CORPORAÇÃO INDUSTRIAL DO NORTE, S. A.

ANNUAL Report 2022

About CIN

CIN is a century-old Portuguese brand that has distinguished itself in the coatings industry for many years.
Its relevance is reflected not only in its inherent economic value but in the importance of its products in improving the quality of life of communities.

Results 2022

388,9M€

Total Turnover

CIN is a century-old Portuguese brand that has distinguished itself in the coatings industry for many years. Its relevance is reflected not only in its inherent economic value but in the importance of its products in improving the quality of life of communities.

Across the Portuguese territory, CIN's growth has consolidated. Moreover, it has shown itself exceptionally resilient in recent years, considering the numerous global disruptions, such as the short supply of raw materials and the energy crisis due to the conflict in Ukraine – a reality that has proved challenging for various industries.

However, despite these adverse circumstances, the results obtained in the brand's Business Units enabled CIN to reach a turnover of 388,9 million euros at the end of 2022, an increase of 10,6% compared to 2021. 2022 was a year of excellent recovery for the Protective Coatings Business Unit, which showed an outstanding performance across all the countries it operates, with results growing 28,6%. Also, worth noting, the Architectural Coatings Business Unit stood out for its record sales, which exceeded 228,8 million of euros – an increase of 9,5% compared to 2021.

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CIN currently has over 140 stores across Portugal, Spain, Angola and Mozambique, with over 1,800 workers.

The development of new products, or even their reformulation, results from CIN's relentless drive to meet consumers' unique needs and concerns, always to remain relevant and prepared for future challenges.

In the current scenario, technological evolution and ecological adaptation are two issues that CIN is following closely and which will bring substantive competitive advantages due to the opportunity to diversify its offer.

With an installed capacity of 135 thousand tonnes, supported by 14 storage and distribution centres – equivalent to more than 150 thousand square metres – CIN's production englobes 10 factories in Portugal, Italy, Spain, France, Angola and Mozambique.

CIN's R&D Centres involve various areas of expertise acting in a complementary way in pursuit of product study, colour study, product composition analysis and product behaviour and ageing study. These Centres require an annual investment of 11 million euros, with 180 specialised technicians spread over 9,500 m² of analysis, research and control space, reflecting CIN's strong commitment to innovation and development.

Alongside innovation, one of the most salient values of CIN's corporate strategy relates to respect for the environment, with a growing concern about minimising the environmental impact of its activity and greater efficiency in all production processes. This ambition is evident in the certifications CIN has obtained over the years, specifically within the scope of its Quality (ISO 9001), Environment (ISO 14001) and Occupational Health and Safety (OHSAS 18001) management systems and in a series of other initiatives that CIN has been implementing over time.

In 2022, CIN opened five new stores across Portugal and another two in Spain. CIN has over 140 stores across Portugal, Spain, Angola and Mozambique, with over 1,800 workers.

CIN in the World

CIN ranks the 11th largest paint manufacturer on the European territory, accordingly to the European Coatings Journal in June 2022.

In turn, and from a global perspective, CIN is ranked 35th by the prestigious Coatings World Top Companies Report.

Globally, 2022 was particularly successful for CIN, rising two positions in the rankings of the largest coatings manufacturers in Europe and four places in the worldwide rankings.

CIN ranks the 11th largest paint manufacturer on the European territory, accordingly to the European Coatings Journal in June 2022. In turn, and from a global perspective, CIN is ranked 35th by the prestigious Coatings World Top Companies Report.

The consolidation of the brand across borders reflects the continuous investment in innovation, rigour and excellence that characterise CIN, which has made it possible for the company's influence to grow internationally.

In 2022, the global presence of CIN products enhanced many essential works carried out with the technical support and diversified solutions of the brand, among which we highlight:

In Portugal, the renovation of Santa Apolónia Station, São Carlos National Theatre and the Alcobaça Monastery; the Águas Santas Tunnel in Maia and the Boa Morte Tunnel in Ribeira Brava, Madeira; the renovation of the Luís I Bridge in Porto and the Botton-Champalimaud Pancreatic Cancer Centre in Lisbon; the painting of the new intelligent gas cylinder PLUMA by GALP, and the painting of new train carriages for CP (Portuguese railways).

> “The consolidation of the brand across borders reflects the continuous investment in innovation, rigour and excellence that characterise CIN, which has made it possible for the company’s influence to grow internationally.

In the African market, we highlight the rehabilitation of the Railway offices in Luanda, as well as the Luanda Military Hospital, the Bank of Nampula in Mozambique, Kumasi Central Market and Takoradi Market Circle in Ghana.

Other international highlights of 2022 featuring the presence of CIN products in infrastructure projects include: Jardín Plaza Shopping Mall and El Embrujo Airport – Passenger Terminal in Colombia; Haymarket in Dublin; Zabka Stores, Mercedes Saloon and PKN Orlen Tank in Poland; Amazon Logistics Centres in Spain; Railway works in Myanmar (MYANNA RAIL), India (RAMyA), and Germany (ZV VRR); and in the expansion of Tranvias in Granada and Zaragoza.

These are just some examples of CIN’s high-quality, high-performance solutions that confirm a company’s rigour and technical-commercial support with its eyes set on the future.

CIN

Architectural Coatings

In 2022, the Architectural Coatings Business Unit achieved record sales, which was possible thanks to real estate growth, which offset the slow-down in private consumption in the post-pandemic period.

The Architectural Coatings Business Unit, which encompasses paints and varnishes for buildings for use by professionals and end users (DIY), is the most representative of the four market segments in which CIN operates. With production centred in the Iberian Peninsula and Africa, sales are conducted through CIN's own brand shops and distributors in Portugal, Italy, Spain (including the Canary Islands), France, Belgium, Luxembourg, Switzerland, Poland, Angola and Mozambique.

In 2022, the Architectural Coatings Business Unit achieved record sales, which was possible thanks to real estate growth, which offset the slowdown in private consumption in the post-pandemic period.

In Portugal, CIN has increased its market share, consolidating its presence in important works such as the renovations of the Santa Apolónia Station, the São Carlos National Theatre, the Alcobaça Monastery and the Bolhão Market. Furthermore, integrating the Sotinco brand into a unique commercial structure in Portugal made another solid contribution to these record results.

In Italy, results were also positive, with the sales mix shifting significantly towards façade products and thermal insulation systems due to government incentives. Despite this movement, there was a contraction in consumption by end-users, especially in interior paints, with an overall drop in sales in this segment. The "Boero" and "Attiva" brands, targeted to professional painters, concentrated on re-launching new

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colour systems and completing an eco-paint-portfolio. In the DIY-oriented market segment, we highlight the completion of an ambitious digital transformation project, which began in 2020.

The results in Spain were unsatisfactory, with decreased results in this segment. However, CIN rolled out several strategic initiatives to develop the business, with a change in the commercial structure currently being implemented to play a more direct role in the market.

One particular note is the growth in turnover in the architectural unit in France. In a highly competitive market, the focus on growth has involved expanding to new customer bases in regions undergoing strong economic development.

In the African continent, CIN’s presence was reinforced in Angola by a solid commercial commitment in its provinces, paired with investment in advertising and marketing, which materialised in the “Somos as cores de Angola” (We are the colours of Angola) advertising campaign and in the refurbishment of the Patriota and Cónego stores. The range of products produced locally expanded and launched a highly reputed product in Portugal – VinylClean, the best-selling super-washable matt paint. In Mozambique, meanwhile, the growth experienced in 2021 was consolidated in 2022, with CIN increasing its turnover in this territory. As in Angola, investments in advertising and marketing were also notable through the “Todas as Cores fazem Moçambique” (All Colours make Mozambique) advertising campaign. CIN Moçambique also launched VinylClean paint, opened a store in Nacala, and renovated the 24 Julho and Matola stores, reflecting CIN’s strong commitment to developing business in this territory.

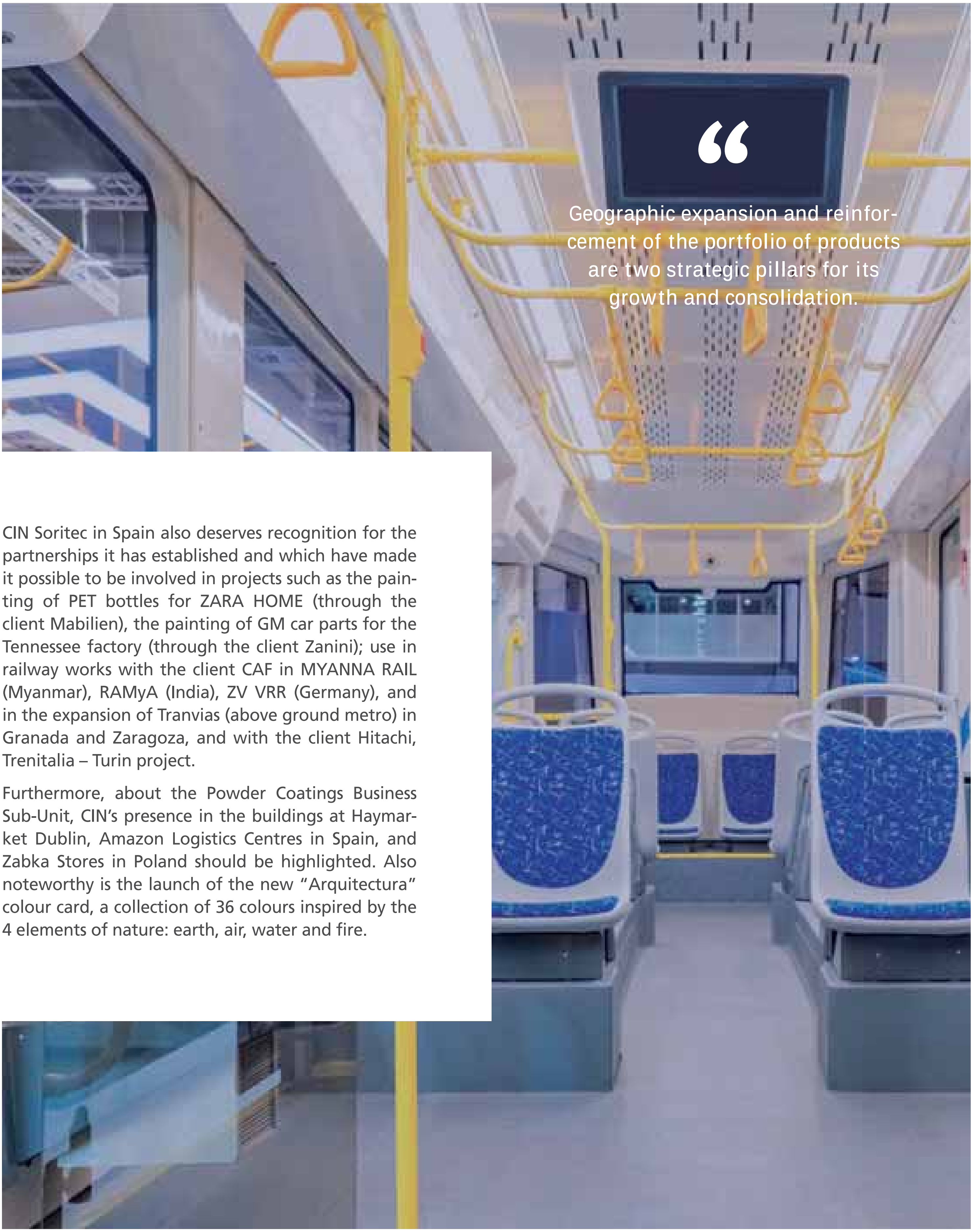
CIN

Industrial Coatings

In 2022, the Industrial Coatings Business Unit represented 24% of CIN's turnover, equivalent to a sales figure of 94,2 million euros.

The Industrial Coatings Business Unit produces and markets powder coatings for protecting and finishing metals, as well as liquid paints for various industrial applications. With production units in Portugal, Spain and France, CIN Indústria serves more than a dozen sectors, including building components, commercial and industrial vehicles, and plastic and glass containers. Geographic expansion and reinforcement of the portfolio of products are two strategic pillars for its growth and consolidation. In 2022, the Industrial Coatings Business Unit represented 24% of CIN's turnover, equivalent to a sales figure of 94,2 million euros.

Throughout 2022, CIN products featured in several projects with benchmark companies in the industrial sector, such as AMTROL- through the painting of the new intelligent gas cylinder PLUMA by GALP; CP (Portuguese railways) - painting its 3,500 double-decker train carriages; and ACE gruas, painting three factories in Portugal and France.



> “Geographic expansion and reinforcement of the portfolio of products are two strategic pillars for its growth and consolidation.

CIN Soritec in Spain also deserves recognition for the partnerships it has established and which have made it possible to be involved in projects such as the painting of PET bottles for ZARA HOME (through the client Mabilien), the painting of GM car parts for the Tennessee factory (through the client Zanini); use in railway works with the client CAF in MYANNA RAIL (Myanmar), RAMyA (India), ZV VRR (Germany), and in the expansion of Tranvias (above ground metro) in Granada and Zaragoza, and with the client Hitachi, Trenitalia – Turin project.

Furthermore, about the Powder Coatings Business Sub-Unit, CIN’s presence in the buildings at Haymarket Dublin, Amazon Logistics Centres in Spain, and Zabka Stores in Poland should be highlighted. Also noteworthy is the launch of the new “Arquitectura” colour card, a collection of 36 colours inspired by the 4 elements of nature: earth, air, water and fire.

Protective Coatings

In 2022, the Protective Coatings Business Unit achieved a turnover of 40,4 million euros, which represents 10% of CIN's overall business.

This Business Unit encompasses coatings for the protection of parts and structures used in various sectors, such as Buildings and Infrastructures, Extraction and Industrial Facilities, Petrol and Gas, Energy, Water and the Food Industry. These extremely demanding markets have led CIN to increasingly strengthen its strategic investment in Research & Development & Innovation (R&D&I).

In 2022, the Protective Coatings Business Unit achieved a turnover of 40,4 million euros, which represents 10% of CIN's overall business.

For 2022, CIN has prioritised the optimised management of the product portfolio, intending to reduce references, with visible emphasis on the new range of surface-tolerant products for metallic structures. The certification of products for the market segments it operates was part of an ongoing commitment to providing solutions in very high corrosivity and durability categories (C5-VH) and for the extreme corrosivity category (CX), according to the European standard ISO 12944. In this regard, achieving the first system on the market certified by an external laboratory was a notable milestone, combining anti-corrosion and passive fire protection. Also noteworthy was the first product by CIN Performance Coatings with AgBB certification, C-FLOOR® E245 WB, which fully complies with the requirements established by AgBB, one of the most critical European VOC emission assessment systems for construction products.

Throughout 2022, CIN Protective Coating Business Unit launched in its various ranges a significant number of new products, of which we highlight: In the C-POX® range - S600 HB, solvent-based acrylic coating for concrete; W210 HB, water-based epoxy coating with ceramic particles for tunnel protection; PRIMER ZN300, epoxy primer with zinc for anti-corrosive protection of metallic structures; MASTIC ST150 and MASTIC ST150 GF, a new range of surface-tolerant epoxy coatings for metal structures. In the C-FLOOR® range, we highlight the launch of E265 WB, a glossy water-based epoxy coating for floors, and E400 SL – FD Version.

2022 was a year in which CIN products were present in many notable works in Portugal and worldwide.

In Concrete Protection, we highlight the Águas Santas Tunnel in Maia, the Boa Morte Tunnel in Ribeira Brava, Madeira, and the Oriente Tunnel in Colombia.

In Anti-Corrosion projects, the most relevant were the renovation of the Luís I Bridge in Porto, the Ermesinde toll booths in Valongo, the Minho Railway Line, and the bridges on the Beira Baixa Railway Line. Other more emblematic works were related to the renovation of the Bolhão Market in Porto and the Expansion of the Production Unit at the Luanda Refinery in Angola.

The activity works in the area of Passive Fire Protection included the Botton-Champalimaud Pancreatic Cancer Centre in Lisbon, the Bolhão Market in Porto, Hotel Barceló in Funchal, Madeira, Convento das Concepcionistas in Azores, the Luanda Military Hospital in Angola, Jardín Plaza Shopping Centre in Colombia, El Embrujo Airport – Passenger Terminal in Colombia, Kumasi Central Market in Ghana, Takoradi Market Circle in Ghana, and Mercedes Saloon in Poland.

Concerning Tank and Pipe Protection, CIN was present in work on the PKN Orlen Tank in Poland.

In the Protection of Concrete Flooring segment, we highlight projects such as HOSO Tower in Porto and the COVID Hospital in Luanda.

CIN

Yachting and Marine

Product performance is designed to meet a wide range of needs, from the smallest boat yards to the largest SuperYacht construction docks.

The Yachting Business Unit produces high-quality paints for all uses in the nautical sector. Its two brands, Boero YachtCoatings and Veneziani Yachting (used under licence from Colorificio Zetagi S.r.l) present a comprehensive range of products for painting, repairing and maintaining boats, capable of preserving both aesthetics and functionality. The range includes a complete line of antifouling paints, specially developed to offer high performance in all conditions; epoxy primers that guarantee protection and high adhesion; light and flexible fillers; primers with excellent film compaction; varnishes with gloss and satin finishes, easy to apply on all types of substrates; and impregnating agents for the care and maintenance of wood. Product performance is designed to meet various needs, from the smallest boat yards to the largest SuperYacht construction docks.

This Business Unit's strategic axes for development and increasing market share include expanding its presence in strategic territories, creating tools targeted to support sales in specific channels, and strengthening its presence throughout the distribution chain with highly sustainable solutions.

> “The Yachting Business Unit produces high-quality paints for all uses in the nautical sector.

2022 was a year of important activities for the Yachting segment, particularly with Veneziani Yachting, which focused on brand promotion activities to increase awareness of its products and develop tools to increase sales in strategic locations. Concerning Boero YachtCoatings, it concentrated on optimising a complete and highly sustainable technical offer for the leading Italian and international range of professionals and shipyards.

The most important new projects in the SuperYacht area included:

- M/Y AL WAAB II, 55m, Alia Shipyard in Turkey.
- M/Y VIKTORIIA, 37m, Tecnomar Shipyard in Italy
- M/Y OCEANBIRD, 52m, Sanlorenzo Shipyard, (refit)

About the Marine segment, the company Chugoku-Boat Italy S.p.A., which operates exclusively in the marine sector, is a subsidiary of Boero Bartolomeo Spa, for which Boero Bartolomeo Spa produces part of its offers in its factory in Rivalta Scrivia (AL).

Research, Development & Innovation

CIN has continued to develop new projects within the scope of partnerships with various academic institutions, namely FCUP, FEUP, ISEP, UA and UM.

During 2022, the CIN Group's Technical Division, comprising 180 specialised technicians, was involved in 95 R&D projects, of which 30% were successfully completed. During this period, 500 new raw materials were tested, 3,600 new formulations were developed, and 3,750 new colour studies were carried out at the request of customers.

The R&D Division has developed various new products, including:

Architectural Coatings

- Aquacin GC200, an aqueous styrene-acrylic paint for interior plasterboard walls.

Industrial Coatings

- Cincoat STO S616 ULF IFC, a thermosetting coating for interior protection of metal drums.

Anti-Corrosion Protection

- C-Pox W210 HB, an aqueous epoxy coating for the protection of concrete tunnel surfaces
- C-Floor E265 HB, an aqueous glossy epoxy floor paint.
- C-Pox Primer ZN300, a zinc epoxy primer for anti-corrosion protection of steel structures.
- C-Pox Primer ZN810, a zinc-rich epoxy primer for anti-corrosion protection of steel structures.
- C-Pox ST120, a surface-tolerant multipurpose epoxy coating for metal structures.

• C-Pox Mastic ST150 GF, a multifunctional epoxy coating with glass particles for structures with good resistance to abrasion and corrosion.

CIN has continued to develop new projects within the scope of partnerships with various academic institutions, namely FCUP, FEUP, ISEP, UA and UM.

It should be noted that in 2022, the costs of approval and certification of products and painting schemes in official external laboratories amounted 390,000, with 30% of this amount related to product certifications from the Architectural Coatings Business Unit. With regard to investments, it is important to note that the acquisition of new equipment reached a value of 340,000, with 50% of this value relating to equipment for the analytical laboratory and for the accelerated ageing laboratory.

Finally, expenses in the Technical Division of the CIN Group totalled 11,000,000 in 2022. The various activities undertaken on new, modified and improved products by our R&D laboratories over the last 3 years represent around 13% of the 2022 sales volume.

CIN

Management Report

To the Shareholders,

In compliance with 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 of 2022.

MACROECONOMIC ENVIRONMENT

Economic performance in 2022 was marked by three factors: the invasion of Ukraine, the increase in the cost of living driven by inflationary pressures and the slowdown of the Chinese economy. The war in Ukraine deeply destabilised the global economy, triggering an energy crisis, with the main impact felt in Europe, where the price of natural gas quadrupled compared to 2021, while the price of food products increased across the global markets. Faced with inflationary pressures, with an estimated inflation rate of 8.8% in 2022, central banks began to rapidly raise interest rates to contain demand. Finally, the Zero-Covid policy in China created bottlenecks in the supply chain, which led to a slowdown in international trade.

Despite these obstacles, economic growth is estimated at around 3.4%, compared to 6.1% in 2021. This result was possible due to higher than expected private consumption, alongside the maintenance of a strong labour market, allied with state support. The economic slowdown was common to all countries, with the USA growing 2% and the Eurozone 3.5%, with Germany recording the lowest growth for the second consecutive year. In turn, Chinese growth fell from 8.1% in 2021 to just 3% in 2022.

The Portuguese economy is estimated to have grown 6.8% in 2022, benefiting from a strong recovery following an alleviation of the damaging effects of the Covid-19 pandemic. However, there was a slowdown in the second part of the year, which was not unrelated to the increase in inflation on goods and services and the consequent rise in interest rates.
Nevertheless, private consumption demonstrated its resilience, as a result of some government support measures and the savings accumulated during the Covid period, when movement was restricted, being the main factor for the growth achieved.

Spain was one of the countries most affected by the Covid-19 crisis due to the importance of its tourism sector, which represents 12% of GDP, and the country is still recovering. Consumption remains 5.4% below the pre-pandemic period. The estimated growth of 5.2% for 2022, very similar to that of 2021, masks a cooling trend in the economy, with growth in the last quarter standing at 0.2%. Construction activity has shown resilience, but with a downward trend in sales prices.

The French economy is set to record growth of 2.6%, well below the 6.8% of 2021, and mainly sustained by developments in the first half of the year, since in the second half quarterly growth was close to 0%. The reasons for this poor performance included strikes at refineries, jeopardising the country's fuel supply, as well as issues in maintaining its nuclear power stations, which saw energy production cut to 30-year lows, resulting in a 0.4% fall in GDP. Unlike the other countries in the European Union, inflation is expected to peak in 2023, due to the end of fiscal policies on energy prices, which contained the rise to just 4% in 2022, this being estimated to hit 15% in 2023.

In Italy, annual growth is estimated at 3.9%, despite the heavy impact of the increase in energy prices in the second half of the year, which led to a fall in domestic consumption and investment, even culminating in a possible contraction of GDP in the last quarter. This growth is underpinned by domestic demand, based on a very strong labour market at pre-pandemic levels, and by investment in the real estate market.

Angola's expected growth of 3% in 2022 represents a second year of growth after a five-year recession. Although the oil-related sector made a positive contribution to the economy as a result of the increase in oil prices, with an 80% price increase in the first quarter of 2022, the contribution of the non-oil sector should be highlighted, namely agro-livestock, an industry with significant investments projected for 2023. Additionally, the unemployment rate remained close to 30%, ranking Angola as one of the highest unemployment rates in Africa.

In Mozambique, meanwhile, the improvement in mining activity followed by the recovery in the hotel and tourism sector sustained a growth rate of 4.1%.

2022 ACTIVITY

Markets

The Group's turnover was €388.9m in 2022, which represents growth of 10.6% compared to the previous year.

By markets, in Portugal, sales grew 3.6%, with positive performance in the Decorative Paints (+4.1%) and Protective Coatings (+14.6%) segments, and a 5.5% drop in the Industrial Coatings segment, mainly in the powder coatings unit.

In Spain, sales fell by 2.6%, a reduction concentrated in the Decorative Paints and Industrial Coatings segments, with the Protective Coatings segment counteracting this trend and recording robust growth of 13.5%. Our market view is that we improved our value performance, though with some losses in volume.

In France, there was a 10.1% growth in turnover, with the Industrial Coatings segment growing 9.2%, although with varying performances by company, with CIN Celliose having recorded more robust growth. The Decorative Paints segment performed extremely well, up 25%, while Yachting registered an increase of 4%.

In the Italian market, sales increased 16.2%, with excellent performance across all three business segments.

The Angolan and Mozambican markets grew significantly in 2022, by 77.2% and 28.4%, respectively. Growth was broad-based across all business segments, but was also influenced by the strong appreciation of local currencies against the EUR.

The export market increased by 18%, sustained by growth in the Protective Coatings and Industrial Coatings segments. The Protective Coatings segment doubled its turnover, due to the excellent performance in the African and Central American markets. The Industrial Coatings segment grew mainly in the German and Italian markets. Conversely, the Decorative Paints segment saw a reduction in business compared to the same period last year.

Business Units (BU)

In the **Decorative Paints B.U.**, turnover grew by 9.5% compared with the same period in the previous year.

In Portugal, sales grew 4.1%, which represents a better performance than the market, which we expect to have grown by 1.5%. In line with the trend seen in the previous year, this evolution includes a significant increase in the average sales price, due to the increased cost of raw materials over the last two years.

In Spain, sales of Decorative Paints fell by 8.3%, a drop concentrated in the modern distribution channel, which was impacted by the termination of an important supply contract, and to a lesser extent in traditional distribution, since direct sales showed significant growth.

In France, the Decorative Paints segment recorded an increase of 25%, returning to the significant growth levels seen in the pre-Covid period.

In Angola, the Decorative Paints unit increased sales by 78% in euros, driven by the average exchange rate appreciation, with equal performance in the various distribution channels.

In Mozambique, turnover in this segment grew 25.7%, underpinned by the higher value works and products that characterised activity this year, but also by the average exchange rate appreciation of the metical.

In Italy, the Decorative Paints segment recorded robust growth of 15.6%, concentrated in the development of products for exteriors and benefiting from the dynamism of the ETICS products, which saw Government support as part of measures to improve the energy efficiency of buildings.

Sales of decorative paints for export decreased 11.3%, due to decreased business in specific markets in 2021, namely China and Iraq.

Turnover in the **<u>Industrial Coatings B.U.</u>** increased 4.8%, essentially based on the performance of the liquid paint area, given that the powder paint segment registered marginal growth.

In France, growth was 9.2%, in line with the previous year and based on the performance of CIN Celliose, with Cin Monopol recording more modest growth. Portugal and Spain recorded a drop of around 4.5%, mainly in the powder coatings area, the sector most affected by price volatility and scarcity of raw materials. In the other markets, less significant in terms of absolute value, the excellent performance in Angola and Mozambique is worthy of mention.

Sales in export markets increased by 11.8%, mainly due to the dynamism of the German and Italian markets.

The **<u>Protective Coatings B.U.</u>** performed extremely well across all the geographical areas in which we operate, with a clear emphasis on the performance of external markets. Overall sales grew by 28.6%. In Portugal and Spain, our main markets, sales grew around 14%, but activity remained constrained by consecutive increases in sales prices and occasional disruptions in supply chains. In the other markets, of note was the performance in Angola, Mexico and Mozambique, where growth reached 83%, 87% and 63% respectively.

Exports from this B.U. saw a huge increase of 113%, underpinned by markets such as Ghana, the Dominican Republic and DR Congo.

In the **<u>Yachting B.U.</u>** sales increased 11.5%, sustained by a strong performance both in the Italian domestic market and in exports, while the French market grew more modestly.

Financial Overview

Preliminary remark: The operating performance in the years under review is affected by non-recurring movements, whose effects are stripped out in the following table and text.

Recurrent consolidated financial indicators

Values expressed in m€	Consolidated 2022	Consolidated 2021	% Change 22 / 21
Sales and services rendered	388.9	351.7	10.6%
Gross margin in value	190.5	183.9	3.6%
Gross margin percentage	49.0%	52.3%	
Supplies and external services	64.7	60.3	7.3%
Recurring personnel costs	73.5	71.9	2.2%
Other recurring operational costs (revenues)	-0.3	0.5	-151.1%
Recurring EBITDA	52.6	51.2	2.8%
Amortisation and Depreciation	18.0	17.8	1.2%
Provisions and Impairment Losses	1.1	0.3	253.5%
Recurring EBIT	33.4	33.0	1.2%
Non-recurrent results	0.7	0.1	1044.1%

The Group's consolidated turnover was €388.9m, up 10.6% compared to 2021.

The gross margin percentage maintained the downward trend already evident in the previous year, from 52.3% to 49.0%, as a result of the sharp increase in raw material prices, although with greater emphasis at the beginning of the year, that could not be passed on to the market in equal measure. This percentage margin development was also influenced by significant mix effects, namely the strong growth in the Protective Coatings unit and, in Italy, the strong performance of external thermal insulation composite systems (ETICS) products. The repercussions of this fall in profitability were essentially concentrated in the European market, since the operations in Angola and Mozambique saw the percentage margin evolve positively. The gross margin in value of €190.5m represents an increase of 3.6% compared with 2021.

The amount for supplies and external services shows a significant increase compared to 2021, totalling 7.3%, reflecting the inflationary pressure in 2022, particularly in items related to energy, transport and travel.

Recurring personnel costs increased slightly by 2.2%, reflecting the present annual salary progression, as the number of employees in the Group basically remained unchanged from the previous year. Other net operating costs and revenues evolved favourably, benefiting in some countries from state support for rising costs indexed to the energy component.

Against this backdrop, recurring EBITDA reached €52.6m, which compares with the value of €51.2m from 2021, thus amounting to an increase of 2.8%.

Amortisation and depreciation grew marginally compared to the previous year. Provisions and impairment losses grew significantly, mostly associated with the inventories and accounts receivable component. Against this backdrop, recurring EBIT stood at €33.4m, a slight increase of +1.2% compared with the same period in the previous year.

Financial costs grew significantly due to the combination of increased average gross debt and the extension of loan maturities, which was mitigated by hedging interest rate risk and the use of fixed-rate finance. Financial income increased significantly as a result of income obtained from associated companies.

Non-recurring results of €0.7m euros essentially refer to the amount of capital gains resulting from the sale of fixed assets, less costs from contract terminations as part of staff restructuring processes.

The estimated tax on profits increased significantly compared with the previous year, since: in Portugal there was a higher amount of tax benefits in the previous year, in Angola we saw a significant improvement in operating performance, and in Italy there was a combination of better operating performance and an increase in the effective tax rate.

As a result of the activity described above, the net profit for the year, in the amount of €21.9m, is at the same level as in 2021.

In terms of cash flow, in 2022, the group released funds for operating activities totalling €21.3m, significantly less than in 2021, essentially due to the increase in payments made to suppliers, as a result of the strengthening of inventories and the higher cost of raw materials, as well as the increase in costs for supplies and external services.

Income tax payments increased due to the result being concentrated in regions with a higher tax burden, as well as the higher volume of payments on account during 2022.

In terms of investment activities, €1.9m was spent in net terms. Some €9.6m was invested in tangible and intangible fixed assets, mainly in projects related to the operations area, primarily in Portugal, in the second and third phases of the Maia factory revamp, and in Italy, at the Rivalta factory. Fixed assets were sold for €5.1m, mainly properties in the Canary Islands, Angola and Italy, as well as the remaining investment properties that had been the subject of real estate projects in previous years. In addition, €1.1m of portfolio investments held for trading and valued at fair value in the regulated market were sold, in net terms. Also in the investment component, dividends of €1.2m were received mainly as a result of the holding in the Media Capital Group.

With regard to financing activities, there were net financial costs of €4.3m, lease liabilities of €6.2m and dividends of €7.8m. In this regard, the use of credit lines increased by €4.7m.

Total assets amounted to €428.7m, an increase of €17.1m on the previous year. In non-current assets, although with a marginal variation, there was an increase of €5.1m due to two interest rate swap contracts being recorded in 2022. This increase was offset by a €5.5m impairment being recorded in non-current assets for the year.

Current assets increased significantly in 2022, mainly due to the significant increase in customers, in line with the growth in turnover, and in inventories, in this case primarily due to the price effect. Other current financial assets measured at fair value decreased by €2.7m, while cash and cash equivalents increased by €6.2m.

Total liabilities of €299.2m reflect a slight increase on 2021. Non-current liabilities increased significantly, however, mainly due to the increase of medium-term credit lines, primarily bond loans, but also in pension liabilities, resulting from changes to key actuarial assumptions and regulatory changes introduced by the Portuguese Insurance and Pension Funds Supervisory Authority (ASF). There were also increases under the operating leases and deferred tax liabilities items, in this case related to the recognition of hedging derivatives.

Current liabilities registered a significant decrease, explained by both the current funding component being replaced by structural financing, and also the decrease in trade payables, due to a drop in purchases and inventories at the end of the year, given indications of a stabilisation of raw material prices. Also worthy of note is the reduction in other current liabilities, influenced in the previous year by commercial expenses deferred in the context of the Covid-19 pandemic, and provisions, which were readjusted to the current business risks. Still in the current liabilities component, the increase in other payables should be noted, this being due to the sums owed to investment suppliers as part of the project under way at the Maia factory.

The amount of equity attributable to shareholders totals €117.1m, which reflects a significant increase compared to 2021, and includes, in addition to the result for the period and the distribution of dividends, important positive impacts resulting from the evolution of exchange rates in Angola and the evolution of interest rate risk coverage reserves, but also negative impacts, albeit to a lesser extent, due to the impairment recorded in non-current assets for the year, and the decrease in fair value reserves for current financial assets, resulting from losses recorded in financial markets indices during 2022.

Non-controlling interests, which amount to €12.3m, mainly reflect the non-controlling stake in Boero Bartolomeo.

FINANCIAL AND MONEY MARKETS

2022 was a year of huge challenges for the financial and money markets; indeed, it was just the fourth time in 100 years that both the stock market and the bond market fell simultaneously by more than 15%.

Energy market drivers were disrupted by the war, making visible what had already been timidly noted, inflationary pressures.

Due to this rampant increase in prices, central banks began spiralling interest rate increases to contain demand, reflected in a 400pp increase in interest rates in the USA and 250pp in the eurozone. In addition, due to inflationary pressures in early 2023, further increases are expected.

As a result of the rise in interest rates, the world financial markets depreciated by 20%, with the world stock index (MSCI World) down 17%, while the SP500 and the EUROSTOXX depreciated 18% and 19% respectively.

At the same time, the US dollar appreciated against other currencies, with the euro depreciating 6%. This trend, while helping to control inflation in the USA, shifts inflation to countries with greater trade relations, such as the eurozone.

Against this background, CIN negotiated interest rate hedges for a large percentage of its debt and extended the maturities of its loans.

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.

In a complex macroeconomic and market environment, the Group was able to maintain high levels of performance, in line with international competitors.

The Board of Directors believes that 2023 will be a year of high volatility, and so it will propose to the General Meeting that a dividend be distributed at the same level as last year, that is 7.5m euros representing 30 cents per share.

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

Growth in 2022 exceeded the prevailing pessimistic view, not least because of a relatively mild fourth quarter, which allowed for a sharp drop in energy prices. However, core inflation remains very high in most countries, with further interest rate hikes expected long into the future before we return to a phase of rate cuts.

The USA is expected to suffer the effects of a recession, with only the degree of severity in dispute. In Europe, the basic indicators show improvements but remain in negative territory, and therefore anaemic growth is expected, which may improve with China opening up since this could add around 0.3% to GDP.

We foresee an extremely volatile year in which numerous forces may increase the degree and extent of such volatility: high inflation; geopolitical risks, such as China decoupling from the US; war in Ukraine; reduced liquidity.

In this context, we believe it will make sense to consolidate the resilience that we are already known for in order to respond positively to the shocks and adversities that lie ahead, while adapting to the growth phase.

Preserving cash is crucial so we will place a special emphasis on cost control.

We normally look at costs from a costs to serve perspective and not on the basis of business priorities and redefining the business model, so this year we have started mapping 4 categories of costs — mandatory, core, critical and non-critical.

The aim will be to eliminate the non-critical ones, challenge the critical ones, and optimise the other two.

To respond to the opportunities that always arise at these times, provided they fit into our strategic model, we have taken steps in 2022 restructuring our balance sheet, to ensure we have the financial means to achieve such purpose.

We will continue to redefine our supply chain in order to ensure supply stability.

At the same time, the investment plan we launched last year will increase our productivity, preserving our capacity for growth.

We will, in turn, divest marginal businesses.

In market terms, we are moderately optimistic, essentially focusing on recovering gross margins, and envisaging reduced volumes.

We will look at the Spanish market in particular, where we have a weaker position, consolidating the efforts we have been making in that market.

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 2022 the Company has no branches.

SUBSEQUENT EVENTS

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

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, 28 February 2023

THE BOARD OF DIRECTORS,

JOÃO MANUEL FIALHO MARTINS SERRENHO
President

JOÃO LUÍS BALDAQUE DA COSTA SERRENHO
Vice-President

MARIA FRANCISCA FIALHO MARTINS SERRENHO BULHOSA
Board Member

MARIA JOÃO FIALHO MARTINS SERRENHO SANTOS LIMA
Board Member

ÂNGELO BARBEDO CÉSAR MACHADO
Board Member

FERNANDO JORGE DE ALMEIDA FERREIRA
Board Member

MANUEL FERNANDO DE MACEDO ALVES MONTEIRO
Board Member

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

ASSETS	Notes	IAS/IFRS 31/12/2022	IAS/IFRS 31/12/2021
NON CURRENT ASSETS:			
Goodwill	7	24 663 890	24 663 890
Intangible assets	8	30 565 044	31 441 866
Tangible assets	6	103 039 361	110 333 915
Investment properties	10	9 158 389	9 705 964
Investments in associated companies	3	10 407 954	10 305 706
Derivative financial instruments	11, 12	5 126 717	-
Other financial assets	11, 13	1 373 354	1 525 707
Right of Use Assets	9	12 935 671	10 415 293
Deferred tax assets	14	4 802 941	3 461 764
Customers	11, 17	569 000	725 000
Other non current assets	11, 15	553 288	518 842
Total non current assets		203 195 609	203 097 948
CURRENT ASSETS:			
Inventories	16	80 147 119	74 264 869
Customers	11, 17	79 731 295	71 981 962
Other current debtors	11, 18	4 051 455	5 019 265
State and other public entities	28	3 966 908	3 924 505
Other current assets	11, 19	2 890 946	2 014 072
Other investments	11, 13	7 086 355	9 842 950
Cash and cash equivalents	11, 20	47 590 247	41 385 237
Total current assets		225 464 326	208 432 858
TOTAL ASSETS		428 659 936	411 530 806
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	21	25 000 000	25 000 000
Legal reserve	22	5 000 000	5 000 000
Revaluation reserves	22	2 758 445	2 758 445
Conversion reserves	22	(22 313 089)	(24 316 586)
Cash-Flow Hedging reserves	22	3 973 206	-
Fair value reserves	22	(782 384)	251 077
Other reserves		81 673 933	73 058 162
Consolidated net profit for the year		21 854 302	21 948 718
		117 164 413	103 699 817
Non-controlling interests	23	12 285 122	12 029 484
TOTAL SHAREHOLDERS' FUNDS		129 449 535	115 729 300
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	11, 24	164 358 569	129 735 748
Lease Liabilities	9, 11	8 186 822	6 131 340
Retirement benefit obligations	25	6 922 624	5 012 076
Provisions	30	1 238 000	1 261 000
Deferred tax liabilities	14	11 600 867	10 118 759
Total non current liabilities		192 306 881	152 258 923
CURRENT LIABILITIES:			
Bank loans	11, 24	18 598 759	48 132 606
Lease Liabilities	9, 11	5 034 791	4 496 571
Suppliers	11, 26	57 076 997	62 969 156
Other current creditors	11, 27	6 755 707	5 090 420
State and other public entities	28	7 517 610	7 937 595
Other current liabilities	11, 29	10 201 393	11 663 232
Provisions	30	1 718 262	3 253 003
Total current liabilities		106 903 519	143 542 583
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		428 659 936	411 530 806

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2022.

ACCOUNTANT Nº 63002

Paula Macedo

THE BOARD OF DIRECTORS

João Manuel Fialho Martins Serrenho
President

João Luís Baldaque da Costa Serrenho
Vice-President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Maria João Serrenho dos Santos Lima
Member

Ângelo Barbedo César Machado
Member

Fernando Jorge de Almeida Ferreira
Member

Manuel Fernando de Macedo Alves Monteiro
Member

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

	Notes	IAS/IFRS 31/12/2022	IAS/IFRS 31/12/2021
Operating income:			
Sales	31	387 746 378	350 651 254
Services rendered	31	1 198 000	1 003 000
Other operating income	32	5 827 158	12 335 698
Gains/ (losses) in associated companies	3	-	(212 466)
Total operating income		394 771 537	363 777 486
Operating expenses:			
Raw materials and consumables used	16	190 508 808	168 277 938
Changes in inventories of finished goods and work in progress	16	7 892 475	(492 447)
External supplies and services		64 704 763	60 277 544
Payroll expenses		74 491 846	73 742 352
Amortisation and depreciation expenses	6, 8 e 9	18 038 431	17 817 501
Provisions and impairment losses	30	1 102 231	6 298 678
Other operating expenses		3 855 251	4 964 251
Total operating expenses		360 593 805	330 885 817
Operating results		34 177 732	32 891 669
Financial expenses	33	(5 483 542)	(4 352 311)
Financial income	33	1 913 005	302 432
Results before income taxes		30 607 195	28 841 790
Income taxes	34	(8 155 125)	(6 292 849)
Consolidated net income for the year		22 452 070	22 548 941
Attributable to:			
Group		21 854 302	21 948 718
Non-controlling interests	23	597 768	600 223
		22 452 070	22 548 941
Earnings per share			
Basic	36	0,874	0,878
Diluted	36	0,874	0,878

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2022.

ACCOUNTANT Nº 63002

Paula Macedo

THE BOARD OF DIRECTORS

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Member

Manuel Fernando de Macedo Alves Monteiro
Member

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS
FOR THE YEARS ENDED AS OF 31 DECEMBER 2022 AND 2021
(Amounts expressed in Euros)

		Reserves									
	Share capital	Legal reserve	Revaluation reserves	Conversion reserves	Hedging reserves	Fair value reserves	Other reserves	Total reserves	Non-controlling interests	Net profit	Total
Balances as of 1 January 2022	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	115 729 302
Appropriation of consolidated net profit of 2021:											
Transfer to other reserves	-	-	-	-	-	-	14 448 718	14 448 718	-	(14 448 718)	-
Distributions	-	-	-	-	-	-	-	-	-	(7 500 000)	(7 500 000)
Comprehensive income for the year	-	-	-	2 003 497	3 973 206	(1 033 461)	(1 817 391)	3 125 851	597 768	21 854 302	25 577 921
Others	-	-	-	-	-	-	(4 015 557)	(4 015 557)	(342 131)	-	(4 357 687)
Balances as of 31 December 2022	25 000 000	5 000 000	2 758 445	(22 313 089)	3 973 206	(782 383)	81 673 932	70 310 112	12 285 122	21 854 302	129 449 535
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	-	-	-	-	-	-	-	-	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)	(0)	251 078	73 058 163	56 751 100	12 029 484	21 948 718	115 729 300

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2022.

ACCOUNTANT Nº 63002

BOARD OF DIRECTORS

Paula Macedo

João Luís Baldaque da Costa Serrenho
Vice-President

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President

Ângelo Barbedo César Machado
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Manuel Fernando de Macedo Alves Monteiro
Member

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

	IAS/IFRS 31/12/2022	IAS/IFRS 31/12/2021
Consolidated net income for the year, including non-controlling interests	22 452 070	22 548 941
Other comprehensive income:		
Items that will be reclassified to net income in the future:		
Net actuarial gains and losses	(1 817 391)	(1 664 096)
Variation in hedging reserves:		-
Variation in gross asset value (Note12)	5 126 717	212 281
Variation in deferred taxes (Note14)	(1 153 511)	(51 470)
Variation in exchange conversion reserves	2 003 497	(2 240 347)
Variation in fair value reserves	(1 033 461)	(8 973)
Total other comprehensive income for the year	3 125 851	(3 752 605)
Consolidated comprehensive income for the year	25 577 921	18 796 335

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2022.

ACCOUNTANT Nº 63002

Paula Macedo

BOARD OF DIRECTORS

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CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

OPERATING ACTIVITIES:	Notes	IAS/IFRS 31/12/2022	IAS/IFRS 31/12/2021
Receipts from customers		446 710 833	401 671 503
Payments to suppliers		(307 514 771)	(257 721 980)
Payments to employees		(40 966 776)	(40 326 628)
Cash generated from operations		98 229 285	103 622 895
Income taxes paid		(8 742 274)	(7 081 112)
Other receipts/(payments) relating to operating activities		(68 140 230)	(67 042 496)
Flows generated before extraordinary items		(76 882 504)	(74 123 608)
Discontinued operations		-	-
Net cash generated by operating activities (1)		21 346 782	29 499 287
INVESTMENT ACTIVITIES:			
Receipts relating to:			
Investments available for sale		2 229 045	4 925 919
Investment properties		459 000	8 778 000
Tangible assets		5 052 066	72 395
Dividends	33	1 233 976	126 881
		8 974 087	13 903 195
Payments relating to:			
Other investments	5	-	(41 425 846)
Investments available for sale		(1 063 009)	(6 864 166)
Investment properties		(204 976)	(389 517)
Tangible assets		(8 664 758)	(6 349 251)
Intangible assets		(935 948)	(1 556 557)
		(10 868 692)	(56 585 337)
Net cash used in investing activities (2)		(1 894 605)	(42 682 142)
FINANCING ACTIVITIES:			
Receipts relating to:			
Borrowings	24	71 134 777	115 151 725
Interest and similar income		351 645	356 085
		71 486 421	115 507 810
Payments relating to:			
Borrowings	24	(66 434 464)	(89 197 746)
Lease Liabilities		(6 183 377)	(5 871 534)
Dividends	40	(7 849 805)	(7 066 301)
Interest and similar costs		(4 733 679)	(4 431 099)
		(85 201 325)	(106 566 680)
Net cash used in financing activities (3)		(13 714 904)	8 941 130
Variation of cash and cash equivalents (4) = (1) + (2) + (3)		5 737 273	(4 241 724)
Cash and cash equivalents at the beginning of the year		41 385 237	43 652 839
Perimeter variation	5	-	1 222 185
Exchange variation in cash and cash equivalents at the beginning of the year		467 738	751 937
Cash and cash equivalents at the end of the year	19	47 590 247	41 385 237

The accompanying notes form an integral part of the consolidated statement for the year ended as of 31 December 2022.

ACCOUNTANT N.º 63002

Paula Macedo

BOARD OF DIRECTORS

João Manuel Fialho Martins Serrenho
President

João Luís Baldaque da Costa Serrenho
Vice-President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Maria João Serrenho dos Santos Lima
Member

Ângelo Barbedo César Machado
Member

Fernando Jorge de Almeida Ferreira
Member

Manuel Fernando de Macedo Alves Monteiro
Member

CIN

Financial Information


57%
99.96
72.66

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 2022, Pleso Holding B.V. (with headquarters located in Netherlands) and Baía del Saraceni S.r.l. hold, respectively, 97.5% and 2,5% of CIN's share capital (Note 21).

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).

The attached consolidated financial statements were approved by the Board of Directors at the meeting held on 28th February 2023. 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 2022. 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 42), 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.

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.u).

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.

The hierarchical levels referred to above are as follows:

- 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.

(amounts expressed in euros)

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 2022:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 3	1-Jan-22	This amendment corresponds to the update of the reference to the 2018 conceptual framework; additional requirements for analysis of obligations under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination.
Amendment to IAS 16 – "Proceeds before intended use"	1-Jan - 22	This amendment corresponds to an amendment to IAS 16 for the prohibition of deduction from the cost of a tangible asset of income related to the sale of products before the asset is available for use.
Amendment to IAS 37 - Onerous Contracts	1-Jan-22	This amendment corresponds to the clarification that costs of fulfilling a contract correspond to costs directly related to the contract.
Annual Improvements 2018-2020	1-Jan-22	They essentially correspond to amendments to the following standards: - IFRS 1 – practical expedient that allows a subsidiary that first adopts IFRS at a later date than its parent company to choose to measure the cumulative translation differences in relation to all foreign operating units by the amount that would be included in the company's financial statements parent, based on the parent company's transition date to IFRS; - IFRS 9 – clarifies the fees that must be included in the 10% test for the purposes of derecognition of a financial liability; - IAS 41 – removes the requirement to exclude tax-related cash flows in the measurement at fair value.

The application of these changes to accounting standards as of 1 January 2022 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	
IFRS 17 - Insurance contracts	1st -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 – Definition of Accounting Estimates	1st Jan-23	This amendment published by the IASB in February 2021 changes the definition of an accounting estimate for a monetary amount in the financial statements subject to measurement uncertainty.
Amendment to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1st Jan-23	This amendment published by the IASB in February 2021 clarifies that material accounting policies should be disclosed, rather than significant accounting policies, having introduced examples for identifying material accounting policy.
Amendment to IAS 12 Income Taxes - Deferred Taxes	1st 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.
Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information	1st Jan-23	This amendment published by the IASB in December 2021 introduces changes to comparative information to be presented when an entity adopts both IFRS 17 and IFRS 9 simultaneously.

(amounts expressed in euros)

These amendments, although approved ("*endorsed*") by European Union, were not adopted by the Company in 2022, 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	
Amendments to IAS 1 Standard Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of application date; Non-current liabilities with covenants	1st Jan-24	These amendments published by the IASB clarify the classification of liabilities as current and non-current by analyzing the existing contractual conditions at the reporting date. The amendment relating to non-current liabilities with covenants clarified that only the conditions that must be fulfilled before or on the reference date of the financial statements are relevant for the purposes of classification as current/non-current, further postponing the date of application to January 1, 2024.
Amendment to IFRS 16 - Leases - Lease liability in a sale and leaseback transaction	1st Jan-24	This amendment published by the IASB in September 2022 clarifies how a lessee seller accounts for a sale and leaseback transaction that meets the criteria in IFRS 15 to be classified as a sale.

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 2022.

For these standards and interpretations, issued by the IASB but not yet adopted ("*endorsed*") by the European Union, it is not expected that their future application will have a significant impact on the financial statements.

The accounting policies and measurement criteria adopted by the Group as at 31 December 2022 are comparable to those used in the preparation of the financial statements as at 31 December 2021.

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 fulfil the following conditions cumulatively: (i) has power over the investee (power is understood as the ability to set the financial and operating policies of an entity); (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 and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the Group's control over an entity.

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 accounted 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 date of control gain, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS.

Assets resulting from contractual compensation by the seller relating to the outcome of contingencies related, in whole or in part, to a specific liability 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.

Whenever a concentration is not completed up to 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) <u>Conversion of financial statements of foreign entities</u>

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 the Group currency (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 depreciated/amortized and until said liabilities are disposed or liquidated.

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

(amounts expressed in euros)

	December 31, 2022		December 31, 2021	
	Year end	Average	Year end	Average
Angolan Kwanza (AOA)	537,438	478,640	629,020	739,290
Mozambican Metical (MZN)	68,180	67,802	72,320	78,317
South African Rand (ZAR)	18,121	17,211	18,070	17,486
Mexican Peso (MXM)	20,857	21,220	23,210	23,993
Polish Zloty (PLN)	4,681	4,686	4,691	4,572
Turkish Lira (TRY)	19,965	17,409	14,830	10,019
United States Dollar (USD)	-	-	1,173	1,206

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 or production cost, which includes the cost of purchase and any activities necessary to put the assets in the location and condition necessary to operate as intended, net of depreciation and accumulated impairment losses.

An impairment loss is recognised whenever the book value of an asset exceeds its recoverable amount, which is the higher of (i) the fair value less costs to sell and (ii) the value of use. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs. Impairment losses that are detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge to the caption "Amortisation and Depreciation" of the profit and loss statement.

The reversal of impairment losses recognised in previous years is recorded when it is concluded that they no longer exist or have decreased, and this analysis is performed whenever there are indications that the impairment loss previously recognised has been reversed. The reversal of an impairment loss is recognised up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded previously.

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:

	Years
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

The useful lives and depreciation method of the various assets are reviewed annually. The effect of any alteration to these estimates is recognised prospectively in the income statement.

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.

When acquired individually, intangible assets are recognised at cost, which includes their purchase price and any costs directly attributable to the preparation of the respective asset for its intended use. When acquired in a business combination, separable from goodwill, intangible assets are initially measured at fair value, determined by applying the purchase method, as established in IFRS 3 - Business Combinations.

Transfers of property rights 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.

Amortisation of intangible assets are recorded in the statement of Profit and Loss in the caption" Amortisation and depreciation", from the date the assets are available for use, on a straight-line basis in accordance with their estimated useful lives.

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 of 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 Profit and Loss 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 operating 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) <u>Financial instruments</u>

The Group classifies the financial instruments in the categories presented and conciliated with the consolidated statement of financial position as identified in the respective notes to this Appendix.

- 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.

The classification of the financial assets depends on the business model followed by the group in the management of the financial assets (receipt of cash flows or appropriation of variations in fair value) and the contractual terms of the cash flows receivable.

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", 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 purposes 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.

Impairment of financial assets

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.

Derecognition of financial assets

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

<u>Classification as a financial liability or as equity instrument</u>

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.

<u>Equity</u>

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".

<u>Financial liabilities</u>

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 "Cash-Flow Hedging reserves" for its effective component and in financial results in its ineffective component. The values recorded in "Cash-Flow Hedging 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.

Confirming

The Group maintains collaboration protocols with financial entities in order to allow 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 2022 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.

Under "Other receipts / payments relating to operating activities" in the Consolidated Statement of Cash Flow, are considered, in general, the payments and receipts made during the year to public entities, namely amounts of Value Added Tax, but also amounts associated with payments related with the retention of income tax and other contributions.

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 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 (amounts up to 5 thousands euros). 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) <u>Inventories</u>

Inventories are stated at the lower of cost and net realisable value. The net realisable value represents the estimated selling price less all estimated costs necessary to complete the inventories and to sell them.

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 products and work in progress were valued at cost, according to their "standard cost" of production (includes the cost of incorporated raw materials, direct labour and general factory expenses), which is lower than their market value. The calculation of the standard cost is based on the cost structure necessary for the normal use of the production capacity installed in the various plants, excluding downtime and restructuring costs. Occasional revisions are made in the event of significant changes in the product structure.

Accumulated impairment losses for inventory depreciation reflect the difference between the acquisition or production cost and the net realizable value of inventories. Changes in the year's inventory impairment losses are recorded in the income statement caption "Inventory impairment ((losses)/reversals)".

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 30). 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.

The Boards of Directors of CIN and CIN Industrial Coatings deliberated, in the last quarter of 2022, to extinguish the respective pension funds, a process that is continuing the corresponding administrative / legal procedures, as described in more detail in note 25.

l) Accrual basis and Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of returns, discounts and other rebates and taxes related to the sale. Revenue is recognised when control is transferred to a customer, once a product is sold or a service provided.

Revenue from the sale of goods is recognised when there is a transfer of control to the customer. The indicators used by the Company in this evaluation of transfer of control of goods and services are:

- The Company has the contractual right to demand payment for the goods and services;
- The client has legal ownership of the asset;
- The Company has transferred the ownership of the asset and the client accepts it;
- The client holds the risks and benefits of ownership of the said goods and services.

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".

Revenue from dividends is recognised when the Company's right to receive the corresponding amount has been established.

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) Cash-Flow edging reserves

The hedging reserve reflects the changes in fair value of "cash flow" hedging derivatives that are considered effective, and is not distributable or used to absorb losses.

r) 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.

s) 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.

t) 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.

u) 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 2022 and 2021 include:

(i) Useful lives of the tangible and intangible assets;
(ii) Impairment analysis of goodwill and intangible assets with indefinite useful life;
(iii) Recognition of adjustments on assets (accounts receivable and inventories) and provisions;
(iv) Recoverability of deferred tax assets; and
(v) 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.

v) 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, 2022						
	Tintas Cin Angola	Tintas Cin Moçambique	Cin Coatings Mexico	Cin Coatings South Africa	BOERO Coatings Turkey	Cin Coatings Polska	CIN Brasil Participações
Assets	14.075.949	11.270.134	1.495.145	1.736.149	460.128	1.060.366	-
Liabilities	(4.675.945)	(5.660.544)	(1.025.228)	(1.451.935)	(417.647)	(2.445.070)	-
Total	9.400.005	5.609.590	469.917	284.214	42.481	(1.384.704)	-

	December 31, 2021						
	Tintas Cin Angola	Tintas Cin Moçambique	Cin Coatings Mexico	Cin Coatings South Africa	BOERO Coatings Turkey	Cin Coatings Polska	CIN Brasil Participações
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

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 of 31 December 2022, 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 31st December 2022 and 2021 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 on 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 2022 and 2021 are disclosed in Note 30.

As of 31 December 2022, and 2021 the Group does not consider the need for any additional impairment losses, besides those recorded and disclosed in Note 30.

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.

The Group's debt is mainly indexed to variable interest rates, exposing the cost of debt to a risk of volatility.

In 2022 the reference interest rates for floating rate financing contracts began a process of expressive increase, also continued and generalised in maturities, which induced relevant volatility and uncertainty in the cash flows associated to financing activities.

In this context, the Company considered it appropriate to contract derivative financial instruments to hedge interest rate risk (“interest rate swaps”), the details and amounts of which are set out in note 12.

Interest Rate Sensitivity Analysis

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 average amount of liabilities outstanding over the year was considered;
- 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 other reserves had been the following:

	2022		2021	
	-0,75 b.p.	+ 0,75 b.p.	-0,75 b.p.	+ 0,75 b.p.
Net Income (1)	399.095	(793.018)	-	(238.000)
Other reserves (2)	228.044	263.468	-	-

(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.

vi) 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 24 after deducting cash and bank balances) and net equity (comprising issued capital, reserves, retained earnings as disclosed in Note 22). 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.

x) 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 of 2022 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 2022, are as follows:

Designation	Headquarters	Share Capital held		
		Direct	Indirect	Effective
With headquarters in Portugal:				
CIN - Corporação Industrial do Norte, S.A. ("Parent Company")	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%
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%
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 International B.V. ("CIN BV")	Amsterdam (Netherlands)	100%	-	100%
Tintas CIN de Angola, SARL ("CIN Angola")	Benguela (Angola)	1%	99%	100%
Tintas CIN Mozambique, 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 of CV RL ("CIN Coatings Mexico")	Izcalli (Mexico)	-	100%	100%
CI 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 Poland")	Pruszków (Poland)	-	100%	100%
CIN Senegal SARL ("CIN Senegal")	Dakar (Senegal)	-	70%	70%
CIN Brasil Participações, Ltda. ("CIN Brazil")	Recife (Brazil)	-	100%	100%
Boero Bartolomeo Group:				
Boero Bartolomeo S.p.A. ("Boero Bartolomeo")	Genova (Italy)	82,75%	-	82,75%
Immobiliare Genova Molassana Nuova S.p.A.	Genova (Italy)	-	82,75%	82,75%
Boero Colori France S.a.r.l. ("Boero France")	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 Turkey")	Istanbul (Turkey)	-	82,75%	82,75%

(amounts expressed in euros)

These companies were included in the consolidation using the full consolidation method, as established by IFRS 10 – "Consolidated Financial Statements" (Note 1.2 a)), except for CIN Senegal whose participation is recorded at cost, given the recent start-up of activity and the lack of structured information at the closing date of the financial statements to carry out the respective integration using the full consolidation method, and the effect of its inclusion would be immaterial.

With effect from January 1, 2022, the Companies Martolar and Conceitcor were merged into the parent company (CIN – Corporação Industrial do Norte, S.A.), ceasing to be part of the consolidation perimeter with effect from December 31, 2022 (Note 5).

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:

		Share Capital held		
Designation	Headquarters	Direct	Indirect	Effective
With headquarters in Portugal:				
CIN - Corporação Industrial do Norte, S.A. ("Parent Company")	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 International B.V. ("CIN BV")	Amsterdam (Netherlands)	100%	-	100%
Tintas CIN de Angola, SARL ("CIN Angola")	Benguela (Angola)	1%	99%	100%
Tintas CIN Mozambique, 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 of CV RL ("CIN Coatings Mexico")	Izcalli (Mexico)	-	100%	100%

CI 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 Poland")	Pruszków (Poland)	-	100%	100%
CIN Brasil Participações, Ltda. ("CIN Brazil")	Recife (Brazil)	-	100%	100%
Boero Bartolomeo Group:				
Boero Bartolomeo S.p.A. ("Boero Bartolomeo")	Genova (Italy)	82,75%	-	82,75%
Immobiliare Genova Molassana Nuova S.p.A.	Genova (Italy)	-	82,75%	82,75%
Boero Colori France S.a.r.l. ("Boero France")	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 Turkey")	Istanbul (Turkey)	-	82,75%	82,75%

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 Brazil 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 2022 are as follows:

		Share capital held		
Designation	Headquarteres	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%

The balance sheet value of this associated company, include in the caption “Investments in associated companies” as of 31 December 2022 and 2021, had the following composition:

(amounts expressed in euros)

	Net book value	
Associated:	31/12/2022	31/12/2021
Cenaris, Gmbh	860.587	813.611
Grupo Média Capital, SGPS, S.A.	6.433.645	6.433.645
Perfect Obelisk, S.A.	1.706.704	1.680.000
Chugoku - Boat Italy S.p.A.	1.401.567	1.373.000
CIN Sénégal SARL - Société à Responsabilité Limitée	5.450	5.450
	10.407.954	10.305.706

The main indicators of these entities as at 31 December 2022 had the following composition:

31/12/2022

	Headquarters	Asset	Liabilities	Equity	Net income	% held	Recorded amount
Associated:							
Cenaris, Gmbh (*)	Germany	4.589.414	2.745.229	1.844.185	529.018	30,00%	860.587
Grupo Média Capital, SGPS, S.A. (**)	Portugal	191.202.289	87.129.001	104.073.288	40.758.364	11,20%	6.433.645
Perfect Obelisk, S.A.	Portugal	14.272.712	50.178	14.222.535	160.257	12,00%	1.706.704
Chugoku - Boat Italy S.p.A.	Italy	14.194.405	10.659.864	3.534.541	356.311	30,00%	1.401.567
CIN Sénégal SARL	Senegal	107.040	127.531	(20.492)	(28.114)	70,00%	5.450
							10.407.953

31/12/2021

	Headquarters	Asset	Liabilities	Equity	Net income	% held	Recorded amount
Associated:							
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 entity information as of November 2022 and Forecast of results as of December 2022.
(**) Data released based on the latest public information available at the time (June 30, 2022).
The information can be found on the entity's institutional site.

As of December 31, 2022, “Perfect Obelisk” has a holding percentage of less than 20%, however, the CIN Group is represented on the Board of Directors, which gives it influence over it.

As of December 31, 2022 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 2022, are as follows:

Designation	Headquarteres	Book Value	Share Capital held		
			Direct	Indirect	Effective
Held by CIN:					
Tintas CIN Guiné, Lda. ("CIN Guiné")	Bissau (Guinea)	-	51%	-	51%
Tintas CIN Macau, Lda. ("CIN Macau")	Macau (China)	-	90%	-	90%
CIN Senegal SARL (“CIN Senegal”)	Dakar (Senegal)	5.450	-	70%	70%

Financial investments in Group companies – CIN Guiné and CIN Macau are recorded at acquisition cost, with an impairment loss having been recorded to reduce them to the estimated net realizable value in view of their inactivity.

5. CHANGES TO THE CONSOLIDATION PERIMETER

As mentioned in the Introductory Notes and Note 3, in 2022 the Companies Conceitcor and Martolar were incorporated into the Parent Company, with the merger process of those entities taking place on January 1, 2022 with reference data from December 31, 2021, after which they will be integrated in the Parent Company's financial statements.

In the 2021 financial year, the CIN Group acquired a majority stake in the Boero Bartolomeo Group, which gave it control over said Group. The acquisition process was carried out at the beginning of the year ended 31st December 2021, with its consolidation taking place with effect from 1 January 2021. The impact of the inclusion of the Group in the consolidated financial statements of the CIN Group in the financial year 2021, on January 1, 2021:

(amounts expressed in euros)

Boero Bartolomeo Group

Non-Current Assets:	Note	01-01-2021 Book value	Fair value adjustments	Fair value
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
Investments 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
State 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 liabilities	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 Liabilities:		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:				(8.927.456)
Acquisition price:				(39.590.394)
Badwill:	31			7.908.547
Net cash flow arising from the acquisition:				
Payments made				(39.590.394)
Cash and cash equivalents acquired				657.000
				(38.933.394)

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, 2022 and 2021 there are no accounts payable or receivable arising from this acquisition. There are also no contingent payments associated with this transaction.

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)
Other 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€).

(amounts expressed in euros)

6. TANGIBLE FIXED ASSETS

During the years ended 31 December 2022 and 2021, the movements in the gross value of tangible fixed assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

2022

	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	36.345.629	134.835.428	130.246.106	2.869.125	26.063.819	2.292.290	2.024.509	334.676.907
Additions	415.061	3.350.972	561.078	290.821	660.070	174.124	6.305.704	11.757.830
Disposals and write-offs	(5.123.686)	(2.972.630)	(4.462.192)	(647.613)	(227.898)	(18.064)	(0)	(13.452.083)
Transfers	-	590.700	865.055	-	357.054	(33.103)	(1.779.706)	0
Currency Adjustments	28.016	908.478	97.238	119.042	37.201	99.541	4.729	1.294.245
Closing balance	31.665.020	136.712.948	127.307.286	2.631.374	26.890.246	2.514.789	6.555.235	334.276.900
Depreciation and amortization Acumulated impairment								
Opening balance	-	84.132.906	111.408.262	2.860.363	24.477.472	1.463.983	-	224.342.992
Amortizations for the year	-	4.712.270	3.810.813	64.918	507.766	220.863	-	9.316.629
Disposals and write-offs	-	(2.972.630)	(4.462.193)	(647.613)	(227.898)	(18.063)	-	(8.328.396)
Impairments (Note 30)	-	5.500.000	0	-	-	-	-	5.500.000
Currency Adjustments	-	95.651	101.471	107.212	28.872	73.110	-	406.315
Closing balance	-	91.468.198	110.858.353	2.384.879	24.786.213	1.739.892	-	231.237.540
Net value	31.665.020	45.244.750	16.448.933	246.496	2.104.034	774.897	6.555.235	103.039.361

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)
Currency 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	24.477.472	1.463.983	-	224.342.991
Net value	36.345.629	50.702.522	18.837.845	8.762	1.586.348	828.308	2.024.509	110.333.915

As at 31 December 2022 and 2021, “Tangible fixed assets in progress” essentially referred to projects in progress relating to buildings and industrial and technical equipment.

During the year, the various companies that make up the Group sold three properties: in Las Palmas, Luanda and Pozzolo Formigaro, which together generated a capital gain of 2.0 M€ (Note 32).

During the year and in view of the impairment indicators identified, the Group decided to conduct a formal impairment analysis on the non-current assets of one of its subsidiaries in Spain. This analysis was based on an external and independent expert evaluation of a building and its land. From the referred analysis it was recognised by the Company an additional impairment over non-current assets of the referred subsidiary of 5.5 million Euros (4.7 million Euros, after discounting deferred tax liabilities generated in a fair value exercise performed at the time of the acquisition of the referred subsidiary). This amount was recorded by the Company in equity, and is shown in the Consolidated Statement of Changes in Equity under the line "Others" (Note 30).

7. GOODWILL

As of 31 December 2022 and 2021, the net book value of Goodwill, which was originated from acquisitions made by the Group in the referred markets, with the aim of expanding its operations, had the following composition:

	31-12-2022			31-12-2021		
Country / Business	Gross Value	Accumulated Impairment (Note 30)	Net value	Gross Value	Accumulated Impairment (Note 30)	Net value
Spain	6 647 178	(3 500 000)	3 147 178	6 647 178	(3 500 000)	3 147 178
France	12 948 526	-	12 948 526	12 948 526	-	12 948 526
Portugal	8 568 186		8 568 186	8 568 186		8 568 186
	28 163 890	(3 500 000)	24 663 890	28 163 890	(3 500 000)	24 663 890

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 performed using the "Discounted Cash Flows" method, based on the financial projections of cash flows of each cash generating unit for a period of 5 years 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.

(amounts expressed in euros)

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 at December 31, 2022, the methods and assumptions used in the preparation of the impairment tests regarding Goodwill were as follows:

Main assumptions	Spain	France	Portugal
Discount rate	9,0%	7,6%	9,0%
Sales growth	6,9%	4,9% - 6,3%	2,7%
Rate of growth of perpetuity	1,5%	1,5%	1,5%

Goodwill associated with Spain refers to a recently created activity (2017), where strong growths in business volume and results are expected, being the management's understanding that the amounts recognised in goodwill will be fully recovered.

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 2022. Similarly, a decrease of 0.5% on the perpetuity growth rate would not result in significant losses as of 31 December 2022.

8. INTANGIBLE ASSETS

During the years ended as of 31 December 2022 and 2021, the movement in intangible assets as well as in the respective accumulated depreciation and accumulated impairment losses, was as follows:

	2022						
	Installation expenses	Development expenses	Industrial property and other rights	Transfer of property	Brands	Intangible assets in progress	Total
Gross Assets							
Opening balance	2.790.952	12.627.990	14.167.963	4.914.153	23.400.000	449.157	58.350.214
Additions	59.916	164.125	842.209	-	-	71.224	1.137.474
Disposals and write-offs	-	-	(483.548)	-	-	-	(483.548)
Transfers	172.972	-	336.070	(371.750)	-	(137.292)	-
Currency Adjustments	-	-	11.715	-	-	(8)	11.707
Closing balance	3.023.840	12.792.115	14.874.409	4.542.403	23.400.000	383.082	59.015.848
Depreciation and amortization Accumulated impairment:							
Opening balance	1.388.092	10.494.478	12.824.892	2.200.886	-	-	26.908.348
Amortization for the year	281.435	1.145.964	587.040	-	-	-	2.014.422
Disposals and write-offs	-	-	(483.548)	-	-	-	(483.548)
Transfers	(52.633)	-	191.155	(138.522)	-	-	-
Currency Adjustments	-	-	11.582	-	-	-	11.582
Closing balance	1.616.878	11.640.441	13.131.122	2.062.364	-	-	28.450.804
Net value	**1.406.962**	**1.151.674**	**1.743.287**	**2.480.039**	**23.400.000**	**383.082**	**30.565.044**

	2021						
	Installation 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 impairment:							
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**

As at December 31, 2022 and 2021, the items "Brands" and "Transfer of property" correspond to:

- The item “Brands” includes the amount of 23,400,000 Euros, which corresponds to the valuation of the brand Boero (Note 5).

- The item “Transfers” includes the amount of 2,107,069 Euros corresponding to the transfer contract entered into between CIN and Tintas Robbialac, S.A. on November 19, 2007, whereby CIN acquired the business of that entity called “Segmento de Indústria”;

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 2022 and 2021, as well as in the respective accumulated depreciations and accumulated impairment losses was as follows:

(amounts expressed in euros)

	2022			
	Buildings and other constructions	Transport equipment	Other equipment	Total
Gross Assets				
Opening balances	15.862.514	5.148.833	621.000	21.632.347
Increases	5.488.061	1.157.815	1.147.057	7.792.932
Updating of contracts	291.466	698.980	-	990.447
Contracts ended in the current period	(3.143.100)	(367.833)	-	(3.510.933)
Contracts cancelled in the current period	-	(79.738)	-	(79.738)
Closing balance	18.498.941	6.558.057	1.768.057	26.825.054
Depreciation and amortizaton				
Accumulated impairment				
Opening balances	7.931.375	2.905.679	380.000	11.217.054
Increases	4.442.720	1.561.905	210.267	6.214.892
Contracts ended in the current period	(3.156.697)	(324.308)	-	(3.481.005)
Contracts cancelled in the current period	-	(61.558)	-	(61.558)
Closing balance	9.217.397	4.081.718	590.267	13.889.382
Net value	9.281.543	2.476.339	1.177.790	12.935.671

	2021			
	Buildings and other constructions	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 amortizaton				
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

The movement in the lease liabilities in the period ended 31 December 2022 and 2021 was as follows:

	2022			
	Buildings and other constructions	Transport equipment	Other equipment	Total
Opening balances	8.103.796	2.279.115	245.000	10.627.910
New contracts in the current period	5.743.907	1.555.975	1.146.394	8.446.275
Payments made in the current period	(4.438.738)	(1.605.319)	(209.254)	(6.253.310)
Change/Cancelled contracts in the current period	113.806	286.931	-	400.737
Closing balance	9.522.771	2.516.702	1.182.140	13.221.613

	2021			
	Buildings and other constructions	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	(4.216.059)	(1.538.427)	(145.000)	(5.899.486)
Change/Cancelled contracts in the current period	47.084	10.781	-	57.866
Closing balance	8.103.796	2.279.115	245.000	10.627.911

The amount of lease liabilities is detailed as follows:

	31-12-2022	31-12-2021
Between 1 and 2 years	2 639 736	2 721 329
Between 2 and 3 years	1 744 688	1 217 560
Between 3 and 4 years	2 382 216	1 759 834
Over 4 years	1 420 181	432 616
	8 186 822	6 131 340

10. INVESTMENT PROPERTIES

As of 31 December 2022 and 2021, the breakdown by property of the Group's investment properties was as follows:

	31-12-2022	31-12-2021
Investment Properties:		
Land/Property Guardeiras	4 626 055	4 617 867
Land/Property Leça da Palmeira	2 330 334	2 330 334
Land/Property Italy	2 202 000	2 382 654
Land/Property Others	-	375 109
	9 158 389	9 705 964

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 2022, and 2021, the movement in these captions was as follows:

	31-12-2022	31-12-2021
Investment properties		
Opening balance of 1 January	9 705 964	16 262 648
Perimeter variation (Note 5)	-	2 563 000
Additions	8 535	575 002
Disposals	(375 109)	(7 830 779)
Impairments (Note 30)	-	(1 683 561)
Depreciation for the year	(181 000)	(180 346)
Closing balance as of 31 December	9 158 389	9 705 964

(amounts expressed in euros)

In 2021, as a result of the valuations performed by external and independent experts to CIN Group, an impairment loss of 1,683,561 Euros was recorded related to the Guardeiras Land as, at that date, its fair value was lower than the book value by that amount (Note 30).

It should also be noted that on December 31, 2021, the value recorded in the line "Perimeter variation" is associated with the acquisition of Boero.

In 2022, a property was sold, resulting in a capital gain of 37,448 Euros (Note 32).

11. CLASSES OF FINANCIAL INSTRUMENTS

As of 31 December 2022 and 2021, financial instruments, in accordance with the policies described in Note 1.3 d), were classified as follows:

Financial assets

31 December 2022	Notes	Debt instruments and account receivables at amortized cost	Debt instruments and accounts receivable at cost	Debt instruments at fair value through the income statement	Debt instruments at fair value through other comprehensive income	Total
Non-current assets						
Derivative financial instruments	12	-	-	-	5.126.717	5.126.717
Other financial assets	13	-	1.263.291	110.063	-	1.373.354
Costumers	17	569.000	-	-	-	569.000
Other non-current assets	15	553.288	-	-	-	553.288
		1.122.288	1.263.291	110.063	5.126.717	7.622.359
Current assets						
Customers	17	79.731.295	-	-	-	79.731.295
Other current debitors	18	4.051.455	-	-	-	4.051.455
Other current assets	19	2.890.946	-	-	-	2.890.946
Other financial assets	13	-	-	-	7.086.355	7.086.355
Cash ans cash equivalents	20	47.590.247	-	-	-	47.590.247
		134.263.944	-	-	7.086.355	141.350.299
		135.386.231	1.263.291	110.063	12.213.073	148.972.658

31 December 2021	Notes	Debt instruments and account receivables at amortized cost	Debt instruments and accounts receivable at cost	Debt instruments at fair value through the income statement	Debt instruments at fair value through other comprehensive income	Total
Non-current assets						
Other financial assets	13	-	1.413.291	112.416	-	1.525.707
Costumers	17	725.000	-	-	-	725.000
Other non-current assets	15	518.842	-	-	-	518.842
		1.243.842	1.413.291	112.416	-	2.769.549
Current assets						
Customers	17	71.981.962	-	-	-	71.981.962
Other current debitors	18	5.019.265	-	-	-	5.019.265
Other current assets	19	2.014.072	-	-	-	2.014.072
Other financial assets	13	-	-	-	9.842.949	9.842.949
Cash ans cash equivalents	20	41.385.237	-	-	-	41.385.237
		120.400.535	-	-	9.842.949	130.243.484
		121.644.377	1.413.291	112.416	9.842.949	133.013.033

Financial liabilities

31 December 2022	Notes	Financial liabilities recorded at amortized cost	Total
Non-current liabilities			
Loans obtained	24	164.358.569	164.358.569
Lease liabilities	9	8.186.822	8.186.822
		172.545.390	172.545.390
Current liabilities			
Loans obtained	24	18.598.759	18.598.759
Lease liabilities	9	5.034.791	5.034.791
Suppliers	26	57.076.997	57.076.997
Other current creditors	27	6.755.707	6.755.707
Other current liabilities	29	10.201.393	10.201.393
		97.667.648	97.667.648
		270.213.038	270.213.038

31 December 2021	Notes	Financial liabilities recorded at amortized cost	Total
Non-current liabilities			
Loans obtained	24	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	24	48.132.606	48.132.606
Lease liabilities	9	4.496.571	4.496.571
Suppliers	26	62.969.156	62.969.156
Other current creditors	27	5.090.420	5.090.420
Other current liabilities	29	11.663.232	11.663.232
		132.351.985	132.351.985
		268.219.072	268.219.072

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has contracted a set of derivative financial instruments, which are intended to minimize the risks of exposure to interest rate variations.

The contracting of this type of instrument is carried out taking into account the risks that affect the liabilities and after checking which instruments on the market are most suitable for covering these risks.

These operations are permanently monitored, namely through the analysis of various indicators relating to these instruments, in particular the evolution of their market value and the sensitivity of estimated cash flows and the market value itself to changes in the key variables that condition structures, in order to assess their financial effects.

(amounts expressed in euros)

The recording of derivative financial instruments is carried out in accordance with the provisions of IFRS 9, being measured at their fair value, considering, for this purpose, valuations made by financial institutions based on mathematical models. These models are essentially based on market information.

Derivative financial instruments used by the Company consist of interest rate swaps.

They qualify as hedging instruments or instruments held for trading, in compliance with the provisions of IFRS 9.

Hedge accounting is applicable to derivative financial instruments that are efficient with regard to the effect of canceling changes in the cash flows of the underlying assets/liabilities. The efficiency of such operations is verified by the Group.

Cash flow hedging instruments are derivative financial instruments that hedge interest rate risk. The effective portion of changes in the fair value of cash flow hedges is recognized in equity under "Cash-Flow Hedging reserves", while the non-efficient portion is immediately recorded in the income statement.

Cash-Flow hedging

As of December 31, 2022, the Company has contracted the following interest rate derivative financial instruments:

Operation type	Maturity	Underlying amount	Fair value
Cash flows hedging	17/12/2026	45.000.000	3.541.859
Cash flows hedging	12/11/2025	40.000.000	1.584.858

In the years ended 31 December 2022, changes in these derivative financial instruments were recorded in shareholders' equity net of tax effect, in the amounts of 3,973,206 Euros.

13. OTHER FINANCIAL ASSETS

As at 31 December 2022 and 2021, the caption “Other financial assets” is as follows:

Other financial assets - Non-Current	31-12-2022	31-12-2021
Investments measured at Cost:		
Kuikila Mozambique	563 291	563 291
Nanopaint, Lda	-	150 000
Delp Italy	700 000	700 000
	1 263 291	1 413 291
Investments measured at Fair Value	110 063	112 416
	1 373 354	1 525 707

Other financial assets - Current	31/12/2022	31/12/2021
Investments measured at Fair Value:		
Bonds	4 908 817	6 676 480
Bond Funds	2 177 538	3 166 469
	7 086 355	9 842 949
	7 086 355	9 842 949

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 quoted instruments, for which there is market information to use Level 1 valuation measures. Cash payments and receipts are recorded in the caption "Investments available for sale" (Cash flows from investment activities) in the consolidated statement of cash flow.

14. TAXES

The details of the amounts and nature of the deferred tax assets and liabilities recorded in the attached consolidated financial statements on December 31, 2022, as well as the respective movement in the year ended on that date can be summarized as follows:

(amounts expressed in euros)

	Opening balances	Transfers	Effect on Results (Note 34)	Effect on equity	Closing balances
Deferred tax assets:					
Depreciation not accepted for tax purposes	180.969	209.971	50.505	-	340.435
Provisions and adjustments not accepted for tax purposes	1.120.827	837.200	(75.089)	-	2.033.116
Pension fund (relating to accrued cost)	817.664	27.859	(460.739)	-	1.306.262
Tax losses	553.202	-	539.974	-	13.228
Impairment Investment Property	697.312	-	-	-	697.312
Valuation of hedging derivative instruments	0	-	-	-	0
Others	91.790	160.560	40.464	(200.702)	412.588
	3.461.764	1.235.590	95.115	(200.702)	4.802.941
Deferred tax liabilities:					
Valuation of hedging derivative instruments	-	-	-	1.153.511	1.153.511
Asset revaluation	8.465.304	1.235.590	(12.503)	(791.398)	8.896.993
Adjustments in fair value of properties	901.165	-	(72.956)	-	828.209
Others	752.290	-	41.484	(71.622)	722.152
	10.118.759	1.235.590	(43.975)	290.491	11.600.867

The details of the amounts and nature of the deferred tax assets and liabilities recorded in the attached consolidated financial statements on December 31, 2021, as well as the respective movement in the year ended on that date can be summarized as follows:

	Opening balances	Perimeter variation	Transfers	Effect on Results (Note 33)	Effect on equity	Concentration of business activities	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:							
Asset revaluation	1.769.477	2.000.000	(1.235.590)	(25.141)	(43.444)	6.000.000	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)	(439.860)	6.000.000	10.118.759

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 2019 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 2022.

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 have a time limit.

As of 31 December 2022, 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	-
Year 2022	9.202.392	229.473
	108.760.891	4.933.703

No deferred tax assets have been recorded in respect of 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., CIN Pinturas y Barnices, SLU 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 2022, and 2021, the tax rates used to calculate the assets and liabilities for deferred taxes can be detailed as follows:

	Tax rate	
	31-12-2022	31-12-2021
Country of origin of the subsidiary:		
Portugal	22,50%	22,50%
Spain	25,00%	25,00%
Luxembourg	24,90%	24,90%
Netherlands	25,80%	25,00%
Angola	25,00%	25,00%
Mozambique	32,00%	32,00%
France	29,50%	29,50%
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.

(amounts expressed in euros)

15. OTHER NON-CURRENT ASSETS

As of 31 December 2022 and 2021, the composition of the caption was up as follows:

	31-12-2022	31-12-2021
Deposits and guarantees provided	553 288	518 842
	553 288	518 842

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

16. INVENTORIES

As of 31 December 2022 and 2021, the composition of the caption was up as follows:

	31-12-2022	31-12-2021
Raw, subsidiary and consumable materials	29 713 843	35 193 529
Merchandise	12 612 042	10 171 674
Finished ans intermediate goods	44 070 400	35 898 930
	86 396 286	81 264 134
Accumulated impairment losses on inventory (Note 30)	(6 249 167)	(6 999 265)
	80 147 119	74 264 869

The cost of goods sold and consumed for the years ended as of 31 December 2022 and 2021 were computed as follows:

	31-12-2022	31-12-2021
Opening balances:		
Raw, subsidiary and consumable materials	35 193 529	17 401 648
Merchandise	10 171 674	6 847 320
Perimeter Variation		8 296 614
Purchases	187 298 380	182 958 453
Inventory adjustments	(432 106)	(597 690)
Currency rate effect	603 215	(1 263 203)
Closing Balances:		
Raw, subsidiary and consumable materials	(29 713 843)	(35 193 529)
Merchandise	(12 612 042)	(10 171 674)
	190 508 808	168 277 938

The changes in inventories of finished goods and work in progress for the years ended as of 31 December 2022 and 2021, was calculated as follows:

	31-12-2022	31-12-2021
Closing balances	44 070 400	35 898 930
Perimeter Variation	-	(12 825 346)
Inventory adjustments	(278 995)	(114 808)
Opening balances	(35 898 930)	(23 451 222)
	7 892 475	(492 446)

17. CUSTOMERS

As of 31 December 2022 and 2021, this caption was composed as follows:

	31-12-2022	31-12-2021
Customers, non current accounts	569 000	725 000
Customers, current accounts	82 037 753	72 759 204
Customers, notes receivable	1 015 038	532 897
Customers, doubtful accounts	7 639 546	9 388 455
	91 261 338	83 405 555
Accumulated impairment losses on costumers (Note 30)	(10 961 043)	(10 698 593)
	80 300 295	72 706 962

On December 31, 2022 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:

	31-12-2022	31-12-2021
Not due:	66.615.603	58.280.976
Due and not impaired:		
0-30 outstanding days	8.337.934	8.050.403
30-90 outstanding days	3.635.338	4.300.921
More than 90 outstanding days	1.711.419	2.074.663
Due and impaired:		
0-90 outstanding days	109.761	79.819
90-180 outstanding days	414.441	279.584
180-360 outstanding days	558.438	535.891
More than 360 outstanding days	9.878.404	9.803.298
	91.261.338	83.405.555

(amounts expressed in euros)

18. OTHER CURRENT DEBTORS

As of 31 December 2022 and 2021, this caption was made up as follows:

	31-12-2022	31-12-2021
Suppliers debtors balances	135 653	215 497
Personnel	570 625	310 831
Advances to suppliers and suppliers of fixed assets	1 231 927	1 223 624
Accounts receivable from associated companies	1 209 756	1 230 819
Others debtors	5 863 674	6 086 013
	9 011 636	9 066 785
Accumulated impairment losses (Note 30)	(4 960 181)	(4 047 521)
	4 051 455	5 019 265

The account receivable from associated companies registers the current credits that Boero holds on the associated Chugoku – Boat Italy, S.P.A.

The value of accumulated impairment losses is associated, essentially, with the balances present in the caption of other debtors.

19. OTHER CURRENT ASSETS

As of 31 December 2022 and 2021, this caption was made up as follows:

	31-12-2022	31-12-2021
Prepaid insurance	105 361	40 365
Prepaid rents	350 588	308 643
Interest receivable	25 813	42 701
Marketing campaigns	376 840	645 089
Rappel to be received from suppliers	994 144	-
Other	1 038 200	977 274
	2 890 946	2 014 072

As at 31 December 2022, the caption Other is essentially composed of costs with contracted services that are being deferred for the duration of the said services.

20. CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 2021, the caption “Cash and cash equivalents” was as follows:

	31-12-2022	31-12-2021
Cash and cash equivalents:		
Cash	64.438	42.344
Bank deposits on demand	47.478.943	41.298.208
Cash equivalents	46.867	44.684
	47.590.247	41.385.237

As at 31 December 2022, the Company and its subsidiaries have available unused credit lines in the amount of 113,180,877 Euros that may be used for future operating activities and to satisfy financial commitments, with no restriction on the use of this facility.

21. SHARE CAPITAL

As of 31 December 2022, 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 2022, Pleso Holding B.V. owned 97,5% of the Company’s share capital (Introductory Note).

22. EQUITY

Legal reserve

In accordance with the commercial legislation in force, at least 5% of the annual net result, determined in the Company's individual accounts, if positive, must be allocated to reinforce the legal reserve, until it represents 20% of the Company's capital. This reserve cannot be distributed, except in the event of liquidation of the Company, but it can be used to absorb losses after the other reserves have been depleted, or incorporated in the 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.

(amounts expressed in euros)

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.

23. NON-CONTROLLING INTERESTS

During the year ended 31 December 2022 and 2021, the movement in the caption "Non-controlling interests", is detailed as follows:

	31-12-2022	31-12-2021
Balance as of January 1	12.029.484	(2.646)
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:	(342.130)	(330.696)
Net income for the year	597.768	600.223
Balance as of December 31	12.285.122	12.029.484

In 2021, the movement for the year includes the impact of the acquisition of Grupo Boero, in which the entity holds a majority stake of 82.75%, as referred to in Note 5.

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

At December 31, 2022, the aggregate information of these subsidiaries with non-controlling interests included in the consolidation exercise is as follows:

	31-12-2022					
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	36.738.000	75.589.000	10.911.000	43.476.000	57.940.000	3.929.000
Navis – Marine Paints, S.A.	13.228	10.985		23.485	728	(7.035)

24. LOANS

As of 31 December 2022 and 2021, the detail by nature of loans obtained was made up as follows:

	31-12-2022			
	Plafond	Amount in use	Current	Non current
Bank loans	53 475 634	18 298 741	12 541 659	5 757 083
Commercial paper programs	115 000 000	37 000 000	-	37 000 000
Bonds	125 000 000	125 000 000	5 000 000	120 000 000
Investment subsidies	2 762 278	2 762 278	524 842	2 237 436
Loan issue costs	-	(103 691)	532 259	(635 950)
	296 237 911	182 957 328	18 598 759	164 358 569

	31-12-2021			
	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
Loan issue costs	-	-	(353 943)	(445 163)
	253 605 818	178 667 460	48 132 606	129 735 748

The amounts recorded under "Loan issue costs" relate to the impact of the amortized cost calculation associated with the financing obtained on this date.

Bank loans

As of 31 December 2022 and 2021, the detail of bank loans (except for commercial paper programs) can be detailed as follows:

	31-12-2022			
Company	Plafond	Amount in use	Current	Non current
CIN Valentine	2 500 000	1 256 086	1 256 086	-
CIN SA	1 000 000	638 594	638 594	-
Boero Bartolomeo	46 300 000	12 977 000	9 658 000	3 319 000
Soritec	250 000	1 428	1 428	-
CIN Celliose	3 324 745	3 324 745	886 662	2 438 083
Nasa	100 889	100 889	100 889	-
	53 475 634	18 298 741	12 541 659	5 757 083

	31-12-2021			
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 financing obtained from the aforementioned credit institutions bore interest at market rates.

(amounts expressed in euros)

Commercial Paper

As of 31 December 2022 and 2021, the Commercial Paper Programs can be detailed as follows:

Emission	31-12-2022 Program total amount	Nominal value	Current	Non current	Interest
CIN- Corporação Industrial do Norte, S.A					
Contract (30.000.000 Euros)					
50th Emission	30 000 000	4 500 000	-	4 500 000	17 709
Contract (12.500.000 Euros)					
2nd Emission	12 500 000	12 500 000	-	12 500 000	72 719
Contract (20.000.000 Euros)					
111th Emission	20 000 000	15 000 000	-	15 000 000	19 375
Contract (12.500.000 Euros)	12 500 000	-	-	-	-
Contract (10.000.000 Euros)	10 000 000	-	-	-	-
Contract (10.000.000 Euros)	10 000 000	-	-	-	-
Contract (10.000.000 Euros)	10 000 000	-	-	-	-
Contract (10.000.000 Euros)	10 000 000	-	-	-	-
Cin Valentine SL					
Contract (20.000.000 Euros)					
118th Emission	Grouped	1 500 000	-	1 500 000	1 208
Amida Inversiones					
Contract (20.000.000 Euros)					
116th Emission	Grouped	3 500 000	-	3 500 000	4 229
	115 000 000	37 000 000	-	37 000 000	115 241

Emission	31-12-2021 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 at date	10 000 000	-	-	-	-
Contract (10.000.000 Euros)					
No Emissions at date	10 000 000	-	-	-	-
Cin Valentine SL					
Contract (20.000.000 Euros)					
110th Emissions	Grouped	1 000 000	-	1 000 000	1 208
Amida Inversiones					
Contract (20.000.000 Euros)					
91th Emissions	Grouped	3 500 000	-	3 500 000	4 229
	110 500 000	73 000 000	38 500 000	34 500 000	79 025

The Commercial Paper issue balances are supported by the following Commercial Paper contracts:

Company	Program total amount	Beggining date	Maturity
CIN - Corporação Industrial do Norte, S.A.	30.000.000	June 2017	June 2029
CIN - Corporação Industrial do Norte, S.A.	20.000.000	September 2020	January 2024
CIN - Corporação Industrial do Norte, S.A.	12.500.000	July 2022	July 2029
CIN - Corporação Industrial do Norte, S.A.	12.500.000	February 2022	February 2025
CIN - Corporação Industrial do Norte, S.A.	10.000.000	July 2022	July 2027
CIN - Corporação Industrial do Norte, S.A.	10.000.000	May 2017	May 2024
CIN - Corporação Industrial do Norte, S.A.	10.000.000	June 2016	July 2024
CIN - Corporação Industrial do Norte, S.A.	10.000.000	March 2020	March 2025
	115.000.000		

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 amount. 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 twelve months.

Bonds loans

As of December 31, 2022 and 2021, the bonds loans were as follows:

Bond loans	31-12-2022	31-12-2021	Start date	End date
CIN 2021/26	45.000.000	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 2022/27	40.000.000	-	12-05-2022	12-05-2027
	125.000.000	85.000.000		

The bond loan named CIN 2020/25 with a starting date of 18-03-2020 includes a current maturity of 5,000,000 Euros.

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:

(amounts expressed in euros)

"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 2022, 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	2023	2024	2025	2026	2027	2028	2029	Total
Repayment		-	45.500.000	70.900.000	53.400.000	48.400.000	8.400.000	8.400.000	235.000.000
Interest	3,34%	7.115.739	6.653.643	4.678.366	4.371.610	1.652.386	469.839	141.327	25.082.908
		7.115.739	52.153.643	75.578.366	57.771.610	50.052.386	8.869.839	8.541.327	260.082.908

The reconciliation of liabilities resulting from financing activities at 31 December 2022 and 2021 is as follows:

Financial debt	2022	2021
Opening balance at 1 January	177.868.354	140.800.876
Perimeter variation (Note 5)	-	11.585.000
Cash-flows:		
Receipts relating to borrowings	71.134.777	115.151.725
Payments relating to borrowings	(66.434.464)	(89.197.746)
Exchange rate update of loans	-	3.142
Expenses with issuing loans	388.661	(474.643)
Closing balance at 31 December	182.957.328	177.868.354

Others obligations

As of December 31, 2022 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 30.20% determined as the proportion of Equity to Total Assets of the Entity.

	31-12-2022	31-12-2021
Equity	129 449 535	115 729 300
Total Assets	428 659 936	411 530 806
Equity Ratio	30,20%	28,12%

The Group also has, on this date, a Net Debt to EBITDA ratio of 2.65 determined as the proportion of net debt to EBITDA.

	31-12-2022	31-12-2021
Bank loans (Note 24)		
Non-Current	164 358 569	129 735 748
Current	18 598 759	48 132 606
	182 957 328	177 868 354
Operating lease (Note 9)		
Non-Current	8 186 822	6 131 340
Current	5 034 791	4 496 571
	13 221 613	10 627 911
Cash and cash equivalents (Note 20)	(47 590 247)	(41 385 237)
Other financial assets (Note 13)	(7 086 355)	(9 842 950)
Net Debt	141 502 338	137 268 078
Operational results	34 177 732	32 891 668
Amortization and depreciation (Note 6, 8)	18 038 431	17 817 501
Provisions and impairment losses (Note 30)	1 102 231	6 298 678
EBITDA	53 318 394	57 007 848
"Net Debt/EBITDA" Ratio	2,65	2,41

25. PENSION COMMITMENTS

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

	31-12-2022	31-12-2021
CIN Pension Fund	5.805.624	3.634.076
Boero Bartolomeo Pension Fund	1.117.000	1.378.000
	6.922.624	5.012.076

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.

(amounts expressed in euros)

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 2022 and 2021 was as follows:

	31-12-2022	31-12-2021
Active	8.458.953	7.201.427
Retired	3.529.910	3.319.387
	11.988.863	10.520.814

As of 31 December 2022 and 2021, those liabilities were calculated using the "Projected Unit Credit" method and the mortality table TV 88/90 and disability table SCOR were used, as well as assumptions, wage growth rates of 0.5% (0.5% in 2021), fund income rates of 3.58% (3.60% in 2021), zero rate of pension growth in payment, technical interest rate of 3.58% (3.60% in 2021) and turnover table estimated from the reality verified in the Fund Associates between 1994 and 2021.

The movement in the liabilities for past services for the periods ending 31 December 2022 and 2021 was as follows:

	31-12-2022	31-12-2021
Liabilities for past services as of 1 January	10 520 814	8 467 424
Current services cost	244 754	184 978
Interest cost	368 839	325 463
Actuarial losses (gains)	1 206 092	1 866 674
Retirement supplement paid	(351 635)	(323 725)
Liabilities for past services as of 31 December	11 988 863	10 520 814

During the years 2022 and 2021, the movement in the net assets of the Fund was as follows:

	31-12-2022	31-12-2021
Balance as of 1 January	6 886 738	6 744 527
Contributions	-	-
Expected Return	242 213	263 307
Financial (Gains) and Losses	(611 299)	202 577
Retirement supplements paid	(351 635)	(323 725)
Difference relative to the previous year's valuation	17 222	51
Estimated balance as of 31 December	6 183 241	6 886 738

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 2022, totaling the balance of this caption to 5.805.624 Euros (3.634.076 Euros as of 31 December 2021).

The movement occurred during the periods ended 31 December 2022 and 2021 for the liability caption "Retirement benefit obligations" related to retirement benefits not covered by the assets of the Pension Fund was as follows:

	31-12-2022	31-12-2021
Balance as of 1 January	3 634 076	1 722 896
Personnel Costs	371 380	247 134
Other income	1 817 391	1 664 096
Difference related to prior period valuation	(17 222)	(51)
Balance as of 31 December	5 805 624	3 634 076

Extinction of the CIN Pension Fund and CIN Industrial Coatings

The Boards of Directors of CIN and CIN Industrial Coatings decided, in the last quarter of 2022, to extinguish the respective Pension Funds, after having analysed and considered the constraints and legal, social and economic conditions relating to them, given that the legislative changes that took place and the consequent constraints imposed on the financing of the Pension Funds aggravated its situation of financial insufficiency, whose financing and restructuring, proposed by the Management Entity, were not accepted as they implied the immediate payment of high amounts, without any immediate benefits for the majority of the company employees, whose current needs privilege compensation instruments with a greater degree of immediacy and certainty, as well as the future payment of contributions that are difficult to calculate and control, implying a total uncertainty of the respective financing costs.

This will be followed by the liquidation of the Funds' assets, which will be distributed in accordance with the provisions of article 41 of the RJFP, approved by Law no. 27/2020, of 23 July.

Boero Pension Fund:

As at 31 December 2022 and 2021, the item relating to the Boero Group Pension Fund shows the following movement:

	31-12-2022	31-12-2021
Opening balance	1 378 003	1 466 686
Cost of current services	884 954	916 664
Actuarial (gains) losses	(77 043)	35 375
Pension supplement paid	(1 068 914)	(1 040 722)
Ending balance	1 117 000	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.

(amounts expressed in euros)

The main assumptions are as follows:

	31-12-2022	31-12-2021
Death Rate	Tables IPS55	Tables IPS55
Incapacity Rate	INPS tables divided by age and sex	INPS tables divided by age and sex
Personnel Turnover Rate	3,00%	3,00%
Discount Rate	3,63%	0,98%
Annual rate of increase for severance pay	3,23%	2,81%
Salary increase Rate	2,50%	2,50%
Advance Payment Rate	0,00%	0,00%
Inflation Rate	2,30%	1,75%

The discount rate as of 31-12-2022 is 3.63% by the “Iboxx Corporate benchmark index”, with a duration of 7-10 years and an AA rating and the discount rate as of 31-12-2021 is 0.98% by the “Iboxx Corporate benchmark index”, with a duration of 10+ years and an AA rating.

26. SUPPLIERS

As of 31 December 2022 and 2021, this caption refers to accounts payable resulting from acquisitions in the normal course of the Group’s activities, and has the following composition:

	31-12-2022	31-12-2021
Suppliers - current accounts	53 259 090	59 808 362
Suppliers - invoices in receipt and checking	3 817 907	3 160 794
	57 076 997	62 969 156

As of December 31, 2022 the invoices discounted in Confirming under "Suppliers, current account" correspond to, approximately, 2 million Euros.

As of 31 December 2022 and 2021, payables to suppliers are due within less than four months.

27. OTHER CREDITORS

As of 31 December 2022, and 2021, this caption was made up as follows:

	31-12-2022	31-12-2021
Current		
Fixed assets suppliers	3 109 827	1 118 417
Clients credit balance	180 163	445 084
Personnel	1 374 990	951 229
Reseller Commissions	1 469 912	1 459 639
Others	620 814	1 116 051
	6 755 707	5 090 420

As of December 31, 2022 and 2021 the caption reseller commissions correspond to the accrual of charges charges owed by Boero Bartolomeo Group entities.

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

28. STATE AND OTHER PUBLIC ENTITIES

As of 31 December 2022 and 2021, this caption was made up as follows:

	Asset		Liability	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Corporate Income Tax	2.370.891	1.277.812	(3.052.082)	(2.393.562)
Value Added Tax	783.567	1.879.806	(1.058.863)	(1.983.908)
Social Security Contribution	-	-	(2.206.886)	(2.514.580)
Withholding Income Taxes	536.113	525.728	(1.149.830)	(983.383)
Others	276.337	241.159	(49.949)	(62.162)
	3.966.908	3.924.505	(7.517.610)	(7.937.595)

29. OTHER CURRENT LIABILITIES

As of 31 December 2022, and 2021, this caption was made up as follows:

	31-12-2022	31-12-2021
Accrued costs:		
Accrued personnel costs	6 261 875	6 447 704
Rappel payable to customers	499 314	595 305
External supplies and services	853 963	1 566 453
Others	2 519 831	2 986 217
	10 134 982	11 595 679
Deferred income:		
Other deferred income	66 409	67 552
	66 409	67 552
	10 201 393	11 663 232

(amounts expressed in euros)

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

The item “Others” in accrued costs includes, on 31 December 2022, an amount of 2,442,954 Euros in bonuses payable to staff (2,908,704 Euros in 2021).

30. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The movement occurred in provisions and accumulated impairment losses for the years ended as of 31 December 2022 and 2021 was as follows:

	2022				
	Opening balances	Increases	Utilisations	Decreases	Closing balances
Accumulated impairment losses in accounts receivable (Notes 17 and 18)	14.746.114	2.731.435	(842.991)	(713.333)	15.921.224
Accumulated impairment losses in inventories (Note 16)	6.999.265	2.749.657	(864.445)	(2.635.310)	6.249.166
Accumulated impairment losses in investments available for sale (Note 13)	2.140.995	255.000	-	-	2.395.995
Accumulated 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
Accumulated impairment losses in non current assets (Note 6)	-	5.500.000	-	-	5.500.000
Provisions	4.514.003	226.995	(266.626)	(1.518.110)	2.956.262

	2021					
	Opening balances	Perimeter variation	Increases	Utilisations	Decreases	Closing balances
Accumulated impairment losses in accounts receivable (Notes 17 and 18)	11.397.245	2.603.620	2.526.597	(895.874)	(885.473)	14.746.114
Accumulated impairment losses in inventories (Note 16)	6.615.589	1.637.076	4.043.761	-	(5.297.161)	6.999.265
Accumulated impairment losses in investments available for sale (Note 13)	2.021.601	-	155.000	(35.606)	-	2.140.995
Accumulated 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

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

31. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

The breakdown of sales and services provided by geographic markets for the years ended December 31, 2022 and 2021 was as follows:

	31-12-2022	31-12-2021
Domestic market	343 664 691	313 954 407
International market	45 279 687	37 699 847
	388 944 378	351 654 254

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

32. OTHER OPERATING INCOME

As at 31 December 2022 and 2021, the caption "Other operating income" was made up as follows:

Other operating income	31-12-2022	31-12-2021
Works for the entity itself	73 366	125 461
Royalties Collected	211 088	94 748
Redebits of transportation costs and other services	661 036	487 089
Collected Rents	310 395	341 294
Disposal of Investment Property (Note 10)	37 448	1 684 081
Disposal of Tangible Fixed Assets (Note 6)	1 954 390	-
Obtained Subsidies	739 377	127 920
Favorable exchange differences	443 837	650 099
Badwill (Nota 5)	-	7 908 547
Other Operating Income	1 396 221	916 459
	5 827 158	12 335 698

33. FINANCIAL RESULTS

As of 31 December 2022 and 2021, the financial results were as follows:

	31-12-2022	31-12-2021
Financial expenses:		
Interest	2.749.801	2.314.595
Other financial expenses	2.733.741	2.037.715
	5.483.542	4.352.311
Financial results	(3.570.538)	(4.049.879)
	1.913.005	302.432
Financial income:		
Interest	394.977	302.321
Other financial income	1.518.028	111
	1.913.005	302.432

(amounts expressed in euros)

The other financial income recorded in 2022 essentially refer to dividends received from Media Capital Group in the amount of 1.1 million Euros.

34. CORPORATE INCOME TAX

The Corporate Income Tax recorded in the years ended as of 31 December 2022 and 2021 can be detailed as follows:

	31-12-2022	31-12-2021
Current tax	8 206 266	5 925 832
Deferred taxes (Note 14)	(51 141)	367 017
	8 155 125	6 292 849

35. RESPONSIBILITIES FOR GUARANTEES PROVIDED

The value of guarantees issued in favor of third parties on December 31, 2022 was made up as follows:

Composition	Geography	31-12-2022
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	51.000
		456.975

36. 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.

	31-12-2022	31-12-2021
Profit/(Losses)		
Net profit for the period	21.854.302	21.948.718
Number of shares		
Average number of shares in circulation	25.000.000	25.000.000
Basic earnings per share	0,874	0,878

37. 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), the Company paid, in the amount of 443,745 Euros, of additional liquidations of Corporate Income Tax ("Imposto sobre o Rendimento de Pessoas Colectivas"), which had previously been claimed from the competent authorities.

Legal contingency in Spain:

At the date of approval of these accounts, the Group's company, CIN Valentine, S.A., is co-defendant in several ongoing litigations brought against the modification of the "Plan General Metropolitano" for the land on which the production plant that the Company currently operates was built.

On 17 December 2019, the Chamber of the Supreme Court of Justice of Catalonia issued a decision by which it upheld the appeal filed by the City Council of La Llagosta, declaring the nullity of the one-off modification of the General Meeting for the Metropolitan Plan for the Montcada Norte- Parque de la Riera Seca area of Montcada.

The Company, not being part of the process, does not know the specific terms in which the aforementioned appeal was raised.

Furthermore, there is no record that La Llagosta Town Council or any other entity or interested person has urged (or Montcada Town Council has initiated *motu propio*) the execution of the aforementioned decision of the Supreme Court of Justice of Catalonia number 1133/2020, dated 17 December 2019. Consequently, despite the aforementioned situation, the Company's Board of Directors and its legal advisors consider that the licences granted are fully valid and effective, insofar as there is no administrative resolution by the Montcada City Council or judicial resolution by a competent Court.

(amounts expressed in euros)

The Company's Board of Directors and its legal advisors further consider that, in the event that it is not feasible for the competent Bodies to approve a new modification of the Metropolitan General Plan that provides legal protection to the licences granted and that the Municipality of La Llagosta insists on the execution of the sentence requiring the closure and demolition of the premises of the subsidiary CIN Valentine, the Company would be entitled to be compensated, both for existing property damages (expenses for materials, construction, design, demolition, etc.) or for loss of profits that may result, in accordance with the applicable regulations.

The Group is not aware of other litigation or contingencies that could have a significant impact on these annual accounts.

38. STATUTORY BODIES' MEMBERS REMUNERATION

As of 31 December 2022 and 2021, CIN ("Mother Company") attributed to its statutory body's members of the parent company the following remuneration:

	31-12-2022	31-12-2021
Board of Directors	732.880	710.000
Supervisory Board	24.960	24.000
General Assembly	7.800	5.000

39. NUMBER OF EMPLOYEES

On December 31, 2022 and 2021, the number of employees employed by the companies included in the consolidation was 1,627 and 1,629, respectively.

40. 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, 2022 and 2021, the following transactions were made with related parties:

	31-12-2022			
	Inventory purchases	Inventory Sales	Services obtained	Other Income Obtained
Cenaris, Gmbh	-	(11.853.927)	-	-
Chugoku - Boat Italy S.p.A.	4.597	(6.017.352)	(108.614)	(71.868)
	4.597	(17.871.280)	(108.614)	(71.868)

	31-12-2021			
	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)

During the financial year of 2022 dividends of 7.5 million euros were distributed by the Company to the holders of the respective share capital. Additionally Boero distributed 350 thousand euros of dividends to the holders of non-controlling interests of that subsidiary. Also in the current financial year the Group received 1.1 million euros of dividends from Media Capital (note 33).

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

At December 31, 2022 and 2021, the Group had the following balances with related parties:

	31-12-2022			
	Clients	Suppliers	Other creditors	Other debtors
Cenaris, Gmbh	580.684			
Chugoku - Boat Italy S.p.A.	1.122.062	(66.845)	-	-
	1.702.747	(66.845)	-	-

	31-12-2021			
	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)

41. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved by the Board of Directors on February 28, 2023. Additionally, the attached financial statements as at December 31, 2022 are pending approval by the General Shareholders' Meeting. However, the Group's Board of Directors understands that they will be approved without significant changes.

42. SUBSEQUENT EVENTS

As described in note 25, the Boards of Directors of CIN and CIN Industrial Coatings decided in 2022 to extinguish the respective Pension Funds.

The application to the Insurance and Pension Funds Supervisory Authority ("ASF"), with the request for approval of the proposal of the extinguish agreement, was submitted on 08 February 2023, in accordance with the provisions of number 2 of article 39 of the Legal Framework of Pension Funds annexed to Law 27/2020, of 23 July, and to date no opinion on the said request has been obtained, for which reason the Board of Directors decided to maintain recorded the value of provisions for pension liabilities in the amount of 5,096,197 Euros (Note 25) with effect on 31 December 2022.

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

43. 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, having received no administrative offenses related to this matter during the 2022 financial year.

Maia, 28 February 2023

THE ACCOUNTANT Nº 63002

Paula Macedo

THE BOARD OF DIRECTORS

Joao Manuel Fialho Martins Serrenho
President

João Luís Baldaque Da Costa Serrenho
Vice-President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Maria João Serrenho dos Santos Lima
Member

Angelo Barbedo César Machado
Member

Fernando Jorge De Almeida Ferreira
Member

Manuel Fernando de Macedo Alves Monteiro
Member

CIN

Statutory Audit Report


30,500
1,452,600
20,658
18,067
1,686,350
2,688,505
2,190
20,658
98,871
245,600
75,000
147,910

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

Qualified Opinion

We have audited the accompanying consolidated financial statements of CIN – Corporação Industrial do Norte, S.A. (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2022 (showing a total of Euro 428,659,936 Euros and equity of Euro 129,449,535, including a net profit attributable to the owners of the Company of Euro 21,854,302), 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, except for the effect of the matter described in the section “Basis for a qualified 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, 2022 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 a qualified opinion

As referred in Note 6 of the Notes to the consolidated financial statements, as of December 31, 2022 the Group recorded an impairment on tangible fixed assets of a subsidiary in the amount of 5,500,000 Euros (4,700,000 Euros, net of deferred tax liabilities linked with a business combination finalized in previous years), which was done through equity and not through net Income for the year, as established in the applicable financial reporting standards.

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 qualified 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.º, n.º 3 al. e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), except for the effect of the matter described in the section "Basis for a qualified opinion", 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, March 9 2023

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Deloitte & Associados, SROC S.A.

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