CIN

ANNUAL REPORT 2021

About CIN

CIN is a Portuguese company with over 100 years of experience in the coatings industry. With its constant focus on product quality and rigorous standards, CIN has continued to be a market leader in the Iberian Peninsula over the last few decades while steadily growing in the broader European market. Today it is recognised as one of the most important manufacturers in Europe and a benchmark brand worldwide.

CIN's growth has also been remarkable in Portugal, especially considering its trajectory during the pandemic, which began in the first quarter of 2020. The uncertainty that affected most of the Portuguese economic fabric in 2020 continued into 2021 – which saw another lockdown and the ensuing challenges associated with the "new normal".

Despite the pandemic, and especially its impact on the availability of raw materials, CIN once again achieved record results: CIN Industrial Coatings' Powder Paint Business Sub-Unit surpassed the 10,000 tonnes manufactured mark and the Architectural Coatings' Business Unit in Portugal reached its best year ever, with a turnover of 140 million euros.

The results obtained in the brand's other Business Units mean CIN will achieve a total turnover of 351,7 million euros at year-end 2021, a growth of 12% compared to 2020.

Contributing to these results are 8 Research & Development (R&D) Centres in Portugal, Spain and France, where 140 specialised technicians are employed. CIN focuses its activity on the three main market segments: Architectural, Industrial and Protective Coatings. With an installed capacity of 135 thousand tons, supported by 14 storage and distribution centres – equivalent to more than 150 thousand square meters – CIN's production is ensured by ten factories located in Portugal, Spain, France, Angola and Mozambique. In addition, after increasing its stake in the Italian Group Boero Bartolomeo, CIN now operates in the Yachting and Marine segment, providing high-quality coatings for painting, repairing and maintaining boats. The sales of this business unit are concentrated in Italy, with a turnover of 16 million euros, representing 5% of CIN’s overall business. Alongside innovation, another of CIN’s main pillars is the sustainability of its operations, as shown by the certifications awarded over the years, specifically regarding its management systems for Quality (ISO 9001), Environment (ISO 14001), and Hygiene, Health and Safety (OHSAS 18001). CIN currently has more than 130 shops distributed all over Portugal, Spain, Angola and Mozambique, with more than 1,800 employees.

CIN in The World

At a global level, 2021 was particularly significant in consolidating the CIN brand, as evidenced by the company's rise in both the European and world rankings. According to the European Coatings Journal, CIN now ranks as the 13th largest coatings manufacturer in Europe; CIN is currently in the world's top 40, placing 39th in the Coatings World Top Companies Report. This recognition abroad is a return on continuous investment in innovation, exacting standards, and the excellence that characterises the CIN brand – allowing the company to maintain its prominent position alongside other international players and ensuring a positive outlook for the years ahead. Regarding the practical use of CIN products, Africa stands out in 2021 for the number of significant works conducted using the brand's technical support and diversified solutions, both in Angola and Mozambique. In Angola, the most critical works involved the Luanda Sanatorium Hospital, the National Election Centre, the Centralidade do Cazenga housing project, the Irene Neto Maternity Hospital and the Attorney General's Office.

In Mozambique, CIN was involved in major projects at the Sabie Water Treatment Plant, a Bank of Mozambique branch, the SENSAP Building (Fire Brigade), the Meat Processing Centre, the HCB Buildings, the Indico Bakery Building, the Emose Building, the Lux House Building (20 storeys), and the Maputo Central Hospital rehabilitation project. In the area of social responsibility, highlights are the support for Bring Back Maputo, the Spanish Cooperation Mural, the Chicken and Magumba Market, the Tribute to Health Professionals Mural in Hospitals: COVID; the "Art in Paediatrics" project; the Makobo Mural: Black and White concept; the Art Movement: Staircases; the Art Movement: People's Market Mural; the Fish Market: 3D Mural; the Judicial Courts Mural and the COVID-19 Prevention Mural.

Architectural Coatings

The Architectural Coatings Business Unit, which encompasses coatings for buildings used by professionals and end customers (DIY), is the most representative of the three market segments in which CIN operates. With production handled in the Iberian Peninsula and Africa, sales are conducted through CIN's shops and distributors in Portugal, Spain (including the Canary Islands), France, Belgium, Luxembourg, Switzerland, Poland and Turkey.

In 2021, the Architectural Coatings Business Unit achieved a turnover of 214 million euros. Given the importance of this strategic area – 61% of CIN's total turnover – the increase in market share in Portugal is noteworthy, a shift that can be seen across all product categories, despite the sharp increase in the price of raw materials as a result of the global situation.

Furthermore, the recent reorganisation of the sales department, and the incorporation of the Sotinco brand, considerably impacted the positive results achieved in all distribution channels, emphasising the 136 own stores in Portugal, Spain, Angola and Mozambique.

In Spain, an ambitious organisational and commercial restructuring plan is underway, including refurbishing existing points of sale and opening new company shops, which will foster customer proximity and greater brand involvement.

There were signs of recovery in the African continent in 2021, especially in Mozambique. Although some indications of stabilisation, Angola continued to experience a recession, with high inflation and unemployment rates. The constraints imposed by the pandemic compounded these difficulties. Despite this, CIN Angola achieved strong results due to a company restructuring, cost control and, in particular, increased sales. A recent trend reversal could be seen at the end of 2021, with significant growth in turnover in this territory. CIN Angola's 50th-anniversary campaign is noted, with the product portfolio continually adapting to the local market needs, focusing on team training and professionalisation.

CIN Mozambique performed exceptionally well throughout 2021, with continuous and sustained growth that saw it exceed the results achieved in the same period the previous year – something that has been a constant over recent years and has enabled it to increase its market share in this territory. CIN's strategy in Mozambique focuses on recommendations, brand promotion and technical training for employees.

Industrial Coatings

The Industrial Coatings Business Unit produces and markets powder coatings for metal protection and finishes and liquid coatings for various industrial applications. With production units in Portugal, Spain and France, CIN Industrial Coatings serves more than a dozen sectors, including building components, commercial and industrial vehicles and plastic and glass containers. The geographic expansion and the reinforcement of the portfolio of products are two strategic pillars for its growth and consolidation. In 2021, the Industrial Coatings Business Unit represented 26% of CIN's turnover, equivalent to 90 million euros.

In 2021, this business unit was reorganised into two sub-units – Powdered Coatings and Liquid Coatings – better meet these markets' current and future needs. This change resulted in a new commercial dynamic which has already been reflected in positive results in all the markets where CIN Industrial Coatings operates.

Despite the impact of another year of pandemic, CIN Industrial Coatings' products were at the centre of major national and international projects, including a hotel in the Caribbean painted with powder coating, a market in Madagascar (1st powder coating paint line), the Vimeca fleet and also a hypermarket in Portugal. Special mention goes to CINIDROL S820 HP – a CIN product specifically developed to paint and protect car suspension springs, present in markets such as Tunisia, Turkey, Morocco, Romania, Germany, Spain and France.

Protective Coatings

This business unit encompasses coatings to protect property and structures in various market segments, such as Buildings and Infrastructures, Extraction and Industrial Facilities, Oil and Gas, Energy, Water and the Food industries. These highly demanding markets have led CIN to increasingly strengthen its strategic investment in Research & Development & Innovation (R&D&I).

As a result, in 2021, the Protective Coatings Business Unit reached 32 million euros, representing 9% of CIN's overall business. In this business unit, CIN continued to invest in developing the product portfolio, introducing several solutions to increase the brand's competitiveness and performance in the various markets in which it operates.

In terms of sales, the demand for intumescent products stands out, with this business unit boasting high-performance products that are highly competitive. Following its international growth strategy, CIN supplied products for major infrastructure works in West Africa, and airport infrastructure works in Central America while also securing type approval to provide major wind energy players, in line with energy transition efforts.

Research & Development & Innovation

In 2021, the CIN Group's Technical Division, comprising 140 specialised technicians, was involved in 90 Research and Development (R&D) projects, of which about 30 were completed. During this period, 430 new raw materials were tested, 3600 new formulations were developed, and 3000 new colour studies were carried out.

As a result, in 2021, several new products with significant features were designed for all CIN's business units, including premium matte and semi-matte acrylic water-based coating for interior walls, urethane acrylic water-based enamel gloss for wood and metal, a water-based coating additive for achieving decorative effects on interior walls, protective varnish, water-based photo-cross-linking acrylic coating with fibres for waterproofing, high thickness polyurethane coating for direct application to metal, matte anti-graffiti polyurethane topcoat for concrete, high thickness satin acrylic coating for concrete protection, thermoset coatings for interior and exterior metal drum protection, and high thickness polyurethane coating for direct application to metal, among others.

It should be noted that, during the year, expenses for accrediting and certifying paint products and schemes in official external laboratories totalled around 260,000 euros, about 35% of which related to developments in the Protective Coatings Business Unit, an investment that demonstrates CIN's commitment to internationalising and globalising the business.

As the company seeks constant improvement and innovation, it is also worth mentioning that some 120,000 euros were invested in purchasing new equipment.

CIN worked with various academic institutions, conducting projects that allowed skills to be developed and knowledge to be applied in real situations. These institutions included the Faculty of Science of the University of Porto, the Faculty of Engineering of the University of Porto, the Institute of Engineering of the University of Porto and the University of Aveiro.

MANAGEMENT REPORT

To the Shareholders,

In compliance with the legal requirements and specifically the provisions of Articles 508-A and 508-C of the Companies Code, we herewith present for your approval the Consolidated Directors' Report, Balance Sheet, Income Statement by Nature and Cash Flow Statement and the Notes thereto for the financial year 2021.

MACROECONOMIC ENVIRONMENT

In 2021, there was a degree of economic recovery following the crisis caused by the pandemic in 2020, with optimistic forecasts pointing to global growth of around 6%. This was achieved despite setbacks resulting from the emergence of new Covid-19 variants, with widespread vaccination programmes providing an extremely effective response, especially in developed countries, allowing the progressive lifting of restrictions on economic activity and circulation of goods. This led to an increase in demand that was not always accommodated from the supply side, thus exacerbating already high inflationary pressures owing to the energy component.

All economies recorded GDP increases, with an estimated 5.6% increase in the US, although this was hindered by interruptions and bottlenecks in the supply chains, which also significantly affected the performance of the German economy, whose recovery was one of the most disappointing in the European Union, growing by a modest 2.7%. The other countries to which we are more exposed in this geographical area recorded more significant growth, around the eurozone forecast of 5.2%.

In Portugal, GDP grew by 4.9% in 2021, with prosperity still below pre-pandemic levels. This growth essentially derived from the strong recovery of domestic demand, and was relatively equally spread, although there was a greater emphasis on investment in relative terms. Unemployment fell to 6.3%, benefiting from a recovery in private and public sector employment, but this has resulted in a shortage of human resources that hinders the performance of some economic sectors, in particular the construction sector.

In Spain, where the initial impact of the Covid19 crisis was among the most severe, translating to a 10.8% fall in GDP in 2020, growth returned to 5.1% in 2021, still largely insufficient in terms of a recovery to pre-pandemic levels. Underpinning this performance is the sluggish recovery of the tourism sector, which the Spanish economy relies on heavily, as well as feeble investment, mainly in the automotive sector, which was more affected by disruptions to supply chain networks.

The French economy should recover by 6.8% in 2021, driven by public measures to support activity and sustained by internal demand, essentially public consumption and investment. Although more focused on specific sectors, ambitious public support measures are planned, which should represent around 1.3% of GDP annually in 2022 and 2023.

In Italy, after significant GDP contraction in 2020, the economy grew by a robust 6.5% in 2021, primarily driven by domestic demand and exports. However, Italy is one of the countries that is heavily dependent on energy imports, namely from Russia, with which it has established significant trade and investment ties. As such, it may be one of the economies most affected by the sanctions imposed following the crisis in Ukraine.

In Angola, after a five-year recession, the economy is expected to show marginal growth in 2021, benefiting from the rise in oil prices but also from the positive performance of the non-oil sector. The local currency also saw exchange rate appreciation and the economy remained unrestricted as far as transferring foreign exchange is concerned.

Mozambique reported moderate growth of around 2.2%, driven by the primary sector, although this was within a climate of armed insurgency in Cabo Delgado province, which despite the external aid received to contain it, heavily impacted projects in the region, particularly those related to natural gas extraction. The metical appreciated in value in 2021, and despite the normalisation of payments in foreign currency when purchasing goods abroad, payments for services have been hampered by the banking authorities.

The war that erupted in Ukraine, and the resulting economic sanctions against Russia, imposed a new geopolitical scenario that damaged prospects of a global economic recovery and affected the global supply of products, with greater emphasis and impact in Europe and with consequences that are as yet difficult to quantify. What is certain is that there will be a slowdown in growth and increased inflation, significantly above the levels previously forecast, as well an inevitable effect on interest rate increases.

2021 ACTIVITY

Preliminary remark:

In 2021, the figures relating to the activity of the Boero Bartolomeo Group ("Boero"), CIN Coatings Polska, CIN Brazil and Conceitcor were included in the consolidation perimeter for the first time. Given the significance of the Boero figures, we have proceeded to present the comparable sales amounts for the previous year, as stated in the following paragraphs.

Boero operates in three business segments: decorative, yachting and naval. The decorative paints segment, already the CIN group's largest segment, is the most representative, accounting for 85% of Boero's sales. The yachting segment relates to the painting, repair and maintenance of yachts and superyachts, while the naval sector refers exclusively to a tool manufacturing contract to supply products to the Choguku-Boat company.

Markets

The Group's turnover was €351.7m in 2021, up 12% on the comparable figure in the previous year, and up 55% on the 2020 statutory value.

By markets, sales in Portugal grew 10.9%, across all business segments but particularly so in the industrial coatings segment, recovering from the decline seen in 2020.

In Spain, sales increased 12.1%, with all segments registering growth, although there was a clear emphasis on the industrial segment. The decorative coatings segment grew at a more moderate rate, though still above the market average.

In France, sales in 2021 increased by 7.5%, but there were uneven performances by company, with CIN Celliose's industrial segment growing significantly, while CIN Monopol saw activity in the same area contract slightly. The decorative coatings segment showed a positive trend, while the yachting segment saw a 3.3% decline.

In the Italian market, sales increased 13.1%, with all three business segments performing well.

The export market increased 11.3%, driven by growth in the industrial coatings segment, but also the strong performance of the decorative coatings segment, particularly in Cape Verde, and the protective coatings segment, where growth was diversified across various locations. The yachting segment recorded a marginal decline.

The Angolan market grew significantly (22%) in 2021, after three years of contraction. This strong performance was seen across all the segments in which CIN Angola operates and accompanied positive developments in economic indicators throughout the year: return to economic growth in the 3rd and 4th quarters, progressive appreciation of the kwanza, significant reduction in public debt, and an increase in the price of oil, which the Angolan economy remains reliant on.

In Mozambique, sales grew by a significant 17.6%, despite the fact that economic growth indicators remained modest, albeit with positive prospects. The metical gradually appreciated over 2021, but restrictions remain on foreign exchange transfers for services.

In the foreign protective coatings markets, local sales increased by 27.3%, underpinned by excellent performance in South Africa, Mexico and Poland, while in Turkey sales fell moderately.

Business Units (BU)

In the **Decorative Paints BU**, turnover grew by 10.8% compared with the same period in the previous year.

In Portugal, the Group's sales maintained a robust growth rate (+9.7%), in line with market growth. In 2021, this growth includes a significant increase in average sales prices, a consequence of rising raw material costs throughout the year.

In Spain, decorative paints sales grew 5.4%, which led to a slight increase in market share. This was primarily due to the solid performance of modern distribution and direct sales, since in the traditional distribution channel sales remained at the same level as the previous year.

In France, the decorative paints segment in the domestic market recorded growth of 4.8%, maintaining the growth rate achieved in the previous year.

In Angola, the decorative paints unit increased its sales volume by 15.5%, with the best performance in resale (38%), although the brand's own shops also recorded significant growth (14%).

In this same segment in Mozambique, turnover grew 16.4%, which was driven by greater resale dynamism as opposed to activity in the shops themselves.

In Italy, the decorative paints segment grew by 13.3% in the domestic market.

As for decorative paints exports, sales increased 29.5%, essentially due to the improvement in exports from Portugal to Africa.

Turnover in the **Industrial Coatings BU** increased by 15.1%, with greater emphasis on the Spanish market, where the growth rate exceeded 30% in a generalised recovery following the falls caused by the pandemic. Portugal also recorded an increase of 14.9%, particularly in the architecture, shelving and metal packaging sectors. In France, growth was 9.9%, with the distribution and general industry segments dampening the more robust recovery of the other segments. In the other markets, less significant in terms of impact on the Group, the positive performance in Angola and Mozambique is worthy of mention.

Sales in export markets increased by 8.8%, mainly due to the dynamism of the German, Belgian and Polish markets.

In the **Protective Coatings BU** sales grew by 7.3%. This business unit was one of the most affected by the steady increase in raw material prices, as well as occasional shortages, which impacted activity throughout the year. Despite this instability, the domestic Portuguese market performed well, with growth of 11.2%, while this figure was 6.4% in Spain. In the other markets, with a lower weighting, there were also positive developments in terms of turnover, especially in Angola.

Exports from this BU recorded a sharp increase of 23.5%, characterised by a general recovery trend, compared to the period in which COVID had the worst impact on the Group's traditional export markets.

In the **Yachting BU** sales increased by 4.4%, based on strong performance in the Italian domestic market, since both the French market and exports saw slight declines.

Financial Overview

Preliminary remark: In 2021, the figures relating to the activity of the Boero Bartolomeo Group ("Boero"), CIN Coatings Polska, CIN Brazil and Conceitcor were included in the consolidation perimeter for the first time. Given the materiality of this change, we have presented consolidated financial indicators for comparative purposes (unaudited pro-forma data), as shown in the following table. Additionally, the operating performance in the years under review is affected by non-recurring movements, whose effects are also stripped out in this analysis.

Values expressed in m€	Consolidated December 2021	*Unaudited pro-forma* Consolidated December 2020	% Variation December 21 / 20	*Statutory indicators* Consolidated December 2020
Sales and services rendered	351,7	314,1	12,0%	226,5
Gross margin in value	183,9	174,6	5,3%	118,0
Gross margin percentage	52,3%	55,6%		52,1%
Supplies and external services	60,3	55,8	8,0%	31,6
Recurring personnel costs	71,9	70,3	2,3%	50,1
Other recurring operational costs (revenues)	0,5	0,7	-27,2%	0,3
Recurring EBITDA	51,2	47,8	7,1%	36,0
Amortisation and Depreciation	17,8	17,8		13,1
Provisions and Impairment Losses	0,3	1,5		0,4
Recurring EBIT	33,0	28,5	16,0%	22,5
Investment results	-0,2	0,0		0,1
Net financial income	-4,0	-3,3	23,0%	-2,7
Non-recurrent results (*)	0,1	-1,5		-1,6
Tax on profits	-6,3	-6,3	-0,4%	-4,6
Consolidated net income	22,5	17,4	29,4%	13,7
attributable to the Group	21,9	16,8	30,8%	13,7
attributable to non-controlling interests	0,6	0,7		0,0
Operational cash flow	29,5	47,2		36,6
Trade receivables	401,7	377,0		269,4
Payments to suppliers	257,7	217,8		152,7
Non-current assets	203,1	216,9		171,8
Current assets	208,4	188,6		132,5
Stocks	74,3	60,0	23,7%	41,1
Customers	72,0	63,6	13,2%	29,7
Total assets	411,5	405,5		304,3
Equity capital	115,7	103,7	11,6%	92,1
Total liabilities	295,8	301,8	-2,0%	212,2

(*) Includes effects of unusual or infrequent transactions, such as results arising from mergers, indemnities, restructuring operations, foreign exchange variations on African markets recorded in the income statement, recording of impairment losses and reversals of losses on non-current assets and similar, and gains on the sale of investment properties.

The Group's consolidated turnover was €351.7m, up 12.0% on the comparable figure in 2020.

The gross margin percentage fell significantly from 55.6% to 52.3% as a result of the sharp increases in raw material prices that occurred during the year, which could not be passed on to the market in equal measure. The repercussions of these increases on profitability were felt in all the countries where the Group operates. At the beginning of 2022 this trend has continued, amplified by the impact of the conflict in Ukraine. The gross margin in value of €183.9m represents an increase of 5.3% compared with 2020.

The amount relating to supplies and external services increased by around 8.0%, reflecting the effects of the post-Covid19 context, namely the increase in marketing and advertising investment, one of the items most affected by the lockdown measures imposed in 2020 to address the uncertainty resulting from the pandemic, and also in transport, maritime freight and energy costs, items that showed accelerated price increases throughout 2021. Recurring personnel costs increased slightly by 2.3%, essentially reflecting annual salary and performance progression, as the number of employees in the Group basically remained unchanged from the previous year. Other net recurring operating costs and revenues evolved favourably, highlighting the significant reduction in Angola of taxes related to payments for services in foreign currency.

Against this backdrop, recurring EBITDA reached €51.2m, which compares with the restated value for 2020 of €47.8m, thus amounting to an increase of 7.1%.

Amortisation and depreciation remained the same as the previous year, and despite the conservatism in covering business risks, impairments fell significantly compared with the previous year and were mainly associated with the inventory component. Given these developments, recurring EBIT stood at €33.0m, an increase of €4.5m (+16.0%) compared with the same period the previous year.

Net financial costs grew significantly due to the increase in debt as a result of acquiring a majority stake in Boero Bartolomeo in January 2021. However, it was possible to reduce the cost of debt for each loan and the maturity of the debt was increased.

Non-recurring results improved by an aggregate €1.4m, but their composition in the two years is somewhat different. In 2020, the amount is essentially due to extraordinary exchange costs resulting from the devaluation of the kwanza and metical, as well as contract termination costs as part of staff restructuring processes, mainly in Spain and Portugal. In 2021, the exchange rate component registered a gain, in line with the appreciation of the currencies mentioned above, but there was an intensification of the personnel restructuring process, mainly in Portugal. In 2021 there was significant non-recurring income, one part concerning the badwill that resulted from the fair value study conducted when acquiring the majority stake in Boero (note 5 of the appendix) and another relating to capital gains obtained from the sale of real estate units that were recorded under investment properties. Additionally, in non-recurring costs consideration was given to losses from the initial inclusion of the subsidiary Cin Coatings Polska in the consolidated accounts, as well as impairment losses from fair value studies, namely on a property held for investment in the Guardeiras area, Maia, and a partial amount of goodwill related to the activity in Spain.

Profit taxes remained at the 2020 level, although there was an increase in current tax due to the improved 2021 result, and a reduction, of similar magnitude, in deferred tax.

As a result of the activity described above, the net profit for the financial year, in the amount of €22.5 million, reflects an increase of 29.4% on the comparable figure for the previous year, and an increase of 64% compared with the 2020 statutory value.

In terms of cash flow, the operating component stood at €29.5m, although there was a significant decrease on the comparable value in 2020, explained primarily by the increase in payments to suppliers due to rising purchase volumes, which was partly aimed at strengthening inventories, and also by the increase in supplies and external services.

In terms of investment activities, €42.7m was spent in net terms, with the main disbursement relating to the acquisition of the majority stake in the Boero Bartolomeo group for €39.5m, which was completed in January 2021. In addition, €1.9m was spent in net terms on expanding the portfolio of investments held for trading. A total of €7.9m was invested in tangible and intangible fixed assets, mainly in Portugal, in projects related to operations and the improvement of commercial equipment, as well as France, continuing projects to upgrade the Saint-Symphorien d'Ozon factory and the Pierre Bénite laboratory, and in Italy, mainly in projects related to the development of new products, the implementation of e-commerce solutions and the installation of new customer equipment. As regards investment properties, almost all the units related to real estate projects nearing completion in Porto were sold for €8.8m, while a further €0.4m was invested in the period.

With regard to financing activities, loans increased by €26.0m, as a means of supporting the heavy investment made during the period, while lease liabilities amounted to €5.9m, net financial charges totalled €4.0m, and dividends of €7.1m were paid.

The main effects of attributing fair value to Boero's assets and liabilities were a €3.8m increase in the value of real estate properties and a €23.4m increase in the value of the Boero brand. The respective deferred tax liabilities were also calculated, in the net amount of €6.0m.

Total assets amounted to €411.5m, an increase of €6.0m on the previous year. In non-current assets, the value relating to investment properties has fallen significantly as a result of the sale of the units mentioned above, as well as the impairment recorded in relation to the Guardeiras building. Still in the non-current component of assets, and in comparative terms, it is worth noting the reduction in tangible fixed assets, whose depreciation was much higher than the investment in new projects, indicating the conclusion of the investment expansion period.

Current assets increased significantly in 2021, fundamentally due to the significant increase in inventories, as a mitigating measure against the rise in prices of raw materials and occasional shortages, and in customer value, in this case in line with increased turnover.

Total liabilities of €295.8m reflect a slight drop on the comparable amounts in 2020. In the non-current liabilities component, mention should be made of the increase in pension liabilities resulting from changes in basic actuarial assumptions, as imposed by new legislation. Current liabilities increased relative to the comparable amount in 2020, essentially due to a significant increase in the sums due to suppliers. There was also a general reduction in current provisions, as these were used to cover restructuring costs in Spain and Italy, although funds were also increased in France, essentially to cover the clean-up of the Cholet facilities.

Compared with the 2020 statutory figures, there was an increase in gross debt resulting from the acquisition of the majority stake in Boero Bartolomeo in January 2021. However, from then until the end of the year, net debt was successfully reduced by around €17m, underpinned by operating performance.

The amount of equity attributable to shareholders totals €103.7m, which reflects an increase of €11.6m compared with 2020. Non-controlling interests, which amount to €12.0m, mainly reflect the non-controlling stake in Boero Bartolomeo.

FINANCIAL AND MONEY MARKETS

Overall, world stock markets had a very positive year, with the largest contribution coming from the US market, whose main reference index (S&P500) gained over 28%, while the European market gained around 21%.

In the US, the market was subject to sharp monetary stimuli that led investors to increase risk and seek investments with higher returns. On the other hand, the behaviour of emerging markets, which many investors considered the biggest opportunity at the start of 2021, was ultimately not in line with predictions, with the index in this market falling by around 6%.

After several years of stagnation, inflation is back on the agenda, reaching historic levels in Europe and the United States, although with different components in the respective baskets, with US price increases having far less to do with the energy component, and being pushed by the current state of full employment, meaning US inflation is more structural in nature.

Hence the Federal Reserve has already announced consistent and periodic interest rate hikes, the first in March, while the ECB maintains a more cautious stance, having opted to withdraw monetary stimuli and only announcing possible interest rate hikes towards the end of the year.

In this climate of foreseeable interest rate increases, the Group reinforced its agreed credit lines, prioritising those of a structural nature by extending their maturity. It also diversified the sources of bank financing and increased the weight of fixed rate contracts.

DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY

The Group has established a principle of distributing between 35% and 60% of net profits in order to guarantee stable resources to cover the borrowing required for growth.

Despite the exceptionally challenging and uncertain situation that we experienced during 2020 and 2021, the Group has made significant progress in terms of its performance in recent years. However, the Group has an ambitious investment plan for the three-year period 2022-2024, and so, in a prudent approach, the Board of Directors will propose to the General Meeting that a dividend of 7.5m euros or 30 cents per share be distributed.

GOVERNANCE BODIES

1. Composition of the Board of Directors

The Board of Directors currently has seven members, of whom six are representatives of the shareholders, while one is an independent director. Executive directors have direct responsibility for business operations, while non-executive directors are responsible for making an independent and objective assessment of the Board's decisions.

2. Board Member Remuneration Policy

Board remuneration comprises three components:

- A fixed monthly salary;
- An annual incentive based on the achievement of set objectives;
- Long-term incentives based on best market practice,

which are decided by the Remuneration Committee, comprising the Chairs of the General Meeting, the Supervisory Board and the Board of Directors.

OUTLOOK

In the context of rising prices, beginning in 2021 and being significantly aggravated by the conflict in Ukraine, the already unstable balances in the raw materials markets were accentuated, with repeated announcements of price increases and occasional warnings of disruptions, which the Group had sought to mitigate since the beginning of the previous year, imposing successive upward price revisions on the market, reinforcing inventory levels and improving certain supply chain networks.

Despite the extremely uncertain scenario, we remain optimistic about business growth, although cautious about expected increases in costs, mainly raw materials, energy and transport, and the consequent pressure on operating profitability. Against this background, it is essential to improve productivity, strengthen internal control and reorganise the group in order to simplify operations and processes, always with a view to growth, seeking new opportunities and consolidating our current position.

These uncertain times are also favourable to consolidation initiatives, so the group will remain attentive to any growth opportunities that arise, with a particular focus on the Spanish market, where recent acquisitions have created imbalances that need to be corrected.

We will continue to expand our network of own shops, mainly in Spain, and we will step up the commercial reorganisation process, always with the aim of concentrating resources in order to consolidate market share and improve business growth potential. In the powder paint area, the priority will be to boost presence in Spain and France, and to ensure there are growth opportunities in foreign markets. Additionally, in the industrial coatings unit, we must provide the necessary means to guarantee our presence in markets where the group's synergies and strengths allow for more effective growth.

We maintain an ambitious strategic investment plan for the three-year period 2022-2024, with the objective of streamlining and optimising the Group's production structure, increasing installed capacity and promoting the automation and digitalisation of production processes, as well as strengthening sustainability indexes, by producing products with specific technical characteristics via the introduction of new renewable and organic raw materials.

OTHER INFORMATIONS:

In compliance with the legislation, namely with article 66 of the Commercial Companies Code, we inform you that:

- The Company does not hold any own shares;
- There were no businesses between the company and its members of the board of directors;
- In 31 December 2021 the Company has no branches.

CIN

SUBSEQUENT EVENTS

No subsequent events have occurred that require adjustments or disclosure in the accounts for the financial year.

We anticipate that the recent war in Ukraine will contribute to an increase in the overall price of products and services, exacerbating the rise in companies' raw material, energy and services costs.

To mitigate this impact, companies will feel compelled to reassess the importance of all the items in their cost structure, in order to correct the increased pressure on volumes and profitability.

Nevertheless, the CIN Group considers that it has instruments available to operate in this environment and develop its business, and it is our belief that the going concern assumption made when preparing these financial statements is unaffected and continues to be appropriate.

ACKNOWLEDGEMENTS

To our customers, our raison d'être, a word of appreciation for the trust they have placed in us and for their collaboration in developing our products.

To our employees, for their hard work, cooperation and professionalism and the enthusiastic way they have responded to the challenges arising from the company's growth and transformation.

To the financial institutions and our suppliers, our appreciation for the way in which they have supported us.

To the Supervisory Board, the Statutory Auditor and our own Auditors, our appreciation for their prompt and professional advice.

Maia, 14 April 2022

THE BOARD OF DIRECTORS

João Manuel Fialho Martins Serrenho, President

Maria Francisca Fialho Martins Serrenho Bulhosa, Board Member

Maria João Fialho Martins Serrenho Santos Lima, Board Member

Ângelo Barbedo César Machado, Board Member

Manuel Fernando de Macedo Alves Monteiro, Board Member

João Luís Baldaque da Costa Serrenho, Board Member

Fernando Jorge de Almeida Ferreira, Board Member

FINANCIAL INFORMATION

Consolidated statements of financial position for the years ended as of 31 December 2021 and 2020

(Amounts expressed in Euros)

ASSETS	Notes	IAS/IFRS 31/12/21	IAS/IFRS 31/12/20
NON CURRENT ASSETS:			
Goodwill	7	24 663 890	27 468 498
Intangible assets	8	31 441 866	6 158 336
Tangible assets	6	110 333 915	91 916 633
Investment properties	10	9 705 964	16 262 648
Investments in associated companies	3	10 305 706	17 781 211
Other financial assets	11, 12	1 525 707	619 329
Right of Use Assets	9	10 415 293	7 214 909
Other investments	4	-	771 525
Deferred tax assets	13	3 461 764	3 122 662
Customers	11, 16	725 000	-
Other non current assets	11, 14	518 842	474 786
Total non current assets		**203 097 948**	**171 790 537**
CURRENT ASSETS:			
Inventories	15	74 264 869	41 084 604
Customers	11, 16	71 981 962	29 664 131
Other current debtors	11, 17	5 019 265	2 960 922
State and other public entities	27	3 924 505	3 190 995
Other current assets	11, 18	2 014 072	1 464 228
Other investments	11, 12	9 842 950	10 524 939
Cash and cash equivalents	11, 19	41 385 237	43 652 839
Total current assets		**208 432 858**	**132 542 658**
Total Assets		**411 530 806**	**304 333 194**
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	20	25 000 000	25 000 000
Legal reserve	21	5 000 000	5 000 000
Revaluation reserves	21	2 758 445	2 758 445
Conversion reserves	21	(24 316 586)	(22 076 239)
Cash-Flow Hedging reserves	21	-	(160 811)
Fair value reserves	21	251 077	283 732
Other reserves		73 058 162	67 591 007
Consolidated net profit for the year		21 948 718	13 692 609
Equity attributable to shareholders		103 699 817	92 088 743
Non-controlling interests	22	12 029 484	(2 646)
Total shareholders' funds		**115 729 300**	**92 086 097**
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	11, 23	129 735 748	107 134 788
Lease Liabilities	9, 11	6 131 340	3 861 844
Other non current creditors	11, 26	-	23 174
Derivative financial instruments	11	-	221 743
Retirement benefit obligations	24	5 012 076	1 722 896
Provisions	29	1 261 000	-
Deferred tax liabilities	13	10 118 759	3 892 300
Total non current liabilities		**152 258 923**	**116 856 745**
CURRENT LIABILITIES:			
Bank loans	11, 23	48 132 606	33 666 088
Lease Liabilities	9, 11	4 496 571	3 447 402
Suppliers	11, 25	62 969 156	32 264 878
Other current creditors	11, 26	5 090 420	3 674 425
State and other public entities	27	7 937 595	7 432 997
Other current liabilities	11, 28	11 663 232	11 050 212
Provisions	29	3 253 003	3 854 350
Total current liabilities		**143 542 582**	**95 390 352**
Total shareholders' funds and liabilities		**411 530 806**	**304 333 194**

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2021.

ACCOUNTANT No. 63002
Paula Macedo

THE BOARD OF DIRECTORS
João Manuel Fialho Martins Serrenho, *President*
Maria Francisca Fialho Martins Serrenho Bulhosa, *Member*
Maria João Serrenho Santos Lima, *Member*
Ângelo Barbedo César Machado, *Member*
Manuel Fernando de Macedo Alves Monteiro, *Member*
João Luís Baldaque da Costa Serrenho, *Member*
Fernando Jorge de Almeida Ferreira, *Member*

CIN

Consolidated statements of financial position of profit and loss for the years ended as of 31 December 2021 and 2020

(Amounts expressed in Euros)

	Notes	IAS/IFRS 31/12/21	IAS/IFRS 31/12/20
Operating income:			
Sales	30	350 651 254	226 479 846
Services rendered	30	1 003 000	2 703
Other operating income	31	12 335 698	2 004 247
Gains/ (losses) in associated companies	3	(212 466)	135 057
Total operating income		**363 777 486**	**228 621 853**
Operating expenses:			
Raw materials and consumables used	15	168 277 938	103 130 276
Changes in inventories of finished goods and work in progress	15	(492 447)	5 367 811
External supplies and services		60 277 544	31 595 469
Payroll expenses		73 742 352	50 445 101
Amortisation and depreciation expenses	6, 8 e 9	17 817 501	13 147 370
Provisions and impairment losses	29	6 298 678	368 033
Other operating expenses		4 964 251	3 549 388
Total operating expenses		**330 885 817**	**207 603 448**
Operating results		**32 891 669**	**21 018 406**
Financial expenses	32	(4 352 311)	(3 311 402)
Financial income	32	302 432	591 526
Results before income taxes		**28 841 790**	**18 298 531**
Income taxes	32	(6 292 849)	(4 607 726)
Consolidated net income for the year		**22 548 941**	**13 690 805**
Attributable to:			
Group		21 948 718	13 692 609
Non-controlling interests	21	600 223	(1 805)
		22 548 941	**13 690 804**
Earnings per share			
Basic	35	0,878	0,548
Diluted	35	0,878	0,548

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2021.

ACCOUNTANT No. 63002
Paula Macedo

THE BOARD OF DIRECTORS
João Manuel Fialho Martins Serrenho, *President*
Maria Francisca Fialho Martins Serrenho Bulhosa, *Member*
Maria João Serrenho Santos Lima, *Member*
Ângelo Barbedo César Machado, *Member*
Manuel Fernando de Macedo Alves Monteiro, *Member*
João Luís Baldaque da Costa Serrenho, *Member*
Fernando Jorge de Almeida Ferreira, *Member*

CIN

Consolidated statements of changes in shareholders' funds for the years ended as of 31 december 2021 and 2020

(Amounts expressed in Euros)

	Share capital	Reserves							Non--controlling interests	Net profit	Total
		Legal reserve	Revaluation reserves	Conversion reserves	Hedging reserves	Fair value reserves	Other reserves	Total reserves			
Balances as of 1 January 2021	25 000 000	5 000 000	2 758 445	(22 076 239)	(160 811)	283 732	67 591 007	53 396 134	(2 646)	13 692 609	92 086 097
Appropriation of consolidated net profit of 2020:											
Transfer to other reserves	-	-	-	-	-	-	7 692 609	7 692 609	-	(7 692 609)	-
Distributions	-	-	-	-	-	-	-	-	-	(6 000 000)	(6 000 000)
Comprehensive income for the year		-	-	(2 240 347)	160 811	(8 973)	(1 664 096)	(3 752 605)	600 223	21 948 718	18 796 335
Impact of the acquisition of the Boero Bartolomeo Group stake (Note 5)	-	-	-	-	-	-	-	-	11 762 603	-	11 762 603
Others	-	-	-	-	-	(23 681)	(561 357)	(585 038)	(330 696)	-	(915 735)
Balances as of 31 December 2021	**25 000 000**	**5 000 000**	**2 758 445**	**(24 316 586)**	**-**	**251 078**	**73 058 162**	**56 751 099**	**12 029 484**	**21 948 718**	**115 729 300**
Balances as of 1 January 2020	25 000 000	5 000 000	2 758 445	(17 889 250)	(243 707)	(226 097)	63 671 312	53 070 703	4 885	9 405 925	87 481 513
Appropriation of consolidated net profit of 2019:											
Transfer to other reserves	-	-	-	-	-	-	5 905 925	5 905 925	-	(5 905 925)	-
Distributions	-	-	-	-	-	-	-	-	-	(3 500 000)	(3 500 000)
Comprehensive income for the year		-	-	(4 186 989)	82 896	227 525	(1 412 395)	(5 288 963)	(1 805)	13 692 609	8 401 841
Others	-	-	-	-	-	282 304	(573 835)	(291 531)	(5 726)	-	(297 257)
Balances as of 31 December 2020	**25 000 000**	**5 000 000**	**2 758 445**	**(22 076 239)**	**(160 811)**	**283 732**	**67 591 007**	**53 396 134**	**(2 646)**	**13 692 609**	**92 086 097**

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2021.

ACCOUNTANT No. 63002
Paula Macedo

THE BOARD OF DIRECTORS
João Manuel Fialho Martins Serrenho, *President*
Maria Francisca Fialho Martins Serrenho Bulhosa, *Member*
Maria João Serrenho Santos Lima, *Member*
Ângelo Barbedo César Machado, *Member*
Manuel Fernando de Macedo Alves Monteiro, *Member*
João Luís Baldaque da Costa Serrenho, *Member*
Fernando Jorge de Almeida Ferreira, *Member*

CIN

Consolidated statements of comprehensive income for the years ended as of 31 December 2021 and 2020

(Amounts expressed in Euros)

	IAS/IFRS 31/12/21	IAS/IFRS 31/12/20
Consolidated comprehensive income for the year, including non-controlling interests	22 548 941	13 690 804
Other comprehensive income:		
Items that will be reclassified to net income in the future:		
Net actuarial gains and losses	(1 664 096)	(311 373)
Exchange differences on net foreign currency investments	-	(1 101 022)
Variation in hedging reserves	160 811	82 896
Variation in exchange conversion reserves	(2 240 347)	(4 186 989)
Variation in fair value reserves	(8 973)	227 525
Total other comprehensive income for the year	**(3 752 605)**	**(5 288 963)**
Consolidated comprehensive income for the year	**18 796 335**	**8 401 841**
Attributable to:	18 196 112	8 403 646
Group	600 223	(1 805)
Non-controlling interests	**18 796 335**	**8 401 841**

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2021.

ACCOUNTANT No. 63002
Paula Macedo

THE BOARD OF DIRECTORS
João Manuel Fialho Martins Serrenho, *President*
Maria Francisca Fialho Martins Serrenho Bulhosa, *Member*
Maria João Serrenho Santos Lima, *Member*
Ângelo Barbedo César Machado, *Member*
Manuel Fernando de Macedo Alves Monteiro, *Member*
João Luís Baldaque da Costa Serrenho, *Member*
Fernando Jorge de Almeida Ferreira, *Member*

CIN

Consolidated statements of cash flows for the years ended as of 31 december 2021 and 2020

(Amounts expressed in Euros)

OPERATING ACTIVITIES:	Notes	IAS/IFRS 31/12/21	IAS/IFRS 31/12/20
Receipts from customers		401 671 503	269 355 664
Payments to suppliers		(257 721 980)	(152 703 795)
Payments to employees		(40 326 628)	(28 918 200)
Cash generated from operations		**103 622 895**	**87 733 670**
Income taxes paid		(7 081 112)	(4 350 074)
Other receipts/(payments) relating to operating activities		(67 042 496)	(46 739 350)
Flows generated before extraordinary items		**(74 123 608)**	**(51 089 424)**
Discontinued operations		-	-
Net cash generated by operating activities (1)		**29 499 287**	**36 644 245**
INVESTMENT ACTIVITIES:			
Receipts relating to:			
Investments available for sale		4 925 919	9 790 573
Investment properties	10	8 778 000	-
Tangible assets		72 395	1 634
Dividends		126 881	-
		13 903 195	**9 792 207**
Payments relating to:			
Other investments	5	(41 425 846)	(14 943 215)
Investments available for sale		(6 864 166)	(7 360 482)
Investment properties		(389 517)	(1 678 415)
Tangible assets		(6 349 251)	(4 948 009)
Intangible assets		(1 556 557)	(363 126)
		(56 585 337)	**(29 293 247)**
Net cash used in investing activities (2)		**(42 682 142)**	**(19 501 040)**
FINANCING ACTIVITIES:			
Receipts relating to:			
Borrowings	23	115 151 725	109 868 179
Interest and similar income		356 085	526 247
		115 507 810	**110 394 427**
Payments relating to:			
Borrowings	23	(89 197 746)	(89 031 277)
Lease Liabilities		(5 871 534)	(4 484 150)
Dividends		(7 066 301)	(3 500 000)
Interest and similar costs		(4 431 099)	(3 037 761)
		(106 566 680)	**(100 053 189)**
Net cash used in financing activities (3)		**8 941 130**	**10 341 238**
Variation of cash and cash equivalents (4) = (1) + (2) + (3)		(4 241 725)	27 484 444
Cash and cash equivalents at the beginning of the year		43 652 839	17 427 162
Perimeter variation	5	1 222 185	-
Exchange variation in cash and cash equivalents at the beginning of the year		751 937	(1 258 766)
Cash and cash equivalents at the end of the year	19	**41 385 237**	**43 652 839**

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2021.

ACCOUNTANT No. 63002
Paula Macedo

THE BOARD OF DIRECTORS
João Manuel Fialho Martins Serrenho, *President*
Maria Francisca Fialho Martins Serrenho Bulhosa, *Member*
Maria João Serrenho Santos Lima, *Member*
Ângelo Barbedo César Machado, *Member*
Manuel Fernando de Macedo Alves Monteiro, *Member*
João Luís Baldaque da Costa Serrenho, *Member*
Fernando Jorge de Almeida Ferreira, *Member*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts expressed in Euros)

INTRODUCTION

CIN – Corporação Industrial do Norte, S.A. ("CIN" or "the Company") is a share capital company ("Sociedade Anónima"), established in 1926, with headquarters located in Maia and is the parent Company of a group of companies ("CIN Group" or "Group"), and its main activity is the production and sale of paints, varnishes and similar products.

The Group develops its activities in Portugal, with subsidiaries in Spain, France, Italy, Netherlands, Luxembourg, Poland, Turkey, Angola, Mozambique, South Africa and Mexico.

As of 31 December 2021, Pleso Holding B.V. (with headquarters located in Netherlands) holds 97.5% of CIN's share capital.

The accompanying financial statements are expressed in Euro (rounded to the nearest unit), as it is the functional currency used in the economic environment where the Group operates. Foreign operations and transactions are included in the financial statements in accordance with the policy established in Note 1.2.d).

At the beginning of 2021, CIN concluded the acquisition process of the majority of a financial investment in The Boero Bartolomeo S.p.A. Group ("Boero Group") and Boero Group has been included in the consolidated financial statements by the full consolidation method (Note 5) at December 31, 2021. The Group had a minority participation in the group acquired in previous years.

The attached consolidated financial statements were approved by the Board of Directors at the meeting held on 17 February 2022. They are still subject to approval by the General Shareholders' Meeting, in accordance with the commercial legislation in force in Portugal.

The Board of Directors understands that these consolidated financial statements reflect in a true and appropriate manner the operations of the Group and its subsidiaries, as well as their consolidated financial position and financial performance and consolidated cash flows.

1. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the accompanying consolidated financial statements are as follows:

1.1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the accounting records of the companies included in the consolidation (Note 3), maintained in accordance with the International Financial Reporting Standards, as adopted by the European Union for financial years started from 1 January 2021. These standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and by the Standing Interpretations Committee ("SIC"), as adopted by the European Union. The standards and interpretations mentioned above will generally be referred as "IFRS".

The Board of Directors has assessed the Company's and its subsidiaries' and associates' ability to operate on a continuous basis, based on all relevant information, facts and circumstances of a financial, commercial or other nature, including subsequent events to the reporting date of the financial statements (Note 41), available about the future. As a result of the evaluation, the Board of Directors has concluded that it has adequate resources to maintain its activities, and there is no intention to cease activities in the short term, and therefore considered appropriate to use the assumption of continuity of operations in the preparation of the consolidated financial statements.

As at 31 December 2021, the Group shows current assets higher than current liabilities at approximately EUR 64.9 million. The Board of Directors believes, on the basis of the analysis of the information existing at the time of these financial statements, that the CIN´Group has the necessary and sufficient resources to deal with its short-term liabilities, including available, unused financing lines, which it may use to address any temporary imbalance that may exist. As at 31 December 2021, the CIN Group has available and unused financing lines amounting to approximately EUR 74.967.021 million (Note 23).

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by the Company, with a significant impact on the book value of assets and liabilities, as well as on income and expenses of the period.

Although these estimates are based on the Board of Directors' best experience and its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in point 1.3.t).

Additionally, for the purposes of financial reporting, the fair value measurement is categorized into Level 1, 2 and 3, according to the degree to which the assumptions used are observable and its significance for estimation the fair value, used in the measurement of assets/liabilities or for disclosure purposes..

- Level 1 - Fair value is determined based on active market prices for identical assets/liabilities;
- Level 2 - Fair value is determined based on other data than market prices identified in Level 1, but which can be observed in the market; and
- Level 3 - Fair value is determined based on valuation techniques whose main assumptions are not observable on the market data.

During the year, CIN´Group has completed the fair value measurements process regarding contingent assets, liabilities and contingent liabilities associated with the concentration process of business activities resulting from the acquisition of the Boero Group.

Norms, interpretations, amendments and revisions that came into force

Up to the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been approved ("endorsed") by the European Union, with mandatory application to the financial year beginning 1 January 2021:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark reform- Phase 2	1-jan-21	Corresponds to additional amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), referring to changes reference interest rates and the changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions beyond 30 June 2021"	1-jan-21	This amendment extends to June 30, 2022 the application of the optional practical expedient by which lessee are exempted from reviewing whether rent concessions up to that date related to the pandemic "COVID-19" correspond to contract modifications.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-21	Corresponds to the amendment to IFRS 4 that postpone the deferral of application of IFRS 9 for initial years on or after 1 January 2023.

Changes to references to the Conceptual Structure of IFRS standards (applicable for exercises starting on or after 1 January 2021) - this amendment contains changes in several standards, the references of which to the Conceptual Framework have been updated.

The application of these changes to accounting standards as of 1 January 2021 had no relevant effect on these consolidated financial statements.

Standards, interpretations, amendments and revisions that will come into force in future fiscal years

The following accounting standards and interpretations, with mandatory application in future economic years, have, up to the date of approval of these financial statements, been endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements to the 2018-2020 standards	1-Jan-22	These amendments correspond to a set of updates to the various standards mentioned, namely - IFRS 3 - update of the reference to the 2018 conceptual framework; additional requirements for analyzing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 - prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use - IAS 37 - clarification that costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41.
IFRS 17 - Insurance contracts	1-Jan-23	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Defining Accounting Estimates	1-Jan-23	This amendment published by the IASB in February 2021 changes the definition of accounting estimate to monetary amount in financial statements subject to measurement uncertainty.
Amendment to IAS 12 Income Taxes - Deferred Taxes	1-Jan-23	This amendment published by the IASB in May 2021 clarifies that the exemption from initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences.

These amendments, although approved ("endorsed") by European Union, were not adopted by the Company in 2021, since its application is not yet mandatory. The future adoption of these amendments is not expected to have a significant impact on the financial statements.

New, amended or revised standards and interpretations not yet adopted

The following accounting standards and interpretations have been issued by the IASB and are not yet approved ("endorsed") by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1st Jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.
Amendment to IAS 1 - Presentation of financial statements and Statement of Practice FRS 2 - Disclosures of Accounting Policies	1st Jan-23	This amendment published by the IASB in February 2021 clarifies that material accounting policies, rather than significant accounting policies, must be disclosed and has introduced examples for identifying a material accounting policy.
Amendment to IFRS 17 - Insurance Contracts - initial application of IFRS 17 and IFRS 9 - comparative information	1st Jan-23	This amendment published by IASB in December 2021 introduces changes on comparative information to present when an entity adopts both IFRS 17 and IFRS 9 at the same time

These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the Company for the year ended 31 December 2021.

For these standards and interpretations, issued by the IASB but not yet adopted ("endorsed") by the European Union, the Group is analyzing the impacts of the future adoption of them.

The accounting policies and measurement criteria adopted by the Group as at 31 December 2021 are comparable to those used in the preparation of the financial statements as at 31 December 2020.

In the preparation of the financial statements, in accordance with IFRS, the Company's Board of Directors adopted certain assumptions and estimates affecting the assets and liabilities reported, as well as the income and costs incurred for the periods reported. All estimates and assumptions made by the Board of Directors were made on the basis of its best existing knowledge, at the date of approval of the financial statements, events and ongoing transactions.

The attached financial statements were prepared for consideration and approval at the Shareholders' General Meeting. The Company's Board of Directors understands that they will be approved without any change.

1.2. CONSOLIDATION PRINCIPLES

The consolidation policies adopted by the Group are as follows:

a) Investments in Controlled companies

The Group has control of the companies when those companies fulfils the following conditions cumulatively: (i) has power over the investee; (ii) is exposed to, or has the right over variable results from its involvement with the investee; and (iii) has the capability to use its power to affect the returns of the investee. Those companies are included in the consolidated financial statements by the full consolidation method.

The existence of control by the Group shall be reassessed where there is a change in facts and circumstances leading to the change in the control characterization elements mentioned above.

Subsidiary companies are included in consolidation by the full consolidation method. The results of the subsidiaries acquired or disposed of in the fiscal year are included in the consolidation by the full consolidation method, from the date on which the control is acquired and until the date on which it effectively ends.

Balances, transactions, dividends and unrealized gains in transactions between group companies are eliminated in the consolidation process. Unrealized losses are also eliminated unless the transaction shows an impairment loss on the transferred asset. Whenever necessary, adjustments are made to the financial statements of the subsidiaries in order to ensure consistency with the accounting policies adopted by the Group.

A change in the percentage of participation in a subsidiary that does not involve loss of control is acounted as a shareholder transaction. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognized and any gains and losses are recognized in the income statement. The investment maintained is recognized at fair value at the time of loss of control.

The net income and other elements of the other comprehensive income and equity of the controlled entities corresponding to the participation of third parties (non-controlling interests) are presented in the statement of the consolidated financial position and in the consolidated statement of income and other comprehensive income in specific captions/natures of interests that do not control. The full income of the controlled entities is allocated to the owners of the Group and to the non-controlling interests, even if the situation results in a deficit balance for non-controlling interests.

The equity and net income of these companies corresponding to the participation of third parties are presented separately in the statement of consolidated financial position and in the consolidated income statement under the heading "Non-Controlling interests". The Group companies included in the consolidated financial statements are detailed in Note 3.

The results of subsidiaries acquired or sold during the year are included in the income statement from the date of their acquisition or until the date of their sale, respectively.

Where necessary, adjustments are made to the financial statements of the subsidiaries to adjust their accounting policies with those used by the Group. Transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process.

b) Financial investments in associated companies and joint ventures

Investments in associated companies (companies where the Group has significant influence but has no control over the financial and operating decisions - usually corresponding to hold between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

The classification of interests in arrangements that are controlled jointly as joint ventures is determined on the basis of the existence of contractual agreements demonstrating and regulating joint control, which it is understood when relevant decisions require unanimous agreement between both parties involved. The Group has no interest in jointly controlled operations as defined in IFRS 11.

According to the equity method, the investments in associated companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are subsequently adjusted in accordance with the Group's participation in the associated company's net result. Additionally, the dividends of the subsidiary are recorded as a reduction in the investment's book value, and the changes occurred in the equity of the associated are recorded as a change in the Group's equity.

The differences between the acquisition cost and the fair value of the associate's identifiable assets and liabilities at the date of acquisition, if positive, are recognized as Goodwill and maintained in the value of the heading "Investments in associated companies" (Note 1.2.c)) and their recoverability is assessed annually as an integral part of the financial investment. If these differences are negative, they are recorded as a profit for the year under the heading "Results for associated companies" after reconfirmation of the fair value assigned.

Whenever necessary, adjustments are made to the financial statements of associates and joint ventures in order to ensure consistency with the accounting policies adopted by the Group.

Annually, an evaluation of investments in associates is carried out in order to evaluate any impairment indicator - the impairment losses are recorded as a cost in consolidated statements of profit and losses. When impairment losses recognized in previous years cease to exist, they are reversed.

When the proportion of CIN Group on accumulated losses in the investment in an associated exceeds the investment's book value, the investment is recorded at null value, while the associated company's equity is not positive, except to the extent of the Group has assumed commitments with the associate company, and in such cases, the Group records a provision to cover those obligations.

Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associate against the investment held. Unrealized losses are also eliminated, but only to the extent that there is no evidence of impairment of the transferred asset.

c) Concentration of business activities and Goodwill

Concentrations of business activities are recorded according to the acquisition method.

According to the acquisition method, the difference between: (i) the cost of the concentration and (ii) the net amount of the identifiable assets acquired and the liabilities assumed, is recognized, at the date of acquisition as goodwill, if positive, or as gain, under the heading of "other operating income", if it is negative.

The cost of the concentration is calculated at fair value, consisting of the sum, on the date of acquisition of the control, of: (i) fair value of the assets transferred by the Group; (ii) fair value of the responsibilities assumed by the Group as a result of the acquisition of control; and (iii) fair value of equity instruments issued by the Group in exchange for the acquisition of control. Expenses related to concentrations of business activities are recorded in results when incurred.

The cost of the concentration does not include any charges relate to other transactions (e.g. remuneration for the provision of future services or for the settlement of pre-existing relationships) whose margin is recognized separately in results.

The amount of future contingent payments, if any, are recognized as liabilities or equity at fair value at the time of acquisition. Subsequent changes in this amount are recognized: (i) as equity if contingent remuneration is classified as equity, (ii) as expenses or income in results or as other comprehensive income if contingent remuneration is classified as assets or financial liabilities under IFRS 9 and (iii) as expenses under IAS 37 or other applicable standards, in the remaining cases.

At the acquisition date, the classification and designation of all acquired assets and transferred liabilities are reassessed, in accordance with IFRS, with the exception of leases and insurance contracts which are classified and designated based on the contractual terms and conditions at the inception date.

Assets resulting from contractual compensation by the seller relating to the outcome of contingencies related, in whole or in part, to a specific liabilities of the concentrated entity, will now have to be recognized and measured using the same principles and assumptions as related liabilities.

The determination of the fair value of acquired assets and acquired liabilities takes into account the fair value of contingent liabilities resulting from a present obligation arising from a past event (if fair value can be measured reliably), regardless of whether a probable outflow is expected.

For each acquisition, the Group may choose to measure the "Non-Controlling interests" at their fair value or by their share of the assets and liabilities transferred from the acquired. The choice of either method influences the determination of the amount of goodwill to recognize. When the concentration of business activities is carried out in stages, the fair value of the interests previous recognized are remeasured to fair value on the date on which the control is obtained, in return for the results of the period in which the control is reached, affecting the determination of Goodwill.

Where a concentration is not completed by the reporting date, the provisional amounts recognized at the acquisition date and/or additional assets and liabilities recognized if new information is obtained about facts and circumstances that existed at the acquisition date, will be adjusted retrospectively during the 12-month period from the acquisition date.

Changes in the percentage of control over subsidiary companies in both increases and reductions, provided that they do not result in loss of control are counted as equity transactions. The value of the Group's interests and non-controlling interests are adjusted to reflect the percentage changes. Any difference between the amount by which the interests they do not control are adjusted and the fair value of the transaction price is recognized directly in equity and attributed to the parent company's shareholders.

When the Group loses control over a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate amount of fair value of the price and the fair value of retained interests and (ii) the book value of the assets (including goodwill) and the liabilities of the subsidiary and the interests they do not control, the gain recognized in the results of the year. Amounts previously recognized as "Other comprehensive income" are transferred to results for the year or transferred to Retained earnings similarly as if related assets or liabilities were disposed. The fair value of retained interests corresponds to fair value in the initial recognition for subsequent accounting purposes under IFRS 9 – Financial instruments or, where applicable, the cost for the purposes of initial recognition of an investment in an associate or joint venture.

d) Conversion of financial statements of foreign entities

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. The exchange rate differences originated after 1 January 2004 (IFRS transition date) are recorded in Equity, under the caption "Conversion reserves".

Any differences between acquisition cost of investments in foreign subsidiaries and the fair value of the identifiable assets and liabilities of those companies as of the date of acquisition, are recorded in the local currency of those companies and converted to Euro at the Balance statement date exchange rate. Exchange differences occurring in this conversion are recorded in the equity capitation "Conversion reserves".

Whenever a foreign company is disposed, the accumulated exchange rate differences are recorded in the statement of Profit and Loss as a gain or loss associated with the disposal.

In the last trimester of 2017, the Angolan economy was considered hyperinflationary in accordance with IAS 29 – Financial reporting in Hyperinflationary Economies.

As Angola, in the year 2019, is no longer considered a hyperinflationary economy, since it no longer reunites the conditions established in the referred standard, the Group, from 1 January 2019, suspended the application of that standard to the financial statements of its subsidiary located in Angola.

However, the impacts generated in previous years as a result of the adoption of said standard, namely the ones associated with the reassessment of non-monetary assets and liabilities, will maintain until said assets are disposed, consumed or amortized and until said liabilities are disposed or liquidated.

The quotations utilized for conversion to Euros of the associated foreign accounts were as following:

	December 31, 2021		December 31, 2020	
	Year end	Average	Year end	Average
US Dollar (USD)	1,173	1,206	1,226	1,141
Angolan Kwanza (AOA)	629,020	739,290	805,117	662,574
Mozambican Metical (MZN)	72,320	78,317	91,862	79,314
South African Rand (ZAR)	18,070	17,486	17,981	18,782
Mexican Peso (MXM)	23,210	23,993	24,393	24,496
Turkish Lira (TRY)	14,830	10,019	9,095	8,036
Polish Zloty (PLN)	4,691	4,572	4,57	4,44

1.3. MAIN VALUE CRITERIA

The main value criteria used by the CIN Group in the preparation of its consolidated financial statements are as follows:

a) Tangible fixed assets

Tangible fixed assets acquired until 1 January 2004 (transition date for IAS/IFRS) are recorded at their deemed cost, which corresponds to the acquisition cost, or acquisition cost revalued in accordance with the accounting principles generally accepted in Portugal (and in the countries of the Group's respective subsidiaries) until that date, net of accumulated amortizations and accumulated impairment losses.

Tangible fixed assets acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

The impairments that are detected are recorded in the year they are estimated, in the "Amortization and depreciation" caption of the Profit and Loss statement.

Amortizations are calculated using the straight-line method, from the date the asset is available for use, over the expected useful life for each group of assets.

The amortization rates used correspond to the following estimated useful lives:

	Anos	
Buildings and other buildings	20	50
Machinery and equipment	7	17
Transport equipment	3	5
Other equipment	3	14
Other tangible assets and tools	4	14

Maintenance and repair costs are recorded as expenses in the year they are incurred. The significant improvements of fixed assets, that increase the corresponding estimated useful life, are capitalized and amortized in accordance with the remaining useful life of the asset.

Tangible assets in progress represent fixed assets still in construction/development and are stated at acquisition cost. These assets are transferred to fixed assets and amortized from the date they are concluded or available for use, in accordance with management's intentions.

Gains or losses arising from the disposal or write-off of tangible assets are calculated as the difference between the selling price and the assets' net book value as of the date of its disposal/write-off, being recorded in the statement of Profit and Loss under the captions "Other operating income" or "Other operating expenses".

b) Intangible assets

Intangible assets are recorded at cost, net of amortization and accumulated impairment losses. Intangible assets are only recognized if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if its cost can be reliably measured.

Research costs and expenses with new technical knowledge are recorded in the statement of Profit and Loss, when incurred.

Development costs are recognized as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development costs which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Intangible assets, which mainly comprise project development costs, industrial property expenses and other rights, and software are amortized on a straight-line basis over a period of 3 to 5 years.

Transfers of property are not subject to amortization, being subject to annual impairment tests.
Brands with indefinite useful life are not amortized and are subject to an annual impairment analysis.

Amortization of intangible assets are recorded in the statement of Profit and Loss in the caption" Amortization and depreciation".

c) Investment properties

Investment properties, which correspond to real estate assets held for income or capital appreciation, or both, and not for use in the production or supply of goods and services or for administrative purposes.

The acquired investment properties are recorded at acquisition cost, net of accumulated amortizations and accumulated impairment losses.

Investment properties are derecognized when they are disposed or are not in use, and future economic benefits are not expected to result from it. Any gains or losses resulting from the derecognition of investment properties are recognized in the Consolidated Statement of Results for that year.

The costs incurred with investment properties in use, including maintenance, reparations, insurance and property taxes, are recognized in the consolidated results of the period to which they relate. Benefits, for which they are estimated to generate additional future economic benefits, are capitalized.

d) Impairment of assets, except goodwill

Assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount (defined as the highest between the net selling price and its value of use, or as the net selling price for assets held for disposal), an impairment loss is recognized in the statement of profit and loss under the caption "Provisions and impairment losses". The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of the disposal. The value of use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is recorded when the company concludes that the impairment losses previously recognized for the asset no longer exist or have decreased. This analysis is performed whenever indicators that the previously recorded impairment no longer applies. The reversal is recorded in the statement of profit and loss as "Other income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

e) Financial instruments

- Financial assets and liabilities

  Financial assets and liabilities are recognized in the Group's consolidated statement of financial position when they become part of the instrument's contractual dispositions.

  Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets or liabilities measured at fair value through the statement of profit and loss) are added to or deducted from the fair value of the financial asset or liability on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognized at fair value through the statement of profit and loss are recognized immediately in the consolidated statement of Profit and Loss.

• Financial assets

All purchases and sales of financial assets are recognized at the date of signature of their purchase and sale agreements, regardless of the date of their financial settlement.

All recognized financial assets are subsequently measured at amortized cost or at fair value depending on the business model adopted by the Group and the characteristics of its contractual cash flows.

Changes to the classification of financial assets may only be made when the business model is changed, except for financial assets at fair value through comprehensive income, which constitute equity instruments, which may never be reclassified into another category.

Classification of financial assets

a) Debt instruments and accounts receivable

Fixed income debt instruments and accounts receivable that meet the following conditions are subsequently measured at amortized cost:

(i) the financial asset is held considering a business model whose purpose is to maintain it in order to receive its contractual cash flows; and

(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest on the value of the outstanding capital.

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest thereon over the period of its validity.

For financial assets that are not acquired or originated with impairment (i.e., assets with impairment on initial recognition), the effective interest rate is the rate that accurately discounts the estimated future cash flows (including fees and commissions paid or received, transaction costs and other premiums or discounts) over the expected life of the instrument at its gross carrying amount on the date of its initial recognition.

The amortized cost of a financial asset is the amount by which it is measured at the initial recognition less capital repayments, plus the accumulated amortization (using the effective interest rate method) of any difference between that initial amount and the amount of the reimbursement, adjusted for any impairment losses.

Interest income is recognized in the consolidated statement of Profit and Loss under the caption "Financial income and gains" (using the effective interest rate method) for financial assets subsequently recorded at amortized cost or at fair value through the statement of profit and loss. Interest income is calculated by applying the effective interest rate to the gross written amount of the financial asset.

Debt instruments and accounts receivable that meet the following conditions are subsequently measured at fair value through other comprehensive income:

(i) the financial asset is held considering a business model whose purpose provides for either the receipt of its contractual cash flows or its disposal; and

(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows which are only capital payments and interest on the value of the outstanding capital.

b) Equity instruments designated at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable choice (financial instrument to financial instrument) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income.

The designation at fair value through other comprehensive income is not permitted if the investment is held for trading or if it results from a contingent consideration recognized in the context of a business combination.

An equity instrument is held for trading if:

(i) it is acquired primarily for the purpose of disposal in the short term;

(ii) on initial recognition, is part of a portfolio of identified financial instruments that the Group manages together and where there is evidence of a recent real pattern of short-term profit-making; or

(iii) if it is a financial derivative (unless it is assigned to a hedging transaction).

Investments in equity instruments recognized at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with the gains and losses arising from their variation recognized in the other comprehensive income.

Dividends associated with investments in equity instruments recognized at fair value through other comprehensive income are recognized in the consolidated statement of Profit and Loss at the time they are allocated / deliberated.

c) Financial assets at fair value through the statement of profit and loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through the statement of Profit and Loss.

Financial assets recorded at fair value through the statement of Profit and Loss are measured at the fair value determined at the end of each reporting period, and the related gains or losses are recognized in the consolidated statement of Profit and Loss unless they are part of a hedge relationship.

<u>Impairment of financial assets</u>

The Group recognizes expected impairment losses on debt instruments measured at amortized cost or at fair value through other comprehensive income, as well as for accounts receivable from customers, other debtors, and assets associated with contracts with customers.

The amount of expected impairment losses on the financial assets referred to above is updated at each reporting date in order to reflect changes in credit risk since the initial recognition of the respective financial assets.

Impairment losses expected for loans granted (accounts receivable from customers and other debtors and assets associated with customer contracts) are estimated using an incobrability matrix based on the credit history of the Group's debtors, adjusted for specific factors attributable to debtors, as well as the macroeconomic conditions that are estimated for the future. For this purpose, the balances of customers and other debtors were grouped considering similar credit risk profiles and maturity intervals.

<u>Derecognition of financial assets</u>

The Group derecognises a financial asset only when contractual rights to the asset's cash flows expire, or when it transfers the financial asset and substantially all the risks and rewards associated with its ownership to another entity. If the Group does not transfer or retain substantially all the risks and rewards associated with ownership of a financial asset but continues to control it, the Group recognizes its interest in the asset retained and a liability equivalent to the amount that it will have to repay. If the Group retains substantially all the risks and rewards associated with the ownership of a transferred financial asset, the Group continues to recognize the same. It further recognizes a loan for the amount received in the meantime.

In the derecognition of a financial asset measured at amortized cost, the difference between its recorded amount and the sum of the consideration received and to be received is recognized in the consolidated statement of Profit and Loss.

On the other hand, in the derecognition of a financial asset represented by a capital instrument recorded at fair value through other comprehensive income, the accumulated gain or loss in the revaluation reserve is reclassified to the consolidated statement of Profit and Loss.

However, in the derecognition of a financial asset represented by a capital instrument designated at initial recognition irrevocably as recorded at fair value through other comprehensive income, the accumulated gain or loss in the revaluation reserve is not reclassified to the consolidated statement of Profit and Loss.

- Financial liabilities and equity instruments

Classification as a financial liability or as equity instrument

Financial liabilities and equity instruments are classified as liabilities or equity in accordance with the contractual substance of the transaction, regardless of their legal form. Equity instruments are contracts that evidence a residual interest in the Group's assets after deducting the liabilities.

Equity

The Group considers equity instruments to be those in which the contractual support of the transaction shows that the Group has a residual interest in a group of assets after deducting a series of liabilities.

The equity instruments issued by the Group are recognized for the amount received, net of the costs directly attributable to their emission.

The repurchase of equity instruments issued by the Group (own shares) is accounted for at its acquisition cost as a deduction from equity. Gains or losses on the sale of own shares are recorded under "Other reserves and retained earnings".

Financial liabilities

After initial recognition, all financial liabilities are subsequently measured at amortized cost or at fair value through the statement of Profit and Loss.

Financial liabilities are recorded at fair value through the statement of Profit and Loss when:

(i) the financial liability results from a contingent consideration arising from a business combination;

(ii) when the liability is held for trading; or

(iii) when the liability is designated to be recorded at fair value through the statement of Profit and Loss.

A financial liability is classified as held for trading if:

(i) is acquired primarily for the purpose of disposal in the short term; or

(ii) on initial recognition, is part of a portfolio of identified financial instruments that the Group manages together and where there is evidence of a recent real pattern of short-term profit-making; or

(iii) if it is a financial derivative (unless it is assigned to a hedging transaction).

Financial liabilities recorded at fair value through the consolidated statement of Profit and Loss are measured at fair value with the related gains or losses arising from their variation recognized in the consolidated statement of Profit and Loss unless they are assigned to a hedging transaction.

Financial liabilities that are not designated to be recorded at fair value through the statement of Profit and Loss are subsequently measured at amortized cost using the effective interest rate method.
The effective interest rate method is a method of calculating the amortized cost of a financial liability and allocating the interest thereon over the period of its validity.

The effective interest rate is the rate that exactly discounts estimated future cash flows (comprising fees and commissions paid or received, transaction costs and other premiums or discounts) over the expected life of the financial liability in its written amount on the date of its initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are settled, cancelled or expired.

The difference between the written amount of the derecognized financial liability and the consideration paid or payable is recognized in the consolidated statement of Profit and Loss.

When the Group exchanges a debt instrument with another creditor with substantially different terms, such exchange is accounted for as an extinction of the original financial liability and recognition of a new financial liability.

Likewise, the Group accounts for substantial changes in terms of an existing liability, or part of it, as an extinction of the original financial liability and recognition of a new financial liability.

Financial derivatives

The Group has contracted several financial derivatives to manage its exposure to interest rate risk, and financial derivative instruments are not used for the purpose of speculation. The use of financial derivatives is duly regulated by the Group.

Financial derivatives are initially recognized at fair value on the date they are contracted and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognized immediately in the statement of Profit and Loss unless the financial derivative is designated as a hedging instrument, in which case the recognition in the statement of Profit and Loss depends on the nature of the hedge relationship.

As mentioned above, financial derivatives used by the Group relate to interest rate hedging instruments associated with borrowings. The amount of the loans, interest due dates and repayment plans are generally like the conditions established for interest rate and exchange rate hedging instruments, so coverage is usually highly effective.

The criteria used by the Group in the initial recognition to classify financial derivatives as cash flow hedging instruments are as follows:

a) The hedging relationship consists only of eligible hedging instruments and eligible hedged items;

b) At the outset of the hedge relationship, there is a formal designation and documentation regarding the hedging relationship and the entity's risk management objective and strategy for hedging; and

c) The hedging relationship meets all the following hedge effectiveness requirements:

   (i) There is an economic relationship between the hedged item and the hedging instrument;

ii) The effect of credit risk does not greatly influence the changes in value that result from this economic relationship; and

iii) The hedging relationship coverage ratio is the same as the amount of the hedged item that an entity covers and the amount of the hedging instrument that the entity uses to cover that amount of the hedged item.

Changes in the fair value of derivative financial instruments designated as cash-flow are registered in "Other reserves" effective component and in financial results in its ineffective component. The values recorded in "Other reserves" are transferred to financial results in the fiscal year in which the covered item also has an effect on results.

Coverage accounting is discontinued when the hedging instrument reaches maturity, is sold or exercised, or when the coverage ratio fails to meet the requirements required in IFRS 9.

As of December 31, 2021, the Group did not have contracted derivative instruments.

Confirming

The Group maintains collaboration protocols with financial entities in order to allow its its suppliers access to an advantageous management tool for their working capital, upon confirmation the validity of the credits that suppliers hold over it.

Under these protocols, some suppliers have freely concluded agreements with those financial institutions which allow them to anticipate receipt of the covered loans immediately after confirmation to its validity to the financial institution.

As at 31 December 2021 the Group had no amount of Confirming classified as a financial debt because it considers that the maturities are of short duration.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach its maturity within less than three months and may be mobilized without significant risk of change in value.

g) Rights of use assets and lease liabilities

At the beginning of each contract the Group evaluates whether the contract is or contains a lease. That is, if the contract grants a right to control the use of an identifiable asset for a period of time in exchange for remuneration. Lease agreements are recognized as a right of use and a corresponding liability on the date the leased asset is available for use by the Group. Each lease payment is allocated between liabilities and financial cost. The financial cost is recognized in results during the lease period to reflect a constant periodic interest rate on the remaining balance of the lease liabilities for each period. The right of use is depreciated linearly by the minor between the useful life of the asset and the lease term.

Assets and liabilities arising from a lease are initially measured at their present value. Where there is information to enable it, the Group has elected to segregate the rental component of the service components included in the lease payments for all lease agreements.

The initial measurement of lease liabilities essentially includes the present value of payments to be made during the lease period, which includes fixed-value payments deducted from any incentives received and variable value payments dependent on an index or rate.

In determining the present value of lease dwells, the Group uses the incremental interest rate determined on the rental start date, where the interest rate implied in the contract is not determinable on that date. Subsequently, lease liabilities are increased to reflect the increase in interest and reduced by payments made. Additionally, the book value of lease liabilities is revalued if there is a change, a change to the lease period, or a change in the amortization plan (for example, changes in future payments resulting from a change in an index or percentage used to determine the value of the payments). The weighted average rate applied was 2.4% (varying between 1.59% to 15%), determined considering the characteristics of the contract (implicit asset, contract guarantees, currency and contract term).

The right of use is measured at cost, deducted from accumulated depreciation and impairment, adjusted when there are changes in lease liabilities. The cost of the right of use includes the amount of the liability initially registered with the lease, direct costs incurred with the conclusion of the lease and payments made to the lessor prior to the start date, deducted from any incentives received.

The Group applies the recognition exemption of short-term leases (contracts with terms under 12 months) and the exemption of recognition of lease contracts in which the implied asset is a low value asset. The payments made in relation with the abovementioned contracts (short term and low value assets) are recognized as expenses linearly through the period of the lease.

The Group leases are comprised essentially of rental of commercial premises contracts and rental of storage premises contracts, with initial terms between 1 and 10 years, which can have extension periods. The referred contracts do not impose covenants.

The Group adopted for the first time in 1 January 2019 the standard IFRS 16 – Leases, using the modified retrospective model, considering, as of that date, the amount of Lease liabilities equal to the amount of Right of use assets. As such, the cumulative effect of the initial adoption of that standard in "Retained Earnings" as of 1 January 2019 was null.

h) Inventories

Merchandise, raw-materials, subsidiary and consumable materials are stated at acquisition cost, which is lower than market value, using the average cost as a costing method.

Finished and intermediate goods are stated at production cost (includes the cost of raw materials, direct labor and production overheads), which is lower than market value.

Accumulated impairment losses for inventory depreciation reflect the difference between the acquisition or production cost and the net realizable value of inventories.

i) Provisions

Provisions are recognized when, and only when, the Group has a present obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each balance sheet date to reflect the best estimate of its fair value as of that date (Note 29). Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to those affected by it.

j) Government or other public entities' subsidies

Government subsidies are recognized at their fair value if only it is highly likely that it will receive them and will be able to accomplish the conditions required to its concession.

Subsidies and contributions received in a lost fund for the financing of tangible fixed assets are recorded as "Other non-current liabilities" and "Other current liabilities". These subsidies are recognized in the statement of Profit and Loss in accordance with the depreciation of the related tangible fixed assets.

Subsidies related to incurred costs are recorded as income in the financial statements since there is reasonable assurance that they will be received, the entity has already incurred in the subsidized costs and all conditions to reimbursement are fulfilled.

k) Pension complements

Some companies in the Group have pension schemes assigned to former employees in the form of defined benefit plans, and these pension plans define the amount of pension benefit that an employee will receive in retirement, usually dependent on one or more factors such as age, years of service and remuneration.

The liabilities recognized in the statement of consolidated financial position in relation to defined benefit plans is the present value of the benefit obligation defined at the time of the consolidated financial statements. Defined benefit plan obligations are calculated annually by independent workers using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by the discount of future cash outflows, using the interest rate of high-quality bonds denominated in the same currency in which the benefits will be paid and with maturity terms that are close to those of the assumed liability.

All actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are recognized directly in equity and presented in other comprehensive income.

Past service costs are immediately recognized in results, unless changes to the pension plan are conditional on the permanence of employees in service for a certain period of time (the period that qualifies for the benefit). In this case, the costs of past services are amortized on a straight line basis over the period concerned.

l) Accrual basis and Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of taxes and discounts and after elimination of domestic sales.

In determining the amount of revenue, CIN Group assesses for each transaction the performance obligations it assumes towards customers, the transaction price to be allocated to each performance obligation identified in the transaction and the existence of variable price conditions that may give rise to future adjustments to the amount of revenue recorded, for which the Group makes its best estimate.

Revenue arising from the sale of products is recorded in the consolidated income statement when control over the product or service is transferred to the customer, i.e. at the moment when the customer is able to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

The Group considers that, in view of the nature of the product or service that is associated with the performance obligations assumed, the transfer of control takes place mostly on a specific date.

The contracts with clients made by the Group do not contain significant financing components

Income and expenses are recorded in accordance with the accruals principle, by which they are recognized as they are generated, regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the accruals and deferrals headings included under "Other current assets" and "Other current liabilities".

m) Income taxes

Income Tax for the year is determined based on the taxable results of the companies included in the consolidation, in accordance with tax legislation in force in each company´s jurisdiction and considers deferred taxation.

Current Income Tax is computed based on the taxable results of the companies included in consolidation.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the correspondent amounts for tax purposes. Deferred taxes are computed and reassessed on a yearly basis using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used or in situations where taxable temporary differences compensate the deductible temporary differences in the period of their reversion. At the end of each period the Company reviews its deferred tax assets which are reduced whenever its recoverability ceases to be likely.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if related to items directly recorded in equity. In these cases, the corresponding deferred tax is also recorded in equity captions.

n) Tax consolidation

The Income Tax accrual that is reflected in the consolidated financial statements is computed in accordance with the Special Taxation Regime for Groups of Companies ("Regime Especial de Tributação dos Grupos de Sociedades"), which includes most of CIN Group companies with headquarters in Portugal, and reflected in the consolidated financial statements of the CIN Group as of December 31 of each year. CIN Group companies with headquarters in Spain: Amida Inversiones, S.L., CIN Valentine, S.A.U., Pinturas Cin Canárias, S.A.U., Cin Pinturas y Barnices, Cin Inmuebles, S.L., CIN Soritec S.A. and CIN Govesan, S.A. are also taxed by the respective consolidated tax result, in accordance with Spanish legislation. CIN Group companies with headquarters in France, Celliose e PFI are also taxed by the respective consolidated tax result, in accordance with French legislation. CIN Group companies with headquarters in Italy, Boero Bartolomeo and Immobiliare Genova, are also taxed by the respective consolidated tax result, in accordance with Italian legislation. Additionally, the other CIN Group companies are taxed on an individual basis and according to the applicable legislation.

o) Balance sheet classification

All assets and liabilities accomplishable or demandable in more than one year after the balance sheet date are classified as "Non-current assets or liabilities". Deferred taxes are also included as "Non-current assets or liabilities".

p) Legal reserve

Portuguese commercial legislation requires that, at least, 5% of net profit for each year must be appropriated for increases in legal reserve until it represents at least 20% of share capital. Such reserve is not distributable unless the Company is under liquidation, but it can be used either to absorb losses after the extinction of all the other reserves or to be incorporated in share capital.

q) Balances and transactions expressed in foreign currency

Transactions are recorded in the individual financial statements of the subsidiaries in the subsidiary's functional currency, using the exchange rates in effect on the date of the transaction. All monetary assets and liabilities expressed in currency in the individual accounts of the subsidiaries are converted into the functional currency of each subsidiary, using the exchange rates in force at the balance sheet date of each year as exchange rates. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are converted to the functional currency of each subsidiary, using for this purpose the exchange rate in force on the date on which the fair value was determined. The exchange rate differences, favorable and unfavorable, arising from the differences between the exchange rates in force on the date of the transactions and those in force on the date of collection, payment or the date of closure of the financial statements, of those same transactions, are recorded as income and operating expenses, in the case of transactions of an operational nature, or as income and financial expenses, in the case of transactions of a financial nature , in the Consolidated Statement of Results. Exchange rate differences relating to non-monetary values whose fair value variation is recorded directly in equity are also recorded in equity.

r) Financial expenses

The financial expenses related with loans obtained (interests, bonus, accessory costs and lease contracts' interest) are recorded as costs in the statement of profit and loss, on an accrual basis, except if the expense is related to construction/ development of assets that qualify. The capitalization of these expenses takes place after the beginning of the construction preparation activities' and ends when the asset is ready for use or the project is suspended.

s) Contingent assets and liabilities

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources occurs to settle the obligation or the obligation amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, unless the probability of a cash outflow is remote, in which case no disclosure is made.

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when the existence of future economic benefits is likely.

t) Judgments and estimates

In preparing the consolidated financial statements, the Board of Directors based it on the best knowledge and experience of past and/ or current events considering certain assumptions concerning future events.

The most significant accounting estimates reflected in the consolidated financial statements for the periods ended 31 December 2021 and 2020 include:

a) Useful lives of the tangible and intangible assets;
b) Impairment analysis of goodwill and intangible assets with indefinite useful life;
c) Recognition of adjustments on assets (accounts receivable and inventories) and provisions;
d) Recoverability of deferred tax assets; and
e) Computation of retirement benefits obligations.

The estimates were based on the best information available at the time of preparation of consolidated financial statements and based on best knowledge and experience of past and/or current events. However, situations that occur in subsequent periods which are not foreseeable at the time, were not considered in these estimates. Changes to these estimates, which occur after the date of the consolidated financial statements will be corrected by results in a prospective manner as required by IAS 8. For this reason and given the degree of uncertainty associated, the actual results of these transactions may differ from corresponding estimates.

The key estimates and assumptions concerning future events included in the preparation of consolidated financial statements, are described in the corresponding notes.

u) Risk management policies

The Group is exposed to several risks during its activity, namely: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. Group's risk management program, linked to a long-term continuity of operations perspective, focuses in the financial market unpredictability and aims to minimize the collateral effects in its financial performance.

Group's risk management is assured by the financial department of CIN in accordance with the policies approved by the Board of Directors. Accordingly, the Board of Directors has been setting the main overall risk management policies and some specific rules for certain areas, such as interest rate risk hedging, credit risk and liquidity risk.

i) Exchange rate risk

During its operations, the Group performs non-Euro transactions, thus being exposed to the exchange rate risk. The normal procedure is to elect a functional currency to each subsidiary that fits its main economic environment and that best represents the composition of its cash-flows. Thus, this exchange rate risk arises mainly from trade, resulting from the purchase and sale of products and services in currencies other than the functional currency of each business. The management policy of exchange rate risk and transaction of the Group seeks to minimize or eliminate this risk, contributing to a lower sensitivity of the results of the Group to currency fluctuations.

The amount of assets and liabilities (in Euro) of the Group recorded in currency other than Euro can be summarized as follows:

	December 31, 2021						
	Tintas Cin Angola	Tintas Cin Moçambique	Cin Coatings Mexico	Cin Coatings South Africa	BOERO Coatings Turkey	Cin Coatings Polska	CINBrasil Participations
Assets	11 141 122	7 458 581	183 091	1 527 380	458 161	1 411 029	739 363
Liabilities	(1 125 107)	(1 333 479)	(70 455)	(148 966)	(379 036)	(585 862)	-
Total	**10 016 015**	**6 125 101**	**112 636**	**1 378 414**	**79 125**	**825 168**	**739 363**

	December 31, 2020						
	Tintas Cin Angola	Tintas Cin Moçambique	Cin Coatings Mexico	Cin Coatings South Africa	BOERO Coatings Turkey	Cin Coatings Polska	CINBrasil Participations
Assets	8 344 065	5 022 434	641 165	1 279 423	786 834	945 494	1 481 206
Liabilities	(498 485)	(880 933)	(59 347)	(106 787)	(390 993)	(31 161)	-
Total	**7 845 580**	**4 141 501**	**581 818**	**1 172 636**	**395 841**	**914 333**	**1 481 206**

The risk of translation or conversion of financial statements of foreign entities, also called accounting risk, reflects the potential to change the parent company's net situation by the need to "translate" the financial statements of foreign subsidiaries. The Group's translation exchange risk management policy is to assess the opportunity to cover this risk on a case-by-case basis, taking into account in particular the specific circumstances of the currencies and countries in question and the capital structures of those subsidiaries (as at 31 December 2021, this situation applies only to the subsidiaries presented above).

As mentioned in note 1.2 d), assets and liabilities in the financial statements of foreign entities are converted to Euro using the exchange rates in force at the balance sheet date. Gains and losses, as well as cash flows are translated to Euro using the average exchange rate for the year. The underlying exchange difference is posted into equity in caption "Conversion reserves".

ii) Price risk

Price risk mainly applies to raw materials such as zinc, resin and titanium dioxide as well as energy-related, in particular electrical.

There is a permanent monitoring of the evolution of the price of these raw materials and the prospects for their future evolution, and the risk is managed according to these expectations.

In relation to zinc, price risk is managed, when appropriate, through futures' market hedging. As of 31 December 2021 and 2020 there are no open positions for these instruments.

Resin and titanium dioxide price change risk is minimized by contracts celebrated with suppliers that fix a steady price for larger periods, typically, one semester.

Abnormal price variations in raw materials may be reflected in the selling prices.

iii) Credit risk

The Group's exposure to credit risk mainly relates to accounts receivable resulting from its operating activities. Credit risk is the risk that the counterpart fails its contractual obligations, thus originating a loss to the Group.

Credit risk is essentially associated with receivables from sales and services rendered to customers. Managing this risk assures that effective collections are performed in the agreed terms so that the Group's financial position is not affected. This risk is monitored on a regular basis, ensuring that (a) credit to customers is limited and is based on the average days of sales outstanding of each customer; (b) credit limit evolution is assessed on a regular basis; (c) receivables impairment assessments are performed in a regular basis.

Group's credit risk is not significate and it is not focused in a single customer or group of customers, as receivables balance are composed by a large variety of entities from different business segments and geographical areas. Credit guarantees are asked whenever a customer's financial position might be questionable. These guarantees may consist of credit insurances and bank guarantees.

Accounts receivables impairment losses are computed according to the following criteria: (a) the customer credit profile; (b) the average days of sales outstanding; (c) the customer's financial position. Adjustments recorded in the years ended as of 31 December 2021 and 2020 are disclosed in Note 29.

As of 31 December 2021, and 2020 the Group does not consider the need for any additional impairment losses, besides those recorded and disclosed in Note 29.

Amounts regarding financial assets recorded in the accompanying consolidated financial statements are net of accumulated impairment losses and represent the maximum exposure of the Group to credit risk.

iv) Liquidity risk

Liquidity risk is the lack of capacity to fulfill all due liabilities in the agreed terms and at a reasonable price. Liquidity indicators must be set to manage the liquidity levels as to ensure that the maximum return is obtained at a minimum cost and in a safe and efficient way.

The CIN Group's liquidity risk management aims to:

– liquidity – to ensure permanent, efficient and enough access to funds to liquidate obligations in due time;
– security – to minimize the likelihood of non-collection of applications of funds; and
– Financial efficiency – to minimize the opportunity cost of excess liquidity detention in the short term.

The Group's policy is to match the maturities of assets and liabilities, managing their maturities in a balanced way. In the management of its exposure to liquidity risk, the Group ensures the contracting of instruments and credit facilities of various natures and in amounts appropriate to the specificity of the needs of each business and participated, ensuring comfortable levels of liquidity clearance. Also by policy, these facilities are contracted without involving the granting of guarantees.

v) Interest rate risk

The exposure of the Group to interest rate risk results of loans that bear interest at variable rates.

Borrowing costs are therefore vulnerable to variable interest rate changes. The impact of volatility on the Group's results and equity is not significant as Group's financial debt level is low. Moreover, the presumed correlation between interest market rates and economic growth allows operating gains and compensates the additional borrowing costs ('natural hedge').

As of December 31, 2021, and 2020, the financial net debt of the Group amounts to 137.268.079 Euros and 93.932,344 Euros, respectively. These balances are composed of current and non-current loans (Note 23), operating leases (Note 9) and cash and cash equivalents (Note 19) contracted with several institutions, as well as the amount of 9.842.950 Euros (10.524.939 Euros in 2020) included in the heading "Other financial assets" short-term, depending on their characteristics.

Group's income and cash-flows are not very influenced by interest rate changes, as Group's cash and bank balances as well as eventual loans granted to Group companies depend only on the Euro interest rates, which volatility is historically low.

As for long term loans, the procedure is to use, whenever appropriate, cash-flow hedging derivative instruments (e.g. 'interest rate swaps'), that cover interest rate risk.

<u>Interest Rate Sensitivity Analysis</u>

The sensitivity analysis was conducted based in the exposure to the interest rate risk as of balance sheet date and both for derivate and non-derivative financial instruments. As for liabilities based on variable interest rates, the following assumptions were made:

- The liabilities amount was stable throughout the year and price re-fixation happened in the beginning of the year;
- Variations in market interest rates changes interest amounts to be paid or received of variable interest rate financial instruments;
- Fixed interest rate financial instrument's interest to be paid or received are only affected if financial instruments are expressed at fair value;
- Changes in interest market rates will be reflected in the fair value of hedging derivatives and all hedging derivatives are efficient;
- Derivative financial instruments' (swaps) fair value or of any financial asset or liability is estimated by discounting future cash-flows to the present time at interest market rates at the end of each year, assuming a parallel variation in the yield curves.

Sensitivity analysis were performed on a 'ceteris paribus' basis, that is, by manipulating one variable and if all the others remain unchanged. Realistically, this situation is not often met and changes in some of the assumptions might be correlated.

If interest rates have been higher or lower in 0.75 basis points, ceteris paribus, an assumption that is unlikely to have happened, the estimated impact on the Group's net income and reserves had been the following::

	2021		2020	
	-0,75 b.p.	+0,75 b.p.	-0,75 b.p.	+0,75 b.p.
Net Income (1)	-	-238 000	-16.000	-250.000
Net Equity (2)	-	-	-4.000	2.000

(1) mainly due to the Group's exposure to interest rates on its variable rate loans;
(2) mainly due to changes in fair value of hedging derivatives.

It is the Board of Director's understanding that this sensitivity analysis does not properly reflect the Group's inherent interest rate risk, as the exposure at year end might not reflect the exposure throughout the year and because it does not account for payments made during the year.

t) Capital risk

The Group manages its capital so as to ensure the continuity of its activities, maximizing the return to shareholders by optimizing the debt balance and net equity.

The Group's capital structure consists of net debt (borrowings disclosed in Note 23 after deducting cash and bank balances) and net equity (comprising issued capital, reserves, retained earnings as disclosed in Note 21). The Group is subject to externally imposed capital requirements that must be met, namely at the level of Financial Autonomy and NET DEBT/ EBITDA risk.

As part of its risk management policy, the Group reviews its capital structure annually. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

u) Subsequent events

Events occurring after the balance sheet date that provide additional information on conditions that existed at the balance sheet date ("adjusting events") are reflected in the consolidated financial statements. Events after the balance sheet date that provide information on conditions that occur after the balance sheet date ("non adjusting events"), if material, are disclosed in the Annex to the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF MISSTATEMENTS

During the year ended as of 31 December 2021 there were no changes in accounting policies and no material mistakes related with prior periods.

3. GROUP COMPANIES INCLUDED IN CONSOLIDATION

The affiliated companies included in consolidation by the full consolidation method, their headquarters and percentage participation held as of 31 December 2021, are as follows:

		Shared capital hedl		
Designation	Headquarters	Direct	Indirect	Effective
With headquarters in Portugal:				
CIN - Corporação Industrial do Norte, S.A. ("Empresa mãe")	Maia	-	-	-
CIN Industrial Coatings, S.A. ("CIN Industrial Coatings")	Maia	-	100%	100%
Terraços do Souto – Sociedade Imobiliária, S.A. ("Terraços do Souto")	Maia	100%	-	100%
Martolar – Materiais de Construção, Lda. ("Martolar")	Alenquer	100%	-	100%
Nictrading – Comércio Internacional, Lda. ("Nictrading")	Machico	-	100%	100%
Navis – Marine Paints, S.A. ("Navis")	Maia	55%	-	55%
Atossa Imobiliária, Sociedade Unipessoal, Lda. ("Atossa")	Maia	100%	-	100%
Conceitcor – Comércio de Tintas, Soc. Unip., Lda. ("Conceitcor")	Albufeira	100%	-	100%
With headquarters in other countries:				
CIN Valentine, S.A. ("CIN Valentine")	Barcelona (Spain)	-	100%	100%
Pinturas Cin Canarias, S.A. ("Pinturas Cin Canarias")	Tenerife (Spain)	-	100%	100%
Amida Inversiones, S.L. ("Amida Inversiones")	Madrid (Spain)	5%	95%	100%
CIN Inmuebles, S.L. ("CIN Inmuebles")	Barcelona (Spain)	-	100%	100%
CIN Pinturas & Barnices, SLU ("CIN Pinturas & Barnices")	Madrid (Spain)	-	100%	100%
CIN Internacional B.V. ("CIN BV")	Amsterdam (Netherlands)	100%	-	100%
Tintas CIN de Angola, SARL ("CIN Angola")	Benguela (Angola)	1%	99%	100%
Tintas CIN (Moçambique), SARL ("CIN Moçambique")	Maputo (Mozambique)	-	100%	100%
Coatings RE, S.A. ("Coatings RE")	Luxembourg	-	100%	100%
Vita Investments, S.A. ("Vita Investments")	Luxembourg	-	100%	100%
PF Investissements, S.A. ("PF Investissements")	Lyon (France)	-	100%	100%
CIN Celliose, S.A. ("CIN Celliose")	Lyon (France)	-	100%	100%
CIN Coatings Mexico S de RL de CV ("CIN Coatings Mexico")	Izcalli (Mexico)	-	100%	100%
CIN Coatings South Africa (PTY), Ltd. ("CIN Coatings South Africa")	Johannesburg (South Africa)	-	99%	99%
CIN Monopol, SAS ("CIN Monopol")	Valence (France)	-	100%	100%
CIN SORITEC, S.A. ("CIN Soritec")	Girona (Spain)	-	100%	100%
NASA, Sociedad de R.L.	Valence (France)	-	100%	100%
CIN Govesan, S.A. ("CIN Govesan")	Madrid (Spain)	-	100%	100%
CIN Coatings Polska Sp.z o.o. ("CIN Polónia")	Pruszków (Poland)	-	100%	100%
CIN Brasil Participações, Ltda. ("CIN Brasil")	Recife (Brazil)	-	100%	100%
Grupo Boero Bartolomeo:				
Boero Bartolomeo S.p.A. ("Boero Bartolomeo")	Genova (Italy)	82,75%	-	82,75%
Immobiliare Genova MolassanaNuova S.p.A.	Genova (Italy)	-	82,75%	82,75%
Boero Colori France S.a.r.l. ("Boero França")	Mandelieu La Napoule (France)	-	82,75%	82,75%
Boero USA Inc. ("Boero USA")	Wilmington (USA)	-	82,75%	82,75%
BOERO Coatings Turkey A.S. ("Boero Turquia")	Istanbul (Turkey)	-	82,75%	82,75%

These companies were included in the consolidation financial statements using the full consolidation method, as established by IFRS 10 – "Consolidated Financial Statements" (Note 1.2 a).

At the end of the 2020 financial year, the CIN Group acquired the Conceitcor entity and it was now included in the consolidation perimeter by the full consolidation method with effect of 31 December 2021 (Note 5). As of December 31, 2020, the shareholding was recorded at cost and presented as an investment in associates.

With effect from 31 December 2021, there was:

- The CIN Group acquired a majority stake in the Italian Boero Bartolomeo Group and was included in the consolidation perimeter by the full consolidation method (Note 5);
- The companies CIN Poland and CIN Brasil were included in the consolidation by the method of full consolidation;
- Transfer of the shares hold in CIN Turkey to the Boero Group. Additionally, its company name has been changed to "BOERO Coatings Turkey A.S.".

The associated companies, as defined in the Group's policies, included in the consolidation financial statements using the full consolidation method, their headquarters and percentage participation held as of 31 December 2021 are as follows:

		Shared capital held		
Designation	Headquarters	Direct	Indirect	Effective
Cenaris, Gmbh	Germany	-	30%	30%
Grupo Média Capital, SGPS, S.A.	Portugal	11,20%	-	11,20%
Perfect Obelisk, S.A.	Portugal	-	12%	12%
Chugoku - Boat Italy S.p.A.	Italy	-	30%	30%
CIN Sénégal SARL - Société à Responsabilité Limitée	Senegal	-	70%	70%

The balance sheet value of this associated company, include in the caption "Investments in associated companies" as of 31 December 2021 and 2020, had the following composition:

	Net book value	
Associated	**31/12/2021**	**31/12/2020**
Cenaris, Gmbh	813 611	683 060
Grupo Média Capital, SGPS, S.A.	6 433 645	6 418 145
Perfect Obelisk, S.A.	1 680 000	-
Chugoku - Boat Italy S.p.A.	1 373 000	-
CIN Sénégal SARL - Société à Responsabilité Limitée	5 450	-
Boero Bartolomeo S.p.A. (Nota 5)	-	9 427 456
Conceitcor – Comércio de Tintas, Soc. Unip., Lda.	-	1 252 550
	10 305 706	17 781 211

In the financial year, The CN Group has completed an acquisition operation and achieved the control over the Boero Bartolomeu S.p.A. entity and it was included by the full consolidation method in the CIN Group's accounts with effect on December 31, 2021.

The main indicators of these entities as at 31 December 2021 had the following composition:

	31/12/21						
Associated	**Headquarters**	**Asset**	**Liabilities**	**Equity**	**Net income**	**% held**	**Recorded amount**
Cenaris, Gmbh (*)	Germany	3 604 982	1 915 945	1 689 037	764 000	30,00%	813 611
Grupo Média Capital, SGPS, S.A. (**)	Portugal	220 992 661	151 655 691	69 336 970	(8 498 259)	11,20%	6 433 645
Perfect Obelisk, S.A.	Portugal	14 093 642	62 234	14 031 408	32 923	12,00%	1 680 000
Chugoku - Boat Italy S.p.A.	Italy	11 216 978	7 990 780	3 226 198	130 247	30,00%	1 373 000
CIN Sénégal SARL	Senegal	7 786	-	7 786	-	70,00%	5 450
							10 305 706

(*) Measurement based on early information as of November 2021 and Forecast of results as of Deember 2021.
(**) Data released based on the last public information available at the time (June 30, 2021).
The information can be found on the entity's institutional site.

As of December 31, 2021, the entities "Gupo Média Capital" and "Perfect Obelisk" have a percentage of ownership below 20%, however, Cin Group holds representation on the Board of Directors of both entities.

As of December 31, 2021 the amounts recorded associated with the financial investments held in the entities "Chugoku - Boat Italy S.p.A." and "Cenaris, Gmbh" included, respectively, the amount of 413.000 Euros and 306.900 Euros related to Goodwill associated with the differences between the acquisition cost and the fair value of the identifiable assets and liabilities of the associates at the acquisition date. The recovery of the referred amounts is assessed as an integral part of the financial investment.

4. OTHER INVESTMENTS

The subsidiaries excluded from the consolidation, their respective headquarters and the proportion of capital held as of 31 December 2021, are as follows:

Designation	Headquarters	Book value	Share Capital held		
			Direct	Indirect	Efective
Held by CIN:					
Tintas Cin Guiné, Lda. ("Cin Guiné")	Bissau (Guiné)	-	51%	-	51%
Tintas Cin Macau, Lda. ("Cin Macau")	Macau (China)	-	90%	-	90%

The financial investments in Group companies – CIN Guiné and CIN Macau are recorded at acquisition cost. Impairment losses are recorded to reduce these investments to their estimated net realizable value in order to reflect restrictions motivated by their country conditions, or by their inactivity.

At December 31, 2020 the Group recorded in this caption participations in subsidiaries "CIN Brasil Participações, Ltda." and "Cin Coatings Polska Sp. Zoo.", which do not have relevant activity, thus being excluded from consolidation (the overall net investment for these entities amounts to, approximately, 772 thousand Euros). With effect from December 31, 2021, these entities were included in the consolidation perimeter using the full consolidation method.

5. CHANGES TO THE CONSOLIDATION PERIMETER

As mentioned in the Introductory Notes and Note 3, the CIN Group acquired a majority shares in the Boero Bartolomeo Group in 2021, which gave to the CIN Group control over the referred Group.

The acquisition process was carried out at the beginning of the fiscal year ending December 31, 2021, and was consolidated with effect from January 1, 2021. The impact of the inclusion of Boero Bartolomeo Group in the consolidated financial statements of the CIN Group in the 2021 fiscal year as of January 1, 2021:

Boero Bartolomeo Group		01.01.2021		
	Note	Book value	Fair value adjuments	Fair value
Non-Current Assets:				
Tangible fixed assets	6	19 759 000	3 700 000	23 459 000
Goodwill		7 411 000	(7 411 000)	-
Intangible assets	8	2 519 000	23 400 000	25 919 000
Investment property		2 463 000	100 000	2 563 000
Investment in associates		1 395 000	-	1 395 000
Other financial assets		722 000	-	722 000
Rights of use		3 089 000	-	3 089 000
Deferred tax assets	13	2 182 000	-	2 182 000
Clients		948 000	-	948 000
Other non-current assets		28 000	-	28 000
		40 516 000	**19 789 000**	**60 305 000**
Current Assets:				
Inventories	14	18 311 000	-	18 311 000
Clients		34 939 000	-	34 939 000
Other current debtors		1 353 000	-	1 353 000
Stante and other public entities		402 000	-	402 000
Other current assets		1 365 000	-	1 365 000
Cash and cash equivalents		657 000	-	657 000
		57 027 000	**-**	**57 027 000**
Total assets		**97 543 000**	**19 789 000**	**117 332 000**

Non-Current Liabilities:				
Bank loans		4 781 000	-	4 781 000
Pension liabilities		1 467 000	-	1 467 000
Provisions		1 365 000	-	1 365 000
Operational leasing		2 005 000	-	2 005 000
Deferred tax liabilites	13	2 000 000	6 000 000	8 000 000
		11 618 000	**6 000 000**	**17 618 000**
Current Liabilities:				
Bank loans		6 804 000	-	6 804 000
Operational leasing		1 142 000	-	1 142 000
Suppliers		17 214 000	-	17 214 000
Other current creditors		3 433 000	-	3 433 000
State and other public entities		2 513 000	-	2 513 000
Other current liabilities		9 000	-	9 000
Provisions		410 000	-	410 000
		31 525 000	**-**	**31 525 000**
Total Liabilites		**43 143 000**	**6 000 000**	**49 143 000**
Total Net Assets with Fair Value Imputation Exercise:				68 189 000
Interests without control:				(11 762 603)
Holding on December 31, 2020:				(8 927 454)
Aquisition price:				(39 590 396)
Badwill:	31			7 908 548
Net cash flow arising from the acquisition:				
Payments made				(39 590 396)
Cash and cash equivalents acquired				657 000
				(38 933 396)

As a result of this concentration operation, a fair value allocation exercise of the assets, liabilities and contingent liabilities acquired in the concentration process was carried out.

The fair value was determined through valuation methodologies for each type of asset or liability, based on the best information available at the concentration date. The main adjustments to fair value made within this process were:

(i) Tangible fixed assets and Investment properties (3.800.000 Euros); whose valuation was obtained through valuations performed by independent experts;
(ii) Intangible assets - Brand Valuation (23.400.000 Euros); valued based on the methodology of royalties released, using a royalty rate of 5% and a weighted average cost of 12.2%, among other assumptions used; this exercise was also performed by an independent expert;
(iii) Deferred tax liabilities (6,000,000 Euros) associated with the valuation exercises identified above;

The group's fair value imputation exercise was carried out under monitoring and review by the CIN Group, but with the support of an external and independent entity to the CIN Group contracted for this purpose.

The allocation of the purchase price, in accordance with IFRS 3 - Business Combinations, has already been concluded. As of December 31, 2021 there are no accounts payable or receivable arising from this acquisition. There are also no contingent payments associated with this transaction.

The income statement of the Boero Group effective December 31, 2020, the year prior to the CIN Group gain of control transaction, was as follows:

Boero Bartolomeo Group	**31.12.2020** Profit and Loss Statement
Operational income	
Sales	87 023 000
Other operating income	978 000
	88 001 000
Operating costs	
Cost of Sales	33 446 000
Supplies and external services	21 947 000
Staff costs	19 729 000
Depreciation and amortization	4 619 000
Provisions and impairment losses	798 000
Other operating costs	1 331 000
	81 870 000
Operating Results	6 131 000
Gains/ (losses) in associated companies	(111 000)
Financial Costs	(645 000)
Financial Income	73 000
Profit before tax	5 448 000
Income Taxes	(1 652 000)
Net income for the year	**3 796 000**

As of January 1, 2021, the Group also started to include in its consolidation exercise through the consolidation method the subsidiaries "Conceitcor", "CIN Brazil" and "CIN Poland", and the impact of the change in perimeter of the consolidated financial statements as of December 31, 2021, was as follows:

	Note	CIN Poland Book value	CIN Brazil Book value	Conceitcor Book Value
Tangible Assets	6	54 102	-	10 468
Goodwill	5	-	-	695 392
Investments in associated companies	3	-	-	(1 252 550)
Others investments		(718 525)	(53 000)	-
Inventories	14	542 293	-	126 544
Customers		(1 514 268)	-	319 194
Other current debtors		(594 944)	(739 445)	5 113
State and other public entities		(33 607)	-	52 671
Other current assets		-	-	2 043
Cash and cash equivalents		330.014	-	176 331
Suppliers		(373 803)	-	(1 567)
Other current creditors		(29 023)	-	(68 056)
Provisions		(653)	-	-
Total impact:		(2 338 414)	(792 445)	65 582

The investment cash flows corresponding to the payment / acquisition of "Other Investments", in the year of December 31, 2021, refer essentially to the investment in Boero Group (39,6 M€) and the investment in Perfect Obelisk (1,7 M€). At December 31, 2020, the payments in question referred essentially to the acquisition of a minority shares in the Boero Group (approximately €6,7 million), the payment of the shares currently held in Media Capital (approximately €6.4 million) and in Conceitcor (approximately €1,2 million).

6. TANGIBLE FIXED ASSETS

During the years ended 31 December 2021 and 2020, the movements in the gross value of tangible fixed assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

	2021							
	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other tangible assets and tools	Tangible assets in progress	Total
Gross Assets								
Opening balance	26 890 070	121 805 730	79 451 777	4 544 751	25 097 195	4 025 250	2 880 343	264 695 117
Perimeter variation (Note 5)	9 511 217	14 089 355	51 032 087	935 751	1 226 038	241 761	153 125	77 189 334
Additions	-	1 368 716	2 312 364	49 144	422 963	401 759	1 600 245	6 155 193
Disposals and write-offs	(55 658)	(4 808 086)	(3 525 771)	(2 666 617)	(861 425)	(2 422 324)	-	(14 339 881)
Transfers	-	1 469 510	964 960	(648)	177 838	(2 455)	(2 609 205)	(0)
Adjustments	-	910 204	10 689	6 742	1 210	48 300	-	977 145
Closing balance	36 345 629	134 835 428	130 246 106	2 869 125	26 063 819	2 292 290	2 024 509	334 676 907
Depreciation and amortization Acumulated impairment								
Opening balance	-	75 779 450	66 370 653	4 352 308	22 899 123	3 376 945	-	172 778 484
Perimeter variation (Note 5)	-	7 201 819	44 375 287	889 811	1 050 073	148 774	-	53 665 764
Depreciation	-	3 764 973	4 188 094	139 489	1 268 082	177 297	-	9 537 935
Disposals and write-offs	-	(2 613 335)	(3 525 771)	(2 521 246)	(739 807)	(2 239 033)	-	(11 639 192)
Closing balance	-	84 132 906	111 408 262	2 860 363	24 477 471	1 463 983	-	224 342 991
Net value	**36 345 629**	**50 702 522**	**18 837 845**	**8 761**	**1 586 348**	**828 308**	**2 024 509**	**110 333 915**

	2020							
	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other tangible assets and tools	Tangible assets in progress	Total
Gross Assets								
Opening balance	26.890.070	120.502.507	79.474.048	4.764.159	24.835.036	3.962.131	2.309.131	262.737.073
Additions	-	433.492	552.558	45.273	254.351	56.022	2.977.803	4.319.499
Disposals and write-offs	-	(21.758)	(1.414.379)	(106.496)	(59.298)	(4.221)	-	(1.606.452)
Transfers	-	1.467.300	842.291	(19.642)	113.156	3.475	(2.406.581)	-
Ajdjustments	-	(575.812)	(2.741)	(138.543)	(47.500)	7.843	-	(755.003)
Closing balance	26.890.070	121.805.729	79.451.777	4.544.751	25.097.195	4.025.250	2.880.343	264.695.117
Depreciation and amortization Acumulated impairment								
Opening balance	-	71.711.975	64.904.793	3.876.682	21.738.636	2.889.281	-	165.121.372
Depreciation	-	3.481.385	2.934.723	148.507	1.236.584	85.575	-	7.886.774
Disposals and write-offs	-	(21.758)	(1.368.684)	(105.104)	(59.598)	14.715	-	(1.540.429)
Transfers	-	-	(224.235)	20.819	(18.079)	221.495	-	-
Adjustments	-	607.848	124.056	411.404	1.580	165.879	-	1.310.767
Closing balance	-	75.779.450	66.370.653	4.352.308	22.899.123	3.376.945	-	172.778.484
Net value	**26.890.070**	**46.026.280**	**13.081.124**	**192.443**	**2.198.072**	**648.306**	**2.880.343**	**91.916.633**

As of December 31, 2021 and 2020, “Tangible fixed assets in progress” were mainly related to projects in progress for buildings and industrial and technical equipment.

7. GOODWILL

As of 31 December 2021 and 2020, Goodwill's net book value, which was originated by acquisitions by the Group on the markets referred to with the aim of expanding its operations on those markets, had the following composition::

	31.12.2021			31.12.2020		
Country / Business	Gross Value	Accumulated Impairment	Net value	Gross Value	Accumulated Impairment	Net value
Spain	6 647 178	(3 500 000)	3 147 178	6 647 178	-	6 647 178
France	12 948 526	-	12 948 526	12 948 526	-	12 948 526
Portugal	8 568 186		8 568 186	7 872 794	-	7 872 794
	28 163 890	**(3 500 000)**	**24 663 890**	**27 468 498**	**-**	**27 468 498**

As of 31 December 2021, the change in Goodwill associated with the geography of Portugal is related to the acquisition and consolidation of the subsidiary Conceitcor (Note 5).

The Group performs annual impairment tests to Goodwill. Whenever the amount at which the asset is recorded is greater than its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of net sales price and value in use.

Goodwill impairment analyses are made using the "Discounted Cash Flows" method, based on the financial projections of cash flows of each cash generating unit and considering a perpetuity after the last projection year.

The financial projections are prepared based on assumptions of the evolution of the activity of the cash generating units, which the Board of Directors believes are coherent with historical data and market trends, being reasonable, prudent and reflecting its vision. Additionally, whenever possible, market data obtained from external entities were considered, which were compared with historical data and the Group's experience.

The discount rates used reflect CIN Group's level of indebtedness and cost of borrowed capital, as well as the level of risk and profitability expected by the market. It should also be noted that, in determining the discount rates, the component relating to the interest rate of a risk-free asset has as a reference the interest rate of German bonds, plus a risk premium for Portugal. The discount rates used also include a market risk premium.

The perpetuity growth rate is estimated based on the analysis of the market potential of each cash-generating unit, based on expectations of the Board of Directors.

The quantification of the above assumptions was based on historical data, as well as the expectation of the Group's Board of Directors. However, such assumptions may be affected by phenomena of a political, economic or legal nature which are currently unpredictable.

As a result of the impairment tests performed, based on the above mentioned methodologies and assumptions, the Board of Directors concluded that an impairment loss related to a subsidiary of the Group in the Spanish market amounting to 3.500.000 Euros was recorded (Note 29).

As at December 31, 2021, the methods and assumptions used in the preparation of the impairment tests regarding Goodwill were as follows:

Main assumptions	Spain	France	Portugal
Discount rate	7,97%	7,67%	8,17%
Sales growth	4,23%	2,78%	2,68%
Rate of growth of perpetuity	1,50%	1,50%	1,50%

An increase of 0.25% in the discount rate over the projection years would not correspond the need to record impairment losses as of 31 December 2021. Similarly, a decrease of 0.5% on the perpetuity growth rate would not result in significant losses as of 31 December 2021.

8. INTANGIBLE ASSETS

During the years ended as of 31 December 2021 and 2020, the movement in intangible assets as well as in the respective accumulated depreciation and accumulated impairment losses, was as follows:

	2021						
	Instalation expenses	Development expenses	Industrial property and other rights	Transfer of property	Brands	Intangible assets in progress	Total
Gross Assets:							
Opening balance	8 074	12 430 829	6 319 847	3 031 493	-	-	21 790 243
Perimeter variation (Note 5)	2 444 202	-	7 441 576	-	23 400 000	124 610	33 410 388
Additions	338 675	285 187	612 895	-	-	324 546	1 561 303
Disposals and write-offs	-	(88 026)	(206 355)	-	-	-	(294 381)
Transfers	-	-	-	1 882 660	-	-	1 882 660
Closing balance	2 790 952	12 627 990	14 167 963	4 914 153	23 400 000	449 157	58 350 214
Depreciation and amortization Accumulated impeirment:							
Opening balance	7 101	9 260 585	5 977 546	386 677	-	-	15 631 910
Perimeter variation (Note 5)	1 013 270	-	6 478 118	-	-	-	7 491 388
Amortization for the year	322 189	1 321 918	495 745	-	-	-	2 139 852
Disposals and write-offs	-	(88 026)	(126 517)	-	-	-	(214 543)
Transfers	45 532	-	-	1 814 209	-	-	1 859 741
Closing balance	1 388 092	10 494 478	12 824 892	2 200 886	-	-	26 908 348
Net value	**1 402 860**	**2 133 512**	**1 343 071**	**2 713 267**	**23 400 000**	**449 157**	**31 441 866**

	2020						
	Instalation expenses	Development expenses	Industrial property and other rights	Transfer of property	Brands	Intangible assets in progress	Total
Gross Assets:							
Opening balance	10.843	9.453.953	6.285.705	3.031.493	-	2.044.441	20.826.434
Additions	-	253.974	34.142	-	-	678.461	966.577
Transfers	-	2.722.902	-	-	-	(2.722.902)	-
Adjustments	(2.769)	-	-	-	-	-	(2.769)
Closing balance	8.074	12.430.829	6.319.847	3.031.493	-	-	21.790.242
Depreciation and amortization Accumulated impeirment:							
Opening balance	10.843	8.527.996	5.854.969	370.729	-	-	14.764.537
Depreciation for the year	691	732.589	87.739	17.275	-	-	838.294
Transfers	-	-	-	-	-	-	-
Adjustments	(4.433)	-	34.838	(1.327)	-	-	29.078
Closing balance	7.101	9.260.585	5.977.546	386.677	-	-	15.631.909
Net value	**973**	**3.170.244**	**342.301**	**2.644.816**	**-**	**-**	**6.158.336**

As at December 31, 2021, the items "Brands" and "Transfer of property" correspond to:

- The caption "Brands" includes the amount of Eur 23.400.000, which corresponds to the valuation of the Boero brand (Note 5);

- The caption "Transfer of property" includes the amount of 2.107.069 Euros related to the sales contract celebrated between CIN and Tintas Robbialac, S.A. in 19 November 2007, through which CIN acquired the commercial activities of this entity named "Industry Segment".

Cin performs impairment tests on the intangible assets without defined useful life on an annual basis, based on the business plans approved by the Board of Directors.

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The movement in the right of use assets in the period ended 31 December 2021, as well as in the respective accumulated depreciations and accumulated impairment losses was as follows:

	2021			
	Buildings	Transport Equipment	Other Equipment	Total
Gross Assets:				
Opening balances	9 661 201	4 009 562	-	13 670 762
Perimeter variation (Note 5)	3 878 000	1 391 000	471 000	5 740 000
Increases	4 731 617	1 140 669	150 000	6 022 285
Updating of contracts	19 843	93 937	-	113 781
Contracts ended in the current period	(2 428 147)	(1 344 840)	-	(3 772 987)
Contracts cancelled in the current period	-	(141 494)	-	(141 494)
Closing balance	15 862 514	5 148 833	621 000	21 632 347
Depreciation and amortization Accumulated impairment				
Opening balances	4 378 607	2 077 247	-	6 455 853
Perimeter variation (Note 5)	1 724 000	691 000	236 000	2 651 000
Increases	4 203 607	1 493 556	144 000	5 841 163
Contracts ended in the current period	(2 374 839)	(1 265 750)	-	(3 640 589)
Contracts cancelled in the current period	-	(90 373)	-	(90 373)
Closing balance	7 931 375	2 905 679	380 000	11 217 054
Net value	**7 931 139**	**2 243 154**	**241 000**	**10 415 293**

	2020			
	Buildings	Transport Equipment	Other Equipment	Total
Gross Assets:				
Opening balances	9 802 891	3 503 914	-	13 306 805
Increases	2 574 837	686 082	-	3 260 919
Updating of contracts	(1 046 375)	350 445	-	(695 929)
Contracts ended in the current period	(1 670 153)	(186 643)	-	(1 856 795)
Contracts cancelled in the current period	-	(344 237)	-	(344 237)
Closing balance	9 661 201	4 009 562	-	13 670 762
Depreciation and amortization Accumulated impairment				
Opening balances	2 929 196	1 114 278	-	4 043 475
Depreciation for the year	3 119 563	1 305 088	-	4 424 652
Contracts ended in the current period	(1 670 153)	(186 643)	-	(1 856 795)
Contracts cancelled in the current period	-	(155 477)	-	(155 477)
Closing balance	4 378 607	2 077 247	-	6 455 853
Valor Líquido	**5 282 594**	**1 932 315**	**-**	**7 214 909**

The movement in the lease liabilities in the period ended 31 December 2021 and 2020 was as follows:

	2021			
	Buildings and other	Transport equipment	Other equipment	Total
Opening balances	5 342 154	1 967 092	-	7 309 245
Perimeter variation (Note 5)	2 199 000	709 000	239 000	3 147 000
New contracts in the current period	4 731 617	1 130 669	151 000	6 013 285
Payments made in the current period, net of the financial changes	(4 216 059)	(1 538 427)	(145 000)	(5 899 486)
Change/Contracts cancelled in the current period	47 084	10 781	-	57 866
Closing balance	8 103 796	2 279 115	245 000	10 627 911

	2020			
	Buildings and other	Transport equipment	Other equipment	Total
Opening balances	7 004 289	2 419 487	-	9 423 776
New contracts in the current period	2 574 837	686 082	-	3 260 919
Payments made in the current period, net of the financial changes	(3 055 985)	(1 297 976)	-	(4 353 961)
Change/Contracts cancelled in the current period	(1 180 987)	159 500	-	(1 021 487)
Closing balance	5 342 154	1 967 092	-	7 309 245

At the balance sheet date, the non-current lease liabilities matured as follows:

	31-12-2021	31-12-2020
Between 1 and 2 years	2 721 329	1.995.807
Between 2 and 3 years	1 217 560	1.061.153
Between 3 and 4 years	1 759 834	337.338
Over 4 years	432 616	467.546
	6 131 340	3.861.844

10. INVESTMENT PROPERTIES

As of 31 December 2021, and 2020, the movement in Investment Properties was as follows:

	31.12.2021	31.12.2020
Investment Properties:		
Land/Property Guardeiras	4 617 867	6 266 008
Land/Property Leça da Palmeira	2 330 334	2 330 334
Land/Property Italy	2 382 654	-
Land/Property Others	375 109	7 666 305
	9 705 964	**16 262 648**

The amounts recorded under this heading refer to real estate not used in the ordinary course of CIN's business and, in their current state or following a valuation process, are intended for sale.

It is the Group's policy, on a recurrent basis, to have independent external valuations performed by professionally qualified valuers in order to assess the recovery value of the referred assets.

As of 31 December 2021, and 2020, the movement in these captions was as follows:

	31.12.2021	31.12.2020
Investment properties		
Opening balance of 1 January	16 262 648	15 123 284
Perimeter variation (Note 5)	2 563 000	-
Additions	575 002	1 139 364
Disposals	(7 830 779)	-
Impairments (Note 29)	(1 683 561)	-
Depreciation for the year	(180 346)	-
Closing balance as of 31 December	**9 705 964**	**16 262 648**

In the year 2021, the CIN Group has sold a set of properties, with has resulted in gains of around 1.684.081 Euros (Note 31).

Additionally, as a result of evaluations made by external and independent experts to the CIN Group, an impairment loss of 1.683.561 Euros has been recorded for the Guardeiras Land, attending that its fair value was lower than the book value as of December 31, 2021 (Note 29).

It should also be noted that on December 31, 2021, the value recorded in the line "Perimeter variation" includes an increase of 100.000 Euros resulting from the calculation of the fair value associated with the acquisition of Boero (Note 5).

11. CLASSES OF FINANCIAL INSTRUMENTS

As of 31 December 2021 and 2020, financial instruments, in accordance with the policies described in Note 1.3 d), were classified as follows:

Financial assets

	Notes	Debt instruments and account receivables at amortized cost	Debt instruments and accounts receivable at cost	At fair value through the income statement	Total
31 December 2021					
Non-current assets					
Other financial assets	12	-	1 413 291	112 416	1 525 707
Costumers	16	725 000	-	-	725 000
Other non-current assets	14	518 842	-	-	518 842
		1 243 842	1 413 291	112 416	2 769 549
Current assets					
Customers	16	71 981 962	-	-	71 981 962
Other current debitors	17	5 019 265	-	-	5 019 265
Other current assets	18	2 014 072	-	-	2 014 072
Other financial assets	12	-	-	9 842 949	9 842 949
Cash ans cash equivalents	19	41 385 237	-	-	41 385 237
		120 400 535	-	9 842 949	130 243 484
		121 644 377	**1 413 291**	**9 955 365**	**133 013 033**
31 December 2020					
Non-current assets					
Other financial assets	12	-	531 266	88 063	619 329
Other non-current assets	14	474.786	-	-	474 786
		474.786	531 266	88 063	1 094 115
Current assets					
Customers	16	29 664 131	-	-	29 664 131
Other current debitors	17	2 960 922	-	-	2 960 922
Other current assets	18	1 464 228	-	-	1 464 228
Other financial assets	12	2 428 465	-	8 096 474	10 524 939
Cash ans cash equivalents	19	43 652 839	-	-	43 652 839
		80 170 585	-	8 096 474	88 267 059
		80 645 371	**531 266**	**8 184 537**	**89 361 173**

Financial liabilities

	Notes	Coverage derivates	Financial liabilities recorded at amortized cost	Total
31 December 2021				
Non-current liabilities				
Loans obtained	23	-	129 735 748	129 735 748
Lease liabilities	9	-	6 131 340	6 131 340
		-	135 867 088	135 867 088
Current liabilities				
Loans obtained	23	-	48 132 606	48 132 606
Lease liabilities	9	-	4 496 571	4 496 571
Suppliers	25	-	62 969 156	62 969 156
Other debts to third parties	26	-	5 090 420	5 090 420
Other current liabilities	28	-	11 663 232	11 663 232
		-	132 351 985	132 351 985
		-	**268 219 072**	**268 219 072**
31 December 2020				
Non-current liabilities				
Loans obtained	23	-	107.134.788	107.134.788
Lease liabilities	9	-	3.861.844	3.861.844
Other debts to third parties	26	-	23.174	23.174
Financial derivative instruments		221.743	-	221.743
		221.743	111.019.805	111.241.548
Current liabilities				
Loans obtained	23	-	33.666.088	33.666.088
Lease liabilities	9	-	3.447.402	3.447.402
Suppliers	25	-	32.264.878	32.264.878
Other debts to third parties	26	-	3.674.425	3.674.425
Other current liabilities	28	-	11.050.212	11.050.212
		-	84.103.005	84.103.005
		221.743	**195.122.810**	**195.344.553**

At 31 December 2021, the Group has derivative contracts to hedge interest rates on its financing with the following characteristics:

Contracted fixed rate		Nominal value		Fair value	
31-12-2021	31-12-2020	31-12-2021	31-12-2020	31-12-2021	31-12-2020
-	0,19%	-	35.000.000	-	(221.743)

During the year 2021 these contracts ended, and as of December 31, 2021 the Group does not have any derivative contracts to hedge interest rates at this date.

CIN

12. OTHER FINANCIAL ASSETS

As of 31 December 2021, and 2020, the caption "Other financial assets" is as follows:

Other financial assets - Non-Current	**31/12/2021**	**31/12/2020**
Investments measured at Cost:		
Kuikila Mozambique	563 291	531 266
Nanopaint, Lda	150 000	-
Delp Italy	700 000	-
	1 413 291	531 266
Investments measured at Fair Value:	112 416	88 063
	1 525 707	**619 329**

Other financial assets - Current	**31/12/2021**	**31/12/2020**
Investments measured at Fair Value:		
Obligations	6 676 480	7 673 252
Bond Funds	3 166 469	423 221
	9 842 949	**8 096 474**
Investments measured at Cost:		
Term Deposits	-	2 428 465
	-	2 428 465
	9 842 950	**10 524 939**

The financial investments measured at cost result from the fact that they are investments in unlisted companies, and whose fair value cannot be reliably measured.

The investments measured at fair value identified above are listed instruments, for which there is market information to use Level 1 valuation measures. Payments and receipts of this type of instrument are recorded in the line "Investments held for trading" (Cash flows generated by the investment activity) of the cash flow statement.

At December 31, 2021 the increase associated with the item "Other Financial Assets - Non-Current" is explained by the inclusion of the Boero Bartolomeo Group in the consolidation perimeter (Note 5).

13. TAXES

The detail of the amounts and nature of assets and liabilities for deferred taxes recorded in the accompanying consolidated financial statements, and the respective movement as of 31 December 2021, are as follows:

	Opening balances	Perimeter variation	Transfers	Effect on Results (Note 33)	Effect on equity	Closing balances
Deferred tax assets:						
Depreciation not accepted for tax purposes	240 451	(16 018)	-	43 464	-	180 969
Provisions and adjustments not accepted for tax purposes	1 772 284	422 524	-	983 686	90 295	1 120 827
Pension fund (relating to accrued cost)	387 648	-	-	(430 015)	-	817 664
Tax losses	554 057	500 720	-	501 575	-	553 202
Impairment Investment Property	-	-	-	(697 312)	-	697 312
Valuation of hedging derivative instruments	51 470	-	-	-	51 470	0
Others	116 752	1 274 340	(1 235 590)	63 711	-	91 790
	3 122 662	**2 181 566**	**(1 235 590)**	**465 109**	**141 765**	**3 461 764**
Deferred tax liabilities:						
Revaluation of assets	1 769 477	2 000 000	(1 235 590)	(25 141)	5 956 556	8 465 304
Write-off of provisions	20 239	-	-	-	(20 239)	-
Adjustments in fair value of properties	974 116	-	-	(72 951)	-	901 165
Others	1 128 468	-	-	-	(376 178)	752 290
	3 892 301	**2 000 000**	**(1 235 590)**	**(98 092)**	**5 560 140**	**10 118 759**

The detail of the amounts and nature of assets and liabilities for deferred taxes recorded in the accompanying consolidated financial statements, and the respective movement as of 31 December 2020, are as follows:

	Opening balances	Perimeter variation	Transfers	Effect on Results (Note 33)	Effect on equity	Closing balances
Deferred tax assets:						
Depreciation not accepted for tax purposes	299 935	-	-	59 482	-	240 451
Provisions and adjustments not accepted for tax purposes	1 925 022	-	-	93 110	59 627	1 772 284
Pension fund (relating to accrued cost)	371 784	-	-	(15 864)	-	387 648
Merger reserve	229 221	-	-	232 802	-	(3 581)
Tax losses	554 810	-	-	752	-	554 057
Valuation of hedging derivative instruments	73 498	-	-	-	22 028	51 470
Others	98 022	-	-	(22 340)	30	120 332
	3 552 293	**-**	**-**	**347 942**	**81 685**	**3 122 662**
Deferred tax liabilities:						
Amortization of revaluations not accepted for tax purposes	3 972	-	-	(3 971)	-	-
Reinvestment of capital gains	1 829	-	-	(1 829)	-	-
IAS Revaluation of assets	2 039 827	-	-	(122 400)	(147 950)	1 769 477
Write-off of provisions	20 239	-	-	-	-	20 239
Adjustments in fair value of properties	1 047 072	-	-	(72 956)	-	974 116
Others	1 066 528	-	-	-	61 940	1 128 468
	4 179 465	**-**	**-**	**(201 156)**	**(86 009)**	**3 892 300**

In accordance with the applicable legislation, the income tax returns of CIN and other Group companies are subject to review and correction by the tax authorities for a four year period (five year for Social Security) except when tax losses have occurred, tax benefits have been granted, or tax inspections, claims or refutations are in progress, in which cases and depending on the circumstances, the deadlines are delayed or suspended, Therefore, the tax declarations of the Group Companies (established in Portugal) since 2018 are still subject to review.

The Board of Directors of CIN believes that eventual corrections following such revisions/inspections by the tax authorities will not have significant effect on the consolidated financial statements as of 31 December 2021.

In Spain, since the beginning of the year 2014, tax losses no longer have time limit for future use, In France, the future use of tax losses does not also has a time limit.

As of 31 December 2021, the following Group companies had tax losses that can be carried forward, as follows (in accordance with the respective tax returns):

Year in which they were generated	Spain	France
Previous to the year 2017	63 672 417	3 658 651
Year 2017	7 999 218	-
Year 2018	9 015 573	-
Year 2019	6 525 036	675 760
Year 2020	6 630 310	836 961
Year 2021	5 715 944	-
	99 558 499	**5 171 372**

During the period, there were no recorded deferred tax liabilities relative to these amounts.

The Group companies Amida Inversiones, S.L., CIN Valentine, S.A., Pinturas Cin Canárias, S.A., Cin Inmuebles, S.L., CIN Soritec S.A. and CIN Govesan, S.A. located in Spain, are being taxed in accordance with their consolidated tax result, whose parent company is Amida Inversiones, S.L.U., which aggregates the tax losses generated by the companies in the tax perimeter. The Group companies located in France, CIN Celliose and PFI, are also taxed in accordance with their consolidated tax result, in accordance with French legislation.

As of 31 December 2021, and 2020, the tax rates used to calculate the assets and liabilities for deferred taxes can be detailed as follows:

	Tax rate	
	31.12.2021	**31.12.2020**
Country of origin of the subsidiary:		
Portugal	22,50%	22,50%
Spain	25,00%	25,00%
Luxembourg	24,90%	24,90%
Angola	25,00%	25,00%
Mozambique	32,00%	32,00%
France	29,50%	33,30%
Italy	27,90%	27,90%
Mexico	30,00%	30,00%
South Africa	28,00%	28,00%

In accordance with article 88 of Corporate Income Tax Code ("Código do Imposto sobre o Rendimento das Pessoas Colectivas") CIN and its subsidiaries with headquarters in Portugal are also subject to an autonomous taxation over a group of expenses at the rates defined in the referred article.

Tax Benefits and Exemptions

(I) Spain - Canary Islands

According to Spanish legislation, namely "Ley 19/1994, of 6 July – Modificación del Régimen Económico y Fiscal de Canarias", modified by "Real Decreto-Ley 12/2006 of 29 December" sets a tax measure to "reserve for investments in the Canary Islands," which allows companies in relation to their properties in the Canary Islands, to allocate benefits such as reservations, as a reduction of their tax calculation basis, with a maximum of 90% of undistributed profit. The amount of allocated benefit must materialize for a maximum period of three years from the fiscal year in which it was provided, in the realization of the investments and the requirements laid down by that legislation.

The amounts must be invested in fixed assets in the Canary Islands and must be necessary for the development of their economic activities, except in the case of contributing to the improvement and environmental protection in that territory.

Assets must remain operational in the company for at least five years without being transferred, leased or transferred to third parties for use. The reserve, which is included in the equity caption "Other reserves" is unavailable while goods associated should remain in the Company, and which as of 31 December 2021 amounted to 4.993.975 Euros. Pending realizable values were recorded in taxes of the respective companies, in a total amount of 265.235 Euros.

14. OTHER NON-CURRENT ASSETS

As of 31 December 2021, and 2020, the composition of the caption was up as follows:

	31.12.2021	31.12.2020
Bonds and Guarantees Provided	518 842	474 786
	518 842	**474 786**

The amounts included in this caption refer to the guarantees provided to third parties under lease agreements and other agreements relating to the Group's current activity.

15. INVENTORIES

As of 31 December 2021, and 2020, the composition of the caption was up as follows:

	31.12.2021	31.12.2020
Raw, subsidiary and consumable materials	35 193 529	17 401 648
Merchandise	10 171 674	6 847 320
Finished ans intermediate goods	35 898 930	23 451 222
	81 264 134	**47 700 190**
Accumulated impairment losses on inventory (Note 28)	(6 999 265)	(6 615 586)
	74 264 869	**41 084 604**

The cost of goods sold and consumed for the years ended as of 31 December 2021 and 2020 were computed as follows:

	31.12.2021	31.12.2020
Opening balances:		
Raw, subsidiary and consumable materials	17 401 648	18 387 987
Merchandise	6 847 320	7 453 664
Perimeter Variation	8 296 614	
Purchases	182 958 453	103 365 552
Inventory adjustments	(597 690)	(474 152)
Exchange rate effect	(1 263 203)	(1 353 808)
Closing Balance:		
Raw, subsidiary and consumable materials	(35 193 529)	(17 401 648)
Merchandise	(10 171 674)	(6 847 320)
	168 277 938	**103 130 276**

The changes in inventories of finished goods and work in progress for the years ended as of 31 December 2021 and 2020, was calculated as follows:

	31.12.2021	31.12.2020
Closing balances	35 898 930	23 451 222
Perimeter Variation	(12 825 346)	
Inventory adjustments	(114 808)	(231 315)
Exchange rate effect		(699 461)
Opening balances	(23 451 222)	(27 888 258)
	(492 446)	**(5 367 811)**

16. CLIENTS

As of 31 December 2021, and 2020, this caption was composed as follows:

	31.12.2021	31.12.2020
Clients, not current	725 000	-
Customers, current accounts	72 759 204	28 117 254
Customers, notes receivable	532 897	2 713 934
Customers, doubtful accounts	9 388 455	7 485 609
	83 405 555	**38 316 797**
Accumulated impairment losses on costumers (Note 29)	(10 698 593)	(8 652 666)
	72 706 962	**29 664 131**

On December 31, 2021 the amounts classified as non-current customers are related to the sale of equipment whose amounts are only due in more than one year.

The Group's exposure to credit risk is mainly attributable to the accounts receivable resulting from its operating activities. The amounts presented in the balance sheet are net of accumulated impairment losses for doubtful accounts that were estimated by the Group, in accordance with its experience and based on the analysis of the economic environment. The Board of Directors believes that the net accounting values of the accounts receivable from customers are like their respective fair value. The Group does not have a significant concentration of credit risk, as this risk is diluted within a large number of customers.

In accordance with the information of the Group's balance sheet, the aging of accounts receivable from customers is as follows:

	31.12.2021	31.12.2020
Not due:	58 280 976	23 209 600
Due and not impaired:		
0-30 outstanding days	8 050 403	3 554 547
30-90 outstanding days	4 300 921	1 447 640
More than 90 outstanding days	2 074 663	1 452 344
Due and impaired:		
0-90 outstanding days	79 819	686 807
90-180 outstanding days	279 584	73 478
180-360 outstanding days	535 891	360 776
More than 360 outstanding days	9 803 298	7 531 605
	83 405 555	**38 316 797**

17. OTHER THIRD-PARTY DEBTS

As of 31 December 2021, and 2020, this caption was made up as follows:

	31.12.2021	31.12.2020
Suppliers debtors balances	215 497	264 340
Personnel	310 831	145 550
Advances to suppliers and suppliers of fixed assets	1 223 624	-
Others debtors	7 316 833	4 066 190
	9 066 785	**4 476 082**
Accumulated impairment losses (Note 29)	(4 047 521)	(1 515 160)
	5 019 265	**2 960 922**

The caption "Other debtors" as of December 31, 2021 shows a receivable held by its subsidiary CIN Brazil, with a net amount of approximately 739.000 Euros (gross amount of approximately 1.481.206 Euros).

The amount of impairment losses refers, essentially, to the balances present in the caption "Other debtors".

18. OTHER CURRENT ASSETS

As of 31 December 2021, and 2020, this caption was made up as follows:

	31.12.2021	31.12.2020
Prepaid insurance	40 365	12 321
Prepaid rents	308 643	110 287
Interest receivable	42 701	87 262
Marketing Campaigns	645 089	-
Other	977 274	1 254 358
	2 014 072	**1 464 228**

At December 31, 2021 the item "Others" is essentially composed of costs with contracted services that are being deferred for the period of occurrence of those services.

Compared to 2020, at December 31, 2021 the increase in the Marketing Campaigns item is explained by the inclusion of the Boero Group in the consolidation perimeter.

19. CASH AND CASH EQUIVALENTS

As of 31 December 2021, and 2020, the caption "Cash and cash equivalents" was as follows:

	31.12.2021	31.12.2020
Cash and cash equivalents:		
Cash	42 344	57 133
Bank deposits on demand	41 298 208	43 554 072
Cash equivalents	44 684	41 633
	41 385 237	**43 652 839**

As of 31 December 2021, the Company and its subsidiaries have credit facilities amounting to 74.967.021 Euros available for future operating activities and to meet financial commitments, without any restriction to its use.

20. SHARE CAPITAL

As of 31 December 2021, CIN – Corporação Industrial do Norte, S.A.'s fully subscribed and paid up capital consisted of 25.000.000 bearer shares, with a nominal value of 1 Euro each.

As of 31 December 2021, Pleso Holding B.V. owned 97,5% of the Company's share capital (Introductory Note).

21. EQUITY

Legal reserve

Portuguese commercial legislation defines that at least, 5% of annual net profit, if positive, must to be allocated to the legal reserve until it represents 20% of a company's share capital. This reserve cannot be distributed to shareholders unless the company is to be liquidated. This reserve can be used to compensate accumulated losses provided that all other reserves are used first and can be incorporated into share capital.

Revaluation reserves

The revaluation of reserves may not be distributed to shareholders unless they are fully depreciated or if the property subject to revaluation has been sold.

Currency conversion reserves

The currency conversion reserves reflect the exchange rate changes occurred in the transposition of the financial statements of subsidiaries in currencies other than Euro and cannot be distributed or used to absorb losses.

Fair value reserves

The fair value reserves reflect the changes in fair value of financial instruments available for sale and cannot be distributed or used to absorb losses.

22. NON-CONTROLLING INTERESTS

During the year ended 31 December 2021 and 2020, the movement in the caption "Non-controlling interests", is detailed as follows:

	31.12.2021	**31.12.2020**
Balance as of January 1	(2 646)	4.885
Movements generated during the year associated with the Boero Group acquisition process (Note 5):	11 762 603	-
Other equity variations attributable to non-controlling interests:	(330 696)	(5 726)
Net income for the year	600 223	(1 805)
Balance as of December 31	**12 029 484**	**(2.646)**

The movement for the year includes the impact of the acquisition of Boero Group in which the entity holds a majority stake of 82,75% as mentioned in Note 5.

Non-controlling interests are mainly associated with the holdings in Grupo Boero Bartolomeo and Navis - Marine Paints.

At December 31, 2021, the aggregate information of these subsidiaries with non-controlling interests included in the consolidation exercise is as follows:

	31.12.2021					
Entities with non-controlling interests:	Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities	Total Net Assets	Result for the year
Boero Bartolomeo Group	59 464 379	64 209 000	16 676 792	37 279 000	69 717 587	3 466 587
Navis – Marine Paints, S.A.	11 692	22 912	-	26 840	7 764	5 593

The aggregate information presented for the Boero Group includes the fair value adjustments made as a result of the acquisition of this entity on January 1, 2021 (Note 5).

23. LOANS

As of 31 December 2021, the detail by nature of bank loans was made up as follows:

	Plafond	**Amount in use**	**Current**	**Non current**
Bank loans	55 125 494	17 687 136	9 768 502	7 918 634
Commercial paper programs	110 500 000	73 000 000	38 500 000	34 500 000
Bonds	85 000 000	85 000 000	-	85 000 000
Investment subsidies	2 980 324	2 980 324	218 047	2 762 277
Effect of use of the effective interest rate	-	-	(353 943)	(445 163)
	253 605 818	**178 667 460**	**48 132 606**	**129 735 748**

The amounts recorded under "Effect of use the effective interest rate" relate to the impact of the amortized cost calculation associated with the financing obtained on this date.

Bank loans

As of 31 December 2021, the detail of bank loans (except for commercial paper programs) can be detailed as follows:

Company	**Plafond**	**Amount in use**	**Current**	**Non current**
CIN Valentine	2 500 000	1 908 748	1 908 748	-
CIN SA	1 000 000	558 540	558 540	-
Boero Bartolomeo	47 300 000	11 019 000	6 526 000	4 493 000
Soritec	260 180	135 535	135 535	-
CIN Celliose	3 763 173	3 763 173	438 429	3 324 744
Nasa	302 140	302 140	201 251	100 890
	55 125 494	**17 687 136**	**9 768 502**	**7 918 634**

The other bank loans referred above bear interest at market rates.

Commercial Paper

As of 31 December 2021, the Commercial Paper Programs can be detailed as follows:

Emission	Program total amount	Nominal value	Current	Non current	Interest
CIN- Corporação Industrial do Norte, S.A					
Contract (28.000.000 Euros)					
37th Emission	28 000 000	16 000 000	16 000 000	-	9 994
Contract (12.500.000 Euros)					
37th Emission	12 500 000	9 500 000	9 500 000	-	9 896
38th Emission		3 000 000	3 000 000	-	1 510
Contract (20.000.000 Euros)					
111th Emission	20 000 000	15 500 000	-	15 500 000	19 375
Contract (10.000.000 Euros)					
37th Emission	10 000 000	4 500 000	-	4 500 000	2 813
Contract (10.000.000 Euros)					
6th Emission	10 000 000	10 000 000	10 000 000	-	25 000
Contract (10.000.000 Euros)					
4th Emission	10 000 000	10 000 000	-	10 000 000	5 000
Contract (10.000.000 Euros)					
No emissions to date	10 000 000	-	-	-	-
Contract (10.000.000 Euros)					
No emissions to date	10 000 000	-	-	-	-
Cin Valentine SL					
Contract (20.000.000 Euros)					
110th Emission	Grouped	1.000.000	-	1.000.000	1 208
Amida Inversiones					
Contract (20.000.000 Euros)					
91th Emission	Grouped	3 500 000	-	3 500 000	4 229
	110 500 000	**73 000 000**	**38 500 000**	**34 500 000**	**79 025**

Commercial Paper Program balances have the following underlying contracts:

Company	Program total amount	Beggining date	Maturity
CIN - Corporação Industrial do Norte, S.A.	28 000 000	June 2017	June 2022
CIN - Corporação Industrial do Norte, S.A.	20 000 000	September 2020	September 2023
CIN - Corporação Industrial do Norte, S.A.	12 500 000	June 2017	June 2022
CIN - Corporação Industrial do Norte, S.A.	10 000 000	June 2016	July 2024
CIN - Corporação Industrial do Norte, S.A.	10 000 000	May 2017	May 2022
CIN - Corporação Industrial do Norte, S.A.	10 000 000	May 2017	May 2024
CIN - Corporação Industrial do Norte, S.A.	10 000 000	January 2020	January 2023
CIN - Corporação Industrial do Norte, S.A.	10 000 000	March 2020	March 2025
	110 500 000		

In accordance with these contractual terms, the Commercial Paper Programs can be issued with a limit period of time of one year, attending to the contracted limit. The financial institutions have committed themselves to the full distribution of every issuance, according to the contracts.

CIN’s Board of Directors intends to make use of the programs mentioned above for a period longer than 12 months.

Bonds loans

As of December 31, 2021, the bonds loans were as follows:

Bond loans	31/12/21	31/12/20	Start date	End date
CIN 2021/26	45 000 000	-	06-12-2021	06-12-2026
CIN 2020/25	20 000 000	20 000 000	10-01-2020	10-01-2025
CIN 2020/25	5 000 000	5 000 000	30-03-2020	30-03-2025
CIN 2020/25	15 000 000	15 000 000	18-03-2020	18-03-2025
CIN 2016/21	-	25 000 000	23-12-2016	23-12-2021
	85 000 000	**65 000 000**		

These loans according to their terms bear interest indexed to Euribor.

Investment Grants – Portugal 2020

Financing in the total amount of 3.040.357 Euros, of which 2.980.324 Euros is still outstanding in respect of application no. 24285 prepared by CIN - Corporação Industrial do Norte, S.A.. The date for the first reimbursement corresponds to number 1 of clause 7th of the investment contract, according to which: "the refundable incentive is granted for the total period of 8 years, in which a grace period of 2 years is included". This period is counted (i) from the date on which the first payment of the refundable incentive is made; or (ii) from the end of the fiscal year following the entry into force of this contract; whichever occurs first.

Reimbursement Plan

As of 31 December 2021, Commercial Paper Programs classified as non-current and the bonds, had the following projected repayment and interest payment plan, considering full use of the existing programs until their term:

	Effective average interest rate	2022	2023	2024	2025	2026	Total
Repayment		-	5 000 000	45 000 000	40 000 000	45 000 000	135 000 000
Interest	1,33%	1 797 500	1 699 236	1 320 569	743 840	637 500	6 198 646
		1 797 500	**6 699 236**	**46 320 569**	**40 743 840**	**45 637 500**	**141 198 646**

The reconciliation of liabilities resulting from financing activities as of the period ended 31 December 2021 can be found below:

Financial debt	2021	2020
Opening balance at 1 January	140 800 876	120 045 142
Perimeter variation (Note 5)	11 585 000	-
Cash-flows:		
Inflows from financial debt	115 151 725	109 868 179
Outflows from financial debt	(89 197 746)	(89 031 277)
Exchange rate update of the financing obtained	3 142	(81 168)
Expenses with issuing loans	(474 643)	-
Closing balance at 31 December	**177 868 354**	**140 800 876**

Others obligations

As of December 31, 2021 there are financing operations with financial covenants whose conditions have been negotiated in accordance with the applicable market practices, and that on the date of this report are in regular compliance by the Group.

On this date, the Group has an Equity Ratio of 28.12% determined as the proportion of Equity to Total Assets of the Entity.

Equity Ratio	31/12/21	31/12/20
Equity	115 729 300	92 086 097
Total Assets	411 530 806	304 333 194
Equity Ratio	**28,12%**	**30,26%**

The Group also has, on this date, a Net Debt to EBITDA ratio of 2.40 determined as the proportion of net debt to EBITDA.

"Net Debt/EBITDA" Ratio:

	31/12/21	31/12/20
Bank loans (Note 23)		
Non-Current	129 735 748	107 134 788
Current	48 132 606	33 666 088
	177 868 354	**140 800 876**
Operating lease (Note 9)		
Non-Current	6 131 340	3 861 844
Current	4 496 571	3 447 402
	10 627 911	**7 309 245**
Cash and cash equivalents (Note 19)	(41 385 237)	(43 652 839)
Other financial assets (Note 12)	(9 842 950)	(10 524 939)
Net Debt	**137 268 079**	**93 932 344**
Operational results	32 891 668	21 018 406
Amortization and depreciation (Note 6, 8)	17 817 501	13 147 370
Provisions and impairment losses (Note 29)	6 298 678	368 033
EBITDA	**57 007 848**	**34 533 809**
"Net Debt/EBITDA" Ratio	**2,41**	**2,72**

24. PENSION COMMITMENTS

CIN Group has several defined benefit retirement plans in place, which can be broken down as follows:

	31.12.2021	31.12.2020
CIN Pension Fund	3 634 076	1 722 896
Boero Bartolomeo Pension Fund	1 378 000	-
	5 012 076	**1 722 896**

CIN Pension Fund:

The CIN Pension Fund, which was created by public deed on 31 December 1987 and is managed by "SGF - Sociedade Gestora de Fundos de Pensões, S.A.", was set up to provide employees retired as from that date, due to age or disability, the right to a monthly pension complement. This pension complement is calculated at the rate of 0.5% per year of employment, up to a maximum of 12.5% of the employee's gross salary at the date of retirement.

In accordance with an actuarial valuation performed by the Fund manager, the present value of the liabilities for past services of retired and current employees as of 31 December 2021 and 2020 was as follows:

	31.12.2021	31.12.2020
Active	7 201 427	5 582 705
Retired	3 319 387	2 884 719
	10 520 814	**8 467 425**

As of 31 December 2021 and 2020, those liabilities were calculated using the "Projected Unit Credit" method and the mortality table TV 88/90 and disability table SR (Suisse Re table) were used, as well as assumptions, wage growth rates of 0.5% (0.5% in 2020), fund income rates of 3,60% (4% in 2020), zero rate of pension growth in payment, technical interest rate of 3,60% (4% in 2020) and turnover table estimated from the reality verified in the Fund Associates between 1994 and 2020.

The movement in the liabilities for past services for the periods ending 31 December 2021 and 2020 was as follows:

	31.12.2021	31.12.2020
Liabilities for past services as of 1 January	8 467 424	8 167 392
Current services cost	184 978	186 454
Interest cost	325 463	304 163
Actuarial losses (gains)	1 866 674	135 466
Retirement supplement paid	(323 725)	(326 051)
Liabilities for past services as of 31 December	**10 520 814**	**8 467 424**

During the years 2021 and 2020, the movement in the net assets of the Fund was as follows:

	31.12.2021	31.12.2020
Balance as of 1 January	6 744 527	6 515 015
Contributions	-	492 000
Expected Return	263 307	239 470
Financial (Gains) and Losses	202 577	(175 907)
Retirement supplements paid	(323 725)	(326 051)
Difference relative to the previous year's valuation	51	-
Estimated balance as of 31 December	**6 886 738**	**6 744 527**

The Group maintains recorded in the caption "Retirement benefit obligations" the amount necessary to cover the liabilities for past services not covered by the assets of the Fund in accordance with the actuarial study reported as of 31 December 2021, totaling the balance of this caption to 3.634.076 Euros (1.722.896 Euros as of 31 December 2020).

The movement occurred during the periods ended 31 December 2021 and 2020 for the liability caption "Retirement benefit obligations" related to retirement benefits not covered by the assets of the Pension Fund was as follows:

	31.12.2021	31.12.2020
Balance as of 1 January	1 722 896	1 652 376
Personnel Costs	247 134	251 147
Contributions to the pension Fund	-	(492 000)
Cost of past services	-	-
Other income	1 664 096	311 373
Difference related to prior period valuation	(51)	-
Balance as of 31 December	**3 634 076**	**1 722 896**

Boero Pension Fund:

As of December 31, 2021, the item related to the Boero Group Pension Fund presents the following movement:

	31.12.2021
Opening balance	1.466.686
Cost of current services	916.664
Actuarial (gains) losses	35.375
Pension supplements paid	(1.040.722)
Ending Balance	**1.378.003**

As contemplated by IAS 19, beginning in 2013, actuarial gains and losses due to the revaluation of the rate used in the discounting process of "employee benefits" (FGTS provision) were recognized in the statement of comprehensive income.

The retrospective application stipulated by accounting standard IAS 8 came about by virtue of the reserves on the reference date of 1 January 2012.

The main assumptions are as follows:

	31.12.2021
Death Rate	Tables IPS55
Incapacity Rate	INPS tables divided by age and sex
Personnel Turnover Rate	3,00%
Discount Rate	0,98%
Annual rate of increase for severance pay	2,813%
Salary increase Rate	2,50%
Advance Payment Rate	0,00%
Inflation Rate	1,75%

The discount rate as of 12-31-2021 is 0.98% by the "Iboxx Corporate benchmark index", with a duration of 10 more years and a rating of AA.

25. SUPPLIERS

As of 31 December 2021, and 2020, this caption refers to accounts payable for acquisitions resulting from the normal course of the Group's activities, and has the following composition:

	31.12.2021	31.12.2020
Suppliers - current accounts	59 808 362	31 945 749
Suppliers - outstanding bils	3 160 794	319 129
	62 969 156	**32 264 878**

As of December 31, 2021 the invoices discounted in Confirming under "Suppliers, current account" correspond to, approximately, 2 million Euros.

As of 31 December 2021, and 2020, payables to suppliers are due within less than four months.

On December 31, 2021 the increase in the item suppliers is essentially explained by the inclusion of the Boero Group in the consolidation perimeter.

26. OTHER CREDITORS

As of 31 December 2021, and 2020, this caption was made up as follows:

Current	31.12.2021	31.12.2020
Fixed assets suppliers	1 118 417	2 025 505
Clients credit balance	445 084	270 177
Personnel	951 229	238 203
Reseller Commissions	1 459 639	-
Others	1 116 051	1 140 540
	5 090 421	**3 674 425**
Non current		
Fixed assets suppliers	-	-
Others	-	23 174
	-	**23 174**

As of December 31, 2021 Commissions for Agents correspond to the accrual of commission charges owed by Boero Bartolomeo Group entities.

The amounts payable to fixed asset suppliers are due within less than four years.

27. STATE AND OTHER PUBLIC ENTITIES

As of 31 December 2021, and 2020, this caption was made up as follows:

	Asset		Liability	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Corporate Income Tax	1 277 812	1.734.521	(2 393 562)	(3.595.235)
Value Added Tax	1 879 806	971.016	(1 983 908)	(1.226.267)
Social Security Contribution	-	-	(2 514 580)	(1.877.091)
Withholding Income Taxes	525 728	247.189	(983 383)	(701.442)
Others	241 159	238.269	(62 162)	(32.962)
	3 924 505	**3.190.995**	**(7 937 595)**	**(7.432.997)**

28. OTHER CURRENT LIABILITIES

As of 31 December 2021, and 2020, this caption was made up as follows:

	31.12.2021	31.12.2020
Accrued costs:		
Accued payroll	6 447 704	6 480 103
Rappel	595 305	976 759
Accrued interest	-	293 079
Operating expenses	1 566 453	1 470 462
Others	2 986 217	1 682 725
	11 595 678	**10 903 128**
Deferred income:		
Investments grants	-	77 257
Others	67 552	69 826
	67 552	147 083
	11 663 231	**11 050 212**

The amount of "Rappel" refers to credits to be issued to customers at the beginning of the following year, in accordance with the agreed commercial conditions.

As at 31 December 2021, the amount of "Others" in Costs payable includes, as of December 31, 2021, an amount of 2.908.704 Euros of bonuses payable to personnel (1.594.733 Euros in 2020).

29. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The movement occurred in provisions and accumulated impairment losses for the years ended as of 31 December 2021 and 2020 was as follows:

	2021						
	Opening Balances	Perimeter variation	Increases	Utilizations	Decreases	Transfers	Closing Balances
Impairment losses in accounts receivable (Notes 16 and 17)	11 397 245	2 603 620	2 526 597	(895 874)	(885 473)	-	14 746 114
Impairment losses in inventories (Note 15)	6 615 589	1 637 076	4 043 761	-	(5 297 161)	-	6 999 265
Impairment losses in available for sale Investments (Note 12)	2 021 601	-	155 000	(35 606)	-	-	2 140 995
Impairment losses in Investment Properties (Note 10)	-	-	1 683 561	-	-	-	1 683 561
Accumulated impairment losses in Goodwill (Note 7)	-	-	3 500 000	-	-	-	3 500 000
Provisions	3 854 350	1 775 000	578 653	(1 687 740)	(6 260)	-	4 514 003

	2020						
	Opening Balances	Perimeter variation	Increases	Utilizations	Decreases	Transfers	Closing Balances
Impairment losses in accounts receivable (Notes 16 and 17)	11.738.047	-	1.104.424	(97.562)	(1.347.664)	-	11.397.245
Impairment losses in inventories (Note 15)	6.788.322	-	2.694.631	(240.771)	(2.626.594)	-	6.615.589
Impairment losses in available for sale Investments (Note 12)	1.896.101	-	125.500	-	-	-	2.021.601
Provisions	4.944.796	-	-	(1.065.448)	(25.000)	-	3.854.350

The “Accumulated impairment losses” are recorded in the attached consolidated balance sheet as a deduction to the corresponding asset..

30. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

Sales and services rendered by geographic markets during 2021 and 2020 were as follows:

	31.12.2021	31.12.2020
Domestic market	313 954 407	196 173 331
International market	37 699 847	30 309 219
	351 654 254	**226 482 550**

The Group defines as domestic market the sales made in the countries where it has its operational activity (Introductory Note).

31. OTHER OPERATING INCOME

On December 31, 2021 and 2020, the caption “Other operating income” had the following composition:

Other operating income	**31.12.2021**	**31.12.2020**
Works for the entity itself	125 461	141 876
Royalties Collected	94 748	102 200
Write-offs of transportation costs and other services	487 089	439 735
Collected Rents	341 294	113 263
Disposal of Investment Property (Note 10)	1 684 081	-
Obtained Grants	127 920	292 395
Favorable exchange differences	650 099	150 242
Badwill (Nota 5)	7 908 547	-
Other Operating Income	916 459	764 536
	12 335 698	**2 004 247**

32. FINANCIAL RESULTS

As of 31 December 2021, and 2020, the financial results were as follows:

	31.12.2021	31.12.2020
Financial expenses:		
Interest	2 314 595	1 800 150
Other financial expenses	2 037 715	1 511 253
	4 352 311	3 311 402
Financial results	(4 049 879)	(2 719 876)
	302 432	**591 526**
Financial income:		
Interest	302 321	501 700
Other financial income	111	89 826
	302 432	**591 526**

33. CORPORATE INCOME TAX

The Corporate Income Tax recorded in the years ended as of 31 December 2021 and 2020 can be detailed as follows:

	31.12.2021	31.12.2020
Current tax	5 925 832	4 460 940
Deferred taxes (Note 13)	367 017	146 786
	6 292 849	**4 607 726**

34. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 31 December 2021, the Group had assumed responsibilities for guarantees granted to third parties as follows:

Composition	Geography	31.12.21
Customs of Leixões	Portugal	24 939
Camara Municipal Maia	Portugal	75 000
Others	Portugal	40 117
Agencia Catalada D L'aigua	Spain	60 000
Solrede	Spain	64 599
Ayuntamiento de Montcada	Spain	51 320
Tortona Warehouse	Italy	90 000
Others	Italy	44 000
		449 975

35. EARNINGS PER SHARE

The earnings per share, basic and diluted, are calculated dividing the consolidated net result by the average number of existing shares during the period.

	31.12.2021	31.12.2020
Profit/(Losses)		
Net profit for the period	21 948 718	13 692 609
Number of shares		
Average number of shares in circulation	25 000 000	25 000 000
Basic earnings per share	0,878	0,548

36. CONTINGENT ASSETS AND LIABILITIES

Tax Payments:

In December 2002, in the context of the Special Regime for the Settlement of Debts to the Tax Authorities and Social Security ("Regime Excepcional de Regularização de Dívidas ao Fisco e Segurança Social" - Decree Law 248-A/2002, of 14 November), and during the year ended as of 31 December 2013, in the context of the Special Regime for the Settlement of Debts ("Regime Excepcional de Regularização de Dívidas" - Decree Law 36/2013, of 24 September), CIN paid additional liquidations of Corporate Income Tax ("Imposto sobre o Rendimento de Pessoas Colectivas"), which were previously contested.

The Company recorded as a debit balance in the caption "State and other public entity" the amount paid of 443.745 Euros and did not create any provision to face the risk of recovery of the amount paid since the Board of Directors believes that the outcome from the claim will be favorable to the Company.

Lawsuits:

On the date of approval of these accounts, the group company, CIN Valentine S.A., is co-defendant in several lawsuits brought against the modification of the "General Plan Metropolitano" and, because of the referred land division plan mentioned in Note 6. The financial statements at 31 December 2021 do not include any provision, since the Board of Directors, supported in its legal counsel, believe that the outcome of such lawsuits will be favorable to the group, as any loss generated will be subject to an indemnity from the state authorities in accordance with the contracts in force.

37. STATUTORY BODIES' MEMBERS REMUNERATION

As of 31 December 2021, and 2020, CIN ("Mother Company") attributed to its statutory body's members of the parent company the following remuneration:

	31.12.2021	31.12.2020
Board of Directors	710 000	504.915
Supervisory Board	24 000	22.785
General Assembly	5 000	9.450

38. NUMBER OF EMPLOYEES

As of 31 December 2021, and 2020, the number of employees of the companies included in consolidation was 1.629 and 1.315, respectively. The increase in the number of employees between 2020 and 2021 is due to the inclusion in the perimeter of the Boero Group, which has 308 employees as of December 31, 2021.

39. RELATED PARTIES

The terms or conditions practiced between the Group and related parties are substantially the same as those that would normally be contracted, accepted and practiced between independent entities in comparable operations.

The following companies, included in the respective categories, are considered as related parties:

- Companies - Mother (shareholders)
- Other related parties

During the years ended December 31, 2021 and 2020, the following transactions were made with related parties:

	31.12.21			
	Inventory purchases	Inventory Sales	Services Obtained	Other Income Obtained
Cenaris, Gmbh	-	(10 047 125)	-	-
Chugoku - Boat Italy S.p.A.	27 815	(4 678 834)	(30 600)	(65 289)
	27 815	**(14 725 959)**	**(30 600)**	**(65 289)**

	31.12.20			
	Inventory purchases	Inventory Sales	Services Obtained	Other Income Obtained
Cenaris, Gmbh	-	(10.913.412)	-	-
	-	**(10.913.412)**	**-**	**-**

Other than the transactions identified above, there were no transactions with other related parties or with directors of the Group.

At December 31, 2021 and 2020, the Group had the following balances with related parties:

	31.12.21			
	Clients	Suppliers	Other creditors	Other debtors
Cenaris, Gmbh	297 464	-	-	-
Chugoku - Boat Italy S.p.A.	1 230 819	(115 256)	-	(14 280)
	1 528 283	**(115 256)**	**-**	**(14 280)**

	31.12.20			
	Clients	Suppliers	Other creditors	Other debtors
Cenaris, Gmbh	298 779	-	-	-
	298 779	**-**	**-**	**-**

40. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the Board of Directors and authorized for issuance as of 17 February 2022. Additionally, the attached financial statements as of 31 December 2021 are pending approval by the General Assembly of Shareholders. However, the Board of Directors believes that they will be approved without significant changes.

41. SUBSEQUENT EVENTS

We anticipate that the recent war in Ukraine will contribute directly and indirectly to an increase in the price of products and services transacted in the market, which would result in an increase in the costs of energy, fuel, gas and raw materials for companies. To compensate this increase the companies will need to reassess the impact on the existing costs, which may lead to increase the pressure on volumes and profitability of Cin Group. Nevertheless, the Group is prepared to operate in this context and develop its business, and it is our understanding that the going concern assumption made in the preparation of these financial statements is unaffected and continues to be appropriate.

Apart from the above, no other subsequent, adjustable or disclosable events have been identified.

42. ENVIRONMENTAL AREA INFORMATION

The Group shall take the necessary measures in relation to the environmental area, with the aim of complying with current legislation.

In this respect, it should be noted that the CIN Group is monitoring and taking the necessary and appropriate measures in relation to the requirements of Decree-Law No 181/2006 of 6 September, in particular as regards the limits of the total content of volatile organic compounds ("COV") in decorative paints and varnishes, with a view to preventing or reducing air pollution due to the formation of tropospheric ozone resulting from EMISSIONS from OVCs.

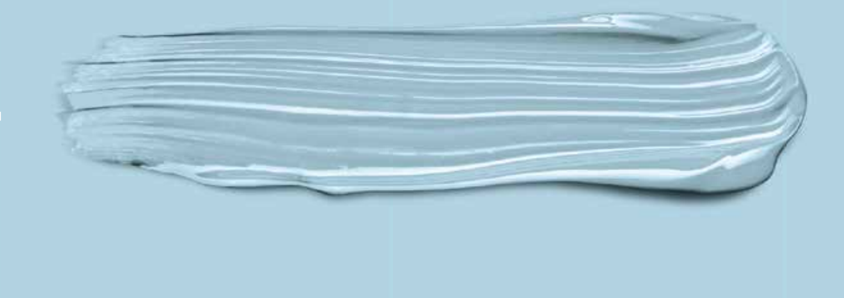
The Board of Directors of the CIN Group does not estimate that there are risks related to environmental protection and improvement and did not receive any misdeeds related to this matter during the financial year 2021.

Maia, 14 April 2022

THE ACCOUNTANT No. 63002
Paula Macedo

THE BOARD OF DIRECTORS
João Manuel Fialho Martins Serrenho, *President*
Maria Francisca Fialho Martins Serrenho Bulhosa, *Member*
Maria João Serrenho Santos Lima, *Member*
Ângelo Barbedo César Machado, *Member*
Manuel Fernando de Macedo Alves Monteiro, *Member*
João Luís Baldaque da Costa Serrenho, *Member*
Fernando Jorge de Almeida Ferreira, *Member*

STATUTORY AUDIT REPORT



STATUTORY AUDITOR'S REPORT

*(Free translation of a report originally issued in Portuguese language:
In case of doubt the Portuguese version will always prevail)*

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of CIN – Corporação Industrial do Norte, S.A. ("the Entity") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021 (showing a total of Euro 411,530,806 Euros and equity of Euro 115,729,300, including a net profit attributable to the owners of the Company of Euro 21.948.718), the consolidated statement of profit and loss by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, the consolidated financial position of CIN – Corporação Industrial do Norte, S.A. as at December 31, 2021 and of its consolidated financial performance and its cash flows for the year then ended in accordance with in accordance with the International Financial Reporting Standards ("IFRSs") as adopted in the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent from the entities that are part of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

RESPONSIBILITIES OF MANAGEMENT AND SUPERVISORY BODY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management report

Pursuant to article 451.°, n.° 3 al. e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

Porto, April 14 2022

Deloitte & Associados, SROC S.A.
Represented by Hugo Ricardo Alves Araújo, ROC
Registration in OROC n.º 1437
Registration in CMVM n.º 20161047

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S. A.
Av de Dom Mendo nº831 (before EN13 Km6) - 4474-009 Maia - Portugal
T +351 229 405 000 - customerservice@cin.com
www.cin.com