due to the devaluation of the Brazilian Real against these currencies, as well as the strong devaluation occurred in the Lebanese Pound.

6 INCOME TAX

6.1 INCOME TAX FOR THE PERIOD



ACCOUNTING POLICIES

Current income tax is calculated based on net profit, adjusted in accordance with tax legislation in force at the consolidated statement of financial position date.

According to the legislation in force, the gains and losses relating to associated companies and joint ventures, resulting from the application of the equity method, are deducted from or added to, respectively, to the net profit for the period for the purpose of calculating taxable income. Dividends are considered, when determining the taxable income, in the year in which they are received, if the financial investments are held for less than one year or if they represent less than 10% of the share capital.

TAX BUSINESS GROUP

Semapa Group is subject to the Special Tax Regime for Groups of Companies (RETGS - Regime Especial de Tributação de Grupos de Sociedades), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in Article 69 and following of the Corporate Income Tax Code (CIT Code).

Companies included within the Special Tax Regime for Groups of Companies, calculate and recognise corporate income tax (CIT) as though they were taxed on an individual basis. Liabilities are recognised as due to the dominant entity of the tax business Group, currently Semapa, SGPS, S.A., which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

In the periods presented, the tax business group led by Semapa comprises the Secil and ETSA Groups, as well as all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code. The companies that comprise the Navigator Group are part of a special taxation regime for company groups (*Regime Especial de Tributação dos Grupos de Sociedades - RETGS*) controlled by The Navigator Company, S.A. in Portugal. In 2018, a tax group was also created in Spain, which includes the three subsidiaries of the Group headquartered in that country, with Bosques do Atlântico, S.L. being the dominant company in the tax group.



MAIN ESTIMATES AND JUDGEMENTS

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

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

The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the tax authorities will not have a significant impact in the consolidated financial statements as of 30 June 2021, although the years up to and including 2017 have already been reviewed.

UNCERTAIN TAX POSITIONS

The amount of estimated assets and liabilities recorded on account of tax proceedings arises from an assessment made by the Group, at the date of the Consolidated Statement of Financial Position, regarding potential differences of interpretation against the Portuguese Tax Authorities, considering the developments in tax matters.

With respect to the measurement of uncertain tax positions, the Group takes into consideration the provisions of IFRIC 23 – "Uncertainty over income tax treatments", namely the measurement of risks and uncertainties in defining the best estimate of expenditure required to settle the obligation, by weighting all possible results controlled by the Company and their related probabilities.

INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Amounts in Euro	H1 2021	H1 2020
Current tax	(13,937,515)	(8,600,068)
Variation of uncertain tax positions in the period	1,858,836	7,109,763
Deferred tax (Note 6.2)	(2,636,178)	(3,399,245)
	(14,714,857)	(4,889,550)

NOMINAL TAX RATE IN THE MAIN GEOGRAPHIES WHERE THE GROUP OPERATES

	H1 2021	H1 2020
Portugal		
Income tax treatment	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	22.5%
State surcharge - on taxable income between Euro 1,500,000 Euro and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%
Other countries		
Brazil - nominal rate	34.0%	34.0%
Tunisia - nominal rate	15.0%	25.0%
Lebanon - nominal rate	17.0%	17.0%
Angola - nominal rate	30.0%	30.0%

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro	H1 2021	H1 2020
Profit before tax	104,965,160	44,155,255
Expected tax at nominal rate (22.5%)	23,617,161	9,934,932
State surcharge	2,957,080	1,539,038
Tax resulting from the applicable rate	26,574,241	11,473,970
Differences (a)	(2,902,378)	4,542,521
Tax for prior periods	(5,848,816)	(17,270,300)
Recoverable tax losses	(129,521)	(1,237,535)
Non-recoverable tax losses	1,719,066	5,736,731
Increase of additional tax liabilities	280,616	720,126
Effect of the reconciliation of nominal rates of the different countries	(263,237)	994,664
Tax benefits	(6,879,075)	(1,380,674)
Other tax adjustments	2,163,961	1,310,047
	14,714,857	4,889,550
Effective tax rate	14.02%	11.07%
(a) This amount concerns mainly:	H1 2021	H1 2020
Effect of applying the equity method (Note 10.3)	(1,190,158)	(1,269,879)
Gains / (losses) for tax purposes	2,592,152	844,748
(Gains) / losses for accounting purposes	(2,213,606)	(7,418,046)
Impairment and taxed provisions	553,315	24,044,040
Tax benefits	(3,991,821)	(2,150,799)
Reduction of impairment and taxed provisions	(9,269,079)	(1,135,183)
Post-employment benefits	(953,375)	(19,868)
Other	1,573,115	7,293,971
	(12,899,457)	20,188,984
Tax effect (22.5%)	(2,902,378)	4,542,521

TAX RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	30-06-2021	31-12-2020
Asset		
Corporate Income tax	15,862,745	9,643,588
Amounts pending repayment (tax proceedings decided in favour of the group)	1,579,845	3,482,762
	17,442,590	13,126,350
Liability		
Corporate Income tax	30,365,316	15,022,835
Additional tax liabilities	34,306,103	36,584,557
	64,671,419	51,607,392

4.3. 6.2 DEFERRED TAXES

ACCOUNTING POLICIES

Deferred tax is calculated on the basis of the financial position, on temporary differences between the book values of assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax. Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased, whenever it is likely that tax losses will not be used. Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro	As of 1 January 2021	Exchange rate adjustment	Income Statement		Equity	Transfers	Other movements	As of 30 June 2021
			Increases	Decreases				
Temporary differences originating deferred tax assets								
Tax losses carried forward	60,109,268	4,549,878	-	(204,877)	-	-	-	64,454,269
Taxed provisions	31,062,839	(411,444)	557,272	(890,385)	-	-	-	30,318,282
Adjustment of property, plant and equipment	73,884,043	-	6,608,795	(14,758,719)	-	-	-	65,734,119
Pensions and other post-employments benefits	3,478,059	(233)	14,845	(180,257)	(38,061)	-	-	3,274,353
Financial instruments	8,879,578	-	-	-	2,112,255	-	-	10,991,833
Deferred accounting gains on inter-group transactions	16,784,840	-	9,962,710	(1,230,842)	-	-	-	25,516,708
Investment subsidies	3,237,155	-	-	(206,641)	-	1,997,180	-	5,027,694
Fair value of business combinations	267,331	(133,302)	-	-	-	-	-	134,029
Conventional capital remuneration	7,000,000	-	-	(1,680,000)	560,000	-	-	5,880,000
Other temporary differences	11,651,364	(1,071,986)	800,829	(6,840,509)	(312,411)	(439,116)	-	3,788,170
	216,354,476	2,932,913	17,944,451	(25,992,230)	2,321,783	1,558,064	-	215,119,457
Temporary differences originating deferred tax liabilities								
Revaluation of property, plant and equipment	(31,862,821)	(2,273,887)	-	249,542	-	-	-	(33,887,166)
Pensions and other post-employments benefits	(2,036,760)	-	639,951	-	(1,165,111)	-	-	(2,561,920)
Financial instruments	(966,562)	420,737	-	5,204,993	-	-	-	4,659,168
Tax incentives	(6,406,374)	-	251,190	-	1,478,899	-	-	(4,676,285)
Adjustment of property, plant and equipment	(389,933,230)	(2,488,666)	(1,327,953)	(10,997,809)	-	-	-	(404,747,658)
Deferred accounting losses on inter-group transactions	(26,656,333)	-	-	(255,773)	-	-	10,191,597	(16,720,509)
Valuation of biological assets	(23,121,032)	-	5,389,490	-	-	-	-	(17,731,542)
Fair value of intangible assets - brands	(232,227,585)	-	-	-	-	-	-	(232,227,585)
Fair value of property, plant and equipment	(65,690,391)	-	-	7,635,775	-	-	-	(58,054,616)
Fair value of business combinations	(57,305,287)	(369,390)	-	335,237	-	-	-	(57,339,440)
Hyperinflationary economies	(22,147,892)	11,043,836	-	348,673	(141,861)	-	-	(10,897,244)
Other temporary differences	(674,355)	(12,429)	(992,056)	-	-	-	-	(1,678,840)
	(859,028,622)	6,320,201	3,960,623	2,520,638	171,927	-	10,191,597	(835,863,637)
Deferred tax assets	73,621,270	1,275,366	4,713,821	(8,113,156)	543,407	659,448	-	72,700,156
Deferred tax liabilities	(231,285,380)	107,375	2,356,060	(1,592,903)	62,250	(562,618)	2,802,689	(228,112,527)

7 PAYROLL

7.1 SHORT-TERM EMPLOYEE BENEFITS



ACCOUNTING POLICIES

ENTITLEMENTS – HOLIDAY AND HOLIDAY ALLOWANCE

In accordance with current legislation, employees are entitled to 22 working days leave, annually, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

BONUS

According to the current Performance Management System (Sistema de Gestão de Desempenho), employees have the right to a bonus, based on annually defined objectives.

The entitlement of this bonus is usually acquired in the year preceding its payment. These liabilities are recorded in the year in which the Employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities.

TERMINATION BENEFITS

The benefits arising from termination of employment are recognised when the Group can no longer withdraw the offer of such benefits or in which the Group recognises the cost of restructuring under the provisions recording. Benefits due over 12 months after the end of the reporting period are discounted to their present value.

PAYROLL COSTS RECOGNISED IN THE PERIOD

Amounts in Euro	H1 2021	H1 2020
Statutory bodies remuneration	7,377,181	6,749,417
Other remunerations	79,289,167	79,572,457
Post-employment benefits	1,512,916	1,533,161
Other payroll costs	28,782,843	23,272,894
Payroll costs	116,962,107	111,127,929

OTHER PAYROLL COSTS

Amounts in Euro	H1 2021	H1 2020
Social security contributions	18,348,993	17,499,791
Insurance	3,052,656	2,787,424
Social welfare costs	3,563,065	3,234,734
Other payroll costs	3,818,129	(249,055)
	28,782,843	23,272,894

NUMBER OF EMPLOYEES AT THE END OF THE PERIOD

	30-06-2021	31-12-2020	Var. 21 – 20
Pulp and paper	3,169	3,232	(63)
Cement and derivatives	2,395	2,386	9
Environment	276	280	(4)
Holdings and others	32	28	4
	5,872	5,926	(54)

7.2 POST-EMPLOYMENT BENEFITS



ACCOUNTING POLICIES

DEFINED BENEFIT PLAN

Some of the Group's subsidiaries have assumed the commitment to make payments to their Employees in the form of complementary retirement pensions, disability, early retirement, and survivors' pensions, having constituted defined-benefit plans.

The Group has set up autonomous Pension Funds as a means of funding part of its liabilities. Based on the projected unit credit method, the Group recognises the costs with the granting of these benefits and when services are rendered by the employees. Accordingly, the Group's total liability is estimated at least every six months at the date of the interim and annual financial statements, for each plan separately by an independent and specialised entity.

The calculated liability is presented in the Consolidated statement of financial position, after deducting the fair value of the funds set up, under the caption Pensions and other post-employment benefits.

Actuarial deviations resulting from changes in the value of estimated liabilities, as a consequence of changes in the financial and demographic assumptions used and experience gains, added to the differential between the actual return on fund assets and the estimated share of net interest, are designated as remeasurements and recorded directly in the Statement of comprehensive income, under retained earnings.

The net interest corresponds to the application of the discount rate to the value of net liabilities (value of the liabilities deducted of fund asset's fair value) and is recognised under the caption Payroll costs.

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees.

Costs for past liabilities resulting from the implementation of a new plan or increases in benefits attributed are recognised immediately in the income statement for the period.

DEFINED CONTRIBUTION PLAN

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability and survivors' pensions.

For this purpose, Pension Funds were set up to capitalise those contributions, to which employees can still make voluntary contributions, but for which the Group does not assume any additional contribution liabilities or a pre-fixed return. Therefore, the contributions made are recorded as expenses in the income statement in the period to which they relate, regardless of their settlement date.



MAIN ESTIMATES AND JUDGEMENTS

ACTUARIAL ASSUMPTIONS

	30-06-2021	31-12-2020
Social Security Benefits Formula	Decree-Law no. 187/2007 of May 10	
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate	1.00%	1.00%
Technical interest rate - cement segment	1.25%	1.25%
Technical interest rate - other segments	1.25%	1.25%
Pensions growth rate - cement segment	0.45%	0.45%
Pensions growth rate - other segments	0.75%	0.75%
Semapa pensions reversability rate	50.00%	50.00%
Number of Semapa's complement annual payments	12	12

NET PENSION LIABILITIES

Net liabilities reflected in the consolidated statement of financial position and the number of beneficiaries of the defined benefit plans in force in the Group are detailed as follows:

30 June 2021	Pulp and paper		Cement and derivatives		Holdings		Total	
	No. Benefi.	Amount	No. Benefi.	Amount	No. Benefi.	Amount	No. Benefi.	Amount
Liabilities for past services								
Active	435	73,906,804	55	34,686	-	-	490	73,941,490
Former employees	113	23,356,289	-	-	-	-	113	23,356,289
Retired employees	557	93,436,258	650	17,163,625	1	848,284	1,208	111,448,167
Market value of the pension funds	-	(182,651,805)	-	(16,608,596)	-	-	-	(199,260,401)
Capital insured	-	-	-	214,261	-	-	-	214,261
Insurance policies	-	-	-	(137,165)	-	-	-	(137,165)
Reserve account*	-	-	-	(614,360)	-	-	-	(614,360)
Unfunded pension liabilities	1,105	8,047,546	705	52,451	1	848,284	1,811	8,948,281
Other unfunded liabilities								
Healthcare assistance	-	-	5	42,951	-	-	5	42,951
Retirement and death	-	-	395	112,188	-	-	395	112,188
Total post-employment liabilities		8,047,546		207,590		848,284		9,103,420
Long-service award liabilities	-	-	395	371,512	-	-	395	371,512
Total net liabilities		8,047,546		579,102		848,284		9,474,932

* Overfunding due to the change to a defined contribution plan

31 December 2020	Pulp and paper		Cement and derivatives		Holdings		Total	
	No. Benefi.	Amount	No. Benefi.	Amount	No. Benefi.	Amount	No. Benefi.	Amount
Liabilities for past services								
Active	458	77.829.641	55	36.796	-	-	513	77.866.437
Former employees	103	22.158.138	-	-	-	-	103	22.158.138
Retired employees	547	91.265.747	650	18.154.324	1	901.825	1.198	110.321.896
Market value of the pension funds	-	(178.691.062)	-	(17.128.207)	-	-	-	(195.819.269)
Capital insured	-	-	-	208.970	-	-	-	208.970
Insurance policies	-	-	-	(125.955)	-	-	-	(125.955)
Reserve account*	-	-	-	(619.718)	-	-	-	(619.718)
Unfunded pension liabilities	1.108	12.562.465	705	526.210	1	901.825	1.814	13.990.500
Other unfunded liabilities								
Healthcare assistance	-	-	5	44.218	-	-	5	44.218
Retirement and death	-	-	407	105.281	-	-	407	105.281
Total post-employment liabilities	1.108	12.562.465	1.117	675.709	1	901.825	2.226	14.139.999
Long-service award liabilities	-	-	407	371.207	-	-	-	371.207
Total net liabilities	1.108	12.562.465	1.524	1.046.916	1	901.825	2.226	14.511.206

* Overfunding due to the change to a defined contribution plan

CHANGES IN PENSION AND OTHER POST-EMPLOYMENT BENEFITS

30 June 2021	Opening balance	Exchange rate adjustment	Income and expenses	Actuarial deviations	Payments	Closing balance
Amounts in Euro						
Pulp and Paper segment						
Pensions with autonomous fund	191,253,525	-	1,199,029	957,990	(2,711,195)	190,699,350
Cement and derivatives segment						
Pensions assumed by the Group	2,860,025	-	16,501	(23,236)	(196,757)	2,656,533
Pensions with autonomous fund	15,331,096	-	(10,771)	(43,380)	(735,174)	14,541,771
Capital insured	208,970	(394)	7,438	(1,753)	-	214,261
Retirement and death	105,281	(43)	6,923	28	-	112,189
Healthcare assistance	44,219	-	266	(1,534)	-	42,951
Long-service award	371,207	-	15,816	-	(15,512)	371,511
Holdings						
Pensions assumed by the Group	901,825	-	11,716	-	(65,257)	848,284
	211,076,148	(437)	1,246,918	888,115	(3,723,895)	209,486,850

31 December 2020	Opening balance	Exchange rate adjustment	Income and expenses	Actuarial deviations	Payments	Closing balance
Amounts in Euro						
Pulp and Paper segment						
Pensions with autonomous fund	179,880,751	-	3,165,782	13,875,538	(5,668,545)	191,253,525
Cement and derivatives segment						
Pensions assumed by the Group	3,428,821	-	47,300	(151,199)	(464,897)	2,860,025
Pensions with autonomous fund	16,510,078	-	235,082	378,149	(1,792,213)	15,331,096
Capital insured	223,392	(7,429)	24,907	11,463	(43,363)	208,970
Retirement and death	99,044	(1,372)	8,685	(1,075)	-	105,282
Healthcare assistance	44,254	-	641	2,254	(2,931)	44,218
Long-service award	382,874	-	45,711	-	(57,378)	371,207
Holdings						
Pensions assumed by the Group	1,008,908	-	23,431	-	(130,514)	901,825
	201,578,122	(8,801)	3,551,539	14,115,130	(8,159,841)	211,076,148

The average expected duration of Pensions and other post-employment benefits is 7 years for the Cement segment plans and 16 years for the Pulp and Paper segment plans.

CHANGES IN FUNDS ALLOCATED TO THE DEFINED BENEFIT PENSION PLANS

Amounts in Euro	30-06-2021		31-12-2020	
	Autonomous fund	Capital insured	Autonomous fund	Capital insured
Opening balance	195,819,269	125,955	191,292,929	163,567
Exchange rate adjustment	-	231	-	(4,695)
Contribution for the period	1,000,000	-	4,300,000	-
Interest	1,313,349	11,440	3,903,510	10,446
Expected return of the plan assets	4,727,529	-	3,783,581	-
Pensions paid	3,446,361	-	(7,460,753)	(43,363)
Other	(153,385)	-	-	-
Closing balance	199,260,401	137,164	195,819,269	125,955

The contributions to the defined benefit plans presented above as Contributions for the period were fully realised by the Group's subsidiaries and no contributions were made by the participants.

COMPOSITION OF THE ASSETS OF THE FUNDS ALLOCATED TO DEFINED BENEFIT PLANS

Amounts in Euro	30-06-2021	%	31-12-2020	%
Listed securities in active market				
Bonds	123,057,817	61.8%	121,392,591	62.0%
Shares	52,434,082	26.3%	50,960,760	26.0%
Public debt	14,741,494	7.4%	12,142,648	6.2%
Liquidity	5,116,455	2.6%	4,495,304	2.3%
Property	2,474,681	1.2%	-	0.0%
Other treasury investments	1,435,872	0.7%	6,827,968	3.5%
	199,260,401	100.0%	195,819,270	100.0%

The amounts shown in Bonds, Shares and Public Debt categories refer to the fair values of these assets, fully determined based on observable prices in active net (regulated) markets at the date of the Consolidated Statement of Financial Position.

EXPENSES INCURRED WITH POST-EMPLOYMENT BENEFIT PLANS

Amounts in Euro	H1 2021					
	Current services expenses	Interest expenses	Expected return on assets	Other expenses	Period contributions (DC Plans)	Impact in net profit for the period (Note 7.1)
Pensions assumed by the Group	-	28,217	-	-	-	28,217
Pensions with autonomous fund	22,902	1,266,912	(1,199,348)	-	691,698	782,164
Insurance policies	3,713	9,378	(5,653)	-	-	7,438
Retirement and death	4,415	2,507	-	-	-	6,922
Healthcare assistance	267	-	-	-	-	267
Long-service award	13,377	2,438	-	-	-	15,815
Contributions to defined contribution plans	-	-	-	-	672,093	672,093
	44,674	1,309,452	(1,205,001)	-	1,363,791	1,512,916

Amounts in Euro	H1 2020					
	Current services expenses	Interest expenses	Expected return on assets	Other expenses	Period contributions (DC Plans)	Impact in net profit for the period (Note 7.1)
Pensions assumed by the Group	-	35,366	-	-	-	35,366
Pensions with autonomous fund	34,370	1,666,059	(1,620,242)	-	709,134	789,321
Insurance policies	4,036	8,615	(6,203)	-	-	6,448
Retirement and death	4,456	2,214	-	-	-	6,670
Healthcare assistance	-	321	-	(745)	-	(424)
Long-service award	16,741	4,063	-	2,922	-	23,726
Contributions to defined contribution plans	-	-	-	-	672,055	672,055
	59,603	1,716,638	(1,626,445)	2,177	1,381,189	1,533,161

REMEASUREMENTS RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME

30-06-2021					
Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred tax	Impact on Equity (Note 5.5)
Post-employment benefits					
Pensions assumed by the Group	23,241	-	23,241	(6,390)	16,851
Pensions with Autonomous fund	3,921,872	119,785	4,041,657	(322,330)	3,719,327
Retirement and death	(28)	-	(28)	-	(28)
Healthcare assistance	1,533	-	1,533	(330)	1,203
	3,946,618	119,785	4,066,403	(329,050)	3,737,353

31-12-2020					
Amounts in Euro	Gains and losses	Expected return on plan assets	Gross amount	Deferred tax	Impact on Equity (Note 5.5)
Post-employment benefits					
Pensions assumed by the Group	33,096	-	33,096	(9,101)	23,995
Pensions with Autonomous fund	(4,500,375)	(229,272)	(5,172,397)	42,268	(5,130,129)
Retirement and death	172	-	172	-	172
Healthcare assistance	119	-	119	(24)	95
	(4,909,738)	(229,272)	(5,139,010)	33,143	(5,105,867)

8 FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore, the fulfilment of the obligations assumed depends on the cash-flows generated by them. The Company thus depends on the eventual distribution of dividends by its subsidiaries, payment of interest, repayment of loans granted, and other cash-flows generated by these companies.

The ability of Semapa's subsidiaries to make funds available will depend, partly, on their ability to generate positive cash flows and, on the other hand, on the respective earnings, available reserves for distribution and financial structure.

The Semapa group has a risk-management program, which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by the Financial Management of the holding and main subsidiaries, in accordance with the policies approved by the Board of Directors and monitored by the Risks and Control Committee.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the exchange rate risk and interest rate risk.

AVAILABLE AND UNDRAWN CREDIT FACILITIES

Amounts in Euro	30-06-2021	31-12-2020
Undrawn credit facilities		
Pulp and paper	245,450,714	277,950,714
Cement and derivatives	272,225,222	281,778,863
Environment	22,600,000	21,891,271
Holdings and Others	222,450,000	197,250,000
	762,725,936	778,870,848

8.1.1 CREDIT RISK



ACCOUNTING POLICIES

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, as detailed in Note 8.4.1 - Categories of financial instruments of the Group.

On this basis, the Group recognises expected credit losses over the respective duration of financial instruments that have been subject to significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and supportable information, including available forward-looking information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the Group measures impairment in respect of that financial instrument at an amount equal to expected credit losses.

IFRS 9 establishes that for the calculation of these impairments one of two models can be used: the 3-stage method or the use of a matrix, being the distinctive component the existence or not of a significant financing component. In the case of the Group's financial assets, as it is not a financial institution and there are no assets with a significant financing component, it was decided to use a matrix.

The model adopted for the impairment assessment in accordance with IFRS 9 is as follows:

1. Calculate the total credit sales made by the Group during the last 12 months as well as the related total amount of bad debts;
2. Determine the customers' payment profile and other short-term creditors, by setting buckets of receipt frequency;
3. Based on 1 above, estimate the probability of default (i.e., the amount of bad debts calculated at 1 compared to the balance of outstanding sales in each bucket calculated at 2);
4. Adjust the percentages of future projections obtained in 3;
5. Apply the default percentages as calculated in 4 to trade receivables and other current payables still outstanding at the reporting date.

Moreover, the Group recognises impairment on a case-by-case basis, based on specific balances and specific past events, considering the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets. The Group uses the write-off procedure only when the credit is considered to be definitely uncollectible by a court decision.

Given the COVID-19 pandemic situation, the Group analysed the credit risk, considering the expected economic and financial impacts arising from the pandemic at the macroeconomic level.

CREDIT RISK MANAGEMENT POLICY

The Group is exposed to credit risk in the credit it grants to its customers and other debtors. Accordingly, it has adopted a policy of managing such risks within present limits, by serving insurance policies with specialised independent companies. The deterioration in global economic conditions or adverse situations, which only affect economies at the local level, could give rise to situations in which customers are unable to meet their commitments.

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

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

CASH AND CASH EQUIVALENTS

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

Trade receivables showed the following ageing structure, considering the due dates for the open balances, before impairment charges:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total	
				30-06-2021	31-12-2020
Not overdue	161,329,470	42,733,573	4,336,527	208,399,570	162,679,382
1 to 90 days	5,853,825	16,852,569	3,743,577	26,449,971	25,066,945
91 to 180 days	200,477	976,927	2,550,025	3,727,429	3,860,318
181 to 360 days	37,040	999,004	2,972,780	4,008,824	2,960,226
361 to 540 days	24,351	845,587	1,750,556	2,620,494	821,986
541 days to 720 days	112	640,658	187,741	828,511	403,685
Above 721 days	600	11,226,063	1,658,479	12,885,143	12,724,960
	167,445,875	74,274,381	17,199,685	258,919,942	208,517,502
Litigation - doubtful debts	2,263,751	11,856,670	-	14,120,421	13,847,135
Impairment	(2,263,751)	(23,839,646)	(386,087)	(26,489,484)	(26,253,202)
Trade receivables balance (Note 4.2)	167,445,875	62,291,405	16,813,598	246,550,879	196,111,435

The table below represents the quality of the Group's credit risk (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	30-06-2021	31-12-2020
AA-	13,381,690	19,181,980
A+	10,829,461	18,252,728
A	46,982,158	50,876,601
A-	26,569,454	58,016,456
BBB+	1,514,574	2,223,270
BBB	79,586,147	203,003,836
BBB-	2,061,274	-
BB+	11,941,271	11,649,268
BB	9,353,387	13,907,239
BB-	20,126,989	24,609,687
B+	3,112,613	993,436
B	7,915,669	9,104,710
B-	761,084	146,409
CCC+	42,465	6,038,061
Other	16,009,482	25,519,269
	250,187,718	443,522,950

The caption Others comprise short-term investments in Angola and Mozambique financial institutions, on which it was not possible to obtain the ratings with reference to the presented dates.

8.2 DERIVATIVE FINANCIAL INSTRUMENTS



ACCOUNTING POLICIES

The fair value of derivative financial instruments is included under the caption Payables and other current liabilities (Note 4.3), if negative, and in the caption Receivables and other current assets (Note 4.2), if positive.

According to IFRS 9 – Financial instruments, the Group chose to continue to apply the hedge accounting requirements of IAS 39 – Financial instruments, until there is greater visibility of the Dynamic Risk Management current macro-hedging project.

Whenever expectations of changes in interest or exchange rates justify it, the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), exchange interest rate collars, exchange forwards, among others.

DERIVATIVE FINANCIAL INSTRUMENTS | TRADING

Although the derivative financial instruments contracted represent effective economic hedging instruments, not all of them qualify as hedging instruments, in accordance with the applicable rules and requirements. Instruments that do not qualify as hedging instruments are recorded in the Consolidated Financial Position at their fair value and changes in fair value are recognised in Net financial results (Note 5.11), when related to financing operations, or in Supplies and Services (Note 2.3) or Revenue (Note 2.1), when related to foreign exchange risk on the purchase of raw materials or cash flows from sales in currencies other than the reporting currency.

DERIVATIVE FINANCIAL INSTRUMENTS | HEDGING

The derivative financial instruments, used for hedging purposes, may be classified as hedge instruments provided that they fulfil, cumulatively, with the conditions set out in IAS 39.

CASH-FLOW HEDGE (INTEREST RATE AND EXCHANGE RATE RISKS)

In order to manage the risk of interest and exchange rates, the Group enters into cash flow hedge.

Those transactions are recorded in the Interim Statement of Financial Position at their fair value and, to the extent that they are considered effective hedging, changes in fair value are initially recorded in other comprehensive income for the year. If hedging transactions are deemed to be ineffective, the gain or loss arising therefrom is recorded directly in profit or loss.

Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the income statement (for example, when the forecast sale that is hedged takes place). The gain or loss corresponding to the effective component of interest rate swaps that are hedging variable rate financing is recognised under the caption Net financial results (Note 5.11). However, when the future hedged transaction results in the recognition of a non-financial asset (e.g. inventories or property, plant and equipment), the previously gains and losses deferred in equity are included in the initial measurement of the cost of the asset.

When a hedging instrument matures or is sold, or when it no longer meets the criteria required to be recognised as a hedge, the cumulative gains and losses on equity are recycled to the Income statement, except when the hedged item is a future transaction with related cumulative gains and losses included in equity at that date remain in equity. In such case, they will only be recycled to the income statement when the transaction is recognised in the income statement.

NET INVESTMENT HEDGING (EXCHANGE RATE RISK)

In order to manage the exposure of its investments in foreign subsidiaries to fluctuations in the exchange rate (net investment), the Group enters into exchange rate forwards, which are recorded at fair value in the consolidated statement of financial position.

Those exchange rate forwards arranged for investments in foreign operations, are recorded in a similar way to the cash flow hedges. Gains and losses on the hedging instrument related to its effective hedging component are recognised in the comprehensive income for the year. Gains and losses related to the ineffective hedging component are recognised in the Income statement. The accumulated gains and losses on equity are included in the Income statement if and when the foreign subsidiaries are disposed.

DETAIL AND MATURITY OF DERIVATIVE FINANCIAL INSTRUMENTS BY NATURE

30 June 2021 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Hedging						
Exchange rate forwards (future sales)	177,000,000	USD	2021	-	(1,425,094)	(1,425,094)
Exchange rate forwards (future sales)	36,000,000	GBP	2021	-	(1,155,297)	(1,155,297)
Interest rate swaps (SWAP's)	375,000,000	Euro	2026/2027	340,928	(4,319,264)	(3,978,336)
BHKP Pulp	4,560,000	USD	2021	-	(1,653,677)	(1,653,677)
				340,928	(8,553,332)	(8,212,404)
Trading						
Foreign exchange forwards	119,481,678	USD	2023	460,806	(918,862)	(458,056)
Foreign exchange forwards	5,025,000	GBP	2021	-	(14,361)	(14,361)
Foreign exchange forwards	300,000	CHF	2021	297	-	297
Cross currency interest rate swap	7,500,000	Euro	2023	-	(1,351,956)	(1,351,956)
Cross currency interest rate swap	48,950,000	USD	2022	-	(4,350,612)	(4,350,612)
Non-Deliverable Forward (NDF)	2,594,710	USD	2021	10,212	-	10,212
Non-Deliverable Forward (NDF)	12,500,000	Euro	2022	-	(282,209)	(282,209)
				471,315	(6,918,000)	(6,446,685)
				812,243	(15,471,332)	(14,659,089)
31 December 2020						
Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Hedging						
Exchange rate forwards (future sales)	204,000,000	USD	2021	831,818	(668)	831,150
Exchange rate forwards (future sales)	72,000,000	GBP	2021	-	(515,688)	(515,688)
Interest rate swaps (SWAP's)	250,000,000	Euro	2025	-	(5,709,692)	(5,709,692)
BHKP Pulp	9,120,000	USD	2021	-	(150,926)	(150,926)
				831,818	(6,376,974)	(5,545,156)
Trading						
Foreign exchange forwards	100,228,946	USD	2023	2,564,049	-	2,564,049
Foreign exchange forwards	5,425,000	GBP	2021	-	(27,345)	(27,345)
Foreign exchange forwards	225,000	CHF	2021	-	(145)	(145)
Cross currency interest rate swap	23,950,000	USD	2021/2022	1,760,491	-	1,760,491
Future purchase of CO ₂ licenses	2,545,625	Euro	2021	623,573	-	623,573
Non-Deliverable Forward (NDF)	22,450,000	Euro	2021	1,551,840	-	1,551,840
				6,499,953	(27,490)	6,472,463
				7,331,771	(6,404,464)	927,307

8.3 OTHER FINANCIAL INVESTMENTS



ACCOUNTING POLICIES

This Note includes equity instruments held by the Group relating to companies over which it has no control or significant influence. Financial investments are measured at fair value through profit or loss when the Group holds them for trading purposes. The Group records the remaining financial investments as financial assets at fair value through other comprehensive income.

Amounts in Euro	30-06-2021	31-12-2020
Financial assets at fair value through other comprehensive income		
Defined Crowd	3,365,869	3,259,718
Techstar Corporate	1,851,229	1,792,845
LOQR	2,499,962	-
	7,717,060	5,052,563
Financial assets at fair value through profit or loss		
Alter Venture Partners Fund I	4,903,286	3,477,357
FCR Armilar Venture	1,121,805	685,771
Firstminute	294,302	-
Notional Capital	553,162	-
Mor-Online, SA	13,391	18,619
Ynvisible, SA	255,800	169,251
	7,141,746	4,350,998
	14,858,806	9,403,561

9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1 PROVISIONS



ACCOUNTING POLICIES

Recognition and initial measurement	Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Capitalisation of expenditures	The Group incurs expenditures and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on landscape recovery and reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimising energy consumption, atmospheric emissions, the production of waste and noise) are capitalised when intended to serve the Group's business activity in a sustainable way, and relate to future economic benefits allowing to extend its useful life, increase capacity or improve the safety or efficiency of other assets held by the Group.
Subsequent measurement	Provisions are reviewed on statement of financial position date and are adjusted so as to reflect the best estimate at that date.

Landscape recovery provisions are re-measured according to the effect of the time value of money, against the caption "Financial discount of provisions" in Note 5.10 - Net financial results and consumed by the expenses made by the Group with the recovery, at the date they occur.

LANDSCAPE RECOVERY AND OTHER ENVIRONMENTAL EXPENDITURES

Some of the Group's companies are responsible for the environmental and landscape recovery of the quarries affected by the exploration, in accordance with applicable legislation.

Rehabilitation works mainly includes cleaning and regularisation of areas for recovery, modelling and preparation of the land, transport and spreading of rejected materials for landfill, fertilisation, execution of the general plan for coating with hydro-sowing and plantation, and maintenance and conservation of the areas recovered after implantation.



MAIN ESTIMATES AND JUDGEMENTS

LEGAL PROCEEDINGS

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

The balances of additional liabilities for the Group's uncertainty over income tax are disclosed in Note 6.1 - Income tax.

ENVIRONMENTAL RECOVERY

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

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

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

MOVEMENTS IN PROVISIONS

Amounts in Euro	Legal proceedings	Environmental recovery	Other	Total
1 January 2020	5,506,895	17,155,704	29,423,494	52,086,093
Increases	2,166,697	2,991	8,284,336	10,454,024
Reversals	(2,978,869)	(343,389)	(1,678,376)	(5,000,634)
Impact on profit/(loss) for the period	(812,172)	(340,398)	6,605,960	5,453,390
Hyperinflationary economies (Lebanon)	-	113,162	-	113,162
Charge-off	-	(480,895)	(4,017,463)	(4,498,358)
Exchange rate adjustment	(26,616)	(446,983)	(5,027,185)	(5,500,784)
Financial discounts	-	119,990	-	119,990
Transfers and adjustments	-	2,025,732	1,141,093	3,166,825
31 December 2020	4,668,107	18,146,312	28,125,899	50,940,318
Increases	716,191	475,960	1,530,595	2,722,746
Reversals	(348,445)	(8,130)	(115,576)	(472,151)
Impact on profit/(loss) for the period	367,746	467,830	1,415,019	2,250,595
Hyperinflationary economies (Lebanon)	-	(56,735)	-	(56,735)
Charge-off	-	(468,122)	(989,332)	(1,457,454)
Exchange rate adjustment	1	(100,156)	(384,015)	(484,170)
Financial discounts	-	31,577	-	31,577
Transfers and adjustments	(16,250)	-	(2)	(16,252)
30 June 2021	5,019,604	18,020,706	28,167,569	51,207,879

9.2 COMMITMENTS

GUARANTEES PROVIDED TO THIRD PARTIES

Amounts in Euro	30-06-2021	31-12-2020
Guarantees provided		
Navigator collaterals for EIB financing	55,063,354	56,666,667
Portuguese Tax Authorities	6,730,642	15,482,247
Agência de Desenvolvimento e Coesão	4,995,543	5,708,912
IAPMEI	2,116,972	2,116,973
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,624,820	2,624,820
Agência Portuguesa do Ambiente	1,565,104	1,141,618
Spanish Tax Authorities	1,033,204	1,033,204
Conselho de Emprego, Indústria e Turismo (Spain)	954,118	954,118
CCRLVT	948,840	948,840
APDL - Administração do Porto de Leixões	727,942	720,657
Simria	338,829	338,829
Instituto de Conservação da Natureza - Arrábida	668,688	862,932
Comissão de Coordenação e Desenv. Regional LVT	298,638	298,638
Secretaria Regional do Ambiente e Recursos Naturais	199,055	199,055
IAPMEI (in the perimeter of PEDIP)	209,305	209,305
Comissão de Coordenação e Desenv. Regional Centro	789,647	789,647
Comissão de Coordenação e Desenv. Regional Algarve	534,620	534,620
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,403
Customs clearance of products	1,250	1,250
Other	1,806,478	1,772,392
	81,843,452	92,641,127
Other commitments		
Mortgages on Land, Real Estate and Equipment	5,115,849	62,305,714
	86,959,301	154,946,841

PURCHASE COMMITMENTS

Amounts in Euro	30-06-2021	31-12-2020
Purchase commitments		
Property, plant and equipment - Manufacturing equipment	78,618,309	12,419,843
Wood	280,000,000	270,898,539
Energy supply	2,318,247	3,653,870
Raw materials - Petcoque and Coal	3,606,168	6,383,329
Other	1,297,673	3,079,010
	365,840,397	296,434,592

OTHER COMMITMENTS

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 158 million, of which Euro 25 million have already been invested in 2020.

9.3 CONTINGENT ASSETS AND LIABILITIES

PUBLIC DEBT SETTLEMENT FUND

According to Decree-Law no. 36/93 of 13 February, tax debts of privatised companies related to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund (PDSF). On 16 April 2008, The Navigator Company filed an application to the Public Debt Settlement Fund to request payment of tax debts previously paid by the Portuguese Tax Authorities. On 13 December 2010, the Company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and uncontested relating to these same debts, as well as the expenses directly related thereto, pursuant to the ruling dated 24 May 2011 (Proceeding no. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. entered into an extra-judicial agreement with the Treasury, in which the PDSF was recognised as having responsibility for recovering the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) improperly paid, resulting from the alleged qualification/incorrect consideration by the tax administration of the tax loss accruing as a result of the operations carried out by Soporcel, SA in 2003, as well as to promote restitution to Navigator of said amount.

In this context, PDSF will be responsible for the amounts detailed as follows:

Amounts in Euro	Period	Requested amounts	Decrease due to RERD	Proceedings decided in favor of the Group	Outstanding amount
Proceedings confirmed in court					
Corporate income tax	2002	18,923	-	-	18,923
Corporate income tax (RF)	2004	3,324	-	-	3,324
Corporate income tax	2004	766,395	-	(139,023)	627,372
Expenses		314,957	-	-	314,957
		1,103,599	-	(139,023)	964,576
Proceedings not confirmed in court					
Corporate income tax	2005	11,754,680	(1,360,294)	-	10,394,386
Corporate income tax	2006	11,890,071	(1,108,178)	-	10,781,893
		23,644,751	(2,468,472)	-	21,176,279
		24,748,350	(2,468,472)	(139,023)	22,140,855

Regarding the aggregate corporate income tax proceedings of 2005 and 2006, if Courts come to a decision in favour of Navigator Group, the Group will withdraw the request made to PDSF.

In addition to the tax matters described above, a new petition was filed in the Administrative Court of Almada on 11 October 2011, which called for the repayment of various amounts, amounting to Euro 136,243,949. These amounts regard adjustments in the financial statements of the Group after its privatisation that had not been considered in formulating the price of its privatisation as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014 the Court denied the Navigator Company Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Navigator Company Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group's views on this matter, both parts appointed experts and the partial expert report was issued in July 2017, being required either by The Navigator Company, S.A. either by the Ministry of Finance, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report.

Following claims filed by Navigator on 11 September 2017 and 15 January 2019, the experts submitted redrafted Expert Reports on 27 December 2018 and 19 March 2019, respectively.

The trial hearing sessions took place between May and June 2019, with the parties filing closing arguments in September 2019 and now awaiting the Court's decision.

INFRASTRUCTURE ENHANCEMENT AND MAINTENANCE FEE

Under the licensing proceeding no. 408/04 related to the new Setubal's paper mill project, the Setubal City Council issued a settlement note to Navigator regarding an infrastructure enhancement and maintenance fee ("TMUE") amounting to Euro 1,199,560, with which the Company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. Navigator disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request no. 2485/08), followed by an appeal in Court against the rejection of the claim on 28 October 2008. On 3 October 2012, this claim had an adverse decision, and on 13 November 2012 an appeal to the Administrative Supreme Court (STA) was performed, which has brought down the action to Central Administrative Court (TCA) on 4 July 2013, pending decision.

10 GROUP STRUCTURE

10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER



ACCOUNTING POLICIES

GROUP-CONTROLLED ENTITIES

Semapa controls an entity (subsidiary) when it is exposed to, or has rights to, the variable returns generated as a result of its involvement with the entity and has the ability to affect those variable returns through the power it exercises over its relevant activities. Shareholder's equity and net profit/ (loss) of these companies, corresponding to the third-party investment in such companies, are presented under the caption Non-controlling interests items (Note 5.6)

BUSINESS COMBINATIONS

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

The identifiable assets acquired, and the liabilities and contingent liabilities undertaken in a business combination are initially measured at fair value at acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost relative to the fair value of the Group's share of the identifiable assets and liabilities acquired is recorded as goodwill (Note 3.1).

The acquisition cost is subsequently adjusted when the acquisition/attribution price is contingent upon the occurrence of specific events agreed with the seller/shareholder (e.g. fair value of acquired assets). Any contingent payments to be transferred by the Group are recognised at fair value at the acquisition date. If the undertaken obligation constitutes a financial liability, subsequent changes in fair value are recognised in profit and loss. If the undertaken obligation constitutes an equity instrument, there is no change in the initial estimation.

If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary (negative goodwill or badwill), the difference is recognised directly in the income statement under Other operating income (Note 2.2). Transaction costs directly attributable are immediately recorded in profit and loss. When, at the date of acquisition of the control, the Group already holds a previously acquired interest, the fair value of such participation contributes to the determination of goodwill or badwill.

INITIAL MEASUREMENT OF NON-CONTROLLING INTERESTS

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

CONSOLIDATION

Subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity (Note 5.5). Subsidiaries' accounting policies have been changed whenever necessary to ensure consistency with the policies adopted by the Group.

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

SUBSEQUENT TRANSACTIONS OF SUBSIDIARIES

DISPOSALS WITH LOSS OF CONTROL

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

TRANSACTIONS WITHOUT LOSS OF CONTROL

Subsequent transactions of disposal or acquisition of shares with non-controlling interests with no impact in control take place, no gain, loss or goodwill is determined, and the differences between the transaction cost and the book value of the share acquired are recognised in Equity. The negative profits generated in each period by subsidiaries with non-controlling interests are allocated to the percentage held by them, regardless of whether they assume a negative balance.

10.1.1 SEMAPA GROUP SUBSIDIARIES

HOLDING COMPANIES INCLUDED IN THE CONSOLIDATION

Company	Head Office	Direct and indirect % held by Semapa			
		Directly	Indirectly	30/06/2021	31/12/2020
Parent company:					
Semapa	Portugal				
Subsidiaries:					
Semapa Inversões S.L.	Spain	100.00	-	100.00	100.00
Celcimo, S.L.	Spain	-	100.00	100.00	100.00
Semapa Next, S.A.	Portugal	100.00	-	100.00	100.00
Aphelion, S.A.	Portugal	100.00	-	100.00	100.00

CEMENT AND DERIVATIVES COMPANIES INCLUDED IN THE CONSOLIDATION

Company	Head Office	Direct and indirect % held by Secil			Direct and indirect % held by Semapa	
		Directly	Indirectly	Total	30-06-2021	31-12-2020
Parent company:						
Secil - Companhia Geral de Cal e Cimento, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Subsidiaries						
Betotrans II - Unipessoal, Lda. (Ex - Hewbol, S.G.P.S., Lda.)	Portugal	100.00	-	100.00	100.00	100.00
Secil Cabo Verde Comércio e Serviços, Lda.	Cape Verde	99.80	0.20	100.00	100.00	100.00
ICV - Inertes de Cabo Verde, Lda.	Cape Verde	75.00	25.00	100.00	100.00	100.00
Florimar- Gestão e Participações, S.G.P.S., Lda.	Portugal	100.00	-	100.00	100.00	100.00
Secil Cement, B.V. (ex Seciment Investments, B.V.)	The Netherlands	100.00	-	100.00	100.00	100.00
Serife - Sociedade de Estudos e Realizações Industriais, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Silonor, S.A.	France	100.00	-	100.00	100.00	100.00
Société des Ciments de Gabés	Tunisia	98.72	-	98.72	98.72	98.72
Sud- Béton- Société de Fabrication de Béton du Sud	Tunisia	-	98.72	98.72	98.72	98.72
Zarzis Béton	Tunisia	-	98.52	98.52	98.52	98.52
Secil Angola, SARL	Angola	100.00	-	100.00	100.00	100.00
Secil - Companhia de Cimento do Lobito, S.A.	Angola	-	51.00	51.00	51.00	51.00
Unibetão - Indústrias de Betão Preparado, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Secil Britas, S.A.	Portugal	100.00	-	100.00	100.00	100.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Portugal	100.00	-	100.00	100.00	100.00
IRP - Industria de Rebocos de Portugal, S.A.	Portugal	-	75.00	75.00	75.00	75.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Portugal	99.53	-	99.53	99.53	99.53
Cimpart - Investimentos e Participações, S.G.P.S., S.A.	Portugal	100.00	-	100.00	100.00	100.00
ALLMA - Microalgas, Lda.	Portugal	-	70.00	70.00	70.00	70.00
Secil Brasil Participações, S.A.	Brazil	-	100.00	100.00	100.00	100.00
Supremo Cimentos, SA	Brazil	-	100.00	100.00	100.00	100.00
Margem - Companhia de Mineração, SA	Brazil	-	100.00	100.00	100.00	100.00
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Ciments de Sibline, S.A.L.	Lebanon	28.64	22.41	51.05	51.05	51.05
Soime, S.A.L.	Lebanon	-	51.05	51.05	51.05	51.05
Cimentos Madeira, Lda.	Portugal	57.14	42.86	100.00	100.00	100.00
Beto Madeira - Betões e Britas da Madeira, S.A.	Portugal	-	100.00	100.00	100.00	100.00
Brimade - Sociedade de Britas da Madeira, S.A.	Portugal	-	100.00	100.00	100.00	100.00
Madebritas - Sociedade de Britas da Madeira, Lda.	Portugal	-	51.00	51.00	51.00	51.00
SPB, SGPS, Lda.	Portugal	100.00	-	100.00	100.00	100.00
Secil Prêbetão, S.A.	Portugal	-	100.00	100.00	100.00	100.00
Cimentos Secil, SLU	Spain	100.00	-	100.00	100.00	100.00

PULP AND PAPER COMPANIES INCLUDED IN THE CONSOLIDATION

Company	Head Office	Direct and indirect % held by Navigator			Direct and indirect % held by Semapa	
		Directly	Indirectly	Total	30-06-2021	31-12-2020
Parent company:						
The Navigator Company, S.A.	Portugal	69.97	-	69.97	69.97	69.97
Subsidiaries:						
Navigator Brands , S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Parques Industriais, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Paper Figueira, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Empremédia RE , AC	Ireland	100.00	-	100.00	69.97	69.97
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	75.00	22.00	97.00	67.87	67.87
Raiz Ventures , S.A.	Portugal	-	97.00	97.00	67.87	67.87
About the Future - Essencial Oils, S.A.	Portugal	-	97.00	97.00	67.87	67.87
Enerpulp – Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	92.20	92.20	64.51	64.51
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	90.20	90.20	63.11	63.11
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	90.00	90.00	62.97	62.97
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Tissue Ródão , S.A.	Portugal	-	100.00	100.00	69.97	69.97
Navigator Tissue Ibérica, S.A.	Spain	-	100.00	100.00	69.97	69.97
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	62.99	62.99
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator Financial Services Sp. Z o.o.	Poland	25.00	75.00	100.00	69.97	69.97
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	69.97	69.97
EucaliptusLand, S.A.	Portugal	-	100.00	100.00	69.97	69.97
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	69.97	69.97
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	69.97	69.97
Afoelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	45.34	45.34
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	69.97	69.97
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	69.97	69.97
Bosques do Atlantico, SL	Spain	-	100.00	100.00	69.97	69.97
Navigator Africa, SRL	Italy	-	100.00	100.00	69.97	69.97
Navigator Paper Setúbal, S.A.	Portugal	100.00	-	100.00	69.97	69.97
Navigator North America Inc.	USA	-	100.00	100.00	69.97	69.97
Navigator Afrique du Nord	Morocco	-	100.00	100.00	69.97	69.97
Navigator España, S.A.	Spain	-	100.00	100.00	69.97	69.97
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	69.97	69.97
Navigator France, EURL	France	-	100.00	100.00	69.97	69.97
Navigator Paper Company UK, Ltd	UK	-	100.00	100.00	69.97	69.97
Navigator Italia, SRL	Italy	-	100.00	100.00	69.97	69.97
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	69.97	69.97
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	69.97	69.97
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	69.97	69.97
Navigator Eurasia	Turkey	-	100.00	100.00	69.97	69.97
Navigator Rus Company, LLC	Russia	-	100.00	100.00	69.97	69.97
Navigator Paper Mexico	Mexico	25.00	75.00	100.00	69.97	69.97
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	69.97	69.97
Navigator Egypt, ELLC	Egypt	1.00	99.00	100.00	69.97	69.97
Empremédia - Corretores de Seguros, S.A.	Portugal	-	100.00	100.00	69.97	69.97
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	69.97	69.97

ENVIRONMENT COMPANIES INCLUDED IN THE CONSOLIDATION

Company	Head Office	Direct and indirect % held by ETSA			Direct and indirect % held by Semapa	
		Directly	Indirectly	Total	30-06-2021	31-12-2020
Parent company:						
ETSA - Investimentos, SGPS, S.A.	Portugal	99.99	-	99.99	99.99	99.99
Subsidiaries:						
ETSA LOG,S.A.	Portugal	100.00	-	100.00	100.00	100.00
SEBOL – Comércio e Industria de Sebo, S.A.	Portugal	100.00	-	100.00	100.00	100.00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Portugal	100.00	-	100.00	100.00	100.00
ABAPOR – Comércio e Industria de Carnes, S.A.	Portugal	100.00	-	100.00	100.00	100.00
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Portugal	100.00	-	100.00	100.00	100.00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Spain	100.00	-	100.00	100.00	100.00

10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the period ended 30 June 2021, there were no perimeter changes compared to the previous period.

10.3 INVESTMENT IN ASSOCIATED COMPANIES AND JOINT-VENTURES



ACCOUNTING POLICIES

Associated companies are all the entities over which the Group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Joint ventures are agreements which provide the Group joint control (established contractually) and for which the Group holds an interest in net assets. Investments in associated companies are equity accounted.

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

Amounts in Euro	30-06-2021		31-12-2020	
	% held	Book value	% held	Book value
Associated companies				
MC - Materiaux de Construction	49.36%	1,518	49.36%	1,520
J.M.J. - Henriques, Lda.	50.00%	352,942	50.00%	362,792
Ave, S.A.	35.00%	130,245	35.00%	213,263
Joint ventures				
Utis - Ultimate Technology To Industrial Savings, Lda	50.00%	3,564,547	50.00%	2,093,963
Allmicroalgae - Natural Products, S.A.	50.00%	66,079	50.00%	445,561
		4,115,331		3,117,099

MOVEMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Amounts in Euro	30-06-2021	31-12-2020
Opening balance	3,117,099	5,454,286
Change in the perimeter	-	1,641,210
Disposals	-	(4,344,748)
Net appropriate profit/(loss)	1,190,158	1,490,685
Dividends	(191,923)	(1,124,280)
Exchange rate adjustment	(3)	(54)
Closing balance	4,115,331	3,117,099

10.4 TRANSACTIONS WITH RELATED PARTIES

BALANCES WITH RELATED PARTIES

Amounts in Euro	30-06-2021			31-12-2020		
	Receivables and other current assets (Note 4.2)	Payables and other current liabilities (Note 4.3)	Lease liabilities	Receivables and other current assets (Note 4.2)	Payables and other current liabilities (Note 4.3)	Lease liabilities
Shareholders						
Sodim, SGPS, S.A.	-	-	-	2,687	-	-
Cimo, SGPS, S.A.	-	1,160	-	-	1,160	-
Associated companies and joint-ventures						
Grupo Setefrete - Soc. Tráfego Cargas, S.A.	193,977	-	-	-	-	-
Ave-Gestão Ambiental, S.A.	357,386	441,867	-	323,082	549,929	-
J.M.J. Henriques, Lda.	104,839	-	-	106,639	-	-
Other related parties						
Hotel Ritz, S.A.	-	12,051	-	-	4,726	-
Sonagi, SGPS, S.A.	3,140	-	63,021	-	-	188,841
Cotif Sicar	-	64,936	-	-	90,709	-
Soc. Agrícola da Herdade dos Fidalgos, Lda.	-	-	-	-	638	-
Inertogrande	188,394	-	-	190,089	-	-
UTIS, Lda	92,913	-	-	20,446	25,400	-
Members of governing bodies	276	-	-	4,203	-	-
Other shareholders of subsidiaries	3	68,726	-	299,299	186,925	-
	940,928	588,740	63,021	946,445	859,487	188,841

TRANSACTIONS WITH RELATED PARTIES

Amounts in Euro	H1 2021			H1 2020			Net financial results
	Purchase of services	Sales and services rendered	Other operating income	Purchase of services	Sales and services rendered	Other operating income	
Shareholders							
Sodim, SGPS, S.A.	-	-	293	-	-	-	(505)
Cimigest SGPS, S.A.	-	-	-	(53,870)	-	-	-
Cimo SGPS, S.A.	-	-	-	-	-	-	(4,089)
	-	-	293	(53,870)	-	-	(4,594)
Associated companies and joint ventures							
Ave-Gestão Ambiental, S.A.	(794,862)	9,625	122,393	(966,964)	22,697	100,275	-
	(794,862)	9,625	122,393	(966,964)	22,697	100,275	-
Other related parties							
Sonagi - Imobiliária, S.A.	(369,555)	-	-	(398,163)	-	-	(665)
Hotel Ritz, S.A.	(8,884)	-	-	(12,029)	-	-	-
Soc. Agrícola Herdade dos Fidalgos, Lda.	-	-	-	(3,564)	-	-	-
Allmicroalgae - Natural products, S.A.	-	236	267,625	-	-	-	-
Bestweb, Lda.	(11,011)	-	-	(11,011)	-	-	-
CLA - Caldas, Lopes, Almeida & Associados	(21,000)	-	-	(18,000)	-	-	-
UTIS, Lda.	(68,839)	-	70,000	(32,152)	-	66,500	-
Letras Criativas, Unipessoal, Lda.	(30,000)	-	-	(30,000)	-	-	-
José António do Prado Fay	-	-	-	(12,926)	-	-	-
Other	-	-	-	-	3,319	297,474	(168)
	(509,289)	236	337,625	(517,845)	3,319	363,974	(833)
	(1,304,151)	9,861	460,311	(1,538,679)	26,016	464,249	(5,427)

The balances and transactions with Shareholders relate essentially to other short-term investments that bear interest at market rates.

In previous years, lease agreements were signed between Semapa and Sonagi - Imobiliária, S.A. relating to the lease of several office floors in the building which it owns and operates the headquarters of Semapa, SGPS, S.A., at Av. Fontes Pereira de Melo, no. 14, in Lisbon.

As part of the identification of related parties, for financial reporting purposes, AVE, S.A. was also referred to as a related party, as it is an associated company of the subsidiary Secil from which the Group acquires waste treatment services and alternative fuels.

OTHER RELATED PARTY DISCLOSURES

As mentioned in Note 8.3 - Financial investments, in 2018 the Group, through its subsidiary Semapa Next, S.A., entered into an agreement to perform an investment of USD 12 million in the "Alter Venture Partners Fund I", entity in which a member of the executive team is also a non-executive board member of Semapa.

11 NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

BOARD OF DIRECTORS

CHAIRMAN:

JOSÉ ANTÔNIO DO PRADO FAY

MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

VÍTOR PAULO PARANHOS PEREIRA

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

FRANCISCO JOSÉ MELO E CASTRO GUEDES

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

PART 5

LIMITED REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
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LIMITED REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have performed a limited review of the accompanying interim consolidated financial statements of **Semapa – Sociedade de Investimento e Gestão, S.G.P.S., S.A. (the Group)**, which comprise the interim consolidated statement of financial position as of 30 June 2021 (that presents a total of Euro 3,696,972,213 and total equity attributable to the shareholders of Euro 978,812,347, including a consolidated net profit attributable to the shareholders of 73,105,052), the interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying explanatory notes to these interim consolidated financial statements.

Management's responsibilities

Management is responsible for the preparation of this interim consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the accompanying interim consolidated financial statements. Our work was performed in accordance with the international standards on review engagements and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared in all material respects in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of interim consolidated financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained. The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these interim consolidated financial statements.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements of **Semapa – Sociedade de Investimento e Gestão, S.G.P.S., S.A.** on 30 June 2021, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

29 September 2021

SIGNED IN THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A.
(registered at CMVM under the nr. 20161489 and at OROC under the nr. 189)
represented by
Paulo Alexandre Martins Quintas Paixão (ROC n.º 1427)



SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.
PUBLIC LIMITED COMPANY

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Company Registration and Corporate Taxpayer Number: 502 593 130 | Share Capital: EUR 81,270,000
ISIN: PTSEM0AM0004 | LEI: 549300HNGOW85KIOH584 | Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)