



74th Financial Year
**ANNUAL
REPORT
2020**

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REPORT**
2020

INDEX

1 GENERAL INFORMATION

- 6** Letter from the Chairman of the Board
- 8** Group profile
- 10** Global presence
- 14** Performance, financial and equity highlights
- 18** Cementir Holding on the stock exchange
- 20** Company officers

2 DIRECTOR'S REPORT

- 24** Introduction
- 25** Group Performance
- 47** Risk and Uncertainties
- 52** Corporate Governance
- 72** Report of the Non-Executive Directors
- 75** Other Information
- 78** Subsequent events after the Reporting Date
- 79** Management Operating Outlook
- 79** Proposed allocation of the loss for the year 2020 of Cementir Holding N.V.
- 80** Remuneration Report

3 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

- 100 Consolidated statement of financial position
- 107 Notes to the consolidated financial statements
- 162 Annex to the consolidated financial statements

4 SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

- 166 Separate financial statements
- 174 Notes to the separate financial statements

5 OTHER INFORMATION

- 202 Independent Auditor's Report
- 215 Simplified structure of the Group

GENERAL INFORMATION

1



Dredger at Aalborg plant, Denmark

1 GENERAL INFORMATION

- 6 Letter from the Chairman of the Board
 - 8 Group profile
 - 10 Global presence
 - 14 Performance, financial and equity highlights
 - 18 Cementir Holding on the stock exchange
 - 20 Company officers
-

LETTER FROM THE CHAIRMAN OF THE BOARD



Dear Shareholders,

2020 was an unusual and, in some respects, an exceptional year in the history of Cementir Holding.

The Covid-19 pandemic has required important changes in operational management, including the adoption of extraordinary measures to protect the health of our employees and our stakeholders and it has severely impacted many of the markets in which we operate.

Thanks to the daily commitment of all our employees who have tackled such an uncertain and difficult context with courage and dedication, never as this year have we demonstrated a unique ability to react, managing to close 2020 with the historic revenue record, an EBITDA up 2.2% compared to 2019 - excluding non-recurring items - and a Net Profit attributable to the Group of EUR 102 million, up by over 22% from previous year.

During 2020 we improved our operating performance and maximized cash generation, reducing Net Debt by EUR 117.4 million including dividend payment, thanks to the implementation of cost containment measures, investments deferral and careful monitoring of working capital.

In line with our Industrial Plan, with Cementir 4.0 we have launched a digital transformation path for the extensive use of digital technologies and artificial intelligence in operational processes, which required investments and a significant commitment of the entire organization. During 2020 the most important results were obtained in the overhaul of production and maintenance processes, with the introduction, among others, of intelligent remote control and regulation systems, predictive maintenance, real-time information to adapt production parameters, with benefits in terms of costs, better efficiency and safety. New digital technologies have also been applied in purchasing and logistics with the adoption of e-procurement systems, the development of customer portals and the implementation of deliveries optimization tools.

During 2020 these digitalization investments yielded approximately EUR 3 million of cost savings, which we expect to increase to EUR 15 million by 2023, once all Industrial Plan investments will be completed.

Following our ambition to be a leader in the pursuit of excellence, we have continued to invest in product innovation, strengthening our position in the high-performance concrete segment with white cement based-products like AALBORG EXTREME™ and AALBORG EXCEL™, intended for structural, semi-structural and very thin architectural applications. During 2020 we also reached two important milestones for the large-scale launch of new types of sustainable cement based on FUTURECEM™ technology, developed and patented by Cementir, which allows to lower clinker ratio by 40% and therefore to reduce CO2 emissions by around 30%: we obtained both its CE certification for the European market in accordance with UNI EN 197-1 and its inclusion into Danish regulations for its use in concrete production. Thanks to the achievement of these two objectives, FUTURECEM™ is being launched on the Danish market.

Still in the field of product innovation, during 2020 we started a collaboration with an industrial partner who developed an innovative technology for concrete 3D printing process.

During 2020 we continued to implement all the actions envisaged in the area of sustainability as an integral part of our development model, with particular attention to Health & Safety, inclusion and professional training, which we continue to provide to our staff through the Academy platform. Thanks to our efforts in the environmental, social and governance fields, we have achieved a significant improvement in Carbon Disclosure Project (CDP) environmental rating from "F" to "B", for coordinated actions on climate change.

Our growth strategy based on investments in sustainability and digitalization, product innovation and operational efficiency will continue over the next three years. The growth path outlined in the 2021-2023 Industrial Plan, approved in February 2021, provides for ambitious organic growth targets, a further increase in "green" investments to approximately EUR 107 million and a target to reduce CO2 emissions below 500kg per ton of grey cement by 2030.

These further investments will include the construction of a new calcination plant aimed at the production of FUTURECEM™; the installation of wind turbines with an installed capacity of 8.4 MW; the expansion of the district heating network in Aalborg from the current 36,000 to over 50,000 households, covering about half of its urban population; the increase in alternative fuels use; the substitution of Pet-coke with natural gas and biogas as fuel for some plants.

We expect all these actions to underpin an EBITDA compounded growth rate acceleration from 4.4% to 8.8% in the 2021-23 period and to help us reach over EUR 250 million net cash position at the end of the plan, after ordinary and extraordinary maintenance as well as "green" capex.

It should be remembered that 2020 was an extraordinary year also because we launched a EUR 60 million buy-back in order to optimize the Group capital structure and to support the overall shareholders remuneration, which in 2020 led to the repurchase of 694,500 shares, equal to 0.44% of the share capital with a total outlay of approximately EUR 4.5 million.

I hope that 2021 will be another year of great satisfaction which will help make Cementir an even more special workplace.

Francesco Caltagirone Jr.

Chairman of the Board of Directors

GROUP PROFILE

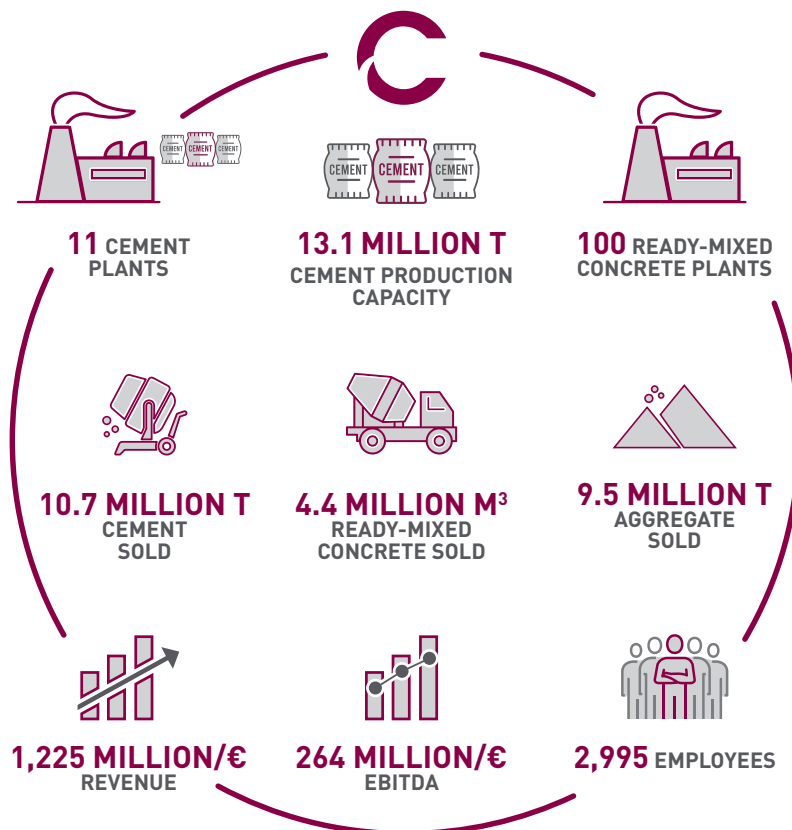
Cementir Holding is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the world leader in white cement with 3.3 million tons of installed capacity, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third player in Belgium and among the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is active in the treatment of urban and industrial waste, used to produce waste-derived fuel for cement plants. The Group's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites in 18 countries, a production capacity of over 13 million tons of grey and white cement, and a commercial presence in over 70 countries. The company continues to pursue a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

The Group has boosted the extensive use of digital technology in production processes with the Cementir 4.0 project, which aims to ensure a level of operational excellence along the entire value chain, including limestone extraction, the use of raw materials and alternative fuels in clinker production and the creation of semi-finished products and finished products with a lower environmental impact.

Cementir has defined a sustainability strategy to reduce CO₂ emissions levels by 30% by 2030, with an investment plan of approximately EUR 107 million in sustainability projects, including wind energy production and district heating in Denmark, investments aimed at reducing the consumption of thermal energy and electricity in its plants in Denmark and Belgium. Thanks to the introduction of new value-added products and technologies such as FUTURECEM™, patented worldwide, the Group has set itself the goal of significantly reducing clinker content and consequent CO₂ emissions in its products.

In December 2020, the Group obtained a "B" rating from Carbon Disclosure Project (CDP), in recognition of its strong commitment to environmental sustainability.

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





IDENTITY

Cementir is an International Group that:

- aspires to be a product leader;
- believes that continuously seeking quality in every business process is the key to success;
- is dynamic on the market, constantly seeking new opportunities;
- gives importance to the growth of its employees, its shareholders and the communities in which it operates;
- believes in sustainable development and works to achieve it;
- believes that diversity is an element of strength and value on which to base its actions.



VISION

We want to maintain our uniqueness on the market through product segmentation and business diversification.

We want to create value, thanks to an agile organization capable of sustaining growth, respecting the environment and fostering integration with local communities.



MISSION

We develop our growth through product leadership and a continuous improvement of processes.

We work dynamically to seize the best opportunities, leveraging our know-how and our people's flexibility.

We adapt our organization to the territory where it operates, to increase its value and to ensure mutual benefit.



VALUES

Dynamism

We look beyond to anticipate and seize the best opportunities. Being dynamic and flexible is the feature that makes us unique on the market and allows us to quickly meet our customers' demands.

Quality

We engage and invest in constantly improving the quality of our products. We seek the efficiency and effectiveness of our processes.

Value of people

We build relationships with our employees and stakeholders that last over time. We believe it is our responsibility to recognize the merits and abilities of our people and anyone working with the Group.

Diversity and inclusion

We consider diversity and inclusion a great asset. We work every day promoting diversity in all its forms and expressions.

Sustainability

We believe that there can be no success without respect for the environment. We are responsible for the communities in which we live and work. It is our responsibility to take care of our property while safeguarding the environment and natural resources.

GLOBAL PRESENCE

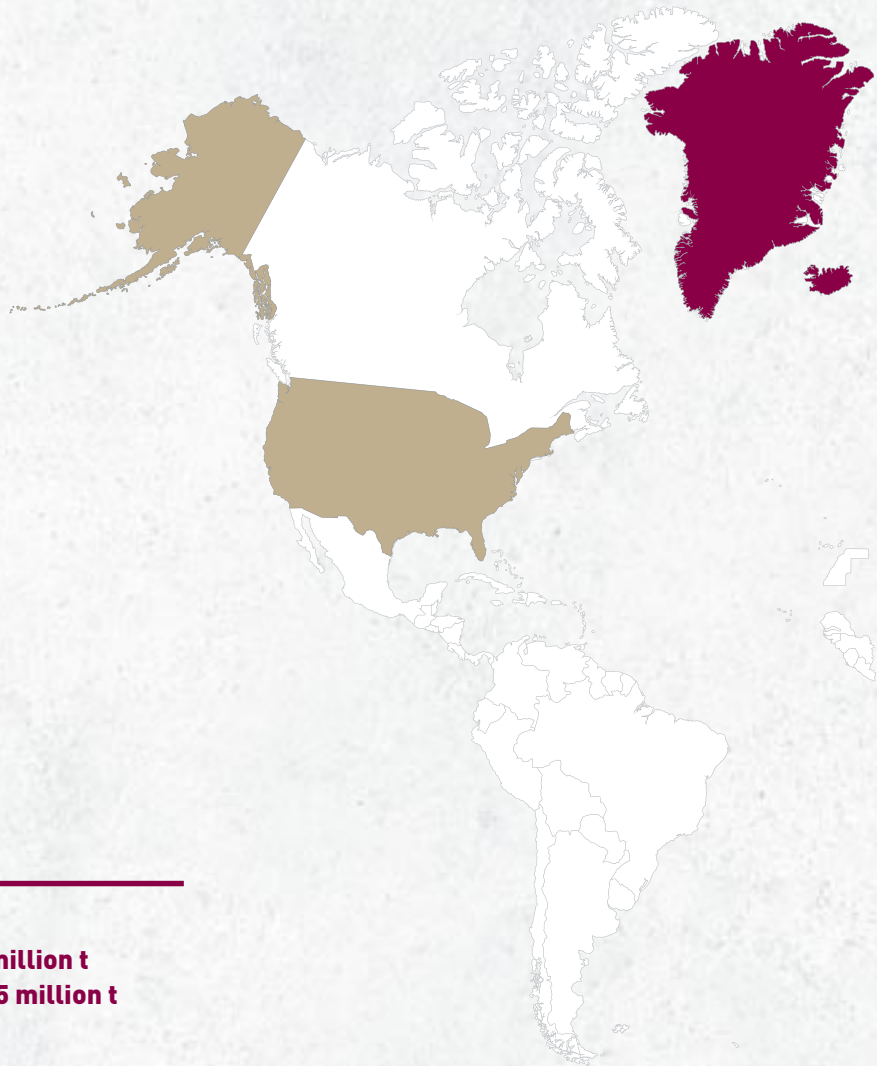
Grey cement production capacity
9.8 million t

White cement production capacity
3.3 million t

Grey cement sales
7.9 million t

White cement sales
2.8 million t

Ready-mixed concrete sales
4.4 million m³



NORDIC & BALTIC

Denmark

Grey cement production capacity: **2.1 million t**

White cement production capacity: **0.85 million t**

Cement plants: **1 (7 kilns)**

Ready-mixed concrete plants: **33**

Terminals: **9**

Quarries: **3**

Norway

Ready-mixed concrete plants: **28**

Terminals: **1**

Sweden

Ready-mixed concrete plants: **9**

Quarries: **4**

Latvia

Terminals: **1**

Iceland

Terminals: **3**

Netherlands

Terminals: **1**

Registered office of Cementir Holding N.V.

Poland

Terminals: **1**

BELGIUM / FRANCE

Belgium

Grey cement production capacity: **2.3 million t**

Cement plants: **1**

Ready-mixed concrete plants: **9**

Terminals: **1**

Quarries: **3**

France

Ready-mixed concrete plants: **5**

Terminals: **1**

NORTH AMERICA

USA

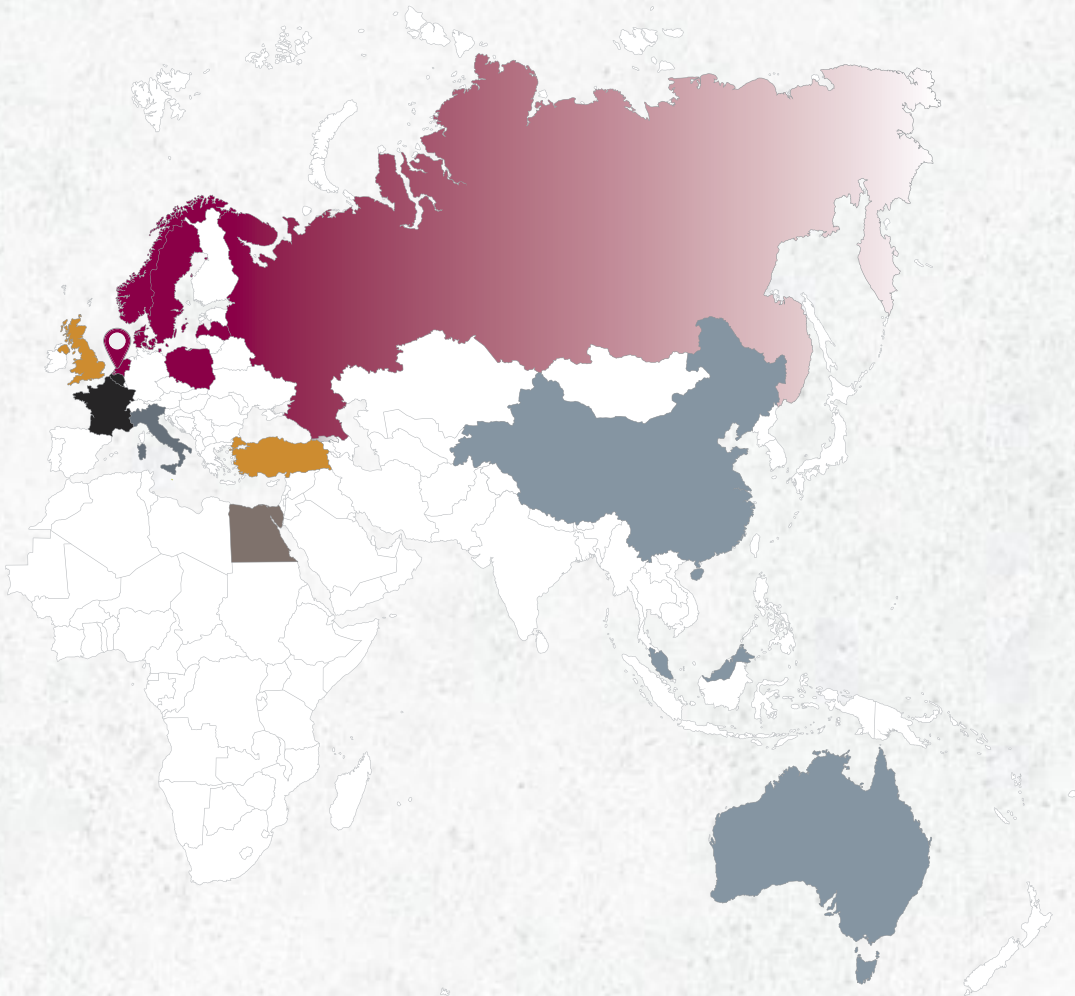
White cement production capacity: **0.26 million t**

Cement plants: **2**

Cement product plants: **1**

Terminals: **3**

Aggregate sales	Cement plants	Terminals	Ready-mixed concrete plants	Quarries	Cement product plants	Waste management facilities
9.5 million t	11	32	100	10	1	2



TURKEY

Turkey

Grey cement production capacity: **5.4 million t**
 Cement plants: **4**
 Ready-mixed concrete plants: **16**
 Waste management facilities: **1**

United Kingdom

Waste management facilities: **1**
 Terminals: **1**

EGYPT

Egypt

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

ASIA PACIFIC

China

White cement production capacity: **0.7 million t**
 Cement plants: **1**
 Terminals: **4**

Malaysia

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

Australia

Terminals: **4**

ITALY - HOLDING AND SERVICES

Italy

Trading activities
 IT and technical services
 Secondary and operational office of Cementir Holding N.V.

NORDIC & BALTIC

Volumes sold (million/t-m ³)	2020	2019
Denmark		
Grey cement sales	1.68	1.63
White cement sales	0.66	0.62
Ready-mixed concrete sales	1.15	1.14
Aggregate sales	0.71	0.70
Norway		
Ready-mixed concrete sales	0.77	0.87
Sweden		
Ready-mixed concrete sales	0.24	0.22
Aggregate sales	3.60	3.36

BELGIUM / FRANCE

Volumes sold (million/t-m ³)	2020	2019
Belgium / France		
Grey cement sales	2.02	2.08
Ready-mixed concrete sales	0.81	0.88
Aggregate sales	5.22	5.65

NORTH AMERICA

Volumes sold (million/t)	2020	2019
United States		
White cement sales	0.65	0.63



Cement trucks at Aalborg Portland, Denmark

TURKEY

Volumes sold (million/t-m ³)	2020	2019
Turkey		
Grey cement sales	3.54	3.06
Ready-mixed concrete sales	1.47	1.00

EGYPT

Volumes sold (million/t-m ³)	2020	2019
Egypt		
White cement sales	0.45	0.40

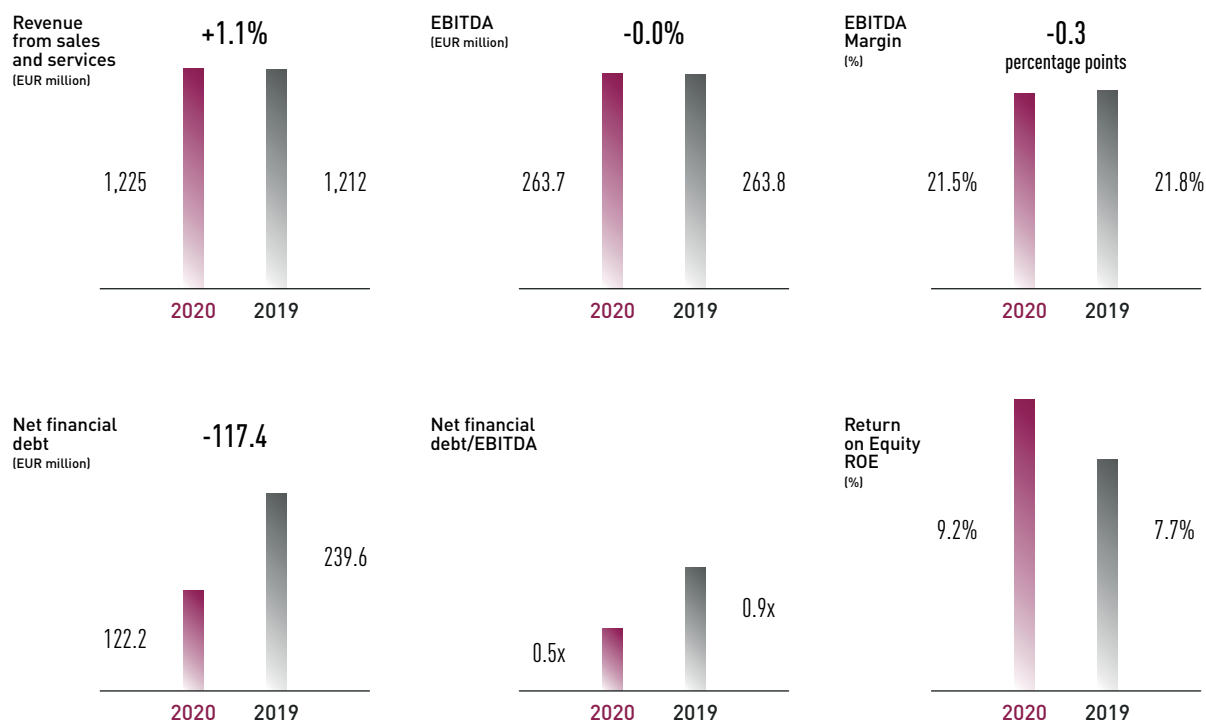
ASIA PACIFIC

Volumes sold (million/t)	2020	2019
China		
White cement sales	0.72	0.72
Malaysia		
White cement sales	0.30	0.34



Hybrid truck at Unicon, Denmark

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS



Performance highlights

[EUR'000]	2020	2019	2018	2017	2016	2015	2014
Revenue from sales and services	1,224,793	1,211,828	1,196,186	1,140,006	1,027,578	969,040	948,013
EBITDA	263,740	263,794	238,504	222,697	197,826	194,036	192,432
EBITDA Margin %	21.5%	21.8%	19.9%	19.5%	19.3%	20.0%	20.3%
EBIT	157,173	151,743	153,213	140,565	94,659	97,645	104,085
EBIT Margin %	12.8%	12.5%	12.8%	12.3%	9.2%	10.1%	11.0%
Net financial income (expense)	(14,615)	(25,095)	31,422	(13,912)	23,936	3,998	(4,602)
Profit before taxes	142,558	126,648	184,635	126,653	118,595	101,643	99,483
Income taxes	(33,195)	(36,219)	(35,866)	(16,393)	(33,246)	(26,542)	(20,758)
Profit from continuing operations	109,363	90,429	148,769	110,260	85,349	75,101	78,725
Profit margin %	8.9%	7.5%	12.4%	9.7%	8.3%	7.8%	8.3%
Profit (loss) from discontinued operations	-	-	(13,109)	(33,094)	-	-	-
Profit for the year	109,363	90,429	135,660	77,166	85,349	75,101	78,725
Profit attributable to the owners of the parent	102,008	83,569	127,194	71,471	67,270	67,477	71,634
Profit margin %	8.3%	6.9%	10.6%	6.3%	6.5%	7.0%	7.6%

Financial and equity highlights

[EUR'000]	2020	2019	2018	2017	2016	2015	2014
Net capital employed	1,305,142	1,421,195	1,383,799	1,558,929	1,622,741	1,353,192	1,401,632
Total assets	2,232,379	2,266,094	2,132,223	2,357,329	2,435,444	1,849,551	1,873,410
Total equity	1,182,962	1,181,567	1,128,384	1,015,658	1,060,303	1,131,105	1,123,301
Equity attributable to the owners of the parent	1,056,709	1,044,627	997,146	956,188	992,697	1,048,670	1,043,070
Net financial debt	122,181	239,629	255,415	543,271	562,438	222,087	278,331

Profit and equity ratios

	2020	2019	2018	2017	2016	2015	2014
Return on equity (a)	9.2%	7.7%	13.2%	10.9%	8.0%	6.6%	7.0%
Return on capital employed (b)	12.0%	10.7%	11.1%	9.0%	5.8%	7.2%	7.4%
Equity ratio (c)	52.7%	51.8%	52.5%	42.8%	42.8%	60.7%	59.6%
Net gearing ratio (d)	10.4%	20.4%	22.8%	53.8%	54.0%	19.8%	24.9%
Net financial debt/EBITDA	0.5x	0.9x	1.1x	2.4x	2.8x	1.1x	1.4x

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

Personnel and investments

	2020	2019	2018	2017	2016	2015	2014
Number of employees (at 31 Dec)	2,995	3,042	3,083	3,021	3,667	3,032	3,053
Acquisitions (EUR million)	-	-	(223)	7.5	405.4 (e)	-	-
Investments (EUR million)	85.9 (f)	88.4 (f)	66.7	85.8	71.8	61.3	66.3

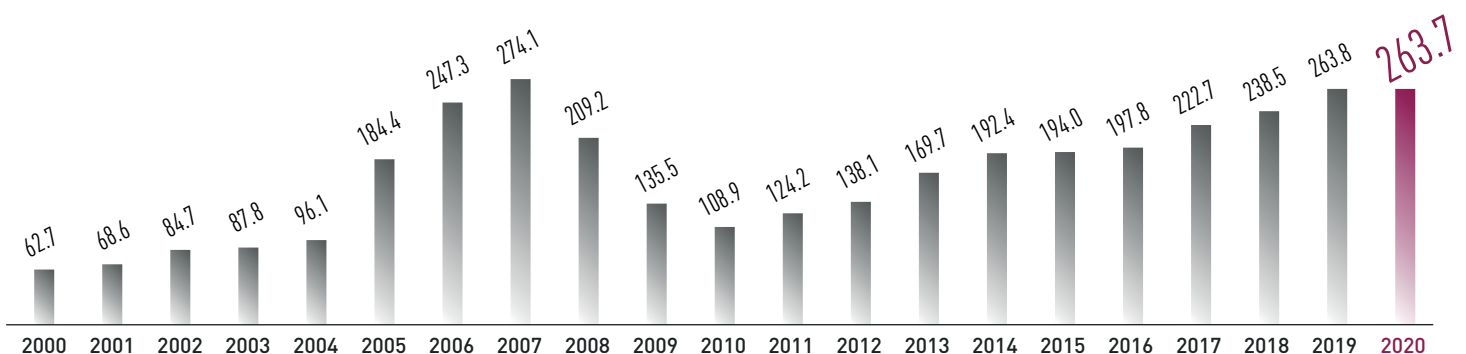
(e) On a cash and debt-free basis.
 (f) Including investments accounted for in accordance with IFRS 16.

Sales volumes

[000]	2020	2019	2018	2017	2016	2015	2014
Grey and white cement (metric tons)	10,712	9,489	9,828	10,282	10,110	9,368	9,560
Ready-mixed concrete (m ³)	4,435	4,116	4,921	4,948	4,420	3,749	3,495
Aggregates (t)	9,531	9,710	9,953	9,335	4,462	3,813	3,259

EBITDA performance

[EUR million]



Revenue from sales and services by geographical segment

2020

Nordic&Baltic
42%

Belgium
19%

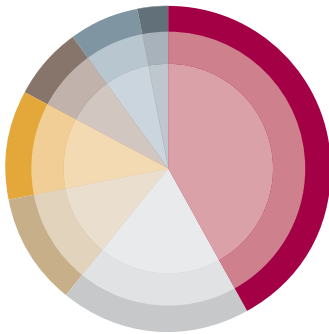
North America
11%

Turkey
11%

Egypt
3%

Asia Pacific
7%

Holding and Services
7%



2019

Nordic&Baltic
43%

Belgium
20%

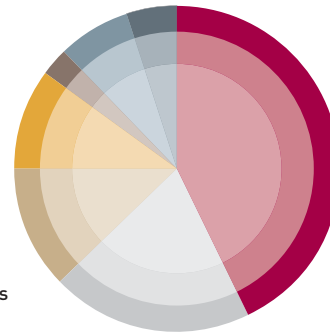
North America
12%

Turkey
10%

Egypt
3%

Asia Pacific
7%

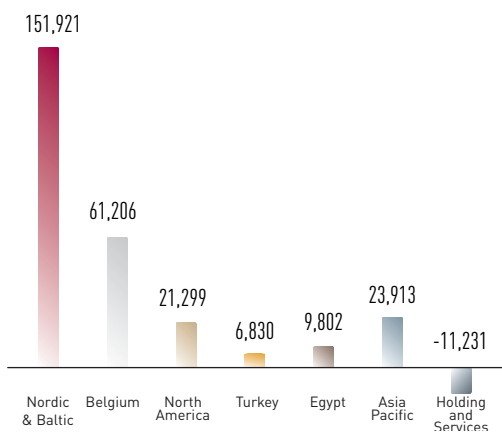
Holding and Services
5%



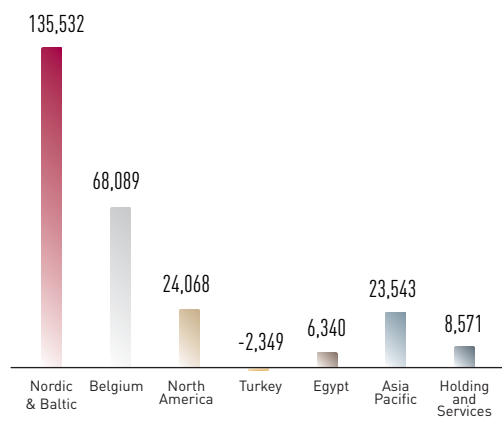
[EUR'000]	2020	2019	Change %
Nordic & Baltic	562,433	562,407	0.0%
Belgium	253,237	261,724	-3.2%
North America	152,968	151,034	1.3%
Turkey	141,834	127,942	10.9%
Egypt	43,364	35,789	21.2%
Asia Pacific	94,660	97,574	-3.0%
Holding and Services	89,771	65,490	37.1%
Eliminations	(113,474)	(90,132)	25.9%
Total revenue from sales and services	1,224,793	1,211,828	1.1%

EBITDA by geographical segment (EUR'000)

2020



2019



[EUR'000]	2020	2019	Change %
Nordic & Baltic	151,921	135,532	12.1%
Belgium	61,206	68,089	-10.1%
North America	21,299	24,068	-11.5%
Turkey ¹	6,830	(2,349)	390.8%
Egypt	9,802	6,340	54.6%
Asia Pacific	23,913	23,543	1.6%
Holding and Services ²	(11,231)	8,571	-231.0%
Total EBITDA	263,740	263,794	0.0%

¹Includes non-recurring impact of EUR 3.6 million in 2020 and EUR 6.4 million in 2019.

²Includes non-recurring charges of EUR 3.0 million in 2020.

Revenue from sales and services by business segment

2020

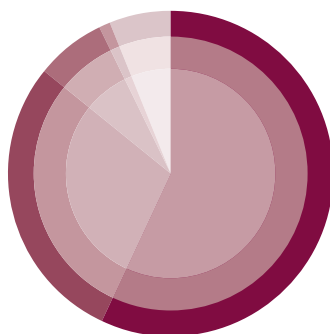
Cement
57%

Ready-mixed concrete
29%

Aggregates
7%

Waste
1%

Other
6%



2019

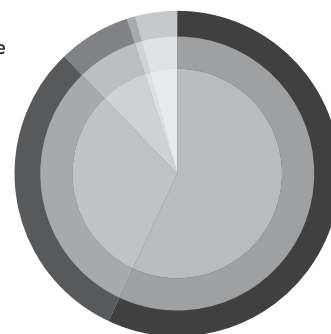
Cement
57%

Ready-mixed concrete
31%

Aggregates
7%

Waste
1%

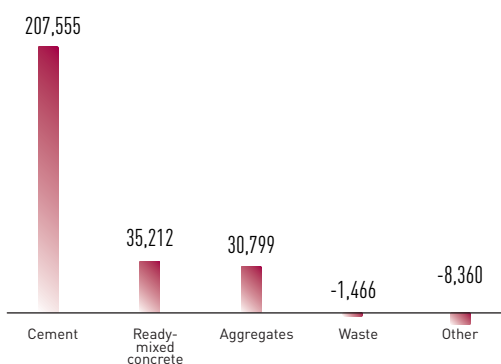
Other
4%



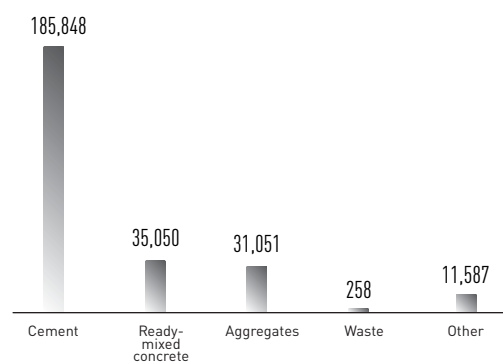
[EUR'000]	2020	2019	Change %
Cement	779,256	742,817	4.9%
Ready-mixed concrete	390,869	405,209	-3.5%
Aggregates	92,186	94,756	-2.7%
Waste	12,077	14,699	-17.8%
Other	87,462	58,012	50.8%
Eliminations	(137,057)	(103,665)	-32.2%
Total revenue from sales and services	1,224,793	1,211,828	1.1%

EBITDA by business segment (EUR'000)

2020



2019



[EUR'000]	2020	2019	Change %
Cement ¹	207,555	185,848	11.7%
Ready-mixed concrete	35,212	31,050	0.5%
Aggregates	30,799	231,051	-0.8%
Waste ²	(1,466)	258	-668.2%
Other ³	(8,360)	11,587	-172.1%
Total EBITDA	263,740	263,794	0.0%

¹Includes non-recurring impact of EUR 6.7 million in 2020 and EUR 6.4 million in 2019.

²Includes non-recurring charges of EUR 3.1 million in 2020.

³Includes non-recurring charges of EUR 3.0 million in 2020.

CEMENTIR HOLDING ON THE STOCK EXCHANGE

Key market data

	2020	2019	2018	2017	2016
Share capital at 31 December (EUR)	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Number of ordinary shares	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Treasury shares at 31 December	694,500				
Earnings per share (EUR) ⁽¹⁾	0.641	0.525	0.799	0.449	0.423
Dividend per share (EUR)	0.14 ⁽²⁾	0.14	0.14	0.10	0.10
Pay-out ratio	21.8%	26.7%	17.5%	21.8%	23.7%
Dividend yield ⁽³⁾	2.1%	2.1%	2.7%	1.3%	2.4%
Market capitalisation (EUR million) ⁽³⁾	1,058.1	1,069.9	816.3	1,201.4	668.6
Share price (EUR)					
Low	4.17	4.98	4.48	3.86	3.30
High	7.20	7.15	8.19	7.63	5.92
Year-end price	6.65	6.72	5.13	7.55	4.20

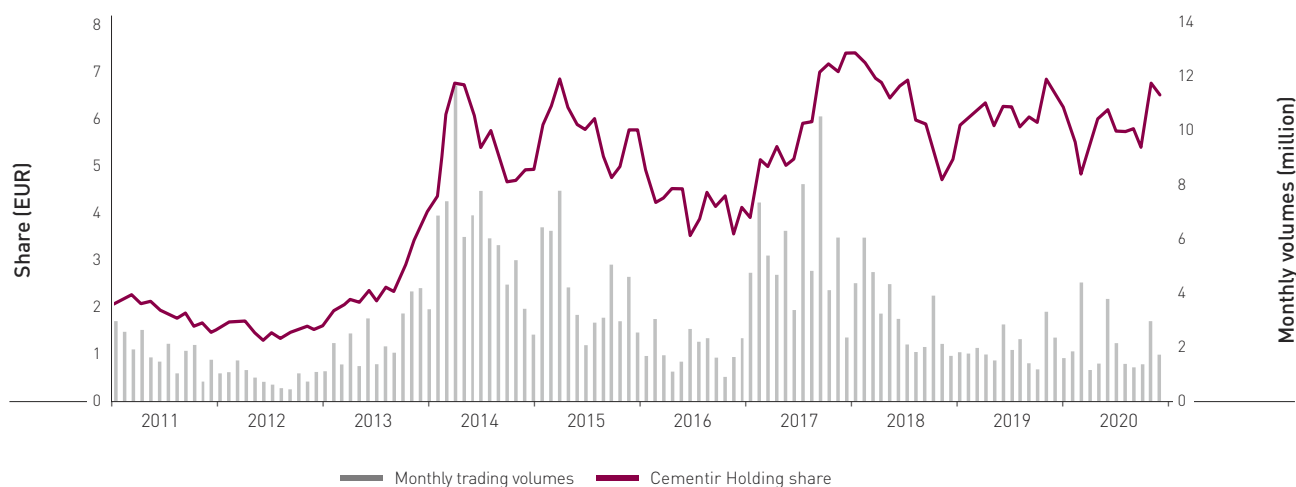
¹ Calculated on the monthly weighted average number of shares outstanding in the year.

² Dividend proposed to the Shareholders' Meeting.

³ Figures are calculated on the basis of the year-end price.

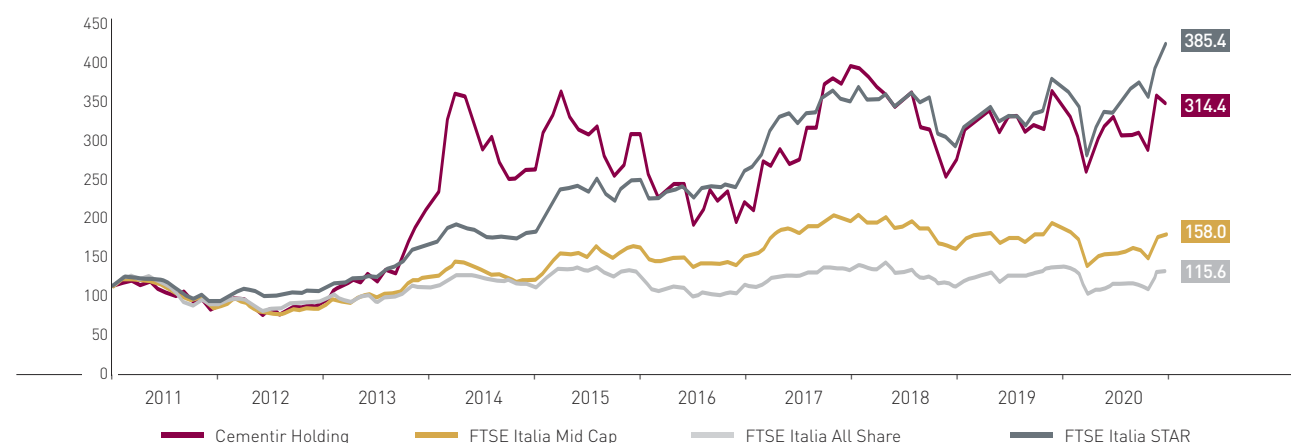
Performance of Cementir Holding shares

(31 December 2010–30 December 2020)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes

(base 31 December 2010 = 100)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes

(base 2 January 2020 = 100)



Excavator at Gaurain plant, Belgium

COMPANY OFFICERS

Board of Directors ¹

In office until approval of 2022 financial statements

Executive Director

Francesco Caltagirone Jr.

Chairman and CEO

*Non-Executive Director
and Vice-Chairman²*

Alessandro Caltagirone

*Non-Executive Director
and Vice-Chairman³*

Azzurra Caltagirone

Non-Executive Directors

Edoardo Caltagirone

Saverio Caltagirone

Fabio Corsico

Veronica De Romanis *(independent)*

Paolo Di Benedetto *(independent)*⁴

Chiara Mancini *(independent)*

Audit Committee⁵

Chairwoman

Veronica De Romanis *(independent)*

Members

Paolo Di Benedetto *(independent)*

Chiara Mancini *(independent)*

Remuneration and Nomination Committee⁶

Chairwoman

Chiara Mancini *(independent)*

Members

Paolo Di Benedetto *(independent)*

Veronica De Romanis *(independent)*

Independent Auditors

KPMG Accountants N.V.⁷

¹ Appointed by resolution of the shareholders' meeting of 20 April 2020.

² Appointed by resolution of the Board of Directors dated 24 April 2020.

³ Appointed by resolution of the Board of Directors dated 24 April 2020.

⁴ Appointed *Senior Non Executive Director* by resolution of the Board of Directors dated 24 April 2020.

⁵ Appointed by resolution of the Board of Directors dated 24 April 2020.

⁶ Appointed by resolution of the Board of Directors dated 24 April 2020.

⁷ The extraordinary meeting of 28 June 2019, in order to avoid situations of discontinuity in carrying out the statutory audit assignment previously entrusted to KPMG S.p.A. with duration until 2020 and in accordance with Dutch legislation, it has decided to entrust the task to an auditing company belonging to the KPMG network based in Amsterdam.



Trakya cement plant, Turkey

DIRECTOR'S REPORT

2



Naturalis Biodiversity center, Leiden The Netherlands – White cement concrete elements

2 DIRECTOR'S REPORT

- 24** Introduction
- 25** Group Performance
- 47** Risk and Uncertainties
- 52** Corporate Governance
- 72** Report of the Non-Executive Directors
- 75** Other Information
- 78** Subsequent events after the Reporting Date
- 79** Management Operating Outlook
- 79** Proposed allocation of the loss for the year 2020 of Cementir Holding N.V.
- 80** Remuneration Report

INTRODUCTION

This Directors' Report refers to the separate and consolidated financial statements of the Cementir Group as at 31 December 2020. These statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code. This report should be read together with the separate and consolidated financial statements for the year 2020. These financial statements of Cementir Group have been prepared on the basis of the going concern assumption.

GROUP PROFILE

Cementir Holding N.V. is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the world leader in white cement with 3.3 million tonnes of installed capacity, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third player in Belgium and amongst the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is active in the treatment of urban and industrial waste, used to produce waste-derived fuel for cement plants. Cementir's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites in 18 countries, a production capacity of over 13 million tonnes of white and grey cement and a commercial presence in over 70 countries. The company continues to pursue a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

The Group has boosted the extensive use of digital technology in production processes with the Cementir 4.0 project, which aims to ensure a level of operational excellence along the entire value chain, including limestone extraction, the use of raw materials and alternative fuels in clinker production and the creation of semi-finished products and products with a lower environmental impact.

Cementir has defined a sustainability strategy to reduce CO₂ emissions levels by 30% by 2030, with an investment plan of approximately EUR 107 million in sustainability projects, including wind energy production and district heating in Denmark, investments aimed at reducing the consumption of thermal energy and electricity in its plants in Denmark and Belgium. Thanks to the introduction of new value-added products and technologies such as FUTURECEM™, patented worldwide, the Group has set itself the goal of significantly reducing clinker content and consequent CO₂ emissions in its products.

In December 2020, the Group obtained a «B» rating from CDP (Carbon Disclosure Project), in recognition of its strong commitment to environmental sustainability.

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

GROUP PERFORMANCE

The consolidated income statement for 2020 is reported below, with comparative figures provided for 2019:

Financial Highlights

[EUR'000]	2020	2019	Change %
REVENUE FROM SALES AND SERVICES	1,224,793	1,211,828	1.1%
Change in inventories	(14,436)	5,798	-349.0%
Increase for internal work and other income	22,442	25,766	-12.9%
TOTAL OPERATING REVENUE	1,232,799	1,243,392	-0.9%
Raw materials costs	(461,195)	(466,387)	-1.1%
Personnel costs	(188,430)	(184,897)	1.9%
Other operating costs	(319,434)	(328,314)	-2.7%
TOTAL OPERATING COSTS	(969,059)	(979,598)	-1.1%
EBITDA	263,740	263,794	0.0%
<i>EBITDA Margin %</i>	<i>21.5%</i>	<i>21.8%</i>	
Amortisation, depreciation, impairment losses and provisions	(106,567)	(112,051)	-4.9%
EBIT	157,173	151,743	3.6%
<i>EBIT Margin %</i>	<i>12.8%</i>	<i>12.5%</i>	
Share of net profits of equity-accounted investees	571	310	84.2%
Net financial income (expense)	(15,186)	(25,405)	40.2%
NET FINANCIAL INCOME (EXPENSE)	(14,615)	(25,095)	41.8%
PROFIT BEFORE TAXES	142,558	126,648	12.6%
<i>PROFIT BEFORE TAXES/REVENUE %</i>	<i>11.6%</i>	<i>10.5%</i>	
Income taxes	(33,195)	(36,219)	-8.3%
PROFIT (LOSS) FROM CONTINUING OPERATIONS	109,363	90,429	20.9%
PROFIT FOR THE YEAR	109,363	90,429	20.9%
Attributable to:			
Non-controlling interests	7,355	6,860	7.2%
Owners of the Parent	102,008	83,569	22.1%

Sales volumes

[EUR'000]	2020	2019	Change %
Grey, White cement and Clinker (metric tons)	10,712	9,489	12.9%
Ready-mixed concrete (m ³)	4,435	4,116	7.8%
Aggregates (metric tons)	9,531	9,710	-1.8%

In 2020, cement and clinker **sales volumes**, equal to 10.7 million tonnes, recorded an increase of 12.9% compared to 2019. The increase is mainly attributable to performance in Turkey, with volumes up by 39%. Sales volumes of ready-mixed concrete, equal to 4.4 million cubic metres, were up by 7.8% mainly due to the increase in Turkey and, to a lesser extent, in Sweden.

In the aggregates sector, sales volumes amounted to 9.5 million tonnes, down by 1.8% as a result of the increase in Denmark and Sweden offset by a contraction in Belgium and France caused by the pandemic.

Group revenue reached EUR 1,224.8 million, up 1.1% compared to EUR 1,211.8 million in 2019. Revenue recorded a positive performance in Turkey and Egypt, while in the other regions revenue were stable or declining.

At constant 2019 exchange rates, revenue would have reached EUR 1,269.3 million, up by 4.7% on the previous year.

Operating costs totalled EUR 969.1 million, down 1.1% compared to 2019 (EUR 979.6 million). Operating costs fell slightly due mainly to the containment measures launched during the first outbreak of the pandemic.

The **cost of raw materials** amounted to EUR 461.2 million (EUR 466.4 million in 2019), down due to a fall in the cost of raw materials.

Personnel costs amounted to EUR 188.4 million, up compared to EUR 184.9 million in 2019.

Other operating costs totalled EUR 319.4 million, compared to EUR 328.3 million in 2019.

EBITDA amounted to EUR 263.7 million, unchanged compared to EUR 263.8 million in 2019. At constant exchange rates with the previous year, EBITDA would have reached EUR 267.0 million.

In addition, EBITDA benefited from non-recurring net income of EUR 0.6 million (EUR 6.4 million in 2019 due to the revaluation of land and building in Turkey), made up of EUR 6.1 million for charges related to some equipment disposal in Turkey, the execution of a settlement agreement and other legal charges, and EUR 6.7 million of non-recurring income related to the revaluation of real estate assets in Turkey.

The EBITDA margin was 21.5%, compared to 21.8% in 2019.

Taking into account EUR 106.6 million of amortisation, depreciation, write-downs and provisions (EUR 112.1 million in 2019), **EBIT** reached EUR 157.2 million, up 3.6% compared to EUR 151.7 million in the previous year. Amortisation, depreciation, write-downs and provisions include impairment of assets for EUR 1.3 million and provisions for risks of EUR 1.0 million. There were no inventory impairment losses or provisions for risks as consequences of the Covid-19 pandemic.

At constant exchange rates with the previous year, EBIT would have reached EUR 157.3 million.

The **share of net profits of equity-accounted investees** was EUR 0.6 million (EUR 0.3 million in 2019).

Net financial expense was EUR 15.2 million (expense of EUR 25.4 million in 2019). The 2020 expense included the negative net impact of exchange rate changes for EUR 4.0 million (negative for EUR 4.4 million in 2019), with the remainder accounted for by the impact of the valuation of certain derivatives; representing this valuation the main variance versus 2019.

Profit before taxes was EUR 142.6 million (EUR 126.6 million in 2019).

Profit from continuing operations totalled EUR 109.4 million (EUR 90.4 million 2019), after taxes amounting to EUR 33.2 million (EUR 36.2 million in the previous year).

Group net profit, once non-controlling interests were accounted for, amounted to EUR 102.0 million (EUR 83.6 million in 2019).

Financial highlights

[EUR'000]	31-12-2020	31-12-2019
Net capital employed	1,305,142	1,421,195
Total equity	1,182,962	1,181,567
Net financial debt	122,181	239,629

Net financial debt as at 31 December 2020 was EUR 122.2 million, a decrease of EUR 117.4 million compared to EUR 239.6 million as at 31 December 2019. The lease liability included in the debt position according to IFRS16 was equal to EUR 85.3 million compared to EUR 83.9 million in December 2019.

Net of this impact, net financial debt declined by EUR 118.8 million.

Total equity as at 31 December 2020 amounted to EUR 1,183.0 million (EUR 1,181.6 million as at 31 December 2019).

FINANCIAL INDICATORS

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

PERFORMANCE INDICATORS	2020	2019	Composition
Return on Equity	9.24%	7.65%	Profit from continuing operations/Equity
Return on Capital Employed	12.04%	10.68%	EBIT/(Equity + Net financial debt)

FINANCIAL INDICATORS	2020	2019	Composition
Equity Ratio	52.66%	51.84%	Adjusted Equity/Total Assets
Net Gearing Ratio	10.39%	20.40%	Net financial debt/ Adjusted Equity
Liquidity Ratio	0.83	1.35	Cash + Receivables / Current Liabilities
Cash Flow	0.53	0.46	Operating Cash Flow / Total Financial Debt
Finance Needs	122.2	239.6	Net Financial Position

The change in the performance indicators is due to the positive trend of the management of current operations and the impact generated by the cash flow from ordinary activities, positive for EUR 118.8 million. In particular, from a financial point of view, we note the constant reduction of debt compared to the previous year and therefore the strengthening of the equity structure.

It should be noted that the reduction in the Liquidity Ratio is attributable to the reclassification of the term loan entered into by Cementir Holding in 2016 with a pool of lenders having maturity in 2021.

NON-FINANCIAL INDICATORS

The Group has defined a 10-year plan that will allow for the constant reduction of CO₂ emissions per tonne of cement produced. By 2030, CO₂ emissions will be less than 500 kg per tonne of grey cement, which is a 30% reduction from 1990 levels.

For white cement, which is a niche product for specific applications, with a market share equal to 0.5% of world production, CO₂ emissions will be around 800 kg per tonne of product, with a 35% reduction compared to 1990. With this reduction, emissions will be below the EU benchmark for the white cement ETS system. Specific objectives were also identified, divided between grey and white cement, to replace fossil fuels with alternative "green" fuels and reduce clinker content in the cement produced.

The climate change targets established by the Group have been deployed per single plant and year and included in the 2021-2023 Business Plan approved by the Board of Directors of Cementir Holding.

Grey Cement

Year	2019	2020	2022	2025	2030
Traditional fuel use in %	69%	72%	64%	57%	23%
Alternative fuel use in %	31%	28%	36%	43%	77%
Clinker ratio	82%	82%	78%	73%	68%
CO ₂ emissions (kg CO ₂ /tonne cement)	696	718	679	577	494
Reduction compared to 2019		0%	-2%	-17%	-29%

White cement

Year	2019	2020	2022	2025	2030
Traditional fuel use in %	96%	97%	96%	95%	94%
Alternative fuel use in %	4%	3%	4%	5%	6%
Clinker ratio	84%	82%	82%	82%	80%
CO ₂ emissions (kg CO ₂ /tonne cement)	926	915	915	870	808
Reduction compared to 2019		-1%	-1%	-6%	-13%

During 2020, the Covid-19 lockdowns in countries where the Group operates led to difficulties in sourcing alternative raw materials and fuels and the need to reorganise the timing of related investments, with a slight negative effect on the reduction of the average emissions per tonne of grey cement. Given the transient nature of the health emergency, it is not believed that this negative effect will have repercussions on future targets, which are therefore confirmed. Additional KPIs have been set in order to monitor other relevant areas, as alternative fuels produced by the waste treatment plants, the alternative fuels used for thermal energy production in place of non-renewable fossil fuels, the water consumption for cement production, health and safety, training and performance evaluation of employees.

Alternative fuel produced by the Group

	2020	2019	2018	Description
Alternative fuels (metric tonnes)	79,106[*]	100,520	105,479	Fuel produced from municipal solid waste, industrial waste or commercial waste

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

Fossil fuel replacement index

	2020	2019	2018	Description
% of fossil fuel replacement	19%	20.0%	20.0%	Alternative fuels used / total fuels used for the production of cement

Water reused in cement production

	2020	2019	2018	Composition
% of water reuse	40%	34%		Reused water / Water withdrawals

[*] The 2019 data relating to the Asian plants has been subject to reclassification for a like-by-like reading.

Health & Safety

	2020	2019	2018	Composition
No. of fatal injuries	0	0	0	Deaths as a result of accidents at work
Fatality rate	0.00	0.00	0.00	(No. of fatal injuries / hours worked) x 1,000,000
Lost Time Injuries (LTI)	60	61	70	No. of injuries with absence days
LTI Frequency Rate	11.0	10.4	12.0	(No. of injuries with absence days / hours worked) x 1,000,000
LTI Severity Rate	0.16	0.27	0.20	(No. of days off work / hours worked) x 1,000

Accidents occurring during 2020 were analysed in order to implement any improvement actions identified.

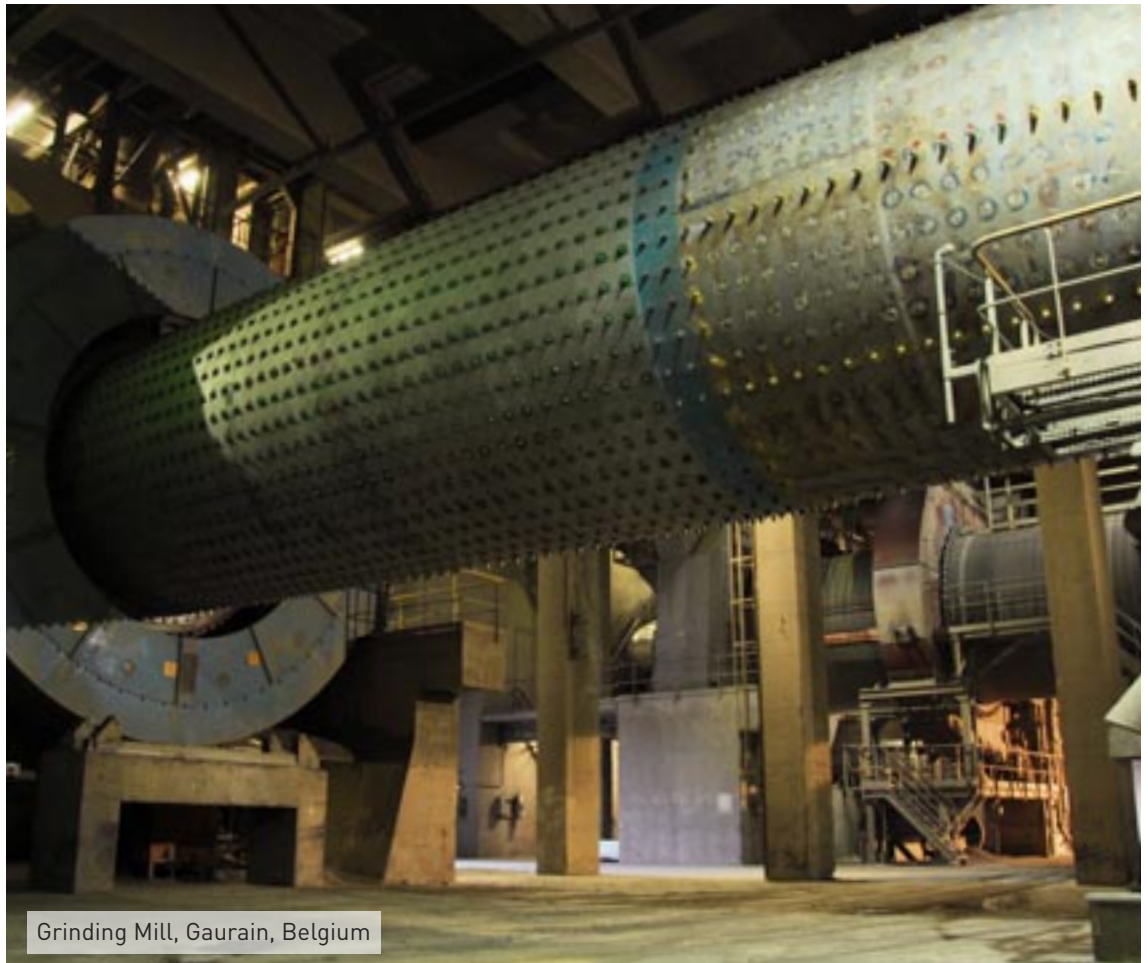
Training

	2020	2019	2018	Composition
Hour of training per capita	11.7	16.8	20.5	Training hours / number of employees

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

Employees with periodic performance assessment

	2020	2019	2018	Composition
Executives	93%	91%	89%	Executives receiving performance assessment / total Executives
Managers	61%	78%	97%	Managers receiving performance assessment / total Managers
White-collar workers	77%	80%	61%	White-collar workers receiving performance assessment/ total White-collar workers
Blue collars	44%	48%	46%	Blue-collar workers receiving performance assessment / total Blue-collar workers



Grinding Mill, Gaurain, Belgium

PERFORMANCE BY GEOGRAPHICAL SEGMENT

Nordic & Baltic

[EUR'000]	2020	2019	Change%
Revenue from sales	562,433	562,407	0.0%
<i>Denmark</i>	<i>384,246</i>	<i>369,886</i>	<i>3.9%</i>
<i>Norway / Sweden</i>	<i>176,431</i>	<i>193,383</i>	<i>-8.8%</i>
<i>Other ⁽¹⁾</i>	<i>58,297</i>	<i>57,207</i>	<i>1.9%</i>
<i>Eliminations</i>	<i>(56,541)</i>	<i>(58,069)</i>	
EBITDA	151,921	135,532	12.1%
<i>Denmark</i>	<i>131,440</i>	<i>112,180</i>	<i>17.2%</i>
<i>Norway / Sweden</i>	<i>17,378</i>	<i>20,111</i>	<i>-13.6%</i>
<i>Other ⁽¹⁾</i>	<i>3,103</i>	<i>3,241</i>	<i>-4.3%</i>
EBITDA Margin %	27.0%	24.1%	
Investments	39,884	48,821	

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

Denmark

Sales revenues in 2020 reached EUR 384.2 million, up by approximately 3.9% compared to EUR 369.9 million in 2019, mainly due to the increase in sales on the domestic market, both of grey and white cement.

There was an increase in activity in almost all domestic market segments, in particular in cement products, ready-mixed concrete, large infrastructure works and the retail trade, with a contraction only in the prefabricated sector. Thanks also to some significant infrastructure projects and favourable weather conditions in the first part of the year, the negative effects of the Covid-19 virus were contained. In some segments, the lockdown instead generated an increase in sales (road paving and retail sales). There was also an increase in white cement, albeit limited in terms of volumes, due to taking on some important new customers.

Average sales prices on the domestic market saw a positive change due to renewed sales contracts and the favourable product mix.

The export volume of white cement is up by 5% compared to the previous year with a different mix of countries: higher deliveries to Poland, Germany, Finland and France compared to lower volumes to other countries also due to the global pandemic. Grey cement exports fell by 9% due to lower deliveries to Norway and Iceland as a result of Covid-19 as well as the contraction of the construction sector in Norway, with higher sales in the Faroe Islands for a significant infrastructure project.

Average export sales prices for grey cement increased, while in relation to white cement, they contracted due to the mix of recipient countries and exchange rate effect.

Ready-mixed concrete volumes in Denmark increased modestly compared to 2019, due to the positive weather conditions but with varying trends in different regions of the country, with a slowdown in metropolitan areas. Prices benefited from additional services supplied to the customers.

Aggregate volumes in Denmark showed a moderate increase compared to the previous year, mainly due to a significant motorway project.

EBITDA in 2020 amounted to EUR 131.4 million (EUR 112.2 million in 2019), up by EUR 19.2 million. The increase is largely attributable to the cement sector, whose results benefited from the positive impact of volumes, the evolution of sales prices, lower fuel and electricity costs, plant production efficiencies and the containment of maintenance, general and administrative costs.

In ready-mixed concrete, the improved result of EUR 4.1 million was determined by the evolution of sales

prices and lower fixed costs in all company areas. In the aggregates sector too, EBITDA increased for the same reasons.

Total investments amounted to EUR 32.2 million, of which EUR 24.1 million in the cement sector mainly for extraordinary maintenance, environmental impact projects and production rationalisation. Investments in ready-mixed concrete amounted to EUR 7.3 million and mostly related to leasing contracts for transport vehicles. Investments included EUR 10.7 million accounted according to IFRS 16.

Norway and Sweden

In **Norway**, ready-mixed concrete sales volumes fell by more than 11% compared to previous year. The country recorded a contraction in activities, both in the residential and commercial sectors, linked to the trend in oil prices, as well as the effects of Covid-19, which led to a significant reduction in volumes in the first part of the year. Volumes recovered in the final months of 2020.

The change in prices is due to the product/customer mix.

It is important to underline that the Norwegian krone lost around 9% against the Euro compared to the average exchange rate in 2019.

In **Sweden**, volumes of ready-mixed concrete and aggregates were up 7% compared to the previous year. In 2020, the sector benefited from favourable weather conditions and robust construction market trend, also following some significant infrastructure projects. The decline in the residential sector recorded in 2019 recovered, while the infrastructure segment recorded growth.

Average ready-mixed concrete prices followed the inflation trend, while aggregate prices were affected by the product/project mix.

The Swedish krona remained stable in line with the previous year.

In 2020, total sales revenue in Norway and Sweden amounted to EUR 176.4 million (EUR 193.4 million in 2019) while EBITDA fell to EUR 17.4 million (EUR 20.1 million in 2019). The reduction is attributable to Norway, due to lower sales volumes, higher raw material and cement costs, also due to the devaluation of the currency, only partially offset by savings on fixed costs following optimisation plans to cope with the crisis.

Investments in the area in 2020 amounted to EUR 7.7 million and essentially related to production efficiency. The total amount includes investments accounted for in accordance with IFRS 16 for EUR 2 million.

Belgium

[EUR'000]	2020	2019	Change%
Revenue from sales	253,237	261,724	-3.2%
EBITDA	61,206	68,089	-10.1%
EBITDA Margin %	24.2%	26.0%	
Investments	23,050	17,629	

In 2020, grey cement sales volumes fell by 3% compared to 2019. In Belgium, volumes recorded a modest increase while exports to the French and Dutch markets fell by 6%. Exports to Germany and Luxembourg, on the other hand, were on the rise. At market segment level, there was a decline above all in the ready-mixed concrete sector, and in prefabricated buildings compared to an increase in retail sales and to smaller customers. This trend is essentially explained by the negative performance, equal to almost 30%, in the months of March, April and May caused by Covid-19 for all areas in this geographic segment. Sales began to grow again in the second half of the year with an average increase of 5.5% compared to the same period of the previous year.

Average prices showed a trend in line with inflation and of the same magnitude in both domestic and exports markets, despite considerable market competition throughout the Benelux area and northern France.

Ready-mixed concrete sales volumes fell by around 9% in Belgium and France in 2020, due to Covid-19 and the postponement of some important projects in France. In the months from June to December, volumes recovered thanks to favourable weather conditions and the recovery in the level of activity in the second half of the year. In September, the company acquired a new concrete plant in northern France (Noyelles Les Seclins) while another plant (Armentières) was closed in October.

In both Belgium and France, sales prices varied in line with inflation thanks to additional services provided to customers, with greater added value.

Aggregate sales volumes fell by 7.5% compared to 2019, with a fall in the first few months of the year due to Covid-19, the situation stabilised in the following months and in the second half of the year volumes were in line with 2019. In Belgium, favourable weather conditions allowed the completion of various projects, particularly in the asphalt segment and the contraction in the year was more contained (-3%); exports, on the other hand, saw a greater reduction (-16%) in France due to the fall in numbers of motorway projects and a lack of major works, and in the Netherlands due to a decline in road paving.

Aggregate sales prices showed a positive trend in line with inflation both in the domestic market and in exports, thanks to the product, customer and destination mix (higher sales in the asphalt and prefabricated channel, lower sales in the basic and other products channel mix of customers due to Covid-19 lockdowns).

Overall in 2020, sales revenue totalled EUR 253.2 million (EUR 261.7 million in 2019) and EBITDA reached EUR 61.2 million (EUR 68.1 million in 2019).

The most significant decline was recorded in the cement sector where the EBITDA was mainly affected by the reduction in volumes and higher variable costs with an increase in electricity, packaging and internal logistics costs.

In the ready-mixed concrete sector, the reduction in margins was due to lower sales volumes and higher variable costs of raw materials only partially offset by savings on fixed production, administrative and personnel costs following cost containment plans implemented following the pandemic.

Investments in 2020 amounted to EUR 23 million and mostly concerned the cement plant in Gaurain. Investments recognised on the basis of the IFRS 16 accounting standard amounted to EUR 8.8 million mainly relating to a transport contract.

North America

[EUR'000]	2020	2019	Change%
Revenue from sales	152,968	151,034	1.3%
EBITDA	21,299	24,068	-11.5%
EBITDA Margin %	13.9%	15.9%	
Investments	4,684	4,165	

White cement sales volumes increased by 3% compared to 2019, after the sharp contraction in April and May, following the spread of Covid-19 which caused the delayed start of some significant projects, strong local competition and occasional extreme weather events (hurricanes and tropical storms). In the second half of the year, there was a strong rebound in volumes (+12%), especially in the residential and prefabricated sectors, also due to the better weather conditions.

Volumes increased in all areas compared to the previous year, particularly in the surface coating, masonry and swimming pool segments.

Prices showed different trends in the various geographic areas.

The revenues of the subsidiary LWCC were substantially in line with the previous year (EUR 138 million compared to EUR 137.7 million in 2019) with an EBITDA of EUR 20.2 million (EUR 23.8 million in 2019). Variable

costs included higher distribution costs and higher production costs against by a reduction in general and administrative costs.

The other US subsidiaries are active in the production of concrete products (Vianini Pipe) and in the management of the Tampa terminal in Florida; the former benefited from strong growth in volumes.

Total sales revenue in the United States reached EUR 153 million (EUR 151 million in 2019), with EBITDA of EUR 21.3 million (EUR 24.1 million in 2019). In local currency the region EBITDA was USD 24.3 million compared to USD 26.9 million in 2019.

The US dollar average exchange rate declined by 2% against the Euro compared to 2019.

Investments in 2020 amounted to approximately EUR 4.7 million, almost entirely relating to the LWCC plants, of which EUR 2.9 million of investments accounted for on the basis of the IFRS 16 accounting standard relating above all to vehicles.

Turkey

[EUR'000]	2020	2019	Change%
Revenue from sales	141,834	127,942	10.9%
EBITDA	6,830	(2,349)	390.8%
EBITDA Margin %	4.8%	-1.8%	
Investments	9,739	6,262	

Revenue reached EUR 141.8 million, an increase of 11% compared to 2019 (EUR 127.9 million), despite the strong devaluation of the Turkish lira against the Euro (-27% compared with the average exchange rate in 2019). The increase in local demand and cement exports generated an increase of approximately 53% in revenues in local currency and an increase of 39% in the overall cement and clinker sales volumes.

Sales volumes in the domestic market grew by 27% in all the main market segments, also favoured by positive weather conditions in the country. In the Elazig area, hit by an earthquake on 24 January 2020, numerous reconstruction projects have begun; The Trakya and Kars areas also benefited from a sharp increase in sales volumes, in part due to the launch of new infrastructure projects (high-speed railway lines for Trakya) and residential projects stimulated by the disbursement of subsidised rate loans. In the Izmir region, domestic sales remained stable compared to 2019, with a slow down due to the Covid-19 pandemic offsetting increased activity following the recent earthquake of 30 October.

Exports of cement and clinker more than doubled compared to the previous year (+510 thousand tonnes) thanks to opportunities in new markets in Africa, Europe and the Middle East.

The average cement prices in local currency in the domestic market recorded increases compared to 2019, with very different trends by area. The first part of the year was characterised by low prices and only from July average prices increased compared to 2019. Clinker and cement export price change was influenced by the destination market mix. Ready-mixed concrete volumes also increased sharply (+47% compared to 2019). The increase in sales volume is attributable to the launch of various infrastructure and residential projects, due to the aforementioned geophysical events, in the Aegean, Marmara and Eastern Anatolia regions, and to subsidised finance projects, as well as the opening of new plants by the company.

Ready-mixed concrete prices in local currency were affected by strong market competition.

In the waste management sector, the subsidiary Sureko, active in processing of industrial waste, recorded 7.5% lower revenues in local currency compared to 2019, due to the fall in volumes of waste disposed in landfills and trade in materials, as well as due to strong competition and Covid-19; the volumes of waste collected for the production and sale of fuels (RDF) remained substantially stable compared to the previous year.

During June, the fixed equipment of the Hereko division, active in the processing of municipal waste, was sold. This sale generated a one-off negative impact on EBITDA of EUR 3.1 million.

The British subsidiary Quercia recorded revenues down 11% in local currency due to the fall in volumes of waste disposed in landfills and lower volumes of waste transferred to the plants for the production and sale of fuels derived from waste (SRF) as a result of the lockdown in the Manchester area; instead, the landfill tonnages suffered due to bad weather conditions at several times in the area.

Overall EBITDA in Turkey was equal to EUR 6.8 million, a significant improvement compared to the previous year (negative for EUR 2.3 million in 2019).

In relation to the cement and ready-mixed concrete divisions, the change in EBITDA is due to higher sales volumes, evolution of sales prices, lower costs for fuels and lower distribution costs for ready-mixed concrete, partly offset by higher electricity and raw materials costs and higher personnel costs.

Investments in 2020 amounted to EUR 9.7 million, attributable for EUR 5 million to the application of IFRS 16, which determined the recognition of investments for EUR 4.6 million relating to new ready-mixed concrete plants. Investments in cement amounted to approximately EUR 3.7 million concentrated mainly in the Izmir plant. Investments of the Waste division amounted to approximately EUR 1 million.

Egypt

[EUR '000]	2020	2019	Change%
Revenue from sales	43,364	35,789	21.2%
EBITDA	9,802	6,340	54.6%
EBITDA Margin %	22.6%	17.7%	
Investments	1,323	1,991	

Sales revenue amounted to EUR 43.4 million (EUR 35.8 million in 2019).

Sales volumes of white cement and clinker on the local market increased 13% compared to 2019. The measures put in place by the Government to limit the spread of Covid-19 in the first few months of the year led to logistical limitations and a reduction in volumes of over 40% on the domestic market. The significant recovery that took place from June to the end of the year (+37%) more than offset the lower activity of the previous months. Sales were also bolstered by the acceleration of some projects that were completed by the end of the year before the entry into force of new construction technical regulations in 2021.

Exports of white cement were up by around 18%, mainly due to higher sales in Europe against lower volumes in the Middle East.

Domestic prices were up from 2019, in line with the country's inflation, while export dollar prices are in line with the previous year.

EBITDA increased to EUR 9.8 million (EUR 6.3 million in 2019), thanks to the higher sales volumes both on the domestic and export market. On the variable cost side, there were higher costs for raw materials but lower costs for the purchase of fuels; fixed costs increased mainly due to maintenance and other fixed costs.

EBITDA also benefited from the revaluation of the Egyptian pound against the Euro by around 4.5%.

Investments in 2020 amounted to EUR 1.3 million and mainly related to packaging, water treatment and auxiliary services of the plant.

Asia Pacific

[EUR'000]	2020	2019	Change%
Revenue from sales	94,660	97,574	-3.0%
<i>China</i>	54,912	53,197	3.2%
<i>Malaysia</i>	39,958	44,377	-10.0%
<i>Eliminations</i>	(210)	-	
EBITDA	23,913	23,543	1.6%
<i>China</i>	17,098	15,595	9.6%
<i>Malaysia</i>	6,815	7,948	-14.3%
EBITDA Margin %	25.3%	24.1%	
Investments	4,568	6,318	

China

Sales revenues reached EUR 54.9 million (EUR 53.2 million in 2019), despite the significant reduction in activity in the first few months of the year due to the Covid-19 pandemic, which brought operations to a halt for about two months, as well as rain and flooding that temporarily stopped Anqing port activity.

In 2020, cement and clinker sales were in line with those of 2019. Following the first few months of the year, which were negatively affected by the pandemic, measures taken by the Chinese central government and local administrations led to a significant recovery in sales which, from April, were higher than the previous year. GDP growth in the country is estimated to be around 2% in 2020, as is industrial production, while construction is estimated to have grown by around 8%. 2020 is the final year of the five-year state plan, and the government is expected to continue these measures to foster increasingly robust growth despite uncertainties in the global economy.

Cement sales prices were positively affected by the product mix.

EBITDA increased to EUR 17.1 million (EUR 15.6 million in 2019), mainly thanks to higher sales prices and lower variable energy costs partially offset by higher costs for raw materials and higher fixed plant costs.

It should be noted that the Chinese Renminbi devalued by about 2% compared to the 2019 average exchange rate with the Euro.

Investments in 2020 amounted to EUR 2.2 million, mainly related to works aimed at increasing plant efficiency, environmental and logistics activities in the quarry and emission containment.

Malaysia

Sales revenue amounted to EUR 39.9 million (EUR 44.4 million in the previous year). Domestic white cement volumes declined by around 24% due to a negative trend starting in March, due to restrictions imposed by the Malaysian Government, effective from March to curb the spread of the Covid-19; despite the easing of the aforementioned restrictions, the local market only showed signs of recovery in the final part of the year. The average selling prices in local currency, on the other hand, were in line with inflation.

Exports fell by around 9% compared to 2019. The contraction in clinker exports to Australia was offset by positive trends in exports to other Southeast Asian countries. The change in export sales prices of cement and clinker was not significant as it is influenced by the country mix and exchange rates.

At EUR 6.8 million, EBITDA declined compared to year 2019 (EUR 7.9 million). The main negative factor is the decrease in cement sales volumes on the local market and clinker sales to Australia, partially offset by developments in other countries and by lower fuel and electricity costs.

The Malaysian ringgit depreciated by about 3.5% compared to the average exchange rate of the Euro in 2019. In 2020, investments amounted to EUR 2.3 million relating to maintenance and strategic spare parts, as well as environmental activities in the quarry, of which EUR 0.4 million attributable to the application of IFRS 16.

Holding and Services

[EUR'000]	2020	2019	Change%
Revenue from sales	89,771	65,490	37.1%
EBITDA	(11,231)	8,571	-231.0%
EBITDA Margin %	-12.5%	13.1%	
Investments	2,658	3,174	

This grouping includes the parent company, Cementir Holding, the trading company, Spartan Hive, and other minor companies. The increase in Spartan Hive's revenue compared to the previous year, equal to approximately 75%, is attributable to higher sales volumes of cement, clinker, raw materials, fuel and transport services.

The EBITDA of Cementir Holding and the other minor companies was negative for EUR 11.2 million, also due to the impact of EUR 2.4 million for the payment made in execution of a settlement agreement, for compensation requests relating to previous transactions.

IMPLICATIONS OF THE SPREAD OF THE COVID-19 PANDEMIC

Although the Covid-19 pandemic has differently impacted the various countries in which the Group operates, the priority of the Company's Management has always been the safety of personnel operating across all company sites, defining and adopting infection risk containment and prevention measures in line with directives issued by local authorities. Differentiated strategies were applied for the management of office staff and those working in production plants.

In relation to the Covid-19 pandemic, each company promptly defined and adopted measures to contain and prevent the infection risk for its employees in accordance with the local directives issued. Differentiated strategies were applied for the management of office staff and those working in production plants. In some cases, the measures adopted provided for the temporary closure or restructuring of production activities in compliance with local directives.

To deal with the slowdown generated by the pandemic in the first part of the year, profitability-protecting measures were put in place through costs containment and deferment of investments. As the pandemic evolved, remote working methods continued where necessary.

Throughout the year, careful monitoring of working capital continued, including the performance of receivables, collection flows, levels of stocks of raw materials, semi-finished and finished products and the liquidity level in general.

During July, the liquidity lines used in advance during the first quarter of the year were repaid.

There were no new temporary plant closures in addition to those reported in the previous quarterly reports, which included:

- China in the period 24 January / 21 February
- Malaysia in the period 18 March / 17 April

As mentioned above, the contraction in volumes that took place in the first few months of the year was absorbed in the second half of the year, with the sole exception of the domestic market in Malaysia.

The total negative impact in terms of EBITDA is estimated to be around EUR 20 million, mainly due to a drop in volumes of around EUR 14 million, and additional costs for plant downtime, distribution and sanitation of workplaces and employee safety.

Support measures put in place by the various governments had a limited impact by around EUR 0.5 million.

From the point of view of the evolution of the net financial debt, the impact of the pandemic is estimated at around EUR 19 million, mitigated by government support and deferrals allowed by the various national authorities in the payment of taxes and labour-related charges for about EUR 6 million.

There have been no breach situations of the covenants linked to financing facilities granted to the Group. There were no difficulties in collecting receivables or increases in inventories caused by the slowdown in activity in the first part of the year.

INVESTMENTS

During 2020, the Group made total investments of approximately EUR 85.9 million (EUR 88.4 million in 2019), of which approximately EUR 30.2 million (EUR 24.7 million in 2019) related to the application of IFRS 16. The breakdown by asset classes shows that EUR 81.1 million (EUR 81.4 million in 2019) relates to property, plant and equipment and EUR 4.8 million (EUR 6.9 million in 2019) to intangible assets.

RESPONSIBILITY WITH REFERENCE TO THE ANNUAL FINANCIAL STATEMENTS

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

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

KEY EVENTS OF THE YEAR

The 2020 financial year ended with an EBITDA of EUR 263.7 million (EUR 263.8 million in 2019), the result was impacted by the spread of the Covid-19 pandemic in the first half of the year. In the following period, activity seems to have returned to levels similar to those of the last year, with some exceptions as described in the previous paragraphs. The cash flow generated by operating activities and the management of working capital allowed the Group to end the year with net financial debt of EUR 122.2 million, which included the debt position of EUR 85.3 million due to the application of IFRS 16.

During May, dividends of EUR 22.2 million were paid as per the resolution of the Shareholders' Meeting approving the 2019 financial statements.

It should be noted that on 2 July, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

In April, Aalborg Portland Digital Srl, a company operating in the provision of IT and production assistance services for the Group's units, was incorporated as a spin-off from Cementir Holding.

In January, Spartan Hive was transferred from Cementir Holding NV to Aalborg Portland Holding AS, as part of an internal restructuring against fair value (we refer to note 32 in the separate financial statement).

In December 2020, the Group obtained a «B» rating from CDP (Carbon Disclosure Project).

INNOVATION, QUALITY, RESEARCH AND DEVELOPMENT

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

In 2020, the Cementir Group, as founder and member of the steering committee, actively contributed to the development of Innovandi, a world-class cement and ready-mixed concrete industrial-academic research network, made up of 30 global companies in the cement-additives-ready-mixed concrete value chain together with 40 scientific institutes.

In 2021, Group experts will act as industrial mentors to support key research with a focus on further reducing CO₂ emissions in cement and ready-mixed concrete production. Innovandi is therefore a key commitment to the Group's efforts towards better sustainability.

To meet the new challenges of the «Cementing the European Green Deal»-2020 defined by the EU in terms of further reducing CO₂ emissions, the focus of the Group's research activities has been to explore and investigate further innovative products and process solutions and systems to enable a sustainable production transition. In 2020, to guide the Group towards more sustainable production, all activities in terms of process, product and innovation were translated into a 10-year roadmap with ambitious Group sustainability targets mainly focusing on European markets subject to the ETS (Emission Trading System). Implementation of priority projects for individual areas will continue in 2021.

Two milestones for FUTURECEM™, the Group's innovative proprietary technology, were reached in 2020: CE certification in accordance with European standard EN 197-1 - the first cement with production certification issued by Bureau Veritas with the designation CEM II/B-M(LL-Q) 52.5N - and inclusion into Danish regulations for its use in the production of ready-mixed concrete for construction purposes. Further testing activities continued with customers and commercial partners to document mechanical performance and particularly in terms of reducing the CO₂ footprint in ready-mixed concrete and the final structure, through an LCA - Life Cycle Assessment.

R&D expenses, to be reported according to Art. 2:391.2 DCC, amounted to EUR 2.2 million.

Innovation

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

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

In 2020, the Cementir Group strengthened its position in the ultra-high performance ready-mixed concrete segment, notably, in the European market with both products in its portfolio, AALBORG EXTREME™ Light 120 and AALBORG EXCEL™, launched in 2019. While AALBORG EXTREME™ Light 120 is intended for use in structural and semi-structural applications, AALBORG EXCEL™ is aimed at very thin architectural applications, such as exclusive façade cladding, decorative objects, etc.

In the same year, the Cementir Group extended its sales perimeter to include China, Asia and North America, given the growing interest in UHPC technology from the market and confirmed by trends in the construction sector.

Therefore, sales expectations for this innovative product range in 2021 are confirmed to be higher than in 2020. As part of the strategy of a transition towards greater sustainability, the Cementir Group, through the InWhite™

innovation process, is developing additional products/solutions, implementing FUTURECEM™ technology, to meet the needs of its target markets, as identified through close collaboration with customers and business partners.

The InWhite™ innovation process also entered the field of 3D concrete printing. The Group has already identified and is establishing a confidential cooperation agreement with a partner who has developed an innovative hardware and software technology for the printing process, feasible for a set type of application, as verified internally.

Within the Group's innovation process, FUTURECEM™ technology will enhance the offer of innovative and value-added solutions, thus pursuing the ambitious path to sustainability. In accordance with the Group's Customercentric approach, specific product development activities were launched in all regions, in order to meet market needs for various applications, as well as to support the downstream business development of the customer base.

From January 2021, the Cementir Group, through its subsidiary Aalborg Portland, will launch the first FUTURECEM™ cement on the Danish market. There has been a strong market interest in the potential for relevant CO₂ emission reduction to support sustainability goals in the construction sector.

In 2021, the Cementir Group's intention is to implement the same Futurecem™ technology in Benelux, through its subsidiary CCB.

Research Centre

Innovation and customer service are supported by the Aalborg-based Research and Quality Centre (RQC). The centre's experts are specialists in cement chemistry, mineralogy, concrete technology, white cement application and life cycle analysis. The centre is equipped with state-of-the-art laboratory equipment, which enables a wide range of tests and analyses of raw materials, alternative fuels, cement and concrete.

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

The Research and Quality Centre (RQC) is the Group's central quality section and the laboratory of reference. It monitors the quality of the cement mills' product, helping to keep it consistent and at a high level. It also analyses raw materials and products to ensure the continuous improvement of products and production processes. The RQC operates a global quality system to ensure a uniform and consistent quality across the Group's facilities. The system consists of online quality monitoring and internal comparative analyses, as well as common standards and procedures, which support the creation of quality assessment models and improve the sharing of best practices.

Quality

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

The Corporate RQT function (R&D, Quality and Commercial Technical Support) set the common quality guidelines and procedures for all the Group's plants. In addition, annual reviews are performed according to the CON-CQ criteria. Quality procedures and performance are assessed during the audits, identifying areas for improvement. The necessary support is then provided to plant management in order to achieve, where

necessary, the identified improvement targets. Starting from 2019, the focus was on the measurement system, leading to significant improvements.

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

INFORMATION SYSTEMS

In 2020, the Information Technology function further strengthened its governance model and organization based on the centralisation of managerial responsibilities, supported by regional IT coordination and a pool of global staff distributed across all operating units. Furthermore, in the second quarter, with the creation of the Aalborg Portland Digital company, which incorporated the Holding Company's Information Technology department, the management support and advisory role of the IT function within the Group was further emphasised.

The beginning of the year was marked by the outbreak of the pandemic, which severely affected industrial operations and support functions. Thanks to the investments made in recent years and the high level of digitalisation of the tools already introduced and in use in the Group, the IT department succeeded, in all regions, in enabling all colleagues to work remotely in a very short space of time, allowing everyone to work continuously, without any impact on productivity.

The use of collaboration, videoconferencing and document sharing tools saw exponential growth, fully supported by the infrastructure in place and by the network and security initiatives that were put in place to ensure simple, secure and effective use and complete working efficiency. Office suite tools, in particular Sharepoint, Teams, OneDrive, have become the de facto standard for the Group. Adoption levels increased considerably, thanks also to the extensive training programme that involved more than 900 users in over 50 training sessions, all delivered by internal teachers, ambassadors of the EvOCem (Evolved Office for Cementir) initiative.

The above was realized still guaranteeing the necessary security levels, thanks to the widespread use of Multi Factor Authentication and further projects completed in the field of cyber security, such as the implementation of Advance Threat Protection, the Umbrella tool for Cloud Enterprise Security and the start of the active directory consolidation project, now nearing completion. Finally, training courses on cyber security have been improved in terms of content and offered to a wider population, aiming at increasing risk awareness, update staff on the most common methods of cyber-attacks and accelerate the adoption of appropriate behavioural standards.

In the infrastructure area, work continued on optimising the performance and governance of the IBM technology hybrid-cloud data centre introduced in 2019, which replaced all the Group's physical data centres. Now fully operational, it has reduced the number of managed servers by 34%, optimising management costs and making room for the introduction of new servers to support, in particular, the new digitalisation initiatives, taking advantage of the scalability and flexibility of the Cloud solution in terms of computational capacity, memory and management of space and data archive performance.

Despite the travel restrictions imposed by the pandemic, the portfolio of Group and local initiatives to support the execution of the business plan were completed with very limited impact on implementation timing. In general, the founding principle of the IT business plan was constantly pursued. Its common denominator remains the gradual streamlining of the application stock and the use of SAP as a central element of the Group processes. In addition, a small number of non-SAP applications were selected to complete the process coverage required for business operations and development.

The most important projects involving the IT department were certainly those related to the Cementir 4.0 programme and the consolidation and further deployment of C-Scale, the proprietary platform for managing cement deliveries, as well as the start of work on automating the Sales & Operations Planning (SOP) process in SAP.

Within Cementir 4.0, the IT function was mainly involved in initiatives related to purchasing, logistics and maintenance processes. In the area of purchasing, the planned implementation in the first half of the year of the e-procurement system for the Nordic&Baltic and CCB regions made it possible to use the second half of the year to extend the same product to the Asia-Pacific and North America regions. In logistics, efforts were focused on the customer portal and the introduction of delivery optimisation tools. In maintenance, the most important achievements were the definition of a standard process for the Group, as well as the finalisation of the requirements related to the implementation of the mobile application.

The C-Scale platform, created by Cementir's IT department, was adopted in 2020 in several terminals in the USA and Poland, with an aggressive plan for a geographical and functional extension in the coming years. It is a web-based solution, recently improved with off-line features, which is fully integrated with our SAP transactional system, ensuring correct and timely stock management even on non-proprietary terminals and guaranteeing fully automated load management.

2020 was also the year of the definitive adoption of Business Intelligence as an extremely high value-added tool for analysing and optimising business processes. The number of users increased by more than 40% compared to the previous year, mainly due to the numerous new analyses produced in many key processes, and to the more widespread use of Vizion, the Group's reporting platform. The increased use was also undoubtedly driven by the need to remotely benchmark key business performance indicators to better manage the period of increased uncertainty related to the pandemic.

During the year, several analyses were carried out and published at Group and local level in the areas of Production, Sales, Purchasing, Quality and Logistics. The most used analyses were undoubtedly the Daily Deliveries, covering the daily trend of deliveries of all businesses in each geographical area, and the Monthly Book, which was further improved and completed, becoming the reference point for monthly financial and industrial analyses. The industrial and human resources section dashboards were further improved, and multiple process control analyses were carried out to support the North America region, specifically in the areas of logistics and stock control, and more generally in the sales and invoicing process.

Finally, in collaboration with the Industrial function, the first steps were taken to address the increasingly topical need, in view of digitalisation, for an organic and coherent management of plant Information Technology. The aim of this path is to ensure the complete and consistent integration of data coming from field systems and make it available to the transactional and analysis systems of the traditional IT world. It will require a careful analysis and identification phase of assets in use, their obsolescence and possibility of harmonisation, the current security level and the level that can be achieved by applying Group policies. The skills and professionalism existing today will also have to be carefully assessed, to design a future organisation that can facilitate the digital transition of our manufacturing capabilities.

HEALTH, SAFETY AND THE ENVIRONMENT

Health and safety

Occupational safety is an essential value at the basis of Cementir's culture of sustainability, as is the protection of workers' health. Safety begins with workers and then is focused back on them as the ultimate goal of the overall risk mitigation and management improvement actions put in place. The governance of this process, right from its basic elements, was at the heart of the main initiatives implemented in 2020, starting with the strengthening of organisational controls on the matter within the Corporate technical area. The action plan provided for the updating of the Group Policy and the definition, in a structured manner, of the event monitoring process, in line with internationally recognised reporting guidelines and standards (e.g. Global Reporting Initiative).

In 2020, work began on defining the Group Guidelines on occupational health and safety, which provide a management guide to give operational consistency to the Group's policy and commitment in the area, without prejudice to the individual responsibilities of the operating companies for their application and verification. The Guidelines were issued in early 2021.

To standardise behaviour and share best practices on safety, a «Health and Safety Community» has been set up within the Group, coordinated by the Group HSE Manager and including all the Health and Safety Managers of the operating sites. In 2020, in this context, the Group's Golden Rules of Safety were defined, which summarise the common knowledge principles aimed at preventing accidents and therefore protecting life in the workplace. These Rules are based on international best practice and the Group's specific experience, which stems first and foremost from lessons learned from accident investigations. The Golden Rules, possibly complemented by specific requirements at local level, are in fact a prerequisite for developing a proactive and responsible safety culture, where the principle that 'Each one protects everyone' applies.

The implementation and maintenance of effective and efficient management systems for accident prevention is one of the key health and safety objectives at Group level. During 2020, all certified cement production plants completed the migration process to the ISO 45001 standard and were found to be in full compliance with the requirements of the standard. At the end of 2020, certified cement plants accounted for 73% of the total. The Group plans to certify all cement production plants by 2022.

Environment

The Group aims to continuously improve its environmental performance to pursue the sustainable development of its business activities. Controlling energy consumption, increasing the use of alternative fuels in the production process and reducing the emission of greenhouse gases through the use of cutting-edge technology are some of the objectives that the Group pursues to combine its economic growth with its sustainable and long-term goals. The Group is committed to reducing the CO₂ footprint along the entire value chain and has therefore defined a series of objectives, including:

- the constant reduction of CO₂ emissions per tonne of cement produced. By 2030, grey cement production is expected to generate less than 500 kg of CO₂ per tonne of cement;
- an increase in the use of alternative fuels for the production of grey cement, up to 77% of the total by 2030;
- the reduction of clinker content in cement produced above all through FUTURCEM, the technology patented by the Group, which thanks to the synergy between calcined clay and limestone can provide for a reduction of up to 40% in the quantity of clinker.

In December 2020, the strategies implemented by the Group to mitigate climate change received a «B» rating from the Carbon Disclosure Project (CDP). CDP is a non-profit organisation, widely recognised as the gold standard of environmental transparency, which ranks companies around the world on a scale from a minimum of «F» to a maximum of «A». Rating «B» indicates that the Group is implementing «coordinated actions» on climate change. This result places Cementir among the top players in the cement sector and far above the average, considering the average European and global CDP rating of «C».

HUMAN RESOURCES

In line with activities carried out in recent years, the Cementir Group has continued striving to make the organisational units that operate around the world more efficient. The organisational model makes use of the use of a management platform (HCM SuccessFactors) that supports and facilitates the process of integration of the various organisational units and allows the various areas to be managed in a coordinated manner, while respecting the specific business and market aspects of each Group company.

During 2020, a standardisation process was launched for the most important organisational structures of the Group (relating to the Plants, Sales and Supply Chain areas) through the definition of a Standard Organisation for each of these structures, which represents the reference model for the Group.

In addition, the digitalisation of core human resources processes, launched in 2019, continued, with the improvement of **human capital** through the implementation of the Performance Management System to introduce a single Performance process management system for 2021.

Changes in workforce and personnel costs

As at 31 December 2020, the Group had a workforce of 2,995 employees, 47 less than at year-end 2019. The change is essentially due to the reduction of 31 employees in Turkey compared to the end of 2019, due to the sale of machinery and equipment relating to the Hereko division operating in the waste management sector. The remaining change is attributable to turnover and hiring processes, which in some Regions/Business Units were limited to mitigate the impact of Covid-19.

Personnel costs are in line with expectations for 2020, with an increase of EUR 3.5 million compared to 2019. The change is essentially due to the inflationary trend in personnel costs in the various countries, the effects of some of the exit agreements and the higher premiums paid to management for positive performance.

Organisation

As of 31 December 2020, the Group's organisational model includes several territorial areas:

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

and two dedicated business units: Spartan Hive and Waste.

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

During the year, some important changes were implemented to strengthen the organisational model to guarantee some key processes and improve overall efficiency of the organisational structures. In particular, Organisation Standards were defined for Plants, the Sales area and the Supply Chain area. The implementation of the standard operating models was piloted in the technical maintenance structure with the «Maintenance 4.0» programme.

The most significant changes related to the Technical Coordination Group function, with the introduction of a central figure dedicated to Safety, Health and the Environment and a function dedicated to Sustainability and Research and Development, central themes in the Group's Strategic Plan. Further changes related to the consolidation of the following functions: management of Group Strategic Projects, Investment Management, Administration, Finance and Control, Sales and Human Resources.

Talent Strategy

To mitigate the impact of Covid-19, the Group revised its strategy, so that a few training and development initiatives planned for 2020 were either carried out remotely or postponed to 2021.

The Group continued to work to attract, retain and develop talent, by promoting a governance model aimed at ensuring constant internal alignment and fruitful collaboration between Corporate and local parties.

Concerning Talent Acquisition, HR Governance provisions were followed up, giving HR full accountability in search and selection processes and improving the partnership with business functions to effectively support the decision-making process. Research – in particular, addressed to Group critical positions - was increasingly looking for international and diverse candidates by origin, background and business culture, as well as for essential skills and experiences enabling the achievement of the Group's strategic objectives.

As part of the strategic CEM 4.0 digitalisation programme, launched in a few of the Group's main cement plants, the OSTA (Organization and Skills Team Assessment) process was used to identify gaps from an organisational point of view as well as in terms of professional and managerial skills and to define targeted actions and initiatives to be included in the local change management plan.



Gaurain plant, Belgium

In 2020, the design of the Group Performance Management System (PM) was finalised, which will begin in 2021. The preparatory activities first involved the HR professional family in specific training on the features of the digital platform to support the performance management process. We worked - together with the heads of professional families - on standardising the existing roles in the PM system at global level and on attributing a set of technical skills and soft skills to each role, to be assessed within the process itself. In addition, two online learning paths were launched in the Group's main languages - one for managers and one for employees - to guide people and accompany them towards a cultural change and a constant improvement and development of technical, managerial and organisational skills. Finally, technical training was launched to train people to use the PM platform at different process stages.

In 2020, a Group Talent Review was carried out to identify the talented individuals to be developed through individual plans and initiatives (international mobility, career development in contiguous organisational areas, assignment of coordination of cross-cutting projects or their milestones, etc.) and those of a collective nature (participation in structured leadership development programmes). This review made it possible to update the succession tables for the Group's key positions from the point of view of successors and maturity in filling the position, encouraging paths of professional growth and diversification.

The Cementir Academy continued to support the Group's strategy and the continuous professional development of people, through the design and release of new training and development courses and initiatives.

- 30 emerging talents, selected within the Group to participate in the Group Talent Development Programme (postponed to 2021), were involved in a Development centre made up of an individual online assessment, a structured feedback with the release of an individual report and an individual development plan to be defined together with the hierarchical and functional managers and HR.
- HR, together with *internal subject matter experts*, designed and launched a series of online training courses addressed to all white collars and available in the Group's main languages. We used the microlearning training method, a dynamic and innovative approach based on ease of use in terms of training times and content. Each course uses different educational resources such as videos, tutorials, cartoons, interactive games, e-books, infographics etc.
 - the «GDPR at Cementir Group» course aimed at ensuring staff are up-to-date with that guaranteed by current legislation for personal data protection
 - the «Human Rights at Cementir Group» course aimed at creating an inclusive work environment free from any direct or indirect discrimination
 - the learning path for evaluators (PM: Learning Path for Managers) and the one for those being evaluated (PM: Learning path for employees) as part of the new performance management process to support a new Group approach to performance assessment based on feedback and continuous development and improvement.
- At two different times of the year, HR launched two pilot initiatives, which involved a number of colleagues representing the Group, in trials of two world-leading e-learning platforms for the use of MOOC (Massive Online Open Courses). These trials gave people the opportunity to familiarise themselves with an innovative and continuous learning standard (life-long learning attitude) and to train on various topics by gaining certifications for the educational courses taken. The analysis of the feedback received downstream of the two pilot projects will be important in guiding investments in 2021.

A significant part of the Education Plan developed for 2020 was also postponed to 2021.

Remuneration

In order to comply with the business plan, the 2020 Compensation Policy Guidelines set out challenging performance targets that have guided, monitored and assessed the activities related to the supervision and development of the business, which are crucial to achieving the targets in the Group strategic plan.

In relation to short-term targets, the managerial population focused on economic and financial management, and the correct management of economic and human resources, to avoid negative impacts related to the pandemic.

The Cementir 4.0 project as well as the launch of FutureCEM was strongly focused on the Group's strategic objectives. The objectives were defined by applying a cascading process in the different countries, in accordance with the different organisational levels, confirming the Group approach for the short-term incentive scheme.

Particular attention has been paid to the design of annual remuneration policies in terms of selectivity, focusing in particular on the identification of critical human resources as part of a drive to improve their remuneration positioning, taking into account specific labour market conditions, inflation, internal control and monitoring of compliance with internal guidelines and relevant business prospects.

The guidelines on long-term remuneration policy have also been geared towards defining an incentive to strengthen the participation of top managers in improving the Group performance and pursuing the interest of creating value in the medium/long-term.

The 2020 Remuneration Policy remained consistent with the governance model adopted by the Group and the recommendations of the Code of Ethics available on Corporate Website under <https://www.cementir.com/en/governance/corporate-regulations> in order to attract, motivate and retain staff with a high professional profile and to align management interests with the main objective of creating shareholder value in the medium/long-term.

Reference group and market positioning

We offer a remuneration package that is competitive as compared to a relevant labour market, made up of monetary, non-monetary and benefits elements. To define this market, a reference group is created, consisting of companies that are comparable to us in terms of size and complexity, data transparency and geographical area.

Internal communication

In 2020, Internal communication focused mainly on 3 key areas:

- Prevention activities to combat the Covid-19 pandemic with constant information for Holding employees on the safety protocols adopted and the main news on the emergency.
- The action plan from the "Your Voice" climate survey carried out in 2019, both with Group and local communication.
- Health and Safety issues with the publication of the related Group policy and the creation of the Group H&S community to raise awareness among all personnel on this strategic pillar of the business plan.

Further activities were also carried out at Group level both in support of the main projects in place (e.g. Cementir 4.0 digitisation programme) and relating to the Group's performance and for the launch of the new intranet platform for the Group's Turkish companies.

Social Dialogue

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

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

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

Trade unions also appreciated the company strategies aimed both at managing the pandemic and at work safety issues.

RISKS AND UNCERTAINTIES

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

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

The Internal Control and Risk Management System ensures that:

- all the main risks that might threaten the achievement of the Group's objectives are identified, understood and visible to management throughout the Group, as well as to the Board of Directors;
- these risks are assessed by identifying their impact and their probability according to standard and uniform criteria;
- reasonable measures are taken – including in terms of the cost/benefit ratio – to control risks that could threaten the organisation's assets, ability to generate income or the achievement of operational objectives.

Risk management roles and responsibilities have been defined, starting from the company's Board of Directors which defines the strategy, policy and risk appetite, supported by the Audit Committee, and involving the management of the Group companies who are responsible for risk management within their area of responsibility. The Cementir Group's Internal Control and Risk Management System is integrated into the Group's organisational, administrative, accounting and governance structure and has been prepared on the basis of the principles laid down by the Enterprise Risk Management - Integrated Framework, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report), also ensuring greater detail for the risks of the companies and Group and integration with the results of the Audit activities. The methodology followed involves an iterative process consisting of the following steps:

- Risk identification: risks are identified with a two-pronged approach; Top down (risks identified on the basis of best practice and evidence emerging from the Internal Audit activities) and bottom up (the manager of each area reports specific risks that could hinder the achievement of targets set for their activities);
- Risk assessment: for each identified risk, management gives an inherent risk assessment (in the absence of controls / mitigation actions), in terms of probability and impact on the activity, using a 5-level assessment system (scoring). In terms of impact, three parameters are considered: economic (quantitative), operational (qualitative), reputational (qualitative);
- Identification and assessment of the adequacy of existing controls: for each identified risk, all the current controls / actions in place for risk mitigation are identified with management;
- Residual risk assessment: taking into account the individual controls for each risk and the relative adequacy, the residual risk is calculated by applying a uniform calculation methodology to all Group companies;
- Identification of further actions: in the event that the residual risk is higher than the level of risk appetite defined by management, further actions are agreed with management to mitigate the risk and contain it within acceptable levels. The initiatives are taken promptly and within budget limits, to effectively contribute to risk mitigation;
- Reporting: reports are prepared at company and Group level, showing the main risks and initiatives taken by management to reduce the risks to acceptable levels;
- Monitoring: periodic review for: existing risk assessments, assessment parameters and new risks to be identified if necessary.

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

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

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

The Cementir Group's Internal Control and Risk Management System is integrated with the Group's Sustainability Strategy. For this purpose, a dedicated section has been added, in which specific risks relating to the achievement of the objectives and targets defined in the sustainability strategy are mapped and assessed. These risks are highlighted and are the subject of a separate report for the Audit Committee. The Internal Audit function carries out follow-up activities on the implementation of actions defined by management to mitigate risks.

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

Furthermore, as part of the compliance activities with the COSO structure, during the year, the Internal Audit function carries out audit activities on the aforementioned procedures to ascertain that the provided key controls are being correctly applied by the involved company structures. The assessment of the internal control system on financial reporting provided for by Cementir Group procedures was carried out based on this activity. On the basis of the activity carried out by the Internal Audit department and the related results, the Audit Committee assessed the Internal Control and Risk Management System as adequate, effective and appropriate for dealing with business, operational, financial and compliance risks.



Museum of Contemporary Art, Yinchuan China – White cement Glass Fiber Reinforced Concrete

MAIN RISKS TO WHICH THE GROUP IS EXPOSED

Risk of loss of market share and/or margin

This risk relates to competitive dynamics and, in some geographical markets, may be combined with an economic downturn. To mitigate this risk, the Group companies analyse the relevant markets and plan initiatives to improve their ability to interpret market dynamics and trends, improving the services offered to customers and increasing the portfolio of products placed on the market with more sustainable solutions for the environment.

Energy risk

The cost of energy factors and in particular of petroleum coke and electricity, which account for a significant portion of Group variable production costs, may be subject to significant fluctuations. The Group carefully monitors energy market trends and inventories of the various goods needed for production and continuously seeks the best supply conditions to meet its needs. Furthermore, the Group aims to increase the use of alternative fuels within the production process to reduce the energy risk deriving from the use of fossil fuels.

Risk of slowdown in demand due to the evolution of the Covid-19 pandemic

The Covid-19 pandemic, which affected all sectors in 2020, has resulted in lower sales demand for the cement industry, resulting in overcapacity. It is difficult to predict further effects of the pandemic on the Group in the future as they are linked to the evolution of the health situation in each country in which the Group operates and the consequent health, social and economic measures that the governments concerned will put in place (e.g. lockdowns). To mitigate potential risks, the Group constantly monitors local emergency plans to deal with the medical/health risk on one hand and, on the other, follows the consequent evolution of financial and economic data in close collaboration with local management, to be able to intervene promptly with coordinated actions, including «cross-countries».

Risk related to licences and permits to operate

This risk is related both to future renewals and to the possible increase in the costs of existing licences. The risk is mitigated through careful monitoring of permits and licenses and by evaluating alternative permits and/or supplies, taking suitable decisions on a case-by-case basis.

Risk of non-availability of raw materials

The production of cement and ready-mixed concrete requires the use of raw materials such as blast-furnace slag and fly ash (two by-products respectively of coal-fired power plants and steel mills whose production is destined to decrease significantly). To mitigate this risk, we make the necessary long-term contractual arrangements with suppliers to ensure adequate long-term supply.

Risks connected to climate change

The cement production process is associated with environmental impacts in terms of atmospheric emissions, mainly carbon dioxide, dust and nitrogen and sulphur oxides. In European countries where the Group operates, there is a risk posed by governmental decisions on emissions and fluctuations in the price of CO₂ emission quotas, especially in the medium to long-term. The Group has recently launched a sustainability strategy, setting emission reduction targets and establishing specific short-, medium and long-term action plans (including specific investments) to achieve these targets. Further details on the Group's sustainability strategy are reported in the Non-Financial Statement.

Health and safety risks

This relates to the risk of accidents involving people working in Group facilities. The Group monitors workers' safety performance through specific indicators and takes actions to reduce this risk, such as targeted

investments as well as safety training and information. Information on these actions and safety performance is provided in greater detail in the Non-Financial Statement.

Compliance risks

These are risks related to compliance with applicable regulations (antitrust, anti-corruption, GDPR, Legislative Decree 231/2001). In relation to these risks, the Legal Department implements targeted programmes with guidelines, procedures and training to ensure compliance with the above regulations. The Organisation and Control Models required under Legislative Decree 231/2001 are periodically updated.

The Internal Audit function carries out specific audits on compliance with regulations.

Fraud Risk

The fraud risk is related to any intentional misconduct designed by one or more members of Management, other employees or third parties, to evade detection and obtain undue advantages. Fraud, both in the case of false financial information and the unlawful appropriation of company assets and activities, implies the existence of incentives or pressures to commit it and the perception of an opportunity to perpetrate it.

The exposure to potential fraud risks are duly analysed during the risk assessment carried out by the Internal Audit for the preparation of the Audit Plan. During the analysis, the allegation received by the whistleblowing channels, the fraud detected in the last 12 months during the audit activity and any additional risks to which the company is exposed (for example the perception of corruption in the country where the Group is located, strong competition or market saturation) are taken into consideration.

The Internal Audit department discuss findings with the company's management which defines proper action plans to mitigate the risk identified. A quarterly monitoring activity is carried out on the action plans to identify their implementation status. For audits that have scored as «weak», specific follow-up audit are carried out locally in order to verify the effectiveness implementation of the actions agreed.

FINANCIAL RISK MANAGEMENT AND INFORMATION RELATING TO FINANCIAL INSTRUMENTS

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

Credit risk

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

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

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

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

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

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

Liquidity risk

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

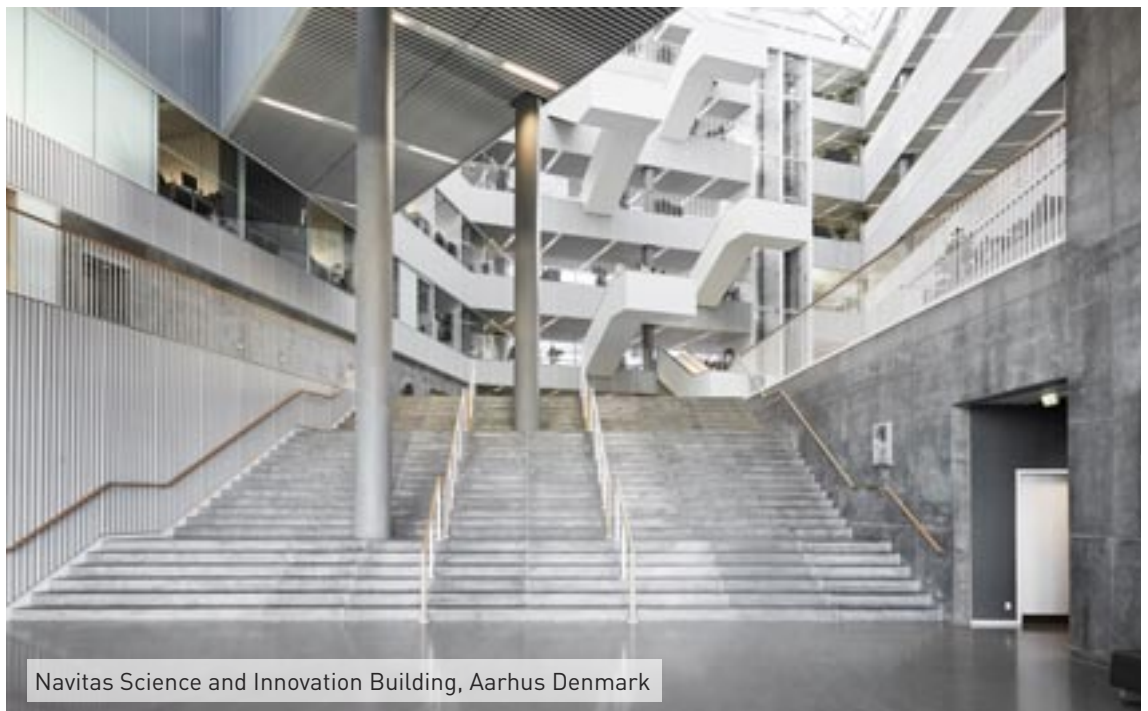
Market risk

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

Exchange rate risks are systematically monitored at Group level to assess any impact in advance and take the necessary mitigation actions. Since the purpose is to limit exchange rate risks, when a currency exposure is identified and the decision to hedge it is made, forward rate agreements are finalised with the banking system in both the «Non-deliverable forward rate agreement» and «Deliverable forward rate agreement» formats. Financial instruments must be used exclusively for hedging purposes and must not be traded, where trading is defined as taking positions where the Group does not have a natural underlying exposure.

Finally, the Cementir Group has variable rate bank loans and is exposed to the risk of **interest rate fluctuations**. However, this risk is considered moderate since the loans are currently only in Euros and the Danish krone and the medium/long-term rate curve is linear. However, the Cementir Group monitors interest rates and expected times for the repayment of the debt and purchases interest rate swaps as a partial hedge of the interest rate risk. Given that the current loan was finalised in the past, to limit exposure to interest rate fluctuations, appropriate interest rate swaps were finalised in the years prior to 2019.

For information on financial risks, please refer to notes 13) and 32) of the consolidated financial statements.



Navitas Science and Innovation Building, Aarhus Denmark

CORPORATE GOVERNANCE

INTRODUCTION

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

The company's tax residence is in Italy.

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

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

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

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

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

BOARD OF DIRECTORS

Composition and nomination of the Board of Directors

In compliance with the Company's Articles of Association (hereinafter the «Articles of Association»), the Board of Directors may be made up of one or more Executive Directors and one or more Non-Executive Directors, providing that the total number of Directors is at least five and at most fifteen. The Extraordinary Shareholders' Meeting held on 28 June 2019 resolved, among other things, that the Company, after the transfer of the registered office to the Netherlands, would continue to be managed by the Board of Directors up to that time in office until the end of the Company Shareholders' Meeting convened to approve the financial statements as at 31 December 2019. The Shareholders' Meeting of 20 April 2020, convened for this purpose, resolved, inter alia, on the appointment and composition of the Board of Directors expiring on that date in accordance with the provisions of the Articles of Association set out below.

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

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

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

The nomination must state whether a person is nominated for appointment as Executive Director or Non-Executive Director. A Director shall be appointed for a maximum period of three years, provided however that unless such Director has resigned at an earlier date, their term of office shall expire ultimately immediately after the close of the first Shareholders' Meeting held after three years have lapsed since their appointment.

A Director may be reappointed with due observance of the preceding sentence. By resolution of the Shareholders' Meeting at the proposal of the Board, the maximum period of three years may be deviated from. The Board may draw up a retirement schedule for the Directors. At a Shareholders' Meeting, a resolution to appoint a Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that Shareholders' Meeting or the explanatory notes thereto. The Shareholders' Meeting may at all times suspend or dismiss a Director.

Convening meetings and agenda

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

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

Meeting location

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

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

Attendance

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

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

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

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

Chairman of the meeting

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

Adoption of resolutions - quorum requirements

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

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

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

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

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

Adoption of resolutions - majority requirements

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

Meeting minutes

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

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

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

Adopting resolutions without holding a meeting

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

Role of the Board of Directors

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

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

The Board has allocated duties and powers to the Directors by Board Rules approved pursuant to Art. 7.1.5 of the Company's Articles of Association on 5 October 2019 and subsequently amended on 24 April 2020, which are available on the Company's website.

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

- a) reviewing and approving (any material amendment to) the business plan;
- b) reviewing and approving (any material amendment to) the Budget;
- c) ensuring the Cementir Group's compliance with applicable laws and regulations;
- d) proposing the Dutch statutory management report and financial statements for adoption by the General Shareholders' Meeting;
- e) approving decisions as required by Dutch law; and
- f) discussing and approving the strategies for the shaping of the portfolio and direction of the Cementir Group, including the strategy for realising long-term value creation.

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

- a) the functioning of the Board, the Chief Executive Officer, the Senior Non-Executive Director and the other Directors, and the conclusions to be drawn on the basis of this; and
- b) the corporate strategy of the Cementir Group, the risks of the business and the assessment by the Board of the structure and operation of the internal risk management and control systems.

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

- a) proposing to suspend any Director and suspending any of the Executive Directors, without the Director concerned being present;
- b) the creation or discontinuation of any material business activities;
- c) proposing or resolving, as the case may be, to declare or pay any dividends or other distributions to shareholders (other than to a member of the Cementir Group) or repurchase or redeem securities or indebtedness of any member of the Cementir Group (other than if held by a member of the Cementir Group);
- d) proposing or resolving, as the case may be, to change the external auditors of the Company to audit the Company's Dutch statutory annual accounts;
- e) proposing or resolving, as the case may be, to liquidate, initiate any bankruptcy, dissolution or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) in respect of the Company or any significant Cementir Group company, unless Directors are required to do so by applicable law;
- f) recommending a public offer for shares in the Company;
- g) granting any pledge, lien, security interest or other encumbrance on any material asset or property of the Cementir Group with a value in excess of 10% of the total assets of the Cementir Group, except in accordance with the existing financing covenants or the Budget and except where it concerns an intercompany pledge, lien, security interest or other encumbrance; and
- h) entering into any derivatives, foreign exchange contracts, swaps, options or similar financial instruments, except in accordance with a foreign exchange risk management or hedging program approved by the Audit Committee.

The table below shows the personal information of each Director holding a position in Cementir Holding during 2020 in compliance with the provision in 2.1.2 of the Code. The «Other Positions» pursuant to provision 2.4.2 of the Code can be found in the Curriculum Vitae of each Director, available on the Company's website <https://www.cementirholding.com/en/governance/corporate-bodies/board-directors>.



Table A - Personal Information

Name, date of birth, gender, nationality	Position	First appointment	Date of current appointment or reappointment	End of current term
Francesco Caltagirone 29/10/1968, M, Italian	Executive Director (Chief Executive Officer and Chairman)	27 June 1995	20 April 2020	AGM 2023
Alessandro Caltagirone 27/12/1969, M, Italian	Non-Executive Director (Vice-chairman)	10 May 2006	20 April 2020	AGM 2023
Azzurra Caltagirone 10/03/1973, F, Italian	Non-Executive Director (Vice-chairman)	10 May 2006	20 April 2020	AGM 2023
Paolo Di Benedetto 21/10/1947, M, Italian	Senior Non-Executive Director	18 April 2012	20 April 2020	AGM 2023
Edoardo Caltagirone 12/04/1944, M, Italian	Non-Executive Director	27 June 1992	20 April 2020	AGM 2023
Saverio Caltagirone 03/03/1971, M, Italian	Non-Executive Director	22 May 2003	20 April 2020	AGM 2023
Fabio Corsico 20/10/1973, M, Italian	Non-Executive Director	15 January 2008	20 April 2020	AGM 2023
Veronica De Romanis 31/03/1969, F, Italian	Non-Executive Director	21 April 2015	20 April 2020	AGM 2023
Chiara Mancini 20/11/1972, F, Italian	Non-Executive Director	21 April 2015	20 April 2020	AGM 2023
DIRECTORS RESIGNING DURING THE PERIOD				
Mario Delfini 19/04/1940, M, Italian	Non-Executive Director	27 June 1992	5 October 2019	20 April 2020
Adriana Lamberto Floristan 11/09/1973, F, Spanish	Non-Executive Director	19 April 2018	5 October 2019	20 April 2020
Roberta Neri 08/08/1964, F, Italian	Non-Executive Director	19 April 2017	5 October 2019	20 April 2020

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

During 2020, 5 meetings of the Board of Directors were held, in which the Board of Directors, among other things:

- examined and approved the preliminary consolidated results as at 31 December 2019;
- examined and approved the draft financial statements for the year ended 31 December 2019 and the Directors' Report and also approved the Cementir Holding Group's non-financial statement pursuant to Dutch law («*Besluit bekendmaking niet-financiële informatie*»), the Corporate Governance Report pursuant to the Code and the Remuneration Report pursuant to the Code and Articles 2:135(a) et seq. of the Dutch Civil Code;
- examined and approved the Group financial results on a quarterly basis;
- examined the work carried out in 2019 by the Audit Committee and the Ethics Committee;
- reviewed the performance and procedures of the Board itself and its Committees, assessing their size and composition, also in consideration of professional experience, management expertise, gender.

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

Table B - Attendance

Director	Board of Directors	Audit Committee	Remuneration and Nomination Committee
Francesco Caltagirone	4/5	N/A	N/A
Alessandro Caltagirone	4/5	N/A	N/A
Azzurra Caltagirone	5/5	N/A	N/A
Edoardo Caltagirone	5/5	N/A	N/A
Saverio Caltagirone	5/5	N/A	N/A
Fabio Corsico	4/5	N/A	N/A
Veronica De Romanis	5/5	4/4	2/2
Paolo Di Benedetto	4/5	3/4	2/2
Chiara Mancini	5/5	3/4	1/2
Mario Delfini*	2/2	1/1	1/1
Adriana Lamberto Floristan*	2/2	0/1	N/A
Roberta Neri*	2/2	N/A	N/A

*with reference to meetings during the term in office

Furthermore, the Board of Directors adopted 7 written resolutions relating to: conferment of offices and powers within the Board, with the consequent updating of the Board Rules including the annexes; establishment of the wholly owned subsidiary Aalborg Portland Digital s.r.l. with sole shareholder and its subsequent intercompany sale; renewal of the 2020-2024 Long-Term Incentive plan; updating of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001; implementation of a buy-back plan.

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

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

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

Only one Executive Director has been appointed and he is also automatically Chief Executive Officer and Chairman pursuant to Art. 2.3.4 of the Company's Board Rules and Art. 7.1.2 of the Articles of Association.

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

- a) the operational management of the Company;
- b) the profit responsibility of the Company and the Cementir Group's enterprises;
- c) setting performance targets for the Cementir Group;
- d) managing the business performance of the Cementir Group;
- e) examining, analysing and proposing to the Board strategic business opportunities that can contribute to the further growth of the Cementir Group;
- f) compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;
- g) executing the decisions of the Board;

- h) determining the objectives to be achieved by the Board;
- i) communicating with all relevant stakeholders of the Company, the media and the public; and
- j) preparing the Company's annual accounts as referred to in Art. 2: 361 BW.

Pursuant to Art. 7.5.1 of the Articles of Association the Chief Executive Officer is authorised to represent the Company.

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

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

SENIOR NON-EXECUTIVE DIRECTOR AND VICE-CHAIRMAN

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

- a) there is sufficient time for deliberation and decision-making by the Board;
- b) the Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;
- c) the Board and its committees function properly;
- d) the Board designates one of the Non-Executive Directors as Vice-Chairman;
- e) the performance of the Directors is assessed at least annually;
- f) the Directors follow their introduction programme, education or training programme;
- g) the Board performs activities in respect of culture;
- h) signs from the Business are recognised and any actual or suspected material misconduct and irregularities are reported to the Board without delay; and
- i) effective communication with shareholders is assured.

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

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

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

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

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

NON-EXECUTIVE DIRECTORS

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

The Executive Director timely provide the Non-Executive Directors with the information they need to carry out their duties.

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

- a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;
- b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

- c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and
- d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

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

Non-Executive Directors scheduled the yearly meeting recommended by Best Practice provisions of the Code prior to the Board meeting of 9 March 2021.

DIVERSITY POLICY

The current Board Rules, including the Board Profile, were approved by the Company's Board of Directors on 24 April 2020. On 13 November 2019, the Board of Directors of the Company reviewed the Diversity Policy that sets out the rules regarding the diversity of the composition of the Board of Directors. The Diversity Policy and the Board Profile are both available on the Company's website pursuant to provision 2.1.5 of the Code.

The Board of Directors acknowledges the importance of diversity among all individuals who are working for the Company. The Board of Directors should have a diversified composition, bringing along a well-balanced decision-making process and proper functioning of the respective boards. The purpose of this Diversity Policy is therefore to lay down the aspects and objectives of diversity within the Company and the intended implementation and reporting on it.

Cementir has the objective to achieve diversity within the Board of Directors, more specifically Cementir would seek to:

- (a) increase the gender diversity so that at least 30% of the Board of Directors together consists of men and at least 30% of the Board of Directors consists of women;
- (b) increase the nationality and age diversity as well as creating and maintaining a variation in education and experience within the Board of Directors.

The Board of Directors of the Company currently substantially meets both the above objectives, with the sole exception of the requirement of diversity of nationality, as also shown in the CVs of the directors.

In particular, the Board has implemented the target female/male ratio as it is currently formed of 3 women and 6 men, with the gender less represented totalling about 34% of the members. It also respects rules on diversity of age, education and experience.

This Diversity Policy and its implementation will be reviewed on a regular basis and may be amended if deemed necessary by the Board of Directors or else in compliance with the Group policy setting the rules for updating Company's procedures and having obtained the required approvals.

CONFLICT OF INTEREST

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

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

- (a) compete with the Company;
- (b) demand or accept substantial gifts from the Company for themselves or their spouse, recognised partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- (c) provide unjustified advantages to third parties at the Company's expense; or
- (d) take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, recognised partner or other life companion, foster child or relative by blood or marriage up to the second degree.

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

The Board decides whether a Director has a conflict of interest, without the Director concerned being present. A Director may not participate in the Board's or a committee's deliberations and decision-making process on a subject where the Director is found to have a conflict of interest. This rule doesn't apply when the entire Board is unable to adopt a resolution as a result of all Directors being unable to participate in the deliberations and decision-making process due to a conflict of interest.

During 2020 no transactions in conflict of interest with Directors and/or majority shareholders were reported or took place.

BOARD COMMITTEES

Audit Committee

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

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

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

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

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

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

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

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

- (i) any flaws in the effectiveness of the internal risk management and control systems;
 - (ii) any findings and observations with a material impact on the risk profile of the Business; and
 - (iii) any failings in the follow-up of recommendations made by the internal audit function.
- (b) the Company's funding;
- (c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and
- (d) the Company's tax policy.

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

- (a) recommending persons for appointment as senior internal auditor;
- (b) annually forming a position on how the internal audit function fulfils its responsibility.
The Board discusses the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code with the Audit Committee.
- (c) if the Company does not have an internal audit department, recommending annually to the Board whether adequate alternative measures have been taken. The Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Board's report;
- (d) reporting annually to the Board on the functioning of, and the developments in, the relationship with the external auditor.

The Audit Committee advises the Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Board's observations during this process. Based on this, among other things, the Board determines its nomination for the appointment of the external auditor to the General Meeting;

- (e) submitting a proposal to the Board for the external auditor's engagement to audit the financial statements.
The Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Board takes the decision on the engagement.
If a new external auditor is to be engaged by the Company the Audit Committee motivates the proposal. The proposal states at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement;
- (f) annually discussing the draft audit plan with the external auditor, including:
 - (i) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and
 - (ii) based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the financial statements and the management letter;
- (g) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements; and
- (h) meeting with the external auditor as often as it considers necessary, but at least once a year, without Executive Directors being present.

The Audit Committee also carries out the following duties:

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

- (e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

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

This report also includes the following information:

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

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

During 2020, the Audit Committee met 4 times. The attendance of the members to the Audit Committee meetings is shown in "Table B - Attendance" in the paragraph "Role of the Board of Directors".

During these meetings, the Audit Committee examined and discussed, among other things, the annual financial statements, the half-year financial report as well as the financial results on a quarterly basis and the 2019 sustainability report-non-financial statements; the Audit Committee also examined the activities of the Internal Audit function in 2019 and the activities planned for 2020; examined the revision of the Audit Plan prepared by the Internal Audit function for 2020, as well as the results of the activities of this function for the first half of the same period; the Audit Committee then examined the Audit Plan prepared by the Internal Audit function for 2021, in accordance with principle 1.3.3 of the Code, together with the budget for that function for the same year; the Audit Committee then reviewed the Group's Enterprise Risk Assessment and the Audit Plan prepared by the external auditor. The Audit Committee reviewed and discussed the reports prepared for the Company's Board of Directors in accordance with principle 1.5.3 of the Code, as well as the proposals for the appointment of the external auditor; the Committee also discussed the Company's cyber security initiatives within the Information Technology function. The Committee then examined some of the Company's procedures (the Group procedure for transactions with related parties; the Group procedure for assigning non-audit services to the external auditor and the related network).

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

The Audit Committee examined the financial documentation with the Group Chief Financial Officer, who attended all the Committee meetings. The Audit Committee met the external auditors on two occasions during which, again in the presence of the Group Chief Financial Officer, it examined the annual financial statements and the quarterly financial report as at 30 September 2020 and also discussed the audit plan prepared by the same external auditors. The Audit Committee received updates on legal matters by the Group General Counsel of the Company attending all the meetings. Internal Audit activity was reviewed on a regular basis with the Group Chief Internal Audit Officer also attending all the meetings and discussing with the Committee the main findings and remediating actions.

Remuneration and Nomination Committee

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

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

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

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

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

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

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

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

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

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

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

- (a) how the remuneration policy has been implemented in the past financial year;

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

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

During 2020, the Remuneration and Nomination Committee met twice. The percentage of the attendance of the members to the Remuneration and Nomination Committee meetings are shown in «Table B - Attendance» in paragraph «Role of the Board of Directors».

During these meetings, the Remuneration and Nomination Committee examined and discussed the remuneration policy and the report on remuneration drawn up in accordance with Art. 2:135a of the Dutch Civil Code and principle 3.1 and following of the Code, and the report concerning the activity carried out by the Committee in 2019, drawn up in accordance with principle 2.3.5 of the Code; the Remuneration and Nomination Committee also discussed the Board Profile and the valuation document prepared pursuant to principle 2.2.5 of the Code. The Remuneration and Nomination Committee also examined the Group's human rights policy and the 2020 - 2024 Long-Term Incentive Plan.

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

REMUNERATION OF THE BOARD OF DIRECTORS

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

SHAREHOLDERS' MEETING

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

Convening of the Shareholders' Meeting

Shareholders' Meetings are convened by the Board.

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

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

a public announcement in electronic form which can be directly and continuously accessed until the Shareholders' Meeting.

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

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

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

- (a) adoption of the annual accounts;
- (b) the remuneration policy and the remuneration report;
- (c) the policy of the Company on additions to reserves and on dividends, if any;
- (d) granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;
- (e) the appointment of Directors;
- (f) if applicable, the proposal to pay a dividend;
- (g) if applicable, discussion of any substantial change in the corporate governance structure of the Company; and
- (h) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

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

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

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

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

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

Order of discussion and decision-making

The annual Shareholders' Meeting is chaired by:

- (a) the Chairman; or
- (b) if the Chairman is absent, by the Senior Non-Executive Director; or
- (c) if the Senior Non-Executive Director is absent, by one of the other Non-Executive Directors designated for that purpose by the Board; or
- (d) if none of the Non-Executive Directors are present at the annual Shareholders' Meeting, such person appointed by the Shareholders' Meeting.

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

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

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

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

CODE OF ETHICS

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

All actions, transactions and negotiations carried out and, more generally, people's behaviour in their daily tasks, are inspired by the highest accuracy, completeness and transparency of information, legitimacy, both in form and substance, and clarity and accuracy of accounting records in accordance with regulations and internal procedures. To achieve this goal, the Cementir Group requires its employees to comply with the highest

standards of business conduct in the performance of their duties, as set in the Code of Ethics and the procedures to which it refers. For these reasons, the Group:

- guarantees that employees who report any violations of the Code of Ethics will not be subject to any form of retaliation;
- takes fair sanctions commensurate to the type of violation of the Code of Ethics, and guarantees its application to all the categories of employees, keeping into account laws, contracts and regulations applicable in the Country in which operates;
- periodically checks compliance with the Code of Ethics.

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

ETHICS COMMITTEE

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

WHISTLEBLOWING MANAGEMENT PROCEDURE

On 13 November 2019, the Board of Director approved the updated Whistleblowing Management Procedure in compliance with the Dutch Law. Such procedure is available on the Company website pursuant to provision 2.6.1 of the Code.

POLICY ON BILATERAL CONTACTS WITH SHAREHOLDERS

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

INSIDE INFORMATION

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

- «information shall be deemed to be of a precise nature» if: (a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred, or which may reasonably be expected to occur and (b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument. In this respect in the case of a protracted process that is intended to bring about, or that results in particular circumstances or a particular event those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information;
- «information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments and derivative financial instruments» mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

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

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

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

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

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

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

CODE OF CONDUCT FOR INTERNAL DEALING

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

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

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

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

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

Share capital structure

	No. of shares	Percentage of share capital	Listed
Ordinary shares	159,120,000	100%	Milan Stock Exchange - STAR Segment

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

The issued share capital of the Company at 31 December 2020, subscribed and paid up, amounts to EUR 159,120,000 subdivided into 159,120,000 nominal shares of a nominal value of EUR 1.00 each.

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

- b) No restrictions apply to transfer of common shares.
- c) Information on direct and indirect shareholdings in the Company's capital in respect of which notification requirements apply, pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (Wet op het financieel toezicht) is in section General Information of the notes to the consolidated financial statement, including the shareholders who hold 3% or more of the issued common shares on the basis of information available by the Company and published on the AFM (Stichting Autoriteit Financiële Markten) website.
- d) No special control rights or other rights accrue to shares in the capital of the Company.
- e) No employee shareholding scheme has been established as under Art. 1 sub 1(e) of the Decree, so there is no specific procedure for the exercise of voting rights by employees.
- f) No restrictions apply to voting rights attaching to ordinary shares in the capital of the Company, nor deadlines for exercising voting rights. The Company is not aware of any depository receipts issued for shares in its capital.
- g) The Company is not aware of any agreements with any shareholder which may result in restrictions on the transfer of shares or limitation of voting rights.
- h) The rules governing the appointment and replacement of members of the Board of Directors are stated in Art. 7.2 of the Articles of Association and described in letter a) «Composition and nomination of the Board of Directors» above. According to Art. 11 of the Articles of Association a resolution to amend the Articles of Association may only be adopted by the Shareholders' Meeting at the proposal of the Board. If a proposal to amend the Articles of Association is to be submitted to the Shareholders' Meeting, it shall be so stated in the notice convening the meeting, and a copy of the proposal containing the text of the proposed amendment shall be held available at the Company's office for inspection by every shareholder and other persons with meeting rights, from the date of the notice convening the Shareholders' Meeting until the conclusion of such meeting.
- i) The powers of Board members are detailed in the Articles of Association and in the Board Rules, both available on the Company's website. With particular reference to the power to issue shares, shares are issued pursuant to a Board resolution if the Board has been authorised to do so by a resolution of the Shareholders' Meeting for a specific period with due observance of applicable statutory provisions. If and insofar as the Board is not authorised as previously referred to, the Shareholders' Meeting may resolve to issue shares at the proposal of the Board.

The Board may be authorised by the Shareholders' Meeting to repurchase shares against payment. The Shareholders' Meeting of 2 July 2020 resolved to authorise the Board of Directors to implement a buy-back programme, financed with available liquidity, with the following characteristics: a) duration of 18 months starting from 2 July 2020, until 1 January 2022; b) maximum aggregate expenditure of EUR 60,000,000; c) purchase price per share not lower than the par value and not higher than 10% of the reference price – including accessory purchase charges – recorded in the stock market session of the day preceding the completion of each individual transaction. The same Shareholders' Meeting also resolved to grant the Board

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

The Shareholders' Meeting of 28 June 2019 resolved to confirm the existing authorisation to the Board of Directors, granted by resolution of the Shareholders' Meeting held on 23 February 2015, to increase the share capital, in one or more tranches, until 22 February 2020, for a total amount (including any share premium) of EUR 300 million, through the issue of common shares, without exclusion or limitation of pre-emption rights. Therefore, in accordance with Art. 3.2 of the Articles of Association, until 22 February 2020, the Board of Directors has been authorised to issue shares in the capital of the Company, in one or more tranches, without exclusion or limitation of pre-emption rights, up to a maximum consideration (including share premium, if any) of EUR 300,000,000. The authorisation was not used by the expiration and was not renewed.

j) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company following a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Acts (Wet op het financieel toezicht), except for a finance agreement signed in 2016 with a pool of banks. This requires the Company to make early repayments if there is a change of the controlling shareholder. The Company's subsidiaries have in place loan contracts that include standard clauses of change of control that are consistent with the commercial procedures.

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

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Dutch companies whose shares are listed on a regulated stock exchange or comparable system are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate.

The Company has a governance system made up of a one tier Board (the Board of Directors). Therefore, pursuant to section 5 of the Code and the related Explanatory Notes, those principles that pertain to the members of the supervisory board are applicable to Non-Executive Directors and those relating to the members of the management board are applicable to the Executive Director. In addition, those duties stated in sections 1 to 4 of the Code and, in particular, the tasks and powers therein referred to the chairman of a supervisory board, in a company such as Cementir Holding, with a one-tier governance structure, fall within the remit of the Senior Non-Executive Director, appointed among the Non-Executive Directors, as a separate position from the Chairman of the Board of Directors and CEO who is the Executive Director of the Company. For 2020, Cementir Holding declares substantial compliance with the Code, providing the following explanations and considerations with reference to the following provisions:

Principle 2.1.7.

There are 3 independent Non-Executive Directors out of a total of 8 in office until the approval of the financial statements for the 2022 financial year and therefore they are less than half of the total Non-Executive Directors: the other 5 may be referred to a shareholder who hold ten percent or more of the Company's shares. Cementir Holding deems said composition appropriate, insofar it is consistent with the historical composition of the Board and being fully reflective of the ownership structure, with a shareholder owning the large majority of shares.

Principle 2.2.2.

Most of the Non-Executive Directors who were re-elected for a further three years at the General Meeting of the Company on 20 April 2020 had already been in office for over eight years and some of them for over twelve years. As already noted with reference to principle 2.1.7, Cementir Holding believes that renewal beyond the terms in this principle is appropriate in the light of the corporate structure and, in particular, the ownership structure characterising the Company.

Principle 2.2.4.

The Board of Directors, given the specific nature of Company's ownership, with a concentrated control and one Executive Director fully empowered upon resolution of the Board itself, at the date of approval of the report does not deem to approve a specific plan for the succession of Executive Directors.

Any vacancy in the seat of the Executive Director and an inability to act is also governed by Art. 7.2.8 of the Company's Articles of Association stating that the remaining Executive Directors shall temporarily be entrusted with the executive management of the Company; the Board may, however, provide for a temporary replacement. If the seats of all Executive Directors are vacant or upon the inability of all Executive Directors or the sole Executive Director to act, as the case may be, the executive management of the Company shall temporarily be entrusted to the Non-Executive Directors, provided that the Board may, however, provide for one or more temporary replacements. Since 2018, the Company also outlined a «Contingency Plan» that identifies actions to be taken should it be necessary to replace the Executive Director. In particular, in case of resignation or early termination of the CEO from the office, the CEO's powers are provisionally assigned to the Vice- Chairman until a new CEO is appointed and in charge, unless the Board of Directors decides otherwise.

Principle 3.4.2.

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

Principles 4.1.8 and 4.1.9.

In consideration of the health situation caused by the Covid-19 pandemic and the consequent travel restrictions, candidates for the position of Non-Executive Directors justified their absence at the General meeting of 20 April 2020, which resolved on their appointment. The candidate for the position of Executive Director participated via remote video conference. The external auditor also participated via remote video conference in the General Meeting of 20 April 2020.

CORPORATE GOVERNANCE STATEMENT

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

REPORT OF THE NON-EXECUTIVE DIRECTORS

INTRODUCTION

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

SUPERVISION BY THE NON-EXECUTIVE DIRECTORS

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

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

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

- (a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;
- (b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;
- (c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and
- (d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

Non-Executive Directors scheduled the yearly meeting recommended by best practice provisions of the Code, prior to the Board meeting of 9 March 2021.

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

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

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

Until the approval of the financial statements for the 2022 financial year, the independent Non-Executive Directors are Veronica De Romanis, Chiara Mancini and Paolo Di Benedetto, while the non-independent Non-Executive Directors are Alessandro Caltagirone, Azzurra Caltagirone, Saverio Caltagirone, Edoardo Caltagirone and Fabio Corsico. Therefore, there are 3 independent Non-Executive Directors out of a total of 8 and thus less than half of the Non-Executive Directors; the other 5 may be referred to a shareholder who hold ten percent or more of the Company's shares. Cementir Holding deems the said composition appropriate, insofar it is consistent with the historical composition of the Board and being fully reflective of the ownership structure, with a shareholder owning the large majority of shares.

In compliance with the provision 2.1.9 of the Code, the Board of Directors on 24 April 2020 appointed Paolo Di

Benedetto as Senior Non-Executive Director, to serve as the chair of the Board as referred to under Dutch law according to the Company's Articles of Association and to Art. 2.3.7 of the Board Rules.

Finally, with reference to provision 2.2.2 of the Code, most of the Non-Executive Directors who were re-elected for a further three years by the Company's General Meeting on 20 April 2020 had already been in office for over eight years and some of them for over twelve years. As already noted with reference to principle 2.1.7, Cementir Holding believes that renewal beyond the terms in this principle is appropriate in view of the corporate structure and, in particular, the ownership structure characterising the Company.

With said clarifications, the independence requirements set forth in best practice provision 2.1.10 of the Dutch Corporate Governance Code are met.

ASSESSMENT BY THE NON-EXECUTIVE DIRECTORS

Pursuant to provision 2.2.8 of the Dutch Corporate Governance Code, the Non-Executive Directors of Cementir Holding carried out, for the financial year 2020, an assessment on the size, composition and functioning of the members of the Board, the Board itself and its Committees, indicating: (i) how the assessment of the Non-Executive Directors, as a whole and individually, and of the committees was carried out; (ii) how the assessment of the Executive Director was carried out; (iii) summary considerations and suggestions on possible improvements in the functioning of the Board.

The assessment is carried out yearly by the Directors through the compilation of questionnaires regarding the size, composition and functioning of the Board, its members and committees and, upon their request, through a personal interview. The Company's Corporate Affairs Department deals with the collection and management of confidential feedback.

The Non-Executive Directors expressed unanimous satisfaction with the functioning of the Board of Directors and one or more of them also made proposals for possible innovations. Among them, the establishment of a governance committee; verification of the feasibility of a possible different structuring of operational powers; the expansion of the mix of skills and experience within the Board of Directors in the sectors of cybersecurity, finance and strategic direction.

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

The role of the Executive Director was particularly appreciated in relation to the operational management of the Company, defining the objectives of the Cementir Group and managing the corporate performance, within the scope of the responsibility for creating profit and analysing and proposing strategic opportunities that contribute to the growth of the Group. The Non-Executive Directors agree that the Executive Director ensured compliance with applicable laws and regulations, the Articles of Association and good corporate governance practices and also carried out the decisions of the Board, determined the Board's objectives and prepared the annual financial documentation in compliance with the applicable legislation. Furthermore, a large majority of Non-Executive Directors believed that the powers conferred on the Executive Director have enabled the Board of Directors to adequately exercise the functions of direction and control over management and corporate risks. A majority of Non-Executive Directors also deemed it appropriate to combine the offices of the Chairman and Chief Executive Officer.

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

The members of the Audit Committee then deemed the number and average duration of the meetings held in 2020 to be adequate; they also considered that the risk assessment and monitoring of the main risks by the Company were carried out in a satisfactory manner and that the organisational structure with regard to risk governance is adequate and satisfactory. The Audit Committee, as a whole, has the technical skills and experience necessary for the credible and effective performance of its functions.

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

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

With reference to the Remuneration and Nomination Committee, the Non-Executive Directors considered the composition of this Committee adequate as well as effective and the contribution made in terms of the remuneration of the Chief Executive Officer and the remuneration criteria for Executive Managers was substantial.

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

The members of the Remuneration and Nomination Committee deemed the number and average duration of the meetings held in 2020 to be adequate. The Remuneration and Nomination Committee, as a whole, has the skills and experience necessary for the credible and effective performance of its functions.

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

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

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

COMMITTEE REPORTS

Pursuant to provision 2.3.5 of the Code, the Non-Executive Directors received the reports of each Committee. By means of the resolution adopted on 24 April 2020, the Board of Directors established the Audit Committee and combined the roles of the remuneration committee and the selection and appointment committee in one committee, establishing the Remuneration and Nomination Committee.

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

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

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

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

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

OTHER INFORMATION

ALTERNATIVE PERFORMANCE INDICATORS

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

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

NON-FINANCIAL STATEMENT

In the last few years, Cementir has been actively committed to pursuing a programme inspired by the principles of the circular economy, which envisages a series of initiatives focused on reducing the environmental impact of its operations and on developing less CO₂-intensive products.

Since 2019, Cementir has decided to take more disruptive actions for fighting climate change by defining a 10-year roadmap to maximise the deployment of existing technologies and laying the groundwork for the breakthrough innovations that will lead to the production of 'net zero emissions' cement.

Cementir's plan is to reduce its scope 1 carbon intensity to less than 500 kg CO₂ per tons of grey cement produced (which translates into a planned 30% reduction of CO₂ emissions per ton of cement by 2030, compared to 1990). For white cement, that is a specialty product with niche applications and markets (0.5% of total worldwide cement production), the plan is to reduce its scope 1 carbon intensity to 800 Kg CO₂ per ton of white cement produced (35% reduction of CO₂ emissions per ton of cement by 2030, compared to 1990). This reduction is lower than the ETS benchmark for white cement (928 kg CO₂ per ton of cement, equal to the EU ETS benchmark for the clinker, 957 kg CO₂/t clinker, multiplied by the clinker to cement ratio of 0.97).

In the 10 years roadmap, the Group planned the main investment needed until 2030, out of which 107 million declared in the Industrial Plan 2021-2023, approved by the Cementir Board of Director in February 2021. In the roadmap has not estimated yet, the investment for the breakthrough technology (i.e. carbon capture) for which the related business cases are still under development by the Group.

In the 2021-2023 period, the major investments will be related to:

- the upgrade of the kiln in the Belgian plant to increase alternative fuel use from the current 40% to 80%;
- the construction of a new calcination plant aimed at the production of FUTURECEM™. As already mentioned, through FUTURECEM™ technology, the clinker in cement will be partially replaced by limestone and calcined clay. The creation of a plant for the calcination of clay will support the shifting of our product portfolio from tradition Portland cement to low carbon cement (FUTURECEM™);
- the installation of 2 Wind Turbine Generator (2 WTG with 4,200 kW) in the Aalborg plant. The energy produced will be used by the plant;
- the extension of district heating supply in Aalborg from the current 36,000 to over 50,000 households. The Aalborg plant recovers excess heat from cement production to provide district heating to local inhabitants. In 2020, the Aalborg plant delivered about 1.8 million GJ of energy to the Municipality of Aalborg, with an annual CO₂ savings of 150,000 ton for the Municipality.

Cutting the CO₂ emissions is a priority of Cementir, but the Group is also focused on other several actions needed for adopting all necessary measures and the most innovative technological solutions to minimize the

impact of our business on the environment; creating a healthy, safe and inclusive work environment; respecting human rights and creating a constructive and transparent relationship with the local communities and business partners.

In 2020, following the advice of the World Health Organization along with governments and public health authorities, Cementir put in place a new range of global and local measures to contain the spread of Coronavirus between employees and partner. The Group put in place safety protocols guidelines for each location. Differentiated strategies were applied for the management of office staff and staff working in production plants. However, social distancing, utilization of protective masks, regular cleaning and disinfecting of work stations and limiting access to sites for all non-essential personnel are the main pillars of each protocol.

A Human Rights self-assessment checklist, based on Cementir Code of Ethics, UN Declaration on Human Rights, ILO Conventions and UK Slavery Act has been established and has been included as part of Internal Audit process. In 2020, the human rights self-assessment checklist was performed by the Group legal entities and reviewed by the internal audit department, with a coverage of 79% of the Cementir workforce worldwide, involving the following countries: France, Belgium, Denmark, Norway, Turkey, United States, China, Malaysia, Italy and Poland.

Finally, the 95% of quarries used by the Group has a rehabilitation plan in place. The plans define the goal and timetables for the reintegration of a quarry into the surrounding landscape. The rehabilitation processes start when the quarry is still in operation, by reclaiming the areas that are no longer used.

For further details please refer to the specific Non-Financial Statement. That document is published on the Company's website www.cementirholding.it, at the same time as the 2020 Annual Report, of which it is an integral part.

ORGANISATION AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

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

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

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

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

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

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

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

On 13 November 2019, the Company's Board of Directors also appointed an Ethics Committee, made up of the Group General Counsel and the Company's Chief Internal Audit Officer, granting this committee powers equivalent to those of the Supervisory Body previously existing under Italian Legislative Decree 231/2001.

RELATED-PARTY TRANSACTIONS

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

The Group did not conduct any significant or material transactions concerning related-party transactions. Note 34 to the consolidated financial statements and note 30 to the separate financial statements provide an analysis of transactions with related parties.

TREASURY SHARES

It should be noted that on 2 July 2020, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December 2020, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

MANAGEMENT AND COORDINATION

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

PERSONAL DATA PROTECTION

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

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

LITIGATION

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

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

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority («Authority») found out an agreement was in place, aimed at coordinating cement selling prices across the entire country, and imposed an administrative fine on the producers involved, including Cemitaly. In 2020 the Company paid Cemitaly the sum of EUR 5,118,076 as a compensation, to extinguish the fine and the interest accrued, representing this payment the final settlement.

Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 undecies paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged «mechanical» impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside «normal industrial practice». At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing, originally set for 20 November 2020, has been postponed to 4 March 2021 and since then to 12 May 2021.

Other legal disputes

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish Lira (now equal to around EUR 13 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. The judgement has been challenged by Cementir Holding before the Supreme Court.

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On 4 February 2021, the Board of Directors' of the Parent Company approved the 2021 - 2023 Business Plan. Please refer to the relevant press release available on the company website www.cementirholding.com under the Investors, Press Releases section.

The new Group business Plan envisages the achievement of the following targets in 2023:

- **Cumulative investments in sustainability** of EUR 102 million, for specific projects concerning the reduction of CO₂ emissions at the Group's plants;
- **Revenue between EUR 1.4 and 1.5 billion**, with growth driven by grey, white cement, ready-mix and aggregates sales volumes increase in all geographical areas, with prices in line with the market;
- **EBITDA** to exceed EUR 300 million, with an EBITDA margin expansion of 23% by 2023. Such results will be achieved also thanks to both Cementir 4.0 programme and the green investments;
- **Annual investments of approximately EUR 70 million** directed towards developing production capacity and maintaining plant efficiency.

The expected cash generation driven by improved results and working capital optimization will allow to reach a net cash position already in 2022, which is expected to reach approximately EUR 250 million at the end of the Plan. In compliance with the resolution of the Shareholders' Meeting of 2 July 2020, the programme for the purchase of treasury shares continued at the date of 28 February 2021 for a total of 1,675,000 shares equal to 1.0527% of the share capital (694,500 shares equal to 0.4365% of the share capital at 31 December 2020) for a total outlay of EUR 12,028 thousand (EUR 4,543 thousand at 31 December 2020).

No other significant facts occurred after the year ended.

MANAGEMENT OPERATING OUTLOOK

In 2021, the Group expects to achieve consolidated revenues of approximately EUR 1.3 billion, an EBITDA of between EUR 285 and EUR 295 million and a net financial debt of approximately EUR 30 million at the end of the period, including capital expenditure of approximately EUR 95 million. The Group headcounts is foreseen stable during the period. This forward-looking indication does not include any new outbreaks of the Covid-19 pandemic in the coming months. The foregoing exclusively reflects the point of view of the company's management, and does not represent a guarantee, a promise, an operational suggestion or even just an investment advice. Therefore, it should not be taken as a forecast support on the future trend of the markets and financial instruments concerned.

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2020 OF CEMENTIR HOLDING N.V.

The Board of Directors proposes that the shareholders:

- approve the Directors' Report on 2020 and the separate financial statements as at and for the year ended 31 December 2020;
- distribute, as a dividend, a total of EUR 22,277 thousand as EUR 0.14 for each ordinary share, before any applicable withholdings required by law, using:
 - the profit of the year of EUR 14,994 thousand;
 - retained earnings for EUR 7,283 thousand.

Rome, 9 March 2021

Chairman of the Board of Directors
signed: /f/ Francesco Caltagirone Jr.

REMUNERATION REPORT

REMUNERATION OF DIRECTORS

Introduction

It is worth highlighting that the main financial results in 2020 that could influence the Group Remuneration were:

- (a) Net Financial Debt being EUR 122.2 million (EUR 239.6 million in 2019).
- (b) EBIT at EUR 157.2 million (EUR 151.7 million 2019).

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

The Remuneration Policy has not undergone any changes compared to the previous year.

This Section (hereinafter the «**Remuneration Report**») defines the principles and guidelines with which Cementir Holding N.V. (hereinafter «**Cementir Holding**» or «**Company**») determines and monitors its own remuneration policy and implements it with reference to the Executive and Non-Executive Directors (hereinafter jointly referred to as «**Directors**» in this Remuneration Report).

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

The Remuneration Report consists of the following sections:

- **Section I**, illustrating the policy of Cementir Holding N.V. with regard to the remuneration of the Executive and Non-Executive Directors for the year 2021, as well as the procedures used to adopt and implement the policy.
- **Section II**, which indicates the amounts paid during 2020 to the Directors, providing a representation of each pay component.

The Remuneration Report is drafted pursuant to Art. 2:135, 2:135a and 2:135b of the Dutch Civil Code (hereinafter «**DCC**») and Chapter 3 of the Dutch Corporate Governance Code (hereinafter the «**Code**»). It was approved by the Board of Directors on the proposal of the Remuneration and Nomination Committee (hereinafter also the «**Committee**» in this Remuneration Report) at the meeting of 9 March 2021. Section I is to be submitted to the approval of the Shareholders' Meeting called on 21 April 2021. Section II is to be submitted to the advisory vote of the Shareholders' Meeting called on 21 April 2021.

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

SECTION I - REMUNERATION POLICY 2021

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

The Remuneration Policy has the main purpose of summarising the remuneration policies applied within the Group and ensuring a fair and sustainable remuneration system, in line with the long-term corporate strategies and objectives, with regulations and with Stakeholders' expectations. The Policy is also intended to attract and retain members of staff with the professional qualities needed to manage and operate successfully in an international environment characterised by competitiveness and complexity and is also designed to recognise and reward good performance.

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

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

1.1 DEFINITION AND APPROVAL OF THE REMUNERATION POLICY

Parties involved in the Remuneration Policy

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

The Policy is submitted for the approval of the General Shareholders' Meeting by the Board of Directors on the recommendation of the Remuneration and Nomination Committee. The Policy is deemed approved with the favourable vote of at least $\frac{3}{4}$ of the votes cast at the Shareholders' Meeting. In case the Policy is not approved by the Shareholders' Meeting, the Company applies the existing policy and submits to the approval of next Shareholders' Meeting a revised policy.

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

Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

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

Board of Directors

With regard to remuneration, the Board of Directors:

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

Non-Executive Directors

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

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

Executive Directors

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

- sets performance targets for the Cementir Group;
- shall submit to the Remuneration and Nomination Committee the stock incentive, stock option, corporate shareholding and similar plans motivating and retaining the managers of the Group companies controlled by the Company or, as the case may be, he shall assist the Committee in their drafting, with the support of the Group's Human Resources Department as well;
- shall enforce the Company's Remuneration Policy in accordance with this document.

Remuneration and Nomination Committee.

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

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

Human Resources Department

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

Composition and activities of the Remuneration and Nomination Committee

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

Composition of the Committee

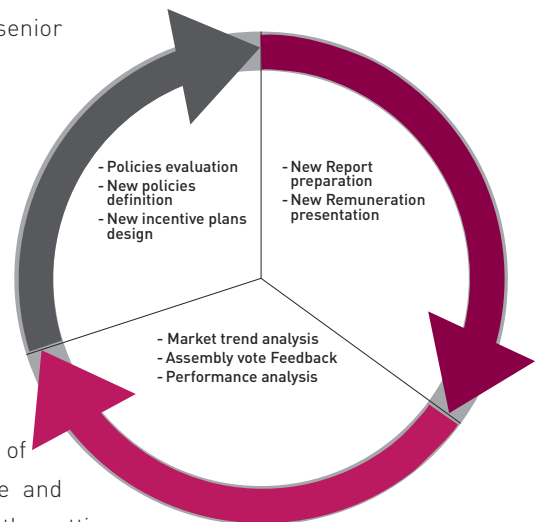
Chiara Mancini	Non-Executive independent Director and Chairman of the Committee
Veronica De Romanis	Non-Executive independent Director and member of the Committee
Paolo Di Benedetto	Non-Executive independent Director and member of the Committee

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

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

It also:

- Submits proposals to the Board of Directors regarding the remuneration policy for Executive and Non-Executive Directors, periodically assessing the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- Submits proposals or express opinions to the Board of Directors regarding the remuneration of Executive and Non-Executive Directors with specific duties, and on the setting of performance targets related to the variable-pay component;
- Evaluates and formulates proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans designed to motivate and retain the managers and employees of the Group companies controlled by the Company;
- Reports to the Board on the ways it performs its duties;
- Examines the annual Remuneration Report to be approved by the Board and submitted to the Shareholders' Meeting vote as part of the annual financial reports meeting;
- Provides opinions on issues submitted to it from time to time for screening by the Board of Directors, concerning remuneration or any pertinent or related topics.



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

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

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

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

In 2020, the Remuneration and Nomination Committee met on 4 March and 11 May. During these meetings, the Committee examined and discussed the remuneration policy and the report on remuneration drawn up in accordance with Art. 2:135a of the DCC and principle 3.1 and following of the Code, and the report concerning the activity carried out by the Committee in 2019, drawn up in accordance with principle 2.3.5 of the Code; the Remuneration and Nomination Committee also discussed the Board Profile and the valuation document prepared pursuant to principle 2.2.5 of the Code. The Remuneration and Nomination Committee also examined the Group's human rights policy and the 2020 - 2024 Long-Term Incentive Plan.

Independent experts who contributed to preparing the Remuneration Policy

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

1.2 CONTENT OF THE REMUNERATION POLICY

1.2.1 Content of the Remuneration Policy and main changes compared to 2020

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

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

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

- Promotion of merit and performance to reward actions and behaviours that reflect the values of the Company, the principles of the code of ethics and the strategic objectives;
- External competitiveness and internal fairness to make sure that pay packages are in line with best practices, and to ensure that they are consistent with the complexity and responsibilities of the role;
- Align the interests of Management with those of the Shareholders and with the medium and long-term strategies of the Company.

The Policy has the primary objective of creating sustainable value over the medium to long-term by creating a strong bond between individual performance and the Group on the one hand, and remuneration on the other. The 2021 Remuneration Policy does not envisage substantial changes compared to that approved in 2020, confirming the simplification and standardisation of the overall structure of the short-term variable incentive system, thanks mainly to the digitalisation of the process, which will take place through an online definition and subsequent assessment platform.

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

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

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

Remuneration of the Board of Directors

The Remuneration Policy for the Board of Directors set by the Shareholders' Meeting comprises the following elements:

- A. compensation of Directors for the office and for attendance at Board meetings;
- B. compensation for the Executive Director (who also holds the position of CEO) for the performance of executive functions, powers and responsibilities;
- C. remuneration of Non-Executive Directors, members of the Audit Committee and of the Remuneration and Nomination Committee and of the Chairmen of these Committees.

Remuneration of Directors

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

The current annual remuneration for all Directors is:

- a fixed annual allowance of EUR 5,000.00;
- an attendance fee of EUR 1,000.00 for each Board meeting they attend.

The same is confirmed as policy for 2021.

Remuneration of Directors tasked with specific duties

The compensation to be paid to Directors tasked with specific duties (letters B and C above) is quantified, at the proposal of the Remuneration and Nomination Committee, by the Board of Directors, taking into account the work actually required of each of them and any powers vested in addition to the compensation due to all Directors.

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

- (a) the Chairman of the Board of Directors;
- (b) the CEO;
- (c) the Directors who participate in the Board Committees (Audit Committee and Remuneration and Nomination Committee).

The Directors (i) called upon to be members of the Remuneration and Nomination Committee and of the Audit Committee and (ii) appointed as Chairman of such Committees, shall receive an additional fixed compensation, commensurate with the work required from each of them in the performance of their aforesaid duties.

Remuneration of the Chairman and CEO

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

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

In determining the remuneration of the Chairman and CEO, the Board of Directors takes into account (i) the specific content of the vested powers and/or (ii) the functions and the role actually served within the Company,

thereby assuring that the provision of a possible variable component is consistent with the nature of assigned duties.

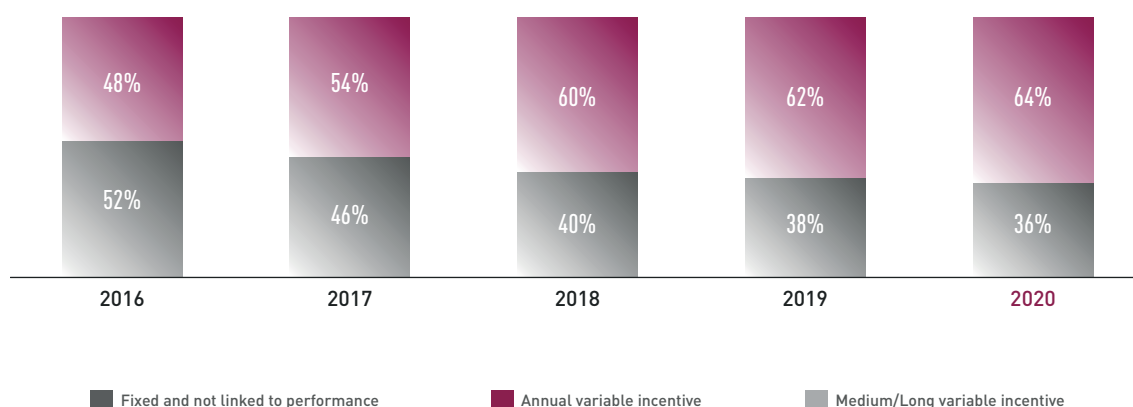
In particular, remuneration is determined on the basis of the following criteria:

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

In detail, in line with the resolution approved in previous years, the variable component is set at 2% of the cash flow produced by the Group in the reference year and is defined according to a formula that enables a quick reference with the consolidated accounts figures, from which the fixed pay component should be deducted. The variable component, which is before taxes and can only have a value of zero or above, can be preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group’s half-year financial statements; when the Group’s annual financial statements are approved by the Shareholders’ Meeting, the variable component is definitively determined, and the relative balance is paid out. The fixed component is also confirmed consistently with previous years. The fixed component proposed for the Chairman and Chief Executive Officer is EUR 1.8 million per year before taxes, payable on a monthly basis. The reference to operational cash flow generated by the Group has been identified as it is considered that this value, better than others, represents the link between annual performance (short-term) and the value of the company, and therefore appropriately aligns the results obtained by the CEO with the objective of creating value for all shareholders.

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

Pay Mix Chairman and CEO



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

Remuneration of Non-Executive Directors

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

Remuneration of Non-Executive Directors proposed for 2021 confirms the structure and the order of magnitude defined in the previous years.

The annual remuneration for Non-Executive Directors consists of:

- a fixed annual allowance of EUR 5,000.00 determined for all Directors (see letter A above);
- an attendance fee of EUR 1,000.00 for each Board meeting they attend (see letter A above);
- an annual fee of EUR 30,000.00 for each position held by the Non-Executive Directors as Chairman of each of the Committees (Audit Committee and Remuneration and Nomination Committee);
- an annual fee of EUR 20,000.00 for each position held by the Non-Executive Directors as a member of each of the aforementioned Committees.

Short-Term Incentive and Long-Term Incentive Schemes

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

Short-term variable component - STI

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

In 2020, the short-term incentive system was based on the financial objectives of the Group and/or the branches (access system Gate). In addition, objectives with indicators linked to individual performance were defined. Each target (corporate and individual) is matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve within the range 90%-120%.

In 2021, an online performance assessment system will be used which will also make it possible to manage the short-term incentive system.

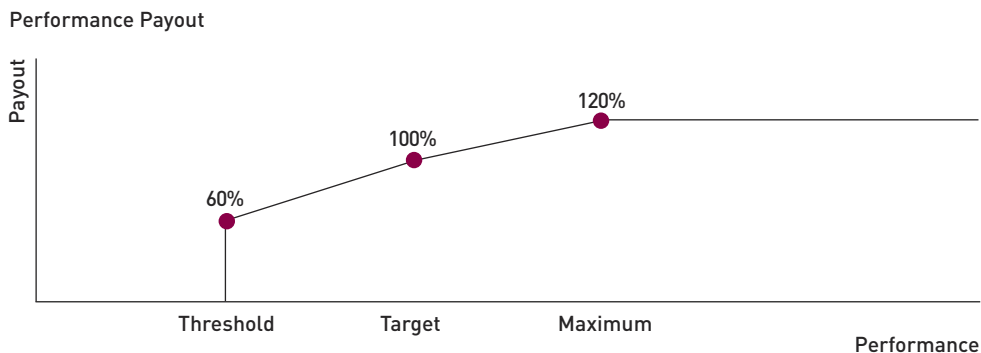
Therefore, the same will continue to be based on the Group's and/or subsidiaries' financial targets, which are the factor that enables access (Gate) to the system. Each target will be matched with a minimum performance, target performance and maximum performance level, correlated to the payout curve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

The combination of corporate and individual objectives will give right to a variable bonus payment.

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

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

<p>30% Weighting Group targets</p> <ul style="list-style-type: none"> • Economic-Financial Targets (Gate) <ul style="list-style-type: none"> - EBIT (20%) - NCF (10%) 	<p>70% Weighting Individual targets 80%</p> <ul style="list-style-type: none"> • Targets based on Operational Projects/Results and sustainability of earnings • Organisational development and Growth Targets <p>Cementir Leadership Competencies Model 20%</p>
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In order to encourage managers to pursue their annual budget targets, the short-term incentive plan is addressed to all managers within the Group with exactly the same scheme as described above being adopted. Target incentive levels expressed as percentages of fixed remuneration, depend on the responsibility and complexity of the role covered, whilst maintaining a single structure throughout the Group.

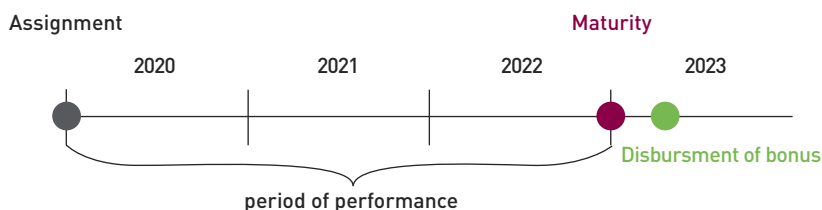
Medium/long-term incentives - LTI

The LTI plan is intended for Executive Managers with strategic responsibilities, and a selected group of managerial staff, chosen from those who have the greatest impact on the Group's medium/long-term results. As the CEO is also a major shareholder, he does not participate in this plan.

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

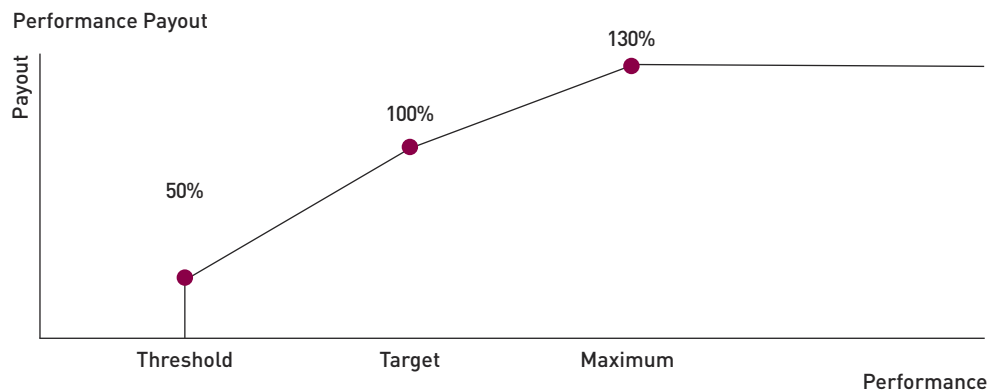
- Incentivise the aforementioned Executive Managers to achieve the objectives set out in the Business Plan;
- To converge the interests of Executive Managers with those of shareholders to create sustainable medium/long-term value;
- To introduce a motivation and retention plan.

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



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

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



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

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

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

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

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

Clawback and malus clauses

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

During the 2020, no clawback is deemed required and consequently no clawback is been applied.

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

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

1.2.4 Information designed to highlight the cohesion between the Remuneration Policy and the pursuit of the Company's long-term interests and risk management policy

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

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

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

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

1.2.5 Vesting period, deferred payment schemes, indication of deferment periods and criteria used to determine them, as well as ex-post adjustment mechanisms and information about clauses on the inclusion of financial instruments in the portfolio after acquisition, with details of the holding periods and criteria used to determine them

The Company has not adopted any Remuneration Plan based on shares or any other financial instruments

nor does it award shares or other financial instruments as variable performance-based pay components. In addition, no clauses were determined for the retention in portfolio of financial instruments after their acquisition, meaning clauses that include the obligation of non-portability on a relevant portion of the shares awarded.

1.2.6 Policy on indemnities applied after termination of contract or resignation

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

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

Directors that have a work collaboration with the Company or its Subsidiaries must attain in any case to current provisions related to Collective Labour Agreements for the termination of their work collaboration, in accordance with the legal procedures and requirements.

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

The violation of this agreement will lead to a refusal to pay the indemnity or its return, as well as an obligation to refund the damage for a convened amount (i.e. the double of the accorded indemnity).

If employment with the Company is terminated for reasons other than just cause, efforts will be made to reach an arrangement for a consensual termination. Subject in any case to the obligations set out by law and/or by the employment agreement, the arrangements for the termination of employment with the Company are modelled after the relevant reference benchmarks and within the limitations defined by jurisprudence and practice.

1.2.7 Information about the presence of insurance cover, welfare or pension provision

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the Board of Directors.

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

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

The Remuneration Policy was devised by the Company without using as reference the policies of other companies.

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

SECTION II - PAYMENTS RECEIVED DURING 2020 BY THE MEMBERS OF THE BOARD OF DIRECTORS

This section of the Report sets out the remuneration paid in 2020 to each member of the Board of Directors. This remuneration was paid in application of the principles as set out in the Remuneration Policy.

On 8 March 2021, the Remuneration and Nomination Committee verified the correct application of the Remuneration Policy approved in 2020.

PART I - REMUNERATION COMPONENTS

Remuneration of Directors

Fixed component

The Shareholders' Meeting of 20 April 2020 approved the proposed Remuneration Policy, assigning to all

Directors, for the duration of their office, a fixed allowance of EUR 5,000.00, plus an attendance fee of EUR 1,000.00 for each Board meeting they attend.

Variable component

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

Monetary and non-monetary benefits

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

Reimbursement of expenses

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

Treatment/indemnities in case of termination from office

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

Remuneration of Directors tasked with specific duties

As of the date of approval of this report, the Directors tasked with specific duties are:

Francesco Caltagirone	Chairman and CEO
Paolo Di Benedetto	Chairman of the Remuneration and Nomination Committee Chairman of the Audit Committee
Chiara Mancini	Member of the Remuneration and Nomination Committee Member of the Audit Committee
Veronica De Romanis	Member of the Remuneration and Nomination Committee Member of the Audit Committee

(i) Remuneration of the Chairman and CEO

With respect to the remuneration of the Chairman and CEO Francesco Caltagirone, the Shareholders' Meeting of 20 April 2020 confirmed the remuneration and remuneration policy already in force and unchanged from the previous term of office, as detailed here below and in the table in 2.2.1.

Fixed component

The fixed component is EUR 1.8 million per year before taxes, payable on a monthly basis.

Variable component

The variable components for 2020 were estimated at EUR 3.428 million, before tax. The achievement was calculated as 2% of Net Operating Cash Flow.

(ii) Remuneration for participation in Board Committees

The Shareholders' Meeting of 20 April 2020 approved the proposed Remuneration Policy and therefore established an additional annual remuneration for participation in the Board Committees in addition to that approved by the Shareholders' Meeting for the office of Director and specifically, as detailed in the table below:

- For the positions of Committee Chairmen (Remuneration and Nomination Committee and Audit Committee), a fixed total annual remuneration of EUR 60 thousand, gross of taxes and any statutory surcharges;
- To the other members of the Remuneration and Nomination Committee and the Audit Committee: fixed compensation of EUR 20 thousand, for each office held, before taxes and any law-mandated surcharges

In general, the practice applied by the Company is in line with the 2020 remuneration policy.

PART II - COMPENSATION PAID IN FINANCIAL YEAR 2020

Compensation paid to the members of the Board of Directors.

The table below shows the compensation paid in Financial Year 2020, for any reason and in any form, by the Company and by subsidiaries and affiliates, to the members of the Board of Directors. It should be noted that the remuneration paid in the associated companies is disclosed within the context of the report on remuneration of the parent company Caltagirone S.p.A., published in accordance with the provisions of law applicable to listed companies, to which reference should be made.

Cementir Holding N.V. - Year 2020

COMPENSATION PAID TO THE MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, TO THE GENERAL MANAGER AND TO THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

(in thousands of Euros) Name of Director, position	Fixed Remuneration		
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work
BOARD OF DIRECTORS			
Francesco Caltagirone, Chairman of the Board of Directors and CEO	4	1,805	81
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	4	5	N/A
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	5	5	N/A
Edoardo Caltagirone, Non-Executive Director	5	5	N/A
Saverio Caltagirone, Non-Executive Director	5	5	N/A
Fabio Corsico, Non-Executive Director	4	5	N/A
Paolo Di Benedetto, Senior Non-Executive Independent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	4	5	N/A
Chiara Mancini, Non-Executive Independent Director and Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee	5	5	N/A
Veronica De Romanis, Non-Executive Independent Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee	5	5	N/A
DIRECTORS WHO LEFT THE OFFICE DURING 2020			
Mario Delfini, Non-Executive Director and Member of the Audit Committee and Member of the Remuneration and Nomination Committee	2	2	N/A
Roberta Neri, Non-Executive Independent Director	2	2	N/A
Adriana Lamberto Floristan, Non-Executive Independent Director and Member of the Audit Committee	2	2	N/A
MANAGEMENT WITH STRATEGIC RESPONSIBILITIES			
Executives with strategic responsibilities:*	N/A		2,871
TOTAL	47	1,850	2,952

*Includes Group COO, Group CFO, Heads of Region and Business Unit Managing Directors

Compensation for participation in committees	Variable Compensation (non equity)			Other fees	Total	Proportion of fixed and remuneration
	Bonuses and other incentives	Non-monetary benefits				
N/A	3,428	7	N/A	5,325	64% variable remuneration 36% fixed remuneration	
N/A	N/A	N/A	N/A	9	100% fixed remuneration	
N/A	N/A	N/A	N/A	10	100% fixed remuneration	
N/A	N/A	N/A	N/A	10	100% fixed remuneration	
N/A	N/A	N/A	N/A	10	100% fixed remuneration	
N/A	N/A	N/A	225	234	100% fixed remuneration	
40	N/A	N/A	N/A	49	100% fixed remuneration	
50	N/A	N/A	N/A	60	100% fixed remuneration	
50	N/A	N/A	N/A	60	100% fixed remuneration	
13	N/A	N/A	N/A	17	100% fixed remuneration	
N/A	N/A	N/A	N/A	4	100% fixed remuneration	
7	N/A	N/A	N/A	10	100% fixed remuneration	
N/A	1,068	551		4,490	24% variable remuneration 76% fixed remuneration	
160	4,496	558	225	10,288		

COMPENSATION PAID TO THE MEMBERS OF THE ADMINISTRATION AND CONTROL BODIES, TO THE GENERAL MANAGER AND TO THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

(in thousands of Euros)

Name of Director, position	Token of presence	Fixed Remuneration	
		Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work
BOARD OF DIRECTORS			
Francesco Caltagirone, Chairman of the Board of Directors and CEO	7	1,805	81
Carlo Carlevaris, Senior Non-Executive Director**	0	5	N/A
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	3	5	N/A
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	6	5	N/A
Edoardo Caltagirone, Non-Executive Director	5	5	N/A
Saverio Caltagirone, Non-Executive Director	7	5	N/A
Mario Delfini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	5	5	N/A
Roberta Neri, Non-Executive Director	3	5	N/A
Adriana Lamberto Floristan, Non-Executive Director, Member of the Audit Committee	7	5	N/A
Fabio Corsico, Non-Executive Director	6	5	N/A
Paolo Di Benedetto, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	7	5	N/A
Chiara Mancini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
Veronica De Romanis, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
BOARD OF STATUTORY AUDITORS			
Silvia Muzi, Chairman of the Board of Statutory Auditors	N/A	60	N/A
Claudio Bianchi, Standing Auditor	N/A	40	N/A
Maria Assunta Coluccia, Standing Auditor	N/A	46	N/A
TOTAL	70	2,011	81

*Includes the adjustment relating to the 2018 variable compensation.

**Resigned on 13th November of 2019

Compensation for participation in committees	Variable Compensation (non equity)			Other fees	Total	Proportion of fixed and variable remuneration
	Bonuses and other incentives* STI	LTI	Non-monetary benefits			
N/A	3,125	N/A	6	N/A	5,024	62% variable remuneration 38% fixed remuneration
N/A	N/A	N/A	N/A	N/A	5	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	8	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	10	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
40	N/A	N/A	N/A	N/A	50	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	8	100% fixed remuneration
20	N/A	N/A	N/A	N/A	32	100% fixed remuneration
N/A	N/A	N/A	N/A	225	236	100% fixed remuneration
60	N/A	N/A	N/A	N/A	72	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	60	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	40	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	46	100% fixed remuneration
200	3,125	0	6	225	5,718	

Stock options assigned to the members of the Board of Directors, to general managers and to the other key executives.

There are no stock-option plans for members of the Board of Directors nor for sake of completeness for the General Manager, other key executives or employees of the Company.

Incentive plans based on financial instruments, other than stock options, for members of the Board of Directors, General Managers and other key executives.

There are no incentive plans based on financial instruments other than stock options (restricted stock, performance share, share plan, etc.); for the members of the Board of Directors nor for sake of completeness for the General Manager, for the other key executives or employees of the Company.

The Group did not grant loans to Directors or key executives during the reporting period and did not have loan assets due from them at 31 December 2020.

The following table shows a comparison of the total remuneration of Directors over the last five years, based on Cementir Holding N.V. Directors in office at 31 December 2020. Compensation data are reported for the last five years although the Cementir Holding N.V. is a Dutch-listed company starting from 2019.

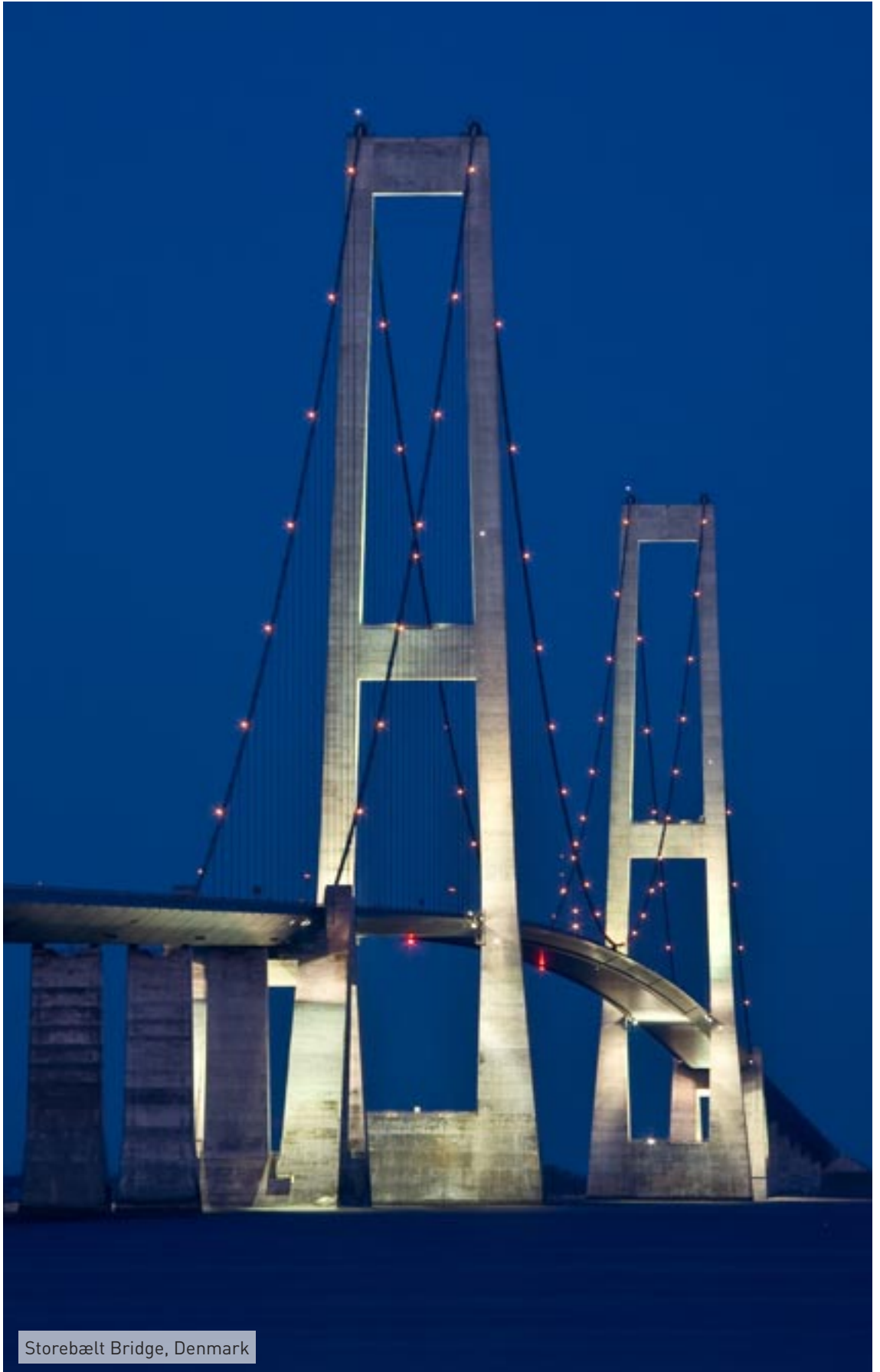
(in thousands of Euros)	2020	2019	2018	2017	2016
BOARD OF DIRECTORS					
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5,325	5,024	4,751	4,068	3,705
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	9	8	9	9	9
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	10	11	11	10	11
Edoardo Caltagirone, Non-Executive Director	10	10	11	10	11
Saverio Caltagirone, Non-Executive Director	10	12	12	11	78
Fabio Corsico, Non-Executive Director	234	236	210	11	9
Paolo Di Benedetto, Senior Non-Executive Independent Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	49	72	71	70	70
Chiara Mancini, Non-Executive Independent Director and Chairman of Remuneration and Nomination Committee and Member of the Audit Committee	60	52	51	52	51
Veronica De Romanis, Non-Executive Independent Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee	60	52	52	51	52
Company Performance					
EBIT (Euro million)	157	152	153	141	95
Average fixed remuneration on a full-time equivalent basis of employees (€)					
Average fixed remuneration of employees	62,915	60,424	57,755	49,364	45,126

Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2020 is 85:1. In the previous year the ratio was 83:1.

This ratio consists of the CEO's total direct compensation during 2020 of EUR 5,325 thousand as reported in the Total direct compensation, pension and other benefits table in this appendix, compared to the average compensation of all employees. The average compensation of all employees was calculated from the numbers as reported in Note 24.

The average compensation of all employees is EUR 63 thousand representing the total cost of EUR 188,430 thousand per a total of 2,995 employees.



Storebælt Bridge, Denmark

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020



Izmir cement plant, Turkey

3 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

100 Consolidated statement of financial position

107 Notes to the consolidated financial statements

162 Annex to the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Before profit appropriation)

[EUR'000]	Note	31 December 2020	31 December 2019
ASSETS			
Intangible assets with a finite useful life	1	195,931	214,388
Intangible assets with an indefinite useful life (goodwill)	2	329,776	349,047
Property, plant and equipment	3	817,771	860,385
Investment property	4	79,242	90,602
Equity-accounted investments	5	4,308	3,879
Other equity investments	6	271	285
Non-current financial assets	9	576	1,643
Deferred tax assets	20	48,770	49,695
Other non-current assets	11	5,003	6,800
TOTAL NON-CURRENT ASSETS		1,481,648	1,576,724
Inventories	7	150,266	172,365
Trade receivables	8	155,065	150,475
Current financial assets	9	2,614	1,192
Current tax assets	10	6,126	5,172
Other current assets	11	23,095	29,218
Cash and cash equivalents	12	413,565	330,948
TOTAL CURRENT ASSETS		750,731	689,370
TOTAL ASSETS		2,232,379	2,266,094
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,711	35,711
Other reserves		759,870	766,227
Profit (loss) attributable to the owners of the parent		102,008	83,569
Equity attributable to owners of the Parent	13	1,056,709	1,044,627
Reserves attributable to non-controlling interests		118,898	130,080
Profit (loss) attributable to non-controlling interests		7,355	6,860
Equity attributable to non-controlling interests	13	126,253	136,940
TOTAL EQUITY		1,182,962	1,181,567
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits	14	36,822	35,745
Non-current provisions	15	25,871	27,521
Non-current financial liabilities	17	162,469	515,772
Deferred tax liabilities	20	137,595	146,001
Other non-current liabilities	19	2,927	3,833
TOTAL NON-CURRENT LIABILITIES		365,684	728,872
Current provisions	15	4,576	15,733
Trade payables	16	225,937	219,025
Current financial liabilities	17	375,891	55,997
Current tax liabilities	18	17,892	15,423
Other current liabilities	19	59,437	49,477
TOTAL CURRENT LIABILITIES		683,733	355,655
TOTAL LIABILITIES		1,049,417	1,084,527
TOTAL EQUITY AND LIABILITIES		2,232,379	2,266,094

CONSOLIDATED INCOME STATEMENT

[EUR'000]	Note	2020	2019
REVENUE	21	1,224,793	1,211,828
Change in inventories	7	(14,436)	5,798
Increase for internal work	22	6,417	6,436
Other income	22	16,025	19,330
TOTAL OPERATING REVENUE		1,232,799	1,243,392
Raw materials costs	23	(461,195)	(466,387)
Personnel costs	24	(188,430)	(184,897)
Other operating costs	25	(319,434)	(328,314)
EBITDA		263,740	263,794
Amortisation and depreciation	26	(104,223)	(106,483)
Additions to provision	26	(990)	(1,412)
Impairment losses	26	(1,354)	(4,156)
Total amortisation, depreciation, impairment losses and provisions		(106,567)	(112,051)
EBIT		157,173	151,743
Share of net profits of equity-accounted investees	27	571	310
Financial income	27	12,303	4,636
Financial expense	27	(23,519)	(25,654)
Net exchange rate losses	27	(3,970)	(4,387)
Net financial income (expense)	27	(15,186)	(25,405)
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEEES		(14,615)	(25,095)
PROFIT (LOSS) BEFORE TAXES		142,558	126,648
Income taxes	28	(33,195)	(36,219)
PROFIT FROM CONTINUING OPERATIONS		109,363	90,429
PROFIT (LOSS) FOR THE YEAR		109,363	90,429
Attributable to:			
Non-controlling interests		7,355	6,860
Owners of the Parent		102,008	83,569
[EUR]			
Earnings per ordinary share			
Basic earnings per share	29	0.641	0.525
Diluted earnings per share	29	0.641	0.525
[EUR]			
Earnings per ordinary share from continuing operations			
Basic earnings per share	29	0.641	0.525
Diluted earnings per share	29	0.641	0.525

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[EUR'000]	Notes	2020	2019
PROFIT (LOSS) FOR THE YEAR		109,363	90,429
OTHER COMPONENTS OF COMPREHENSIVE INCOME:			
<i>Items that will never be reclassified to profit or loss for the year:</i>			
Net actuarial gains (losses) on post-employment benefits	30	580	(7,118)
Taxes recognised in equity	30	(206)	1,855
Total items that will never be reclassified to profit or loss		374	(5,263)
<i>Items that may be reclassified to profit or loss for the year:</i>			
Foreign currency translation differences - foreign operations	30	(80,298)	(6,227)
Profit (losses) on derivatives	30	6,643	1,561
Taxes recognised in equity	30	(1,334)	39
Total items that may be reclassified to profit or loss		(74,989)	(4,627)
Total other comprehensive expense, net of tax		(74,615)	(9,890)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		34,748	80,539
Attributable to:			
Non-controlling interests		(5,404)	10,866
Owners of the Parent		40,152	69,673



Gaurain plant, Belgium

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[EUR'000]	Notes	Share capital	Share premium reserve	Other reserves	
				Legal reserve	Translation reserve
Equity at 1 January 2020	13	159,120	35,710	-	(580,956)
Allocation of 2019 profit (loss)		-	-	-	-
Distribution of 2019 dividends		-	-	-	-
Treasury share purchase		-	-	-	-
Total transactions with investors		-	-	-	-
Profit (loss) for the year		-	-	-	-
Change in translation reserve	30	-	-	-	(67,759)
Net actuarial gains	30	-	-	-	-
Gain on derivatives	30	-	-	-	-
Other comprehensive income (expense)		-	-	-	(67,759)
Total comprehensive income (expense)	30	-	-	-	(67,759)
Change in other reserves		-	-	-	-
Total other transactions		-	-	-	-
Equity at 31 December 2020	13	159,120	35,710	-	(648,715)

[EUR'000]	Notes	Share capital	Share premium reserve	Other reserves	
				Legal reserve	Translation reserve
Equity at 1 January 2019	13	159,120	35,710	31,825	(570,236)
Allocation of 2018 profit		-	-	-	-
Change in reserve due to conversion of the Company in Dutch NV	13	-	-	(31,825)	-
Distribution of 2018 dividends		-	-	-	-
Total transactions with investors		-	-	(31,825)	-
Profit (loss) for the year		-	-	-	-
Change in translation reserve	30	-	-	-	(10,720)
Net actuarial gains	30	-	-	-	-
Gain on derivatives	30	-	-	-	-
Other comprehensive income (expense)		-	-	-	(10,720)
Total comprehensive income (expense)	30	-	-	-	(10,720)
Change in other reserves		-	-	-	-
Total other transactions		-	-	-	-
Equity at 31 December 2019	13	159,120	35,710	-	(580,956)

For 2019 financial statements the exposure of the Legal Reserve has been reclassified to retained earnings to be consistent with the separate financial statement. As part of the transformation from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019, Management aligned the equity composition.

Hedge reserve	Retained earnings	Profit (loss) attributable to the owners of the parent	Equity attributable to owners of the Parent	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	Equity attributable to non-controlling interests	Total Equity
(5,737)	1,352,921	83,569	1,044,627	6,860	130,080	136,940	1,181,567
-	83,569	(83,569)	-	(6,860)	6,860	-	-
-	(22,277)	-	(22,277)	-	(8,625)	(8,625)	(30,902)
-	(4,543)	-	(4,543)	-	-	-	(4,543)
-	56,749	(83,569)	(26,820)	(6,860)	(1,765)	(8,625)	(35,445)
-	-	102,008	102,008	7,355	-	7,355	109,363
-	-	-	(67,759)	-	(12,539)	(12,539)	(80,298)
-	559	-	559	-	(185)	(185)	374
5,344	-	-	5,344	-	(35)	(35)	5,309
5,344	559	-	(61,856)	-	(12,759)	(12,759)	(74,615)
5,344	559	102,008	40,152	7,355	(12,759)	(5,404)	34,748
-	(1,250)	-	(1,250)	-	3,342	3,342	2,092
-	(1,250)	-	(1,250)	-	3,342	3,342	2,092
(393)	1,408,979	102,008	1,056,709	7,355	118,898	126,253	1,182,962

Hedge reserve	Retained earnings	Profit (loss) attributable to the owners of the parent	Equity attributable to owners of the Parent	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	Equity attributable to non-controlling interests	Total Equity
(7,337)	1,220,870	127,194	997,146	8,466	122,772	131,238	1,128,384
-	127,194	(127,194)	-	(8,466)	8,466	-	-
-	(31,825)	-	-	-	-	-	-
-	(22,277)	-	(22,277)	-	(4,961)	(4,961)	(27,238)
-	136,742	(127,194)	(22,277)	(8,466)	3,505	(4,961)	(27,238)
-	-	83,569	83,569	6,860	-	6,860	90,429
-	-	-	(10,720)	-	4,493	4,493	(6,227)
-	(4,776)	-	(4,776)	-	(487)	(487)	(5,263)
1,600	-	-	1,600	-	-	-	1,600
1,600	(4,776)	-	(13,896)	-	4,006	4,006	(9,890)
1,600	(4,776)	83,569	69,673	6,860	4,006	10,866	80,539
-	85	-	85	-	(203)	(203)	(118)
-	85	-	85	-	(203)	(203)	(118)
(5,737)	1,352,921	83,569	1,044,627	6,860	130,080	136,940	1,181,567

CONSOLIDATED STATEMENT OF CASH FLOWS

[EUR'000]	Notes	31 December 2020	31 December 2019
Profit/(loss) for the year		109,363	90,429
Amortisation and depreciation	26	104,223	106,483
Net Reversals of impairment losses		(5,115)	(2,316)
Share of net profits of equity-accounted investees	27	(571)	(310)
Net financial income (expense)	27	15,186	25,405
Gains on disposals		1,204	(989)
Income taxes	28	33,195	36,219
Change in employee benefits		1,070	(2,355)
Change in provisions (current and non-current)		(12,440)	(1,196)
Operating cash flows before changes in working capital		246,115	251,370
(Increase) decrease in inventories		22,098	12,411
(Increase) decrease in trade receivables		(5,541)	12,470
Increase (decrease) in trade payables		7,500	(10,526)
Change in other non-current and current assets and liabilities		17,291	232
Change in current and deferred taxes		(2,988)	(2,207)
Operating cash flows		284,475	263,750
Dividends collected		-	-
Interest collected		3,337	3,779
Interest paid		(12,620)	(12,605)
Other net income (expense) collected (paid)		(3,078)	(7,487)
Income taxes paid		(37,898)	(32,366)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		234,216	215,071
Investments in intangible assets		(6,847)	(5,595)
Investments in property, plant and equipment		(51,609)	(57,705)
Investments in equity investments and non-current securities		-	-
Proceeds from the sale of intangible assets		95	5
Proceeds from the sale of property, plant and equipment		3,229	2,886
Proceeds from the sale of equity investments and non-current securities		-	-
Proceeds from assets sold net of cash		-	-
Change in non-current financial assets		670	890
Change in current financial assets		(5,745)	2,424
Other changes in investing activities		-	(31)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		(60,207)	(57,126)
Change in non-current financial liabilities	17	(13,505)	(14,954)
Change in current financial liabilities	17	(37,476)	(13,430)
Dividends distributed		(30,906)	(27,238)
Other changes in equity		2,359	(4,619)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		(79,528)	(60,241)
NET EXCHANGE RATE LOSSES ON CASH AND CASH EQUIVALENTS (D)		(11,864)	630
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		82,617	98,334
Opening cash and cash equivalents	12	330,948	232,614
Closing cash and cash equivalents	12	413,565	330,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition from the Italian Law requirements with the Dutch Civil Code requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

Cementir Holding NV (the «Parent») and its subsidiaries make up the Cementir Holding Group (the «Group»), mainly active in the cement and ready-mixed concrete sector in Italy and around the world.

At 31 December 2020 shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to Art. 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone – 104,862,053 shares (65.901%). The shareholding is held as follows:

- Direct ownership of 1,327,560 shares (0.834%)
- Indirect ownership through the companies:
 - Calt 2004 Srl – 47,860,813 shares (30.078%)
 - Caltagirone SpA – 22,820,015 shares (14.341%)
 - FGC SpA – 17,585,562 shares (11.052%)
 - Gamma Srl – 5,575,220 shares (3.504%)
 - Pantheon 2000 SpA – 4,466,928 shares (2.807%)
 - Ical 2 SpA – 2,614,300 shares (1.643%)
 - Capitolium Srl – 2,604,794 shares (1.637%)
 - Vianini Lavori SpA – 6,861 shares (0.004%)

2) Francesco Caltagirone – 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 9 March 2021, the Board of Directors approved these consolidated financial statements at 31 December 2020. The consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2021.

Cementir Holding N.V. is included line-by-line in the consolidated financial statements of the Caltagirone Group. At the date of preparation of these consolidated financial statements, the ultimate Parent is FGC SpA due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2020 include the financial statements of the Parent and its subsidiaries. The financial statements of the individual companies at the same date prepared by their directors were used for the consolidation.

Going Concern

The financial statement of the Group has been prepared on the basis of the going concern assumption.

STATEMENT OF COMPLIANCE WITH THE IFRS

These consolidated financial statements at 31 December 2020, drawn up on a going concern basis for the Parent and the subsidiaries, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code.

Certain parts of this annual report contain alternative indicators that are not financial performance or liquidity indicators under IFRS. These are commonly referred to as alternative (non-IFRS) performance indicators and

include items such as earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before income tax (EBIT). The Company calculates EBITDA before additions to provisions.

BASIS OF PRESENTATION

The consolidated financial statements at 31 December 2020 are presented in euros, the Parent's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. The condensed interim consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. The Group has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
- the statement of cash flows is presented using the indirect method.

The general criterion adopted is the historical cost method, except for items recognised and measured at fair value based on specific IFRS, as described below in the section on accounting policies.

The IFRS have been applied consistently with the guidance provided in the "Framework for the preparation and presentation of financial statements". The Group was not required to make any departures as per IAS 1.19.

In the financial statements, in addition to those specifically requested by IAS 1 and the other standards, when material, so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.

The Parent Cementir Holding N.V. has also prepared its separate financial statements at 31 December 2020 in accordance with EU-IFRS and with Section 2:362(9) of Dutch Civil Code, as defined above.

Standards and amendments to standards adopted by the Group

a) As of 1 January 2020, the Group has adopted the following new accounting standards:

- Changes to the «Conceptual Framework for Financial Reporting», which was endorsed by the EU on 6 December 2019 in Regulation No. 2075. The main changes compared to the 2010 version concern a new chapter on measurement, improved definitions and guidance, with specific regard to the definition of liabilities, and clarifications of important concepts, such as stewardship, prudence and measurement uncertainty. The amendments are applicable to annual reporting periods beginning on or after 1 January 2020.
- Amendments to IAS 1 and IAS 8: Definition of Material, which was endorsed by the EU on 10 December 2019 in Regulation No. 2014. The objective of the document is to refine and align the definition of «Material» in some IFRS, to ensure consistency with the new Conceptual Framework for Financial Reporting approved in March 2018 and endorsed by the EU on 6 December 2019. The amendments are applicable to annual reporting periods beginning on or after 1 January 2020.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform, which was endorsed by the EU on 16 January 2020 in Regulation No. 34. The aim of the document is to enable reporting entities not to terminate hedging transactions until the interest-rate benchmark reform, which is still underway worldwide, has been completed. Specifically, the reform has created uncertainties about the timing and amount of future cash flows associated with certain financial instruments, with the consequent risk of having to terminate hedging relationships designated in accordance with IAS 39 or IFRS 9. According to IASB, terminating hedging relationships due to these uncertainties does not provide useful information to users of the financial statements; therefore, the document in question made specific amendments to IAS 39, IFRS 9 and IFRS 7, introducing temporary derogations from the application of the specific hedge accounting provisions of IFRS 9 and IAS 39, to be applied compulsorily to all hedging transactions directly impacted by the interest-rate benchmark reform. The amendments are applicable to annual reporting periods beginning on or after 1 January 2020.

- Amendment to IFRS 3 Business Combinations, which was endorsed by the EU on 21 April 2020 in Regulation No. 551. The document has introduced a much more restrictive definition of business than that contained in the previous IFRS 3 version, as well as a logical path to follow in order to establish whether a transaction is a «business combination» or simply an asset acquisition. The amendment must be applied to acquisitions as of 1 January 2020.
- Amendments to IFRS 16 Leases Covid-19 Related Rent Concessions: on 28 May 2020, the IASB published an amendment called «Covid-19 Related Rent Concessions (Amendment to IFRS 16)». The document provides for lessees the right to account for the reductions in rents related to the pandemic from Covid-19 without having to assess, through the analysis of the contracts, if the definition of lease modification of IFRS 16 has been respected. Therefore, lessees applying this right will be able to account for the effects of the reduction in rental fees directly in the income statement on the effective date of the reduction. The amendment is applicable to financial statements starting on 1 June 2020, with the possibility of early application on 1 January 2020.

The adoption of the new standards applicable from 1 January 2020 did not have any significant effects.

b) Accounting standards, amendments and interpretations not yet approved by the European Union:

At the date of approval of these consolidated financial statements, the IASB has issued certain standards, interpretations and amendments that the European Union has yet to endorse, some of which are still at the discussion stage. They include:

- On 18 May 2017, the IASB published the new IFRS 17 Insurance Contracts standard, which replaces the current IFRS 4. The new standard on insurance contracts aims to increase transparency on the sources and quality of profits made and to ensure high comparability of results, introducing a single revenue recognition principle that reflects the services provided. In addition, on 25 June 2020, the IASB published the document «*Amendments to IFRS 17*» which includes some amendments to IFRS 17 and the deferral of the entry into force of the new accounting standard to 1 January 2023.
- On 23 January 2020, the IASB published some amendments to IAS 1. The document «Presentation of Financial Statements: Classification of Liabilities as Current or Non-current» requires that a liability be classified as current or non-current based on the rights existing at the reporting date. In addition, it states that the classification is not affected by the entity's expectation that it will exercise its right to defer settlement of the liability. Finally, it clarifies that such settlement consists of the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments should initially have entered into force from 1 January 2022, however the IASB, with a second document published on 15 June 2020, deferred their entry into force to 1 January 2023. Early application is permitted.
- On 14 May 2020, the IASB published the document «Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020» with the aim of making some specific improvements to these standards. The amendments are applicable to annual reporting periods beginning on or after 1 January 2022.
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39, IAS 37 Interest Rate Benchmark Reform - Phase 2. On 27 August 2020, the IASB published some amendments regarding the following accounting standards:
 - IFRS 4 Insurance Contracts
 - IFRS 7 Financial Instruments Disclosures
 - IFRS 9 Financial Instruments
 - IFRS 16 Leases
 - IAS 39 Financial Instruments: Recognition and Measurement.

All changes will take effect from 1 January 2021.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the Group's financial reports is currently being studied and assessed. The standards are not expected to have a significant impact on the Group's consolidated financial statements.

BASIS OF CONSOLIDATION

Consolidation scope

A list of the companies included in the scope of consolidation at 31 December 2020 is provided in annex 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Common control transactions

For transactions under common control the Group applies the 'book value accounting' method.

According to the book value accounting method, such transactions are to be recognised according to the book values of the consideration transferred. The difference between the consideration paid and the book value of the consideration transferred is recognised as financial income (surplus) or directly in equity (deficit).

Subsidiaries

The scope of consolidation includes the Parent, Cementir Holding NV, and the companies over which it has direct or indirect control. Subsidiaries subject to direct or indirect control include companies for which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence of potential voting rights is considered when determining whether control exists.

Subsidiaries are consolidated from the date on which control is obtained until when control ceases to exist. The financial statements used for consolidation purposes have a reporting date of 31 December, i.e., the same as that of the consolidated financial statements. They are usually prepared specifically for the purpose and approved by the directors of the individual companies and adjusted, when necessary, to comply with the Parent's accounting policies.

Consolidation criteria

Subsidiaries are consolidated line-by-line. The criteria adopted for line-by-line consolidation are as follows:

- assets, liabilities, expense and income are consolidated line-by-line, attributing to non-controlling interests (when they exist) their share of equity and profit (loss) for the year, which is presented separately under equity and in the consolidated statement of comprehensive income;

- business combinations where the Parent acquires control of an entity are recognised using the acquisition method. The purchase cost is given by the fair value of the transferred assets, the liabilities assumed and equity instruments issued as at the acquisition date. The acquired assets, liabilities and contingent liabilities are recognised at fair value as at the date of acquisition. The difference between the purchase cost and the fair value of the acquired assets and liabilities is recognised as goodwill, if positive, or directly as income in the income statement, if negative;
- intragroup transactions and balances, including any unrealised profits with third parties arising on transactions with group companies, are eliminated, net of the related tax effect, if material. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the transferred asset;
- gains or losses on the sale of investments in consolidated companies are recognised in equity attributable to the owners of the Parent as owner transactions for the difference between the sales price and the related share of equity sold. If the sale leads to the loss of control and, therefore, the exclusion of the investee from the scope of consolidation, the difference between the sales price and the related share of equity is recognised as a gain or loss in the income statement.

Interests in joint arrangements

A joint arrangement is an agreement whereby two or more parties contractually have joint control of an «arrangement», i.e. when decisions about the relevant activities require the unanimous consent of the parties sharing control.

As regards the method of measurement and recognition in the financial statements, IFRS 11 sets out different approaches for:

- Joint Operations (JO): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- Joint Ventures (JV): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The formulation of IFRS 11 as regards the distinction between JO and JV therefore depends upon the rights and obligations of the co-venturer in the joint arrangement, i.e. the substance of the arrangement and not its legal form. As regards the presentation in the consolidated financial statements of JVs, IFRS 11 only requires them to be measured using the equity method, as described below.

As regards JOs, since the parties to the arrangement share the rights to the assets and assume the obligations for liabilities connected to the agreement, IFRS 11 requires each joint operator to recognise the pro-rata value of its share of the assets, liabilities, revenues and expense of the JO.

Associates

Associates are entities over which the Group has significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Investments in associates are measured using the equity method and are initially recognised at cost.

The equity method may be described as follows:

- the carrying amount of the investments equals the Group's share of the investees' equity and includes the recognition of any greater value attributable to the assets and liabilities and any goodwill identified at the acquisition date;
- the Group's share of profits or losses is recognised from the date that significant influence, or joint control, commences and until such significant influence or joint control ceases to exist. If an equity-accounted investee has a deficit due to losses, the carrying amount of the investment is cancelled and any remainder attributed to the Group, where the Group has a constructive or legal obligation to cover such losses, is recognised in a specific provision. Changes in the equity of the equity-accounted investee not related to its profit or loss for the year are offset directly against reserves;

- unrealised significant gains and losses on transactions between the Parent/subsidiaries and equity-accounted investees are eliminated to the extent of the Group's investment therein; unrealised losses are eliminated, unless they represent an impairment loss.

ACCOUNTING POLICIES

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource, controlled by an entity, from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the Group determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group. Useful life is reviewed annually and any changes, if necessary, are applied prospectively.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in the year of its derecognition.

Intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life. Amortisation is determined in the period in which the intangible asset becomes available for use when it actually becomes available for use.

The estimated useful life of the main items of intangible assets with a finite useful life is reported below:

Intangible assets finite useful life

Development expenditure	5
Concessions, licences and trademarks	4-18-30
Other intangible assets, of which:	5-22
- Customer list	15-20

Intangible assets with an indefinite useful life are those assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group. They are initially recognised at cost, determined using the same methods indicated above for intangible assets with a finite useful life. They are not amortised but are tested for impairment annually or more frequently, if specific events suggest that they may be impaired, using the methods set out below for goodwill. Any impairment losses are reversed when the reasons therefore no longer exist.

Goodwill [intangible assets with an indefinite useful life]

In the case of an acquisition of a subsidiary, the acquired identifiable assets, liabilities assumed and contingent liabilities are recognised at their fair value as at the date of acquisition. Any positive difference between the purchase cost and the Group's share of fair value of these assets and liabilities is recognised as goodwill under intangible assets. Any negative difference (negative goodwill) is recognised in the income statement at the acquisition date. Goodwill is not amortised after initial recognition but is tested for impairment annually or more frequently whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversed.

Emission rights [Intangible assets with a finite useful life]

In relation to atmospheric emission rights (or CO₂), it should be noted that the accounting treatment of atmospheric emission rights (CO₂) is not expressly governed by IFRS. In relation to emission rights, the initial

accounting among intangible assets takes place at fair value according to the «cap and trade scheme», while subsequent accounting follows the «cost model» criterion; Emission rights recognised under intangible assets are amortised on straight-line basis. At the end of each reporting period, if production requires a greater number of CO₂ allowances than those available in the register, the Group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the Group has an obligation in this sense.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach. Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively. Quarries are depreciated considering the quantities extracted in the period compared to the quantity extractable over the quarry's useful life (extracted/extractable criterion). When the Group has a specific commitment to do so, it recognises a provision for site restoration costs.

The estimated useful life of the main items of property, plant and equipment is reported below:

	Useful life of property, plant and equipment
Quarries	Extracted/extractible
Production plants	10-20 years
Other plants (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

The above time brackets, which show the minimum and maximum number of years, reflect the existence of components with different useful lives in the same asset category.

Land, whether free of construction or part of civil or industrial buildings, is not depreciated as it has an indefinite useful life.

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.

Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in the income statement in the year of derecognition.

Leases

Identifying a lease

The company checks whether a contract contains a lease at the inception date (the earlier of the date of the lease agreement and the date of commitment by the parties to the terms of the contract) and subsequently each time the terms and conditions of the contract are changed. A contract is, or represents, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains or represents a lease, the company:

- assesses whether it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- verifies whether the contract refers to the use of a specified asset, explicitly or implicitly, physically distinct or representing substantially all the capacity of a physically distinct asset. If the supplier has the substantive substitution right, the asset is not identified;
- verifies whether it has the right to direct the use of the asset. The company maintains that it has this right when it has the rights to make the most significant decisions to change the method and purpose of using the asset.

For contracts containing more than one lease and non-lease component and therefore falling under other accounting standards, the individual components to which the respective accounting standards apply must be separated out.

The lease term begins when the lessor makes the asset available to the lessee (commencement date) and is determined by reference to the non-cancellable period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations, also including rent-free periods. The term can be extended by:

- the period covered by an option to renew the contract («renewal option»), when the company is reasonably certain that it will exercise that option;
- the periods after the date of termination («termination option»), when the company is reasonably certain that it will not exercise that option.

Termination options held only by the lessor are not considered.

The reasonable certainty of whether or not to exercise an option to extend or terminate the contract is verified by the company on the commencement date, considering all the facts and circumstances that give rise to an economic incentive to exercise or not to exercise the option, and is subsequently reviewed whenever significant events occur or changes in circumstances that could affect the decision, which are under the control of the company.

Lease accounting

At the effective date of the lease, the company recognises the right of use (RoU) asset and the lease liability. The right of use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee for the dismantlement and removal of the underlying asset or restoring the underlying asset or the site where it is located, net of any lease incentives received. The lease liability is measured at the present value of the lease payments that are not paid at that date. For discounting purposes, the company uses the implicit interest rate of the lease when possible - and if it can be inferred from the contract - or alternatively the incremental borrowing rate (IBR). The lease payments included in the measurement of the liability include fixed payments, variable payments that depend on an index or rate, amounts expected to be paid as a residual value guarantee, the exercise price of a purchase option (which the company has reasonable certainty that it will exercise), payments due during an optional renewal period (if the company is reasonably certain that it will exercise the renewal option) and penalties for early termination (unless the company is reasonably certain that it will not terminate the lease early).

Subsequently, the right of use asset is amortised on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease term or the cost of the lease reflects the fact that the lessee will exercise the purchase option. In the latter case, the amortisation period must be the shorter of the useful life of the asset and the term of the contract. The estimated useful lives of right of use assets are calculated according to the same approach applied to the associated asset. In addition, the value of the right of use asset is reduced by any impairment losses and adjusted to reflect the re-measurement of the lease liability.

Subsequent to initial measurement at the commencement date, lease liabilities are measured at amortised cost using the effective interest criterion and is remeasured in the event of a change in future lease payments deriving from a change in the index or rate, in the event of a change in the amount that the company expects to pay as a residual value guarantee or when the company changes its measurement as a result of the exercise or non-exercise of a purchase, extension or termination option. When the lease liability is remeasured, the lessee makes a corresponding change to the right of use asset. If the carrying amount of the right of use asset is reduced to zero, the change is recognised in profit/(loss) for the period.

In the statement of financial position, the company recognises right of use assets under assets, within the same line item as that within which the corresponding assets would be presented if they were owned; lease liabilities are recognised under financial liabilities. In the income statement, interest expense on lease liabilities is a component of financial expenses and shown separately from the amortisation of right of use assets.

Lessor

Identifying a lease

At the commencement date of the contract and, subsequently, each time the contractual terms and conditions are amended, the company classifies each of the leases in which it acts as lessor as a finance or operating lease. To this end, the company make a general assessment as to whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. In this case, the lease is classified as a finance lease, otherwise as an operating lease. As part of this assessment, the company considers - among the various indicators - whether the lease term covers most of the economic life of the underlying asset and/or whether or not there are reasonably exercisable purchase options.

For contracts containing a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract applying IFRS 15.

Lease accounting

The company recognises assets held under a *finance* lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The company uses the interest rate implicit in the lease to measure the net investment in the lease, defined in such a way that the initial direct costs are included. The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Financial income is recognised over the lease term on a systematic basis.

In the case of operating leases, the company recognises the payments received as income on a straight-line basis over the lease term under «other revenue from sales and services».

Subleases

As regards subleases, the company, as intermediate lessor, classifies its share of the head lease separately from the sublease. To this end it classifies the sublease by reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the company has accounted for applying the exemption allowed for by the standard and discussed below, the sublease is classified as an operating lease. In the presence of subleases, the head lease is never considered to be of low value.

Investment property

Investment property is initially measured at cost and subsequently at fair value; any gain or loss in fair value is recognised in the income statement under other revenue or other operating costs respectively. The investment property held to earn rentals or for capital appreciation is not depreciated.

Fair value is calculated on the basis of the following methods, depending on the type of investment:

- market value approach based on an analysis of a sample of recent sales of similar properties located in the nearby area. The resulting amount is then adjusted to account for the particular features of the building or land (level 2);
- projection of discounted cash flows based on reliable estimates of future cash flows supported by payments under lease and/or other existing contracts (level 3).

Impairment losses

At each reporting date, the Group assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. If any such indication exists, the Group determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired and written down to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with an indefinite life is estimated at each reporting date or whenever changes in circumstances or specific events make it necessary.

The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use, which is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit to which the asset belongs, in the case of assets that do not independently generate largely separate cash flows.

When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset.

Impairment losses are recognised in the income statement when the carrying amount of the asset or related cash-generating unit (CGU) to which it is allocated is higher than its recoverable amount. Impairment losses on CGUs are firstly used to decrease the carrying amount of any goodwill allocated thereto and subsequently the other assets, in proportion to their carrying amounts. When the reason for an impairment loss on property, plant and equipment and intangible assets other than goodwill no longer exists, the carrying amount of the asset is increased through profit or loss to the carrying amount the asset would have had, had the impairment loss not been recognised and depreciation/amortisation charged.

If the impairment loss is higher than the carrying amount of the tested asset allocated to the CGU to which it belongs, the remaining amount is allocated to the assets included in the CGU in proportion to their carrying amounts. This allocation has as a minimum limit the higher amount of:

- the fair value of the asset, net of costs to sell;
- the value in use, as defined above;
- zero.

Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through their sale and not with their continued use are classified as held for sale and presented separately from other assets and liabilities in the statement of financial position. For that to occur, the asset (or disposal group) must be available for immediate sale in its present condition, subject to terms that are used and customary for the sale of such assets (or disposal groups) and its must be highly probable within one year. If these criteria are met after the reporting date, the non-current asset (or disposal group) is not classified as held for sale.

However, if those conditions are met after the reporting date but before authorisation to publish the financial statements, suitable information is provided in the Notes.

Non-current assets (or disposal groups) classified as held for sale, are recognised at the lower of their carrying amount between book value and relative fair value, less costs to sell; the comparative prior year-end captions are not reclassified. A discontinued operation is a component of a company that has either been disposed of or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a coordinated disposal plan for a major activity branch or geographical area of operations or is a subsidiary acquired solely to be resold.

The profit or loss discontinued operations - whether disposed of or classified as held for sale and in the process of being disposed of - are shown separately in the income statement, net of tax effects. The corresponding amounts for the previous year, where present, are reclassified and shown separately in the income statement, net of tax effects, for comparative purposes.

Inventories

Raw materials, semi-finished products and finished goods are recognised at cost and measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes any ancillary costs. In order to determine net realisable value, the carrying amount of any obsolete or slow-moving inventories is written down to reflect their future utilisation/net realisation by recognising an allowance for inventory write-down.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and measurement

Financial assets are classified in three main categories: at amortised cost, at the fair value recognised in the other components of the comprehensive income statement (FVOCI) and at the fair value recognised in the profit/(loss) for the year (FVTPL). The categories established by IAS 39, that is, held till expiry, loans and credits and held for sale, were eliminated.

Financial assets relating to commodity swaps are always recognised at fair value.

If the instrument is held for trading purposes, the changes in fair value must be recognised in the income statement. Whereas, for all the other investments, the company can decide, at the initial recognition date, to subsequently recognise all changes to fair value in the other components of the comprehensive income statement (OCI), exercising the FVTOCI option. In that case, amounts accumulated in the OCI will never be attributed to profit/(loss) for the year even if the investment is removed from accounts. Application of the «FVTOCI» option is irrevocable and reclassifications between the three categories are not permitted.

Related to classification of financial assets represented by RECEIVABLES AND CERTIFICATES OF INDEBTEDNESS, two elements need to be considered:

1. the business model adopted by the company. Specifically:
 - Held to Collect (HTC), model aimed at owning the financial assets to collect contractual flows;
 - Held To Collect and Sale (HTC&S), model aimed at both collecting contractual flows resulting from the financial assets and to sell the financial asset itself;
 - other different business models to the two previous ones.
2. the characteristics of the contractual cash flow coming from the financial instrument. More specifically, checking whether those contractual cash flows are solely represented by payment of capital and interest or include other components. This control is called SPPI Test (Solely Payment of Principal and Interest Test).

A financial asset represented by a certificate of indebtedness can be classified in the following categories:

1) Amortised cost when:

- a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and
- b. the business model adopted by the company foresees that the latter only holds the financial asset to collect the contractual cash flows (HTC business model).

In this category, financial instruments are initially recognised at fair value, including operating costs, and are then valued at amortised cost. Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses (and recovery of losses) for reduced value, profits/(losses) on exchange and profits/(losses) resulting from elimination from accounts are recognised in profit/(loss) of the year.

2) Fair Value Through Other Comprehensive Income (FVTOCI) when:

- a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and
- b. the business model adopted by the company foresees that the latter holds the financial asset to collect the contractual cash flows and the cash flows generated by sales (HTC&S business model).

In that category the financial instruments classified are initially recognised at fair value, including operating costs. Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses/(profits) for reduced value, profits/(losses) on exchange are recognised in profits/(losses) for the year. Other changes to the fair value of the instrument are recognised amongst the other comprehensive income statement components (OCI). When the instrument is deleted from accounts, all profits/(losses) accumulated to OCI will be reclassified in the profit/(loss) for the year.

3) Fair Value Through Profit Or Loss secondarily, that is when:

- a. the criteria described above are not complied with or;
- b. when the fair value option is exercised.

Financial instruments classified in that category are initially and subsequently recognised at fair value. Operation costs and the changes in fair value are recognised in the profit/(loss) for the year.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Losses for reduction in value

The «expected credit loss» model (or «ECL» model) assumes a significant valuation level due to the impact of economic factor changes on the ECL which are weighted based on probability.

The new loss for reduction in value model applies to financial assets valued at amortised cost or at FVOCI, except for the credit instruments and assets resulting from contracts with customers.

Funds hedging credits are valued using the following approaches: the «General deterioration method» and the «Simplified approach»; specifically:

- The «General deterioration method» requires classification of the financial instruments included in the scope of IFRS 9 application in three stages. The three stages reflect the credit's quality deterioration level, from when the financial instrument is acquired, and imply a different ECL calculation method;

- The «Simplified approach» foresees adoption of some simplifications for trade credits, contract assets and credits resulting from leasing contracts, in order to avoid that companies be obliged to monitor changes to the credit risk, as foreseen by the general model. Recognition of the loss applying the simplified approach must be lifetime, therefore the allocation stage is not required. Therefore, for that type receivables are divided into uniform clusters; the reference parameters (PD, LGD, and EAD) used to calculate the lifetime expected credit losses are then calculated for each cluster using the information available.

In cases where the General Deterioration Method is applied, as was said, financial instruments are classified in three stages based on deterioration of the credit quality between the date of initial recognition and that of valuation:

- Stage 1: includes all financial assets being considered when they are first recognised (Initial recognition date) regardless of the qualitative parameters (e.g.: rating) and except for situations with objective evidence of impairment. In the subsequent valuation stage, all financial instruments that have had a significant increase in credit risk compared to initial recognition or that have a low credit risk at the reference date remain in stage 1. For those assets, credit losses for the next 12 months (12-month ECL) are recognised, considering the possibility that default could occur in the next 12 months. The interest on financial instruments included in stage 1 is calculated on the book value gross of any asset impairment losses;
- Stage 2: includes financial instruments that have had a significant increase in credit risk compared to the initial recognition Date, but no objective evidence of impairment. Solely expected credit losses resulting from all possible default events are recognised for those assets; for the entire expected lifetime of the financial instrument (Lifetime ECL). The interest on financial instruments included in stage 2 is calculated on the book value gross of any asset impairment losses;
- Stage 3: includes financial assets with objective evidence of impairment at the Date of valuation. Solely expected credit losses resulting from all possible default events, for the entire expected lifetime of the financial instrument, are recognised for those assets.

Financial liabilities

Classification and measurement

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, net of directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the liability is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.

Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer their payment for at least 12 months after the reporting date.

Derecognition

Financial liabilities are derecognised when they are extinguished, and the Group has transferred all the risks and obligations related to them.

Derivatives

In line with IFRS 9, in the first application stage, the Group has decided to avail itself of the possibility to still apply the hedge accounting provisions foreseen by IAS 39. So, provisions regarding derivative financial instruments have remained the same.

The Group uses derivatives to hedge the risk of fluctuations in exchange rates, interest rates and market prices. All derivatives are measured and recognised at fair value.

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of IFRS were not met at the derivative agreement date, changes in their fair value are recognised in the income statement.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity's risk management objective and strategy for undertaking the hedge as well as methods to test effectiveness. The hedge's effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument. When the hedge relates to changes in the fair value of a recognised asset or liability (fair value hedge), changes in the fair value of both the hedging instrument and the hedged item are recognised in the income statement. In the case of cash flow hedges (hedging designated to offset the risk of changes in cash flows generated by the future performance of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to the income statement under operating income (expense). If the hedge is not perfectly effective, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately recognised in the income statement. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to the income statement. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to the income statement using the above classification method when the originally hedged transaction takes place.

The fair value of financial instruments was calculated using pricing techniques in order to define the present value of future cash flows attributable to such instruments, using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the Group and the counterparty) was measured using yield-curve spreads.

Treasury shares

The cost of an entity's own equity instruments that it has reacquired («treasury shares») is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits

Liabilities for employee benefits paid at or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue. Defined benefit plans also include the post-employment benefits (TFR) due to employees¹ pursuant to Art. 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following

¹Relating to Italian companies.

pension law reform, postemployment benefits accruing since 1 January 2007 are compulsorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the Group's liability for defined benefits owing to employees solely relates to those vested up to 31 December 2006.

Accounting policies adopted by the Group¹ since 1 January 2007 (described below) comply with the prevailing interpretation of the new legislation and follow the accounting guidance provided by relevant professional bodies. Specifically:

- post-employment benefits accruing since 1 January 2007 are considered to be *defined contribution plans*, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial evaluation and are recognised as personnel expense.
- post-employment benefits vested up to 31 December 2006 continue to be recognised as a company liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2016 balance did not include future salary increases.

Independent actuaries calculate the present value of the Group's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the 6 For Italian companies. employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the Group's obligation and employee turnover rate.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's obligations at the reporting date, due to changes in the actuarial assumptions previously used (see above), are recognised directly in other comprehensive income.

Provisions for risks and charges

These provisions cover certain or probable risks and charges identified, whose due date or amount is unknown at the reporting date.

Accruals to provisions for risks and charges are recognised when the company has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as a financial expense. The Group sets up a specific provision when it has an obligation to dismantle and restore sites (e.g., quarries), thus increasing the carrying amount of the related asset pursuant to IFRIC 1.

Revenue from contracts with customers

The Group is in the business mainly of producing and distributing cement, ready-mixed concrete, aggregates and related services. Revenue from contracts with customers is recognised at the point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. For standard sale of products, control generally passes to the customer at the time the product is delivered and accepted, depending on the delivery conditions and incoterms. The Group has generally concluded that it is the principal in its revenue arrangements.

The transaction price may be variable due to discounts, rebates or similar arrangements. Revenue is only recognised for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of services

The Group is providing mainly transport services which are recognised at the time the service is provided.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate, i.e., the interest rate that matches the cash inflows and outflows of a specific transaction. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established. This usually takes place at the date of the shareholders' resolution to distribute the dividends. Therefore, distribution is recognised as a liability in the period in which the shareholders approve it.

Income taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, except for goodwill, applying the tax rates expected to be enacted in the years in which the temporary differences will be recovered or settled. Deferred tax assets are recognised when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in the income statement except for those related to items directly recognised in other comprehensive income. Other current and deferred income taxes are offset when the income taxes are applied by the same tax authority, there is a legal right to offset and payment of the net balance is expected.

Other non-income taxes, such as property taxes, are recognised under other operating costs.

Earnings per share

- (i) Basic: basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares.
- (ii) Diluted: diluted earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares. The weighted average is adjusted assuming that all potential shares with diluting effects have been converted. Diluted earnings per share are not calculated if the Group makes a loss, as any dilutive effect would lead to an improvement in the earnings per share.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency of individual group companies are recognised at the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the functional currency are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in the income statement.

Non-monetary assets and liabilities denominated in a currency other than the functional currency are

recognised at historical cost and converted using the exchange rate in force at the date the transaction was first recognised.

Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate in force at the date fair value was determined.

Translation of financial statements of foreign operations

The financial statements of subsidiaries, associates and joint ventures are prepared using the currency of the primary economic environment in which they operate (the functional currency).

The financial statements of group companies operating outside the eurozone are translated into euros using the closing rate for the statement of financial position items and the average annual rate for the income statement items if no major fluctuations are detected in the reference period, in which case the exchange rate on the date of the transaction applies. Translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the different methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

When a foreign operation is sold, the translation differences accumulated in the specific equity reserve are reclassified to profit or loss.

The main exchange rates used in translating the financial statements of companies with functional currencies other than the euro are as follows:

	31 December 2020	Average 2020	31 December 2019	Average 2019
Turkish lira – TRY	9.11	8.05	6.68	6.36
US dollar – USD	1.23	1.14	1.12	1.12
British pound – GBP	0.90	0.89	0.85	0.88
Egyptian pound – EGP	19.20	17.94	17.92	18.80
Danish krone – DKK	7.44	7.45	7.47	7.47
Icelandic krona – ISK	156.10	154.59	135.80	137.28
Norwegian krone – NOK	10.47	10.72	9.86	9.85
Swedish krona – SEK	10.03	10.48	10.45	10.59
Malaysian ringgit – MYR	4.93	4.80	4.60	4.64
Chinese renminbi yuan – CNY	8.02	7.87	7.82	7.74

Use of estimates

The preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements items that require greater subjective judgement by management when making estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the Group's consolidated financial statements are the following:

- *Intangible assets with an indefinite life:* goodwill is tested for impairment annually to identify any impairment losses to be recognised in the income statement. Specifically, testing entails the calculation of the recoverable amount of the CGUs to which goodwill is allocated by estimating the related value in use or fair valueless costs to sell; if the recoverable amount is lower than the CGUs' carrying amount, the goodwill allocated to it is impaired. Allocation of goodwill to the CGUs and determination of their fair value involves the use of estimates that rely on factors that may change over time, with potentially significant effects compared to the valuations made by management.

- *Impairment losses on non-current assets:* in accordance with the Group's accounting policies, property, plant and equipment and intangible assets with a finite life are tested for impairment when indicators exist showing that recovery of the relative carrying amount through the assets' use is unlikely. Management makes use of subjective judgments based on information available within the Group and on the market as well as past experience to check the existence of these indicators. If there is indication of impairment, the Group determines impairment using valuation techniques deemed suitable. The correct identification of impairment indicators and the estimates used to determine impairment rely on factors that may vary over time, affecting management's judgement and estimates.
- *Amortisation and depreciation of non-current assets:* amortisation and depreciation are significant costs for the Group. The cost of property, plant and equipment is depreciated systematically over the assets' estimated useful life. The estimated useful life of the Group's assets is determined by management when the asset is purchased, on the basis of past experience of similar assets, market conditions and expectations about future events that could impact the assets' useful life, such as technological change. As such, effective useful life may differ from estimated useful life. The Group regularly assesses technological and sector changes, dismantlement costs and the recoverable amount to update useful life. This regular update could lead to a change in the depreciation period and, therefore, the amount of depreciation in future years. Management regularly reviews the estimates and assumptions and the effects of each change are recognised in the income statement. When the review affects current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.
- *Purchase price allocation:* as part of business combinations, the identifiable assets purchased and the liabilities assumed are recognised in the consolidated financial statements at fair value on the acquisition date, through a Purchase price allocation process, against the consideration transferred to acquire the control of a company, which corresponds to the fair value of the assets acquired and the liabilities assumed, as well as of capital instruments issued. During the measurement period, the calculation of the aforementioned their values requires Directors to make estimates on the information available on all facts and circumstances that exist on the acquisition date and may affect the value of the acquired assets and assumed liabilities.
- *Estimate of the fair value of investment property:* at each reporting data investment property is measured at fair value and is not subject to depreciation. When determining their fair value, the Directors based their valuation on assumptions about the trend of the reference real estate market in particular. Such assumptions may vary over time, influencing evaluations and forecasts to be performed by the Directors.
- *Provisions:* for recognition and measurement of provisions and contingencies key assumptions about the likelihood and magnitude of an outflow of resources; as described in the accounting policies Provision for risks and charges, Property, plant and equipment and Emission rights.

Changes in accounting policies, errors and changes in estimates

The Company modifies the accounting policies adopted from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the company's financial position, performance and cash flows.

Changes in accounting policies are recognised retrospectively in the opening balance of each affected component of equity for the earliest prior period presented. Other comparative amounts shown for each previous period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

The application of a new or amended accounting standard is accounted for as required by the standard. If the standard does not govern the transition method, the change is accounted for retrospectively or, if impracticable, on a prospective basis.

This same approach is applied to material errors. Non-material errors are recognised in the income statement in the period in which the error is identified.

Changes in estimates are recognised prospectively in the income statement in the period in which the change

takes place, if it only affects that period, or in the period in which the change takes place and subsequent periods, if the change also affects these periods.

Financial risk management

The Group is exposed to financial risks related to its operations, namely:

Credit risk

The Group is not particularly exposed to credit risk, despite operating in different geographical markets, as it is not overly exposed to a limited number of positions. Moreover, its operating procedures require checks on credit risk, with the sale of products and/or services limited to customers with suitable credit ratings and guarantees. Receivables are recognised net of the loss allowance, calculated considering the rules set out by IFRS 9, as mentioned above. Therefore, the maximum exposure to credit risk is equivalent to the carrying amount. With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

Specifically, the Group monitors and manages its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

It meets its liquidity requirements for investing activities, working capital and the payment of amounts payable drawing on cash flows generated constantly by its operating activities and on credit facilities.

The Group aims to maintain its ability to generate cash flows through operating activities, given the current market conditions. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through its access to credit facilities.

Market risk

Market risk mainly concerns exchange rates, interest rates and raw materials costs, as the Group operates internationally in areas with different currencies. It uses financial instruments to hedge these risks.

The Group monitors the financial risks to which it is exposed regularly so as to assess in advance any potential impacts and take the most suitable action to mitigate them; it does this through the use of derivatives.

Currency risk

Group companies operate internationally; as such they are structurally exposed to currency risk for cash flows from operating activities and financing operations in currencies other than the functional currency.

The Group's operating activities are exposed differently to changes in exchange rates: in particular the cement sector is exposed to currency risk on both revenues, for exports, and costs to purchase solid fuels in USD; whereas the ready-mixed concrete sector is less exposed as both revenue and costs are in local currency. The Group assesses the natural hedging of cash flows and financing for these risks and purchases currency forwards and currency put and call options for hedging purposes. Transactions involving derivatives are performed for hedging purposes.

The Group's presentation currency is the euro. As a result, it is exposed to currency risk in relation to the translation of the financial statements of consolidated companies based in countries outside the Economic Monetary Area (except for Denmark whose currency is historically tied to the euro). The income statements of these companies are translated into euros using the average annual rate in the event that changes in value are not significant, and changes in exchange rates may affect the value in euros, even when the revenue and profits in local currency remain unchanged. Pursuant to the IFRS, translation differences on assets and liabilities are recognised directly in equity in the translation reserve (note 13).

Interest rate risk

As the Group has net financial debt, it is exposed to the risk of fluctuations in interest rates. The Group purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.

The Group's operating and financial policies aim to minimise the impact of these risks on its performance.

Raw materials price risk

The Group is exposed to the risk of fluctuations in raw materials prices. It manages this risk through supply agreements with Italian and foreign suppliers which set prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of supply chain concentration and to obtain the most competitive prices.

Also refer to note 32 for quantitative information on risks.

Group's value

The market capitalisation of the Cementir share at 31 December 2020 is EUR 1,058.1 million (EUR 1,069.9 million at 31 December 2019), against Equity attributable to owners of the Parent of EUR 1,056,7 million (EUR 1,044.6 million at 31 December 2019); as the investors are assigning to the company a value higher than that resulting from the economic value of its net assets as according to the Group balance sheet as of the end of 2020.

Segment reporting

In accordance with IFRS 8, the Group has identified its operating segments on the basis of the Parent's internal reporting system for management purposes.

The Group's operations are organised on a regional basis, divided into Regions that represent the following geographical areas: Nordic & Baltic, Belgium, North America, Turkey, Egypt, Asia Pacific and Italy.

The Nordic & Baltic includes Denmark, Norway, Sweden, Iceland, Poland, Russia and the white cement operations in Belgium and France. Belgium includes the activities of the Compagnie des Ciments Belges S.A. group in Belgium and France. North America includes the United States. The Asia Pacific area includes China, Malaysia and Australia. Holding and Services mainly with Corporate, Spartan Hive and Aalborg Portland Digital and other minor companies. The Group's geographical segments consist of the non-current assets of each company based and operating in the above areas. Transfer prices applied to transactions between segments for the exchange of goods and services comply with normal market conditions.

The following table shows the performance of each operating segment at 31 December 2020:

[EUR'000]	Nordic & Baltic		Belgium	North America USA	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments	CEMENTIR HOLDING GROUP
	Denmark	Other*								
Operating revenue	403,900	235,180	250,610	146,791	148,048	44,058	97,510	98,534	(191,832)	1,232,799
Intra-segment operating revenue	(85,571)	(2,643)	-	(1,019)	(19,081)	(2,958)	-	(80,560)	191,832	
Contributed operating revenue	318,329	232,537	250,610	145,772	128,967	41,100	97,510	17,974		1,232,799
Segment result (EBITDA)	131,440	20,481	61,206	21,299	6,830	9,802	23,913	(11,231)	-	263,740
Amortisation, depreciation, impairment losses and provisions	(35,746)	(9,801)	(23,166)	(12,924)	(10,273)	(3,060)	(7,505)	(4,092)	-	(106,567)
EBIT	95,694	10,680	38,040	8,375	(3,443)	6,742	16,408	(15,323)	-	157,173
Net profit (loss) of equity-accounted investees	315	256	-	-	-	-	-	-	-	571
Net financial income (expense)	-	-	-	-	-	-	-	-	(15,186)	(15,186)
Profit (loss) before taxes	-	-	-	-	-	-	-	-	-	142,558
Income taxes	-	-	-	-	-	-	-	-	(33,195)	(33,195)
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	109,363

*«Other» includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows the performance of each operating segment at 31 December 2019:

[EUR'000]	Nordic & Baltic		Belgium	North America USA	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments	CEMENTIR HOLDING GROUP
	Denmark	Other*								
Operating revenue	393,985	251,517	264,820	158,158	134,157	34,627	101,596	77,257	(172,725)	1,243,392
<i>Intra-segment operating revenue</i>	<i>(91,693)</i>	<i>(4,480)</i>	-	<i>(852)</i>	<i>(968)</i>	<i>(1,810)</i>	-	<i>(72,922)</i>	<i>172,725</i>	-
Contributed operating revenue	302,292	247,037	264,820	157,306	133,189	32,817	101,596	4,335	-	1,243,392
Segment result (EBITDA)	112,180	23,352	68,089	24,068	(2,349)	6,340	23,543	8,571	-	263,794
Amortisation, depreciation, impairment losses and provisions	(34,287)	(9,968)	(24,089)	(14,900)	(15,072)	(2,793)	(7,191)	(3,751)	-	(112,051)
EBIT	77,893	13,384	44,000	9,168	(17,421)	3,547	16,352	4,820	-	151,743
Net profit (loss) of equity-accounted investees	142	168	-	736	-	-	-	-	-	310
Net financial income (expense)	-	-	-	-	-	-	-	-	(25,405)	(25,405)
Profit (loss) before taxes	-	-	-	-	-	-	-	-	-	126,648
Income taxes	-	-	-	-	-	-	-	-	(36,219)	(36,219)
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	90,429

The following table shows other data for each geographical segment at 31 December 2020:

[EUR'000]	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic:					
Denmark	587,511	463,018	294,318	2,956	30,798
Others*	138,794	77,007	69,825	1,352	9,086
Belgium	475,475	397,386	161,981	-	23,050
North America	285,988	204,330	48,183	-	4,684
Turkey	219,253	157,053	55,986	-	9,739
Egypt	104,258	35,317	19,349	-	1,323
Asia Pacific	152,880	69,354	23,798	-	4,568
Holding and Services	268,220	78,183	375,977	-	2,658
Total	2,232,379	1,481,648	1,049,417	4,308	85,906

*«Other» includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows other data for each segment at 31 December 2019:

[EUR'000]	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic:					
Denmark	591,384	467,655	312,669	2,838	39,825
Others*	138,342	79,383	71,559	1,041	8,996
Belgium	524,228	397,944	156,948	-	17,629
North America	322,016	232,085	53,881	-	4,165
Turkey	286,859	206,886	60,607	-	6,262
Egypt	103,728	39,584	17,566	-	1,991
Asia Pacific	143,497	75,296	21,873	-	6,318
Holding and Services	156,040	77,891	389,424	-	3,174
Total	2,266,094	1,576,724	1,084,527	3,879	88,360

*«Other» includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows revenue from third-party customers by geographical segment in 2020:

[EUR'000]	Nordic & Baltic		Belgium	North America USA	Turkey	Egypt	Asia Pacific	Italy	Rest of the World	CEMENTIR HOLDING GROUP
	Denmark	Other*								
Revenue by customer geographical location	278,832	283,926	173,287	155,818	131,606	22,095	105,754	97	73,378	1,224,793

*«Other» includes the operations in Norway, Sweden, Iceland, Poland and Russia.

Also refer to note 21) for information on segment revenue by product.

NOTES

1) Intangible assets with a finite useful life

At 31 December 2020, intangible assets with a finite useful life amounted to EUR 195,931 thousand (EUR 214,388 thousand at 31 December 2019). Concession rights and licences mainly consisted of concessions to use quarries and software licences for the IT system (SAP R/3). Other intangible assets include the values assigned to certain assets upon acquisition of the CCB Group and LWCC, such as customer lists and contracts for the exclusive exploitation of quarries. These amounts were recognised as part of the purchase price allocation for the acquisition of these companies.

Amortisation is applied over the assets' estimated useful life.

[EUR'000]	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2020	1,786	55,337	237,401	456	294,980
Additions	-	1,105	1,475	4,013	6,593
Disposals	-	(3,781)	(1,390)	-	(5,171)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	(2,257)	(8,249)	2	(10,504)
Reclassifications	-	599	1,898	(1,059)	1,438
Gross amount at 31 December 2020	1,786	51,003	231,135	3,412	287,336
Amortisation at 1 January 2020	1,786	21,487	57,319	-	80,592
Amortisation	-	3,413	13,978	-	17,391
Decrease	-	(3,781)	(1,390)	-	(5,171)
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	(211)	(1,596)	-	(1,807)
Reclassifications	-	-	400	-	400
Amortisation at 31 December 2020	1,786	20,908	68,711	-	91,405
Net amount at 31 December 2020	-	30,095	162,424	3,412	195,931

The Group spent approximately EUR 2.1 million on research and development during the year (EUR 2.1 million at 31 December 2019), all of which was recognised in the income statement.

[EUR'000]	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2019	1,786	52,256	231,191	485	285,718
Additions	-	1,646	342	4,936	6,924
Disposals	-	(29)	(140)	-	(169)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	585	1,685	8	2,278
Reclassifications	-	879	4,323	(4,973)	229
Gross amount at 31 December 2019	1,786	55,337	237,401	456	294,980
Amortisation at 1 January 2019	1,786	17,732	42,655	-	62,173
Amortisation	-	3,292	15,174	-	18,466
Decrease	-	(24)	(140)	-	(164)
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	123	(6)	-	117
Reclassifications	-	364	(364)	-	-
Amortisation at 31 December 2019	1,786	21,487	57,319	-	80,592
Net amount at 31 December 2019	-	33,850	180,082	456	214,388

2) Intangible assets with an indefinite useful life (goodwill)

The Group regularly tests intangible assets with an indefinite useful life, consisting of goodwill allocated to CGUs, for impairment.

At 31 December 2020, the item amounted to EUR 329,776 thousand (EUR 349,047 thousand at 31 December 2019). The following table shows CGUs by macro geographical segment.

31.12.2020

[EUR'000]	Nordic & Baltic		North America USA	Turkey	Egypt	Asia Pacific	Italy	Total
	Denmark	Other						
Opening balance	230,632	26,392	27,387	59,284	2,124	3,228	-	349,047
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-
Exchange differences	55	(1,528)	(2,315)	(15,127)	(142)	(214)	-	(19,271)
Reclassifications	-	-	-	-	-	-	-	-
Closing balance	230,687	24,864	25,072	44,157	1,982	3,014	-	329,776

31.12.2019

[EUR'000]	Nordic & Baltic		North America USA	Turkey	Egypt	Asia Pacific	Italy	Total
	Denmark	Other						
Opening balance	230,639	26,509	26,870	64,924	1,852	3,139	-	353,933
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-
Exchange differences	(7)	(117)	517	(5,640)	272	89	-	(4,886)
Reclassifications	-	-	-	-	-	-	-	-
Closing balance	230,632	26,392	27,387	59,284	2,124	3,228	-	349,047

In line with previous years, the Group tested the cash generating units (hereinafter CGUs), to which goodwill had been allocated, for impairment.

CGUs are defined as the smallest identifiable group of assets that generates cash inflows which are largely independent of cash inflows generated by other assets or groups of assets. The Group's CGUs consist of companies and/or the specific facilities they operate and to which goodwill paid at acquisition was allocated. At 31 December 2020, the Group represented the CGUs on the basis of its operating segments, consistent with corporate organisation. The CGU groupings for the «Nordic & Baltic» and «Turkey» include CGUs to which goodwill was allocated for the local acquisitions of companies and/or plants.

In particular, the «Nordic & Baltic» CGU includes the Aalborg Portland Group, Unicon Denmark and Unicon Norway, the «North America» CGU includes the United States, the «Turkey» CGU includes the Cimentas Group, Lalapasa, Sureko, Elazig Cimento, Neales and Egypt refers to the Sinai White Cement Company, the «Asia Pacific» CGU includes Aalborg Portland Malaysia, China and Australia.

Impairment *testing* of the CGUs covered cash flows tied to the acquisition of the relative groups and consolidated at Cementir Holding level, to check goodwill generated upon acquisition by the Parent for impairment.

Impairment testing involved comparing each CGU's carrying amount with its value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows forecast by the three/five years plans prepared by the directors of each CGU. Cash flow projections were estimated using budget forecasts for 2021

approved by the Board of Directors of the respective subsidiaries and of the following two / four-year period carried out by the company management; these projections were prepared on the basis of the Group Business Plan for the three-year period 2021-2023, examined and approved by the Board of Directors of Cementir Holding NV on 4 February 2021. The terminal values were determined using a perpetual growth rate.

The discount rate applied to the estimated future cash flows was determined for each CGU using a weighted average cost of capital (WACC).

Key assumptions to determine value in use of CGUs were as follows:

31.12.2020

Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2021 to terminal period	Average EBITDA ratio 2021 to terminal period
Nordic & Baltic	1%	3,8-4,5%	2-5,6%	7-15%
North America	1%	5%	2%	16%
Turkey/Egypt	3-4%	15-17,7%	0,5-21%	9-17,7%
Asia Pacific	3%	7%	4-6%	17-27%

31.12.2019

Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2020 to terminal period	Average EBITDA ratio 2020 to terminal period
Nordic & Baltic	1%	4-6%	1-2%	6-14%
North America	1%	6%	3%	18%
Turkey/Egypt	3-4%	15-15,5%	0,3-26%	9-15%
Asia Pacific	3%	8-9%	3%	16-28%

The above tests did not identify any impairment at 31 December 2020.

A sensitivity analysis was performed assuming a hypothetical variation in the discount rate (WACC) and showed that the impairment test results were not sensitive to changes in input assumptions. Specifically, a variation in WACC, at the same conditions, would not result in the recognition of any impairment loss for all the CGUs listed above. Furthermore, a growth rate of terminal values equal to zero, at the same conditions, would not result in the recognition of any impairment loss for all the aforesaid CGUs.

Impairment testing took into consideration performance expectations for 2021. The Group made specific forecasts about its business performance for subsequent years considering the financial and market situation. The input assumptions stated in the table above were applied to estimates and forecasts determined by on the basis of past experience and expected developments in the markets in which the Group operates. The Group constantly monitors circumstances and events that could lead to impairment losses based on developments in the current economic climate.

Although during 2020 the impact of the Covid-19 pandemic on the Group's business was limited, as there were no significant changes in business and demand, the Covid-19 pandemic could have a negative impact on business in the Group's future, the extent of which is difficult to determine at this stage. In relation to this, we have developed and implemented emergency plans and are closely monitoring the evolution of the situation. We will take all necessary steps to keep the business running and protect our employees, suppliers, customers and all other stakeholders.

In 2021, the Group expects to achieve consolidated revenues of approximately EUR 1.3 billion, an EBITDA of between EUR 285 and EUR 295 million and a net financial debt of approximately EUR 30 million at the end of the period, including capital expenditure of approximately EUR 95 million.

This forward-looking indication does not include any new outbreaks of the Covid-19 pandemic in the coming months.

3) Property, plant and equipment

At 31 December 2020, property, plant and equipment reached EUR 817,771 thousand (EUR 860,385 thousand at 31 December 2019) and included EUR 83.9 million (EUR 82.7 million at 31 December 2019) in *right of use* assets.

Additional disclosures for each category of property, plant and equipment are set out below:

[EUR'000]	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
Gross amount at 1 January 2020	490,051	194,727	1,499,290	65,330	102,138	41,612	2,393,148
Right of use reclassifications	17,933	-	16,914	67,291	(102,138)	-	-
Gross amount at 1 January 2020	507,984	194,727	1,516,204	132,621	-	41,612	2,393,148
Additions	4,033	2,314	19,890	25,021	-	28,055	79,313
Disposals	(1,904)	-	(9,247)	(8,263)	-	(359)	(19,773)
Impairment losses	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(21,612)	(635)	(58,640)	(4,490)	-	(584)	(85,961)
Reclassifications and similar changes	(91,268)	(6,590)	(364,331)	(74)	-	(29,650)	(491,913)
Gross amount at 31 December 2020	397,233	189,816	1,103,876	144,815	-	39,074	1,874,814
Depreciation at 1 January 2020	307,689	24,688	1,133,182	47,750	19,454	-	1,532,763
Right of use reclassifications	3,281	-	3,041	13,132	(19,454)	-	-
Depreciation at 1 January 2020	310,970	24,688	1,136,223	60,882	-	-	1,532,763
Depreciation	13,842	1,768	47,561	23,661	-	-	86,832
Decrease	(1,234)	-	(7,294)	(5,651)	-	-	(14,179)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(9,677)	(613)	(42,879)	(3,015)	-	-	(56,184)
Reclassifications and similar changes	(91,107)	(6,812)	(391,499)	(2,771)	-	-	(492,189)
Depreciation at 31 December 2020	222,794	19,031	742,112	73,106	-	-	1,057,043
Net amount at 31 December 2020	174,439	170,785	361,764	71,709	-	39,074	817,771

Note 31 IFRS 16 – «Leases» gives a breakdown of Right of use assets categorised according to their nature.

[EUR'000]	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
Gross amount at 1 January 2019	489,623	188,968	1,472,226	64,640	5,789	47,087	2,268,333
Change in accounting policy, leases	-	-	-	-	77,821	-	77,821
Additions	1,393	2,849	17,624	2,920	24,677	31,973	81,436
Disposals	(1,066)	(5)	(7,831)	(7,198)	(6,029)	(965)	(23,094)
Impairment losses	(161)	-	(1,714)	(1,238)	-	-	(3,113)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(1,217)	574	(7,378)	(1,205)	(120)	446	(8,900)
Reclassifications and similar changes	1,479	2,341	26,363	7,411	-	(36,929)	665
Gross amount at 31 December 2019	490,051	194,727	1,499,290	65,330	102,138	41,612	2,393,148
Depreciation at 1 January 2019	299,238	21,498	1,107,137	47,437	3,524	-	1,478,834
Change in accounting policy, leases	-	-	-	-	-	-	-
Depreciation	10,972	2,484	46,374	3,710	24,479	-	88,019
Decrease	(638)	-	(7,591)	(7,037)	(4,633)	-	(19,899)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(729)	236	(8,197)	(822)	(26)	-	(9,538)
Reclassifications and similar changes	(1,154)	470	(4,541)	4,462	(3,890)	-	(4,653)
Depreciation at 31 December 2019	307,689	24,688	1,133,182	47,750	19,454	-	1,532,763
Net amount at 31 December 2019	182,362	170,039	366,108	17,580	82,684	41,612	860,385

See the section on accounting policies for the useful life criteria adopted by the Group.

At 31 December 2020, a total of EUR 107.9 million of property, plant and equipment (EUR 111.7 million at 31 December 2019) was pledged as collateral for bank loans totalling a residual EUR 110.7 million at the reporting date (EUR 122.7 million at 31 December 2019).

Contractual commitments in place at 31 December 2020 to purchase property, plant and equipment amounted to EUR 0 million (EUR 2.7 million at 31 December 2019). No financial expenses were capitalised in 2020, nor in 2019.

4) Investment property

Investment property of EUR 79,242 thousand (EUR 90,602 thousand at 31 December 2019) is recognised at fair value, calculated annually based on independent expert opinions.

[EUR'000]	31.12.2020			31.12.2019		
	Land	Buildings	Total	Land	Buildings	Total
Opening balance	61,896	28,706	90,602	61,429	28,723	90,152
Increase	-	-	-	-	-	-
Decrease	(782)	-	(782)	-	-	-
Fair value gains (losses)	6,336	133	6,469	6,188	284	6,472
Exchange differences	(16,199)	(848)	(17,047)	(5,721)	(301)	(6,022)
Reclassifications	-	-	-	-	-	-
Closing balance	51,251	27,991	79,242	61,896	28,706	90,602

At 31 December 2020, the investment property mainly included land and buildings of the Cimentas Group for EUR 50.3 million (EUR 61.4 million at 31 December 2019).

At 31 December 2020, approximately EUR 6.9 million of investment property was pledged as collateral for bank loans totalling a residual, undiscounted amount of approximately EUR 4.2 million at the reporting date. The fair value of investment property was determined by independent property assessors who meet professionalism requirements, bearing in mind mainly the prices of other similar assets recently involved in transactions or currently offered on the same market. Refer to note 33) for information on fair value.

5) Equity-accounted investments

The item includes the Group's share of equity in equity-accounted associates and joint ventures. The carrying amount of these investments and the Group's share of the investees' profit or loss are shown below:

31.12.2020

Companies	Business	Registered office	% owned	Carrying amount	Share of profit or loss
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,956	315
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,352	256
Total				4,308	571

31.12.2019

Companies	Business	Registered office	% owned	Carrying amount	Share of profit or loss
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,838	142
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,041	168
Total				3,879	310

No indicators of impairment were identified for these investments.

6) Other investments

[EUR'000]	31.12.2020	31.12.2019
Available-for-sale equity investments Opening balance	285	210
Increase (decrease)	-	19
Fair value gains (losses)	-	-
Change in consolidation scope	-	-
Reclassifications to assets held for sale	-	-
Exchange differences	(14)	(3)
<i>Reclassifications - Recybel</i>	-	59
Available-for-sale equity investments Closing balance	271	285

No indicators of impairment were identified.

7) Inventories

The carrying amount of inventories approximates their fair value; a breakdown of the item is shown below:

[EUR'000]	31.12.2020	31.12.2019
Raw materials, consumables and supplies	82,649	85,299
Work in progress	33,170	40,293
Finished goods	33,837	46,367
Advances	610	406
Inventories	150,266	172,365

Changes were recorded over the period in the different inventory categories as a result of manufacturing processes and sales, the costs of factors of production and the foreign exchange rates used to translate financial statements stated in foreign currencies.

The increase in raw materials, consumables and supplies, negative for EUR 2,899 thousand (positive for EUR 13,456 thousand at 31 December 2019) was expensed in the income statement as «Raw materials costs» (Note 23). The negative change in work in progress and finished goods was recorded in the income statement for a total of EUR 14,436 thousand (31 December 2019: positive for EUR 5,798 thousand).

There were no inventory impairment losses generated by a slowdown in demand due to Covid-19. On the contrary, stock levels showed a contraction also following the development of volumes that took place in the second half of the year.

8) Trade receivables

Trade receivables totalled EUR 155,065 thousand (EUR 150,475 thousand at 31 December 2019) and break down as follows:

[EUR'000]	31.12.2020	31.12.2019
Trade receivables	158,100	154,945
Loss allowance	(7,784)	(8,262)
Net trade receivables	150,316	146,683
Advances to suppliers	3,902	3,696
Trade receivables - related parties (note 34)	847	96
Trade receivables	155,065	150,475

The carrying amount of trade receivables equals their fair value. They arise on commercial transactions for the sale of goods and services and do not present any significant concertation risks.

There were no problems in collecting receivables caused by the activity slowdown in the March/May period, the time of maximum exposure to the pandemic.

The breakdown by due date is shown below:

[EUR'000]	31.12.2020	31.12.2019
Not yet due	135,790	116,998
Overdue:	22,310	37,947
0-30 days	14,615	17,366
30-60 days	3,069	7,375
60-90 days	714	3,203
More than 90 days	3,912	10,003
Total trade receivables	158,100	154,945
Loss allowance	(7,784)	(8,262)
Net trade receivables	150,316	146,683

9) Current and non-current financial assets

Non-current financial assets of EUR 576 thousand (EUR 1,643 thousand at 31 December 2019) mainly refer to financial items which will be expensed upon termination of the financing contract signed by Cementir Holding NV.

Current financial assets totalled EUR 2,614 thousand (EUR 1,192 thousand 31 December 2019) and break down as follows:

[EUR'000]	31.12.2020	31.12.2019
<i>Fair value of derivatives</i>	2,134	36
Accrued income/ Prepayments	77	762
Loan assets - related parties (note 34)	402	393
Other loan assets	1	1
Current financial assets	2,614	1,192

10) Current tax assets

Current tax assets, totalling EUR 6,126 thousand (EUR 5,172 thousand at 31 December 2019), mainly refer to IRES and IRAP payments on account to tax authorities, approximately EUR 1.2 million, withholdings (EUR 2.8 million).

11) Other current and non-current assets

Other non-current assets totalled EUR 5,003 thousand (EUR 6,800 thousand at 31 December 2019) and mainly consisted of VAT assets and deposits.

Other current assets totalled EUR 23,095 thousand (EUR 29,218 thousand at 31 December 2019) and consisted of non-commercial items. The item breaks down as follows:

[EUR'000]	31.12.2020	31.12.2019
VAT assets	10,369	12,250
Personnel	86	544
Accrued income	132	343
Prepayments	3,297	3,607
Other receivables	9,211	12,474
Other current assets	23,095	29,218

12) Cash and cash equivalents

Totalling EUR 413,565 thousand (EUR 330,948 thousand at 31 December 2019), the item consists of liquidity held by the Group, which is usually invested in short-term financial transactions. The item breaks down as follows:

[EUR'000]	31.12.2020	31.12.2019
Bank and postal deposits	413,231	330,734
Bank deposits - related parties (note 34)	-	-
Cash-in-hand and cash equivalents	334	214
Cash and cash equivalents	413,565	330,948

13) Equity*Equity attributable to the owners of the parent*

Equity attributable to the owners of the parent amounted to EUR 1,056,709 thousand at 31 December 2020 (EUR 1,044,627 thousand at 31 December 2019). Profit for 2020 attributable to the owners of the parent totalled EUR 102,008 thousand (EUR 83,569 thousand in 2019).

Share capital

The Parent's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year end. There are no pledges or restrictions on the shares.

Other reserves*Legal reserve*

It should be noted that, at 31 December 2019 the legal reserve of EUR 31,825 thousand, related to the Italian Civil Code requirement, has been added to retained earnings due to the conversion of the Company into a Dutch NV.

Treasury shares

It should be noted that on 2 July 2020, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

Translation reserve

At 31 December 2020, the translation reserve had a negative balance of EUR 648,715 thousand (negative EUR 580,956 thousand at 31 December 2019), broken down as follows:

[EUR'000]	31.12.2020	31.12.2019	Change
Turkey (Turkish lira – TRY)	(583,295)	(531,657)	(51,638)
USA (US dollar – USD)	(2,151)	4,686	(6,837)
Egypt (Egyptian pound – EGP)	(62,173)	(57,517)	(4,656)
Iceland (Icelandic krona – ISK)	(2,972)	(2,554)	(418)
China (Chinese renminbi yuan – CNY)	5,936	7,909	(1,973)
Norway (Norwegian krone – NOK)	(7,114)	(5,047)	(2,067)
Sweden (Swedish krona – SEK)	(829)	(1,265)	436
Other countries	3,883	4,489	(606)
Total translation reserve	(648,715)	(580,956)	(67,759)

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounted to EUR 126,253 thousand at 31 December 2020 (EUR 136,940 thousand at 31 December 2019). Profit for 2020 attributable to non-controlling interests totalled EUR 7,355 thousand (EUR 6,860 thousand in 2019).

Capital management

The Board's policy is to maintain a strong capital base aiming to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the capital structure by means of tracking the trend of Net Financial Debt /Position, Net Gearing Ratio and Equity Ratio. For this purpose, Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted Equity comprises all components of equity other than amounts accumulated in the hedging and cost of hedging reserves.

Specifically, in the meeting of 4 February 2021, the Board of Directors of Cementir Holding NV approved the update of the Business Plan with the aim of achieving a positive cash position at the end of the plan of approximately EUR 250 million).

The following table highlights the trend in the financial indicators:

[EUR'000]

Ratio	2020	2019
Total Liabilities	538,360	571,769
- Less cash and cash equivalents and current financial assets	(416,179)	(332,140)
Net Financial Debt	122,181	239,629
Total Equity	1,182,962	1,181,567
- Hedging reserve	(123)	(6,812)
Adjusted Equity	1,182,839	1,174,755
Net Gearing Ratio	10.33%	20.40%
Adjusted Equity	1,182,839	1,174,755
Total Assets	2,232,379	2,266,094
Equity ratio	52.99%	51.84%

Cost of loans is in the range of 2.4% on average debts in 2020 (in the range of 2.4% in 2019).

Management of the Group monitors the trend of Return on Equity with a ratio given by Profit on continuing operation over Equity. This ratio is 9.24% in 2020 (7.65% in 2019), thanks to the positive operating performance.

13.1) Subsidiaries with material non-controlling interests

[EUR'000]	Aalborg Portland Malaysia		AB Sydsten	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Revenue	39,958	44,377	68,939	64,966
Profit for the year:	2,802	3,197	5,633	4,689
- attributable to the owners of the Parent	1,961	2,238	2,657	2,081
- attributable to non-controlling interests	841	959	2,976	2,608
Other comprehensive income (expense)	(3,653)	1,491	639	(1,191)
Comprehensive income (expense) for the year	(851)	4,688	6,272	3,498
Assets:	65,199	65,423	57,552	53,943
- Non-current assets	24,859	28,357	26,207	25,020
- Current assets	40,340	37,066	31,345	28,923
Liabilities:	11,071	10,408	31,176	28,957
- Non-current liabilities	2,265	1,911	15,385	14,757
- Current liabilities	8,806	8,497	15,791	14,200
Net assets	54,128	55,015	26,376	24,986
- attributable to the owners of the Parent	37,890	38,511	12,355	11,756
- attributable to non-controlling interests	16,238	16,505	14,021	13,230
Net change in cash flow	7,265	8,624	11,406	9,038
Dividends paid to third parties	-	-	2,550	1,657

[EUR'000]	Lehigh White Cement Company		Sinai White Portland Cement	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Revenue	138,047	137,718	43,364	35,789
Profit for the year:	8,621	10,563	4,759	640
- attributable to the owners of the Parent	5,453	6,681	3,384	455
- attributable to non-controlling interests	3,168	3,882	1,375	185
Other comprehensive income (expense)	(7,944)	1,592	(6,256)	10,990
Comprehensive income (expense) for the year	677	12,155	(1,497)	11,630
Assets:	236,079	267,804	104,446	103,912
- Non-current assets	166,417	189,173	35,317	39,584
- Current assets	69,662	78,631	69,129	64,328
Liabilities:	43,896	50,224	19,700	17,866
- Non-current liabilities	22,878	27,368	7,460	9,284
- Current liabilities	21,018	22,856	12,240	8,582
Net assets	192,183	217,580	84,746	86,046
- attributable to the owners of the Parent	121,555	137,619	60,263	61,188
- attributable to non-controlling interests	70,628	79,961	24,483	24,858
Net change in cash flow	32,385	20,622	10,522	8,961
Dividends paid to third parties	6,057	3,250	-	-

14) Employee benefits

Employee benefits totalled EUR 36,822 thousand (EUR 35,745 thousand at 31 December 2019) and included provisions for employee benefits and post-employment benefits. Where conditions are met for their recognition, liabilities are also recognised for future commitments connected with medium/long-term incentive plans that will be paid to employees at the end of the plan period. The long-term incentive plan envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives in the Industrial Plans prepared and approved. It amounted to EUR 3,760 thousand at 31 December 2020 (EUR 1,901 thousand at 31 December 2019).

Liabilities for employee benefits, mainly in Turkey, Belgium and Norway, are included in the defined benefit plans and are partly funded by insurance plans. In particular, plan assets refer to the pension plans in Belgium and Norway. Liabilities are valued applying actuarial methods and assets have been calculated based on the fair value at the reporting date. Post-employment benefits are an unfunded and fully provisioned liability recognised for benefits attributable to employees upon or after termination of employment. As they are defined benefit plans, actuarial assumptions are used for their measurement. The assumptions are summarised in the table below:

Values in %	31.12.2020	31.12.2019
Annual discount rate	0,3%-2%	0,3%-2%
Expected return on plan assets	2%	2%
Annual post-employment benefits growth rate	2.62%	2.62%

The amounts disclosed in the statement of financial position were determined as follows:

[EUR'000]	31.12.2020	31.12.2019
Liabilities for employee benefits	63,901	64,212
Fair value of plan assets	(30,839)	(30,368)
Employee benefits	33,062	33,844
Long-term incentive plan obligation	3,760	1,901
Total employee benefits	36,822	35,745

The tables below show changes in the net liabilities / (assets) for employee benefits and the related parts:

[EUR'000]	31.12.2020	31.12.2019
Liabilities for employee benefits opening balance	64,212	59,170
Current service cost	2,650	790
Interest cost	568	1,100
Net actuarial gains recognised in the year	757	6,612
Change in consolidation scope	-	-
Exchange differences	(978)	(432)
Other changes	-	-
(Benefits paid)	(3,308)	(3,028)
Liabilities for employee benefits closing balance	63,901	64,212

[EUR'000]	31.12.2020	31.12.2019
Fair value of plan assets opening balance	30,368	28,397
Financial income on plan assets	208	506
Net actuarial gains recognised in the year	880	486
Change in consolidation scope	-	-
Exchange differences	(245)	32
Other changes	-	-
(Benefits paid)	(372)	947
Fair value of plan assets closing balance	30,839	30,368

At 31 December 2020 the effect on the Defined Benefit plans in Belgium/France of a decrease or increase in the key assumptions, is shown below:

- Discount rate +50 bp: EUR -2.6 million;
- Discount rate -50 bp: EUR +3.0 million;
- Increase in healthcare costs + 1%: EUR 2.1 million

Regarding these plans, the life expectancy for an employee of 65 y.o. today:

- Belgium: M: 20.93 years / F: 24.58 years
- France: plans are related to payment during active life or at retirement so the information is not relevant.

Employer and employees' contribution 2020 related to pension plans in Belgium are:

- Employees' contribution: EUR 0.3 million
- Employer's contributions: EUR 1.1 million

Expected Employer contribution 2021 related to pension plans in Belgium are EUR 1.1 million.

Total weighted average duration of these Defined Benefit Obligation is 11.5 years.

15) Provisions

Non-current and current provisions amounted to EUR 25,871 thousand (EUR 27,521 thousand at 31 December 2019) and EUR 4,576 thousand (EUR 15,733 thousand at 31 December 2019) respectively.

[EUR'000]	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2020	23,188	4,243	15,823	43,254
Provisions	488	541	393	1,422
Utilisations	(471)	(329)	(11,037)	(11,837)
Decrease	(166)	(17)	(56)	(239)
Change in consolidation scope	-	-	-	-
Exchange differences	(741)	(854)	(101)	(1,696)
Reclassifications	-	-	-	-
Net actuarial gains recognised in the year	-	-	(457)	(457)
Other changes	-	-	-	-
Balance at 31 December 2020	22,298	3,584	4,565	30,447
Including:				
Non-current provisions	22,018	1,010	2,843	25,871
Current provisions	280	2,574	1,722	4,576

[EUR'000]	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2019	23,165	4,576	15,588	43,329
Provisions	680	786	494	1,960
Utilisations	(498)	(513)	(1,269)	(2,280)
Decrease	-	(368)	(105)	(473)
Change in consolidation scope	-	-	-	-
Exchange differences	(159)	(318)	123	(354)
Reclassifications	-	80	-	80
Net actuarial gains recognised in the year	-	-	992	992
Other changes	-	-	-	-
Balance at 31 December 2019	23,188	4,243	15,823	43,254
Including:				
Non-current provisions	22,845	933	3,743	27,521
Current provisions	343	3,310	12,080	15,733

The provision for quarry restructuring is allocated for the cleaning and maintenance of quarries where raw materials are extracted, to be performed before the utilisation concession expires.

Other provisions mainly include environmental provisions for approximately EUR 1.6 million (EUR 1.6 million at 31 December 2019), provisions for risks for corporate restructuring costs for approximately EUR 1.5 million (EUR 2.6 million at 31 December 2019). The utilisation of the period is related to the execution of a settlement agreement, for compensation requests relating to previous transactions.

16) Trade payables

The carrying amount of trade payables approximates their fair value; the item breaks down as follows:

[EUR'000]		31.12.2020	31.12.2019
Suppliers		220,849	215,686
Related parties	(note 34)	289	514
Advances		4,799	2,825
Trade payables		225,937	219,025

17) Financial liabilities

Non-current and current financial liabilities are shown below:

[EUR'000]		31.12.2020	31.12.2019
Bank loans and borrowings	(note 33)	101,243	440,395
Lease liabilities	(note 31)	58,109	60,558
Lease liabilities - related parties	(note 34)	1,855	3,312
<i>Fair value of derivatives</i>		1,262	11,507
Financial debt - related parties		-	-
Non-current financial liabilities		162,469	515,772
Bank loans and borrowings		-	546
Current portion of non-current financial liabilities		342,220	23,599
Current loan liabilities - related parties	(note 34)	-	-
Current lease liabilities	(note 33)	24,247	19,013
Current lease liabilities - related parties	(note 34)	1,460	1,437
Other loan liabilities		43	96
<i>Fair value of derivatives</i>		7,921	11,306
Current financial liabilities		375,891	55,997
Total financial liabilities		538,360	571,769

The carrying amount of non-current and current financial liabilities approximates their fair value.

Current financial liabilities at 31 December 2020 refer mainly to the loan agreement with a pool of banks and to the loans instalments held by the Danish subsidiary Aalborg Portland Holding A/S.

It should be noted that the loan agreement, to be repaid in a single instalment in October 2021, was classified among non-current financial liabilities at 31 December 2019.

Furthermore, at 31 December 2020, the total financial exposure amounted to EUR 538.4 million, the change in debt is mainly linked to the repayment of parts of loans (for approximately EUR 14 million) and the overall fair value of the derivative instruments, negative for approximately EUR 9.2 million (negative for approximately EUR 22.8 million at 31 December 2019) which represents the valuation at 31 December 2020 of the derivatives put in place for the purposes of hedging changes in interest rates, commodities and exchange rates maturing between January 2021 and February 2027.

About 82.4% of these financial liabilities requires compliance with financial covenants which were complied with at 31 December 2020. In particular, the *covenants* to be complied with are the debt/EBITDA ratio, at consolidated level and the EBITDA/Net financial expense ratio.

It should be noted that the impact of COVID-19 pandemic did not result in the violation of any covenant provided for in the aforementioned loans.

The Group's exposure, broken down by residual expiry of the financial liabilities, is as follows:

[EUR'000]		31.12.2020	31.12.2019
Within three months		19,410	28,508
Between three months and one year		356,481	27,489
Between one and two years		35,277	358,388
Between two and five years		69,610	88,093
After five years		57,582	69,291
Total financial liabilities		538,360	571,769

[EUR'000]	31.12.2020	31.12.2019
Floating rate	538,360	571,769
Fixed rate	-	-
Financial liabilities	538,360	571,769

As required by CONSOB Communication 6064293 of 28 July 2006, the Group's net financial debt is shown in the next table:

[EUR'000]	31.12.2020	31.12.2019
A. Cash	334	214
B. Other cash equivalents	413,231	330,734
C. Securities held for trading	-	-
D. Cash and cash equivalents	413,565	330,948
E. Current loan assets	2,614	1,192
F. Current bank loans and borrowings	-	(546)
G. Current portion of non-current debt	(329,605)	(11,004)
H. Other current loan liabilities	(46,286)	(44,447)
I. Current financial debt (F+G+H)	(375,890)	(55,997)
J. Net current financial debt (I-E-D)	40,288	276,143
K. Non-current bank loans and borrowings	(162,469)	(515,772)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	(162,469)	(515,772)
O. Net financial debt (J+N)	(122,181)	(239,629)

18) Current tax liabilities

Current tax liabilities amounted to EUR 17,892 thousand (EUR 15,423 thousand at 31 December 2019) and relate to income tax liabilities, net of payments on account.

19) Other non-current and current liabilities

Other non-current liabilities totalled EUR 2,927 thousand (EUR 3,833 thousand at 31 December 2019) and included around 2.5 million of deferred income (EUR 3.3 million at 31 December 2019) relating to future benefits from a business agreement which started to accrue from 1 January 2013, which are payable within five years (31 December 2019: EUR 3.3 million within five years).

Other current liabilities totalled EUR 59,437 thousand (EUR 49,477 thousand at 31 December 2019) and break down as follows:

[EUR'000]	31.12.2020	31.12.2019
Personnel	33,584	26,425
Social security institutions	3,667	2,740
Related parties (note 34)	4	6
Deferred income	963	989
Accrued expenses	2,184	1,831
Other sundry liabilities	19,035	17,486
Other current liabilities	59,437	49,477

Deferred income refers to the future benefits of the above-mentioned business agreement (approximately EUR 0.8 million in line with 31 December 2019).

Other sundry liabilities mainly includes tax liabilities for employee withholdings, VAT and other payables. It should also be noted that, during the year, the debt of EUR 5,118 thousand related to the result of the antitrust proceedings commenced by the Italian Competition Authority (AGCM) was settled in 2020, as per decision by the Council of State in the hearing of 7 February 2019.

20) Deferred tax assets and liabilities

Deferred tax liabilities totalling EUR 137,595 thousand (31 December 2019: EUR 146,001 thousand) and deferred tax assets totalling EUR 48,770 thousand (31 December 2019: EUR 49,695 thousand) break down as follows:

[EUR'000]	Deferred tax liabilities	Deferred tax assets
Balance at 1 January 2020	146,001	49,695
Accrual, net of utilisation in profit or loss	(3,294)	4,317
Increase (decrease) in equity	713	(826)
Change in consolidation scope	-	-
Exchange differences	(5,735)	(4,073)
Other changes	(90)	(343)
Balance at 31 December 2020	137,595	48,770

[EUR'000]	Deferred tax liabilities	Deferred tax assets
Balance at 1 January 2019	145,282	46,772
Accrual, net of utilisation in profit or loss	1,777	3,033
Increase (decrease) in equity	(1,527)	367
Change in consolidation scope	-	-
Exchange differences	471	(475)
Other changes	(2)	(2)
Balance at 31 December 2019	146,001	49,695

[EUR'000]	01.01.2020	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2020
Fiscally-driven depreciation of property, plant and equipment	83,192	197	(1,682)	81,707
Fiscally-driven amortisation of intangible assets	22,216	(2,641)	(1,080)	18,495
Revaluation of plant	12,411	530	(1,655)	11,286
Other	28,182	(1,380)	(695)	26,107
Deferred tax liabilities	146,001	(3,294)	(5,112)	137,595
Tax losses carried forward	19,639	5,902	(2,006)	23,535
Provisions for risks and charges	1,453	231	(342)	1,342
Differences in property, plant and equipment	394	-	(315)	79
Other	28,209	(1,816)	(2,579)	23,814
Deferred tax assets	49,695	4,317	(5,242)	48,770

[EUR'000]	01.01.2019	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2019
Fiscally-driven depreciation of property, plant and equipment	82,957	471	(236)	83,192
Fiscally-driven amortisation of intangible assets	23,558	577	(1,919)	22,216
Revaluation of plant	14,254	661	(2,504)	12,411
Other	24,513	68	3,601	28,182
Deferred tax liabilities	145,282	1,777	(1,058)	146,001
Tax losses carried forward	18,711	2,292	(1,364)	19,639
Provisions for risks and charges	2,676	(723)	(500)	1,453
Differences in property, plant and equipment	928	21	(555)	394
Other	24,457	1,443	2,309	28,209
Deferred tax assets	46,772	3,033	(110)	49,695

Recovery of the deferred tax assets is expected in the following years within the timeframe defined by the relevant legislation.

The Group is involved in a transfer pricing case between the Danish and the Italian tax authorities to reach an agreement on royalty payments through Mutually Agreed Procedures («MAP»). Outcome of case can impact the tax payments for the period 2008-2019. Management remains convinced that the royalty payments are justifiable, and based thereon, Management has not recognised any potential tax adjustments related to the case at 31 December 2020, since management assessed it is not probable this will result in an additional tax payment. For Danish entities total exposure amounts to EUR 12.5 million. At Italian tax group level, net exposure resulting from MAP process will be nil.

21) Revenue

[EUR'000]	2020	2019
Product sales	1,143,288	1,124,460
Product sales to related parties (note 34)	75	44
Services	81,430	87,324
Revenue	1,224,793	1,211,828

Group revenue reached EUR 1,224.8 million, up 1.1% compared to EUR 1,211.8 million in 2019. The positive trend in revenues in Turkey and Egypt is noted, while in the other regions revenues are stable or declining.

The caption Services is mainly related to transport services which are recognised at the time the service is provided.

Revenue by product is shown below:

2020 [EUR'000]	Nordic & Baltic		Belgium	North America USA	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments**	Cemntir Holding Group
	Denmark	Other*								
Cement	269,623	58,089	131,383	139,045	102,212	43,364	94,605	-	(59,065)	779,256
Ready-mixed concrete	143,389	149,021	67,944	-	30,515	-	-	-	-	390,869
Aggregates	4,663	27,410	53,910	-	-	-	2,585	-	-	88,568
Waste	-	-	-	-	12,077	-	-	-	-	12,077
Other	-	-	-	13,923	11,070	-	-	89,771	(23,684)	91,080
Unallocated items and adjustments	(33,429)	-	-	-	(14,039)	-	(2,530)	-	(87,059)	(137,057)
Revenue	384,246	234,520	253,237	152,968	141,835	43,364	94,660	89,771	(169,808)	1,224,793

2019 [EUR'000]	Nordic & Baltic		Belgium	North America USA	Turkey	Egypt	Asia Pacific	Holding and Services	Unallocated items and adjustments**	Cemntir Holding Group
	Denmark	Other*								
Cement	259,610	57,191	131,010	138,570	84,675	35,789	97,450	-	(61,477)	742,818
Ready-mixed concrete	138,870	166,040	72,905	-	27,393	-	-	-	-	405,208
Aggregates	4,177	27,342	57,411	-	-	-	2,522	-	-	91,452
Waste	-	-	-	-	14,699	-	-	-	-	14,699
Other	-	-	399	12,465	13,971	-	-	65,490	(31,009)	61,316
Unallocated items and adjustments	(32,771)	-	-	-	(12,797)	-	(2,398)	-	(55,699)	(103,665)
Revenue	369,886	250,573	261,725	151,035	127,941	35,789	97,574	65,490	(148,185)	1,211,828

*«Other» includes the operations in Norway, Sweden, Iceland, Poland and Russia.

22) Increase for internal work and other income

Increase for internal work of EUR 6,417 thousand (EUR 6,436 thousand in 2019) refers to the capitalisation of costs of materials and personnel costs used in the realisation of property, plant and equipment and intangible fixed assets.

Other income

Other income of EUR 16,025 thousand (EUR 19,330 thousand in 2019) breaks down as follows:

[EUR'000]	2020	2019
Rent, lease and hires	1,503	1,624
Rent, lease and hires - related parties (note 34)	117	61
Gains	712	1,281
Release of provision for risks	239	473
Insurance refunds	170	179
Revaluation of investment property (note 4)	6,713	6,472
Other income	6,474	9,240
Other income from related parties (note 34)	97	0
Other income	16,025	19,330

23) Raw materials costs

[EUR'000]	2020	2019
Raw materials and semi-finished products	251,034	240,103
Fuel	83,602	86,653
Electrical energy	83,723	77,983
Other materials	45,735	48,192
Change in raw materials, consumables and goods	(2,899)	13,456
Raw materials costs	461,195	466,387

The cost of raw materials amounted to EUR 461.2 million (EUR 466.4 million in 2019), down due to a fall in the cost of raw materials.

24) Personnel costs

[EUR'000]	2020	2019
Wages and salaries	145,624	146,872
Social security charges	26,635	28,935
Other costs	16,171	9,090
Personnel costs	188,430	184,897

Pensions cost amount to EUR 874 thousand (EUR 709 thousand in 2019) and are included in other costs.

The Group's workforce breaks down as follows:

	31.12.2020	31.12.2019	2020 Average	2019 Average
Executives	69	79	75	77
Middle management, white-collar workers and intermediates	1,172	1,171	1,170	1,261
Blue-collar workers	1,754	1,792	1,773	1,722
Total	2,995	3,042	3,018	3,060

More specifically, at 31 December 2020, employees in service at the Parent numbered 44 (73 at 31 December 2019); those at the Cimentas Group numbered 748 (769 at 31 December 2019), those at the Aalborg Portland Group numbered 1,097 (1,071 at 31 December 2019), those at the Unicon Group numbered 644 (659 at 31 December 2019), and those at the CCB Group numbered 462 (470 at 31 December 2019). The Group has no employees in the Netherlands.

25) Other operating costs

[EUR'000]	2020	2019	
Transport	152,499	154,857	
Services and maintenance	79,874	91,091	
Consultancy	10,438	13,527	
Insurance	4,223	4,390	
Other services - related parties	(note 34)	492	835
Rent, lease and hires	10,688	12,054	
Rent, lease and hires - related parties	(note 34)	83	115
Other costs	61,137	51,445	
Other operating costs	319,434	328,314	

26) Amortisation, depreciation, impairment losses and additions to provision

[EUR'000]	2020	2019
Amortisation	17,391	18,466
Depreciation	86,832	88,018
Provisions	990	1,412
Impairment losses	1,354	4,156
Amortisation, depreciation, impairment losses and provisions	106,567	112,052

Amortisation, depreciation, impairment losses and provisions include EUR 26.1 million (EUR 24.5 million in 2019) in amortisation of right of use assets in the application of the IFRS 16.

Impairment losses refer to trade receivables for EUR 1.4 million.

27) Net financial income (expense) and share of net profits of equity-accounted investees

The negative balance for 2020 of EUR 14,615 thousand (2019: negative EUR 25,095 thousand) relates to the share of net profits of equity-accounted investees and net financial income, broken down as follows:

[EUR'000]	2020	2019	
Share of profits of equity-accounted investees	571	310	
Share of losses of equity-accounted investees	-	-	
Share of net profits of equity-accounted investees	571	310	
Interest and financial income	3,539	4,266	
Interest and financial income - related parties	(note 34)	29	12
Grants related to interest	-	-	
Financial income on derivatives	8,735	358	
Revaluation of equity investments	-	-	
<i>Total financial income</i>	<i>12,303</i>	<i>4,636</i>	
Interest expense	(12,772)	(12,818)	
Other financial expense	(6,728)	(6,234)	
Interest and financial expense - related parties	(note 34)	(37)	-
Losses on derivatives	(3,982)	(6,602)	
<i>Total financial expense</i>	<i>(23,519)</i>	<i>(25,654)</i>	
Exchange rate gains	10,029	7,377	
Exchange rate losses	(13,999)	(11,764)	
<i>Net exchange rate losses</i>	<i>(3,970)</i>	<i>(4,387)</i>	
Net financial income (expense)	(15,186)	(25,405)	
Net financial income (expense) and share of net profits of equity-accounted investees	(14,615)	(25,095)	

In 2020, net financial expense was EUR 15.2 million compared to the previous year (net financial negative for EUR 25.4 million in 2019). Moreover, the balance reflects the lower impact of financial expense (EUR 23.5 million compared to 25.7 million in the first half of 2019) of the Group's debt structure and exchange rate losses, partly counterbalanced by financial income.

Interest expense included EUR 1.9 million (EUR 1.5 million in 2019) thousand in interest on lease liabilities arising from the application of the IFRS 16 accounting standard.

Financial income and expense on derivatives mainly reflect the mark-to-market accounting of derivatives purchased to hedge currency and interest rate risks. In the light of the aforementioned measurements, around EUR 0.7 million (around EUR 0.3 million at 31 December 2019) are unrealised gains and around EUR 1.2 million (around EUR 1.6 million at 31 December 2019) are unrealised losses.

Regarding exchange gains (EUR 10 million) and losses (EUR 14 million), approximately EUR 4.6 million were unrealised gains (EUR 0.9 million in 2019) and approximately EUR 6 million were unrealised losses (EUR 6.4 million in 2019).

28) Income taxes

[EUR'000]	2020	2019
Current taxes	40,807	37,475
Deferred taxes	(7,612)	(1,256)
Income taxes	33,195	36,219

The following table shows the difference between the theoretical and effective tax expense:

[EUR'000]	2020	2019
Theoretical tax expense	36,234	31,101
Tax according to Italian tax rate	24%	24%
Taxable permanent differences	6,610	4,333
Deductible permanent differences	(7,852)	(1,057)
Tax consolidation scheme	835	[31]
Other changes	(2,441)	1,601
Effective IRAP tax expense	(191)	272
Income taxes	33,195	36,219
Applicable tax rate for the year	23%	28%

29) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to the owners of the Parent by the weighted average number on monthly basis of ordinary shares outstanding in the year.

[EUR]	2020	2019
Profit (EUR '000)	102,008	83,569
Weighted average number of outstanding ordinary shares ('000)	159,043	159,120
Basic earnings per ordinary share from continuing operations	0.641	0.525
Diluted earnings per ordinary share from continuing operations	0.641	0.525

[EUR]	2020	2018
Profit (EUR '000)	102,008	83,569
Weighted average number of outstanding ordinary shares ('000)	159,043	159,120
Basic earnings per ordinary share	0.641	0.525
Diluted earnings per ordinary share	0.641	0.525

Diluted earnings per share equal the basic earnings per share as the only outstanding shares are the ordinary shares of Cementir Holding NV.

30) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

[EUR'000]	2020			2019		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Net actuarial gains (losses) on post-employment benefits	580	(206)	374	(7,118)	1,854	(5,264)
Foreign currency translation differences - foreign operations	(80,298)	-	(80,298)	(6,227)	-	(6,227)
Financial instruments	6,643	(1,334)	5,309	1,561	39	1,600
Total other comprehensive income (expense)	(73,075)	(1,540)	(74,615)	(11,784)	1,893	(9,891)

31) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Group at 31 December 2020 and the related disclosures:

[EUR'000]	Land and buildings	Plant and equipment	Other	Total Right-of-use assets
Gross amount at 1 January 2020	17,933	16,914	67,291	102,138
Increase	2,135	6,042	22,055	30,232
Decrease	(436)	(143)	(3,098)	(3,677)
Exchange differences	(670)	(826)	(1,257)	(2,753)
Reclassifications	(292)	186	1,122	1,016
Gross amount at 31 December 2020	18,670	22,173	86,113	126,956
Amortisation at 1 January 2020	3,281	3,041	13,132	19,454
Amortisation	3,114	3,525	19,496	26,135
Decrease	(188)	(256)	(2,152)	(2,596)
Exchange differences	(102)	(228)	(461)	(791)
Reclassifications	(26)	195	660	829
Amortisation at 31 December 2020	6,079	6,277	30,675	43,031
Net amount at 31 December 2020	12,591	15,896	55,438	83,925

As at 31 December 2020, right of use assets reached EUR 83,925 thousand and the «Other» category equal to EUR 55,4 million mainly included lease contracts for vehicles and means of transport (EUR 54.9 million).

The incremental borrowing rate remains substantially unchanged compared to 2019.

The Group's exposure, broken down by expiry of the lease liabilities, is as follows:

[EUR'000]	31.12.2020	31.12.2019
Within three months	7,031	5,680
Between three months and one year	20,378	16,484
Between one and two years	22,710	19,480
Between two and five years	30,299	36,898
After five years	11,190	9,928
Total undiscounted lease liabilities at December 31	91,608	88,470

The current and non-current lease liabilities are shown below:

[EUR'000]	31.12.2020	31.12.2019
Non-current lease liabilities	58,109	60,558
Non-current lease liabilities - related parties (note 34)	1,855	3,312
Non-current lease liabilities	59,964	63,870
Current lease liabilities	24,247	19,013
Current lease liabilities - related parties (note 34)	1,460	1,437
Current lease liabilities	25,707	20,450
Total lease liabilities	85,671	84,320

Amounts recognised in the consolidated income statement

[EUR'000]	2020	2019
Depreciation (note 26)	26,135	24,479
Interest expense on lease liabilities	1,904	1,548
Short-term lease costs	153	22
Costs of leases of low-value assets	3,246	3,601

32) Financial risks

Credit risk

The Group's maximum exposure to credit risk at 31 December 2020 equals the carrying amount of the financial assets recognised in the statement of financial position.

Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group's experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Given the sector's collection times and the Group's procedures for assessing customers' creditworthiness, the percentage of disputed receivables is low. If an individual credit position shows irregular payment trends, the Group blocks further supplies and takes steps to recover the outstanding amount.

Due to the market situation, the Group has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

Recoverability is assessed considering any collateral pledged that legally can be attached and advice from legal advisors who oversee collection procedures. The Group impairs all receivables for which a loss is

probable at the reporting date, based on whether the entire amount or a part thereof will not be recovered.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

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

Notes 8 and 11 provide information on trade and other receivables.

At 31 December 2020 the break down by Region of Net trade receivables, as follows:

[EUR'000]	31.12.2020	31.12.2019
Nordic & Baltic:		
Denmark	22,241	25,378
Others*	24,363	26,021
Belgium	41,648	28,369
North America	18,531	20,704
Turkey	34,516	38,599
Egypt	2,309	1,061
Asia Pacific	5,703	6,168
Italy	1,005	382
Total	150,316	146,683

*«Other» includes the operations in Norway, Sweden, Iceland, Poland and Russia.

In Nordic and Baltic Region, receivables are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding ready-mixed concrete and aggregates business, the Group's customers primarily consist of contractors, builders and other customers posing a higher credit risk.

In North America, Asia Pacific and Egypt, activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 22.1 million at 31 December 2020 (2019: EUR 20.7 million).

Liquidity risk

The Group has credit facilities which cover any unforeseen requirements.

Note 17 Financial Liabilities provides a breakdown of financial liabilities by due date.

Market risk

Information necessary to assess the nature and scope of financial risks at the reporting date is provided in this section.

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates, which may affect its earnings performance and equity.

With respect to the main effects of consolidating foreign companies, if the exchange rates for the Turkish lira (TRY), Norwegian krone (NOK), Swedish krona (SEK), US dollar (USD), Chinese renminbi yuan (CNY), Malaysian ringgit (MYR) and Egyptian pound (EGP) were an average 10% below the effective exchange rate, the translation of equity at 31 December 2020 would have generated a decrease of EUR 56 million equal to about 4.8% on consolidated equity (reduction of EUR 64 million equal to about 5.4% as at 31 December 2019). The currency that had the greatest impact was the Turkish Lira (TRY), EUR 15 million. Further currency risks deriving from the consolidation of the other foreign companies are to be considered irrelevant.

The Group is mainly exposed to currency risk in relation to operating profit from sales and purchases in NOK, CNY, GBP, PLN and SEK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have lowered EBITDA by EUR 10.7 million (CNY amounts to EUR 1.7 million, USD amounts to EUR 3.4 million, SEK amounts to EUR 1.6 million, PLN amounts to EUR 1.4 million and NOK amounts to EUR 2.6 million) (2019 EUR 7.9 million of which: CNY amounted to EUR 1.6 million, GBP amounted to EUR 1.4 million, SEK amounted to EUR 1.1 million, PLN amounted to EUR 1.3 million and NOK amounted to EUR 2.5 million).

The Group entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate at 0.43% + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal instalments.

The fair value liability is included in a separate line item in the balance sheet «Derivatives financial instruments». The ineffective part is recognised as financial income.

2020 [EURm]	Notional amount	Maturity			Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
		< 1 year	1-5 years	> 5 years				
Swap USD/EUR	99.8	11.4	88.4	0	1.00 EUR/ 1.235 USD	-1.3	1.5	0.4
<hr/>								
2019 [EURm]	Notional amount	Maturity			Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
		< 1 year	1-5 years	> 5 years				
Swap USD/EUR	114.3	10.1	104.3	0	1.00 EUR/ 1.235 USD	-11.5	2.1	-0.3

At 31 December 2020, risks connected with main receivables and payables in foreign currency related to those in TRY, DKK, NOK, SEK, USD and GBP; Assuming an average drop of 10% in all the exchange rates, the potential effect of the fluctuation, excluding the DKK, would be negative for approximately EUR 0.2 million (31 December 2019: negative for approximately EUR 0.3 million). Similarly, a hypothetical increase in exchange rates would have an identical positive effect.

Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates. Consolidated net financial debt at 31 December 2020 totalled EUR 122.2 million (EUR 239.6 million at 31 December 2019) and is subject to floating interest rates.

Assuming all the other variables remain stable, an annual 1% increase in interest rates, for all the currencies in which the Group has borrowings, would have had a negative effect on profit before taxes of EUR 1.8 million (31 December 2019: EUR 2.5 million) and on equity of EUR 1.3 million (31 December 2019: EUR 1.9 million) with respect to the floating rates applicable to the Group's loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

Raw material price risks

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, especially different fuels and electricity. The Group enters into fixed price contracts for some raw materials. Open swap contracts at 31 December:

2020

[EURm]	Total
Market value – swap contracts	2.1

2019

[EURm]	Total
Market value – swap contracts	0.0

IMPLICATIONS OF THE SPREAD OF THE COVID-19 PANDEMIC

Although the Covid-19 pandemic has differently impacted the various countries in which the Group operates, the priority of the Company's Management has always been the safety of personnel operating across all company sites, defining and adopting infection risk containment and prevention measures in line with directives issued by local authorities. Differentiated strategies were applied for the management of office staff and those working in production plants.

In relation to the Covid-19 pandemic, each company promptly defined and adopted measures to contain and prevent the infection risk for its employees in accordance with the local directives issued. Differentiated strategies were applied for the management of office staff and those working in production plants. In some cases, the measures adopted provided for the temporary closure or restructuring of production activities in compliance with local directives.

To deal with the slowdown generated by the pandemic in the first part of the year, profitability-protecting measures were put in place through costs containment and deferment of investments. As the pandemic evolved, remote working methods continued where necessary.

Throughout the year, careful monitoring of working capital continued, including the performance of receivables, collection flows, levels of stocks of raw materials, semi-finished and finished products and the liquidity level in general.

During July, the liquidity lines used in advance during the first quarter of the year were repaid.

There were no new temporary plant closures in addition to those reported in the previous quarterly reports, which included:

- China in the period 24 January / 21 February
- Malaysia in the period 18 March / 17 April

As mentioned above, the contraction in volumes that took place in the first few months of the year was absorbed in the second half of the year, with the sole exception of the domestic market in Malaysia.

The total negative impact in terms of EBITDA is estimated to be around EUR 20 million, mainly due to a drop in volumes of around EUR 14 million, and additional costs for plant downtime, distribution and sanitation of workplaces and employee safety.

Support measures put in place by the various governments had a limited the impact by around EUR 0.5 million. From the point of view of the evolution of the net financial debt, the impact of the pandemic is estimated at around EUR 19 million, mitigated by government support and deferrals allowed by the various national authorities in the payment of taxes and labour-related charges for about EUR 6 million.

There have been no breach situations of the covenants linked to financing facilities granted to the Group. There were no difficulties in collecting receivables or increases in inventories caused by the slowdown in activity in the first part of the year.

33) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities.
- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

[EUR'000]	Note	Level 1	Level 2	Level 3	Total
31 December 2020					
Investment property	4	-	50,261	28,981	79,242
Current financial assets (derivative instruments)	9	-	2,134	-	2,134
Total assets		-	52,395	28,981	81,376
Non current financial liabilities (derivative instruments)	17	-	(1,262)	-	(1,262)
Current financial liabilities (derivative instruments)	17	-	(7,921)	-	(7,921)
Total liabilities		-	(9,183)	-	(9,183)
31 December 2019					
Investment property	4	-	61,377	29,225	90,602
Current financial assets (derivative instruments)	9	-	36	-	36
Total assets		-	61,413	29,225	90,638
Non current financial liabilities (derivative instruments)	17	-	(11,507)	-	(11,507)
Current financial liabilities (derivative instruments)	17	-	(11,306)	-	(11,306)
Total liabilities		-	(22,813)	-	(22,813)

No transfers among the levels took place during 2020 and no changes in level 3 were made.

Investment property classified in Level 3 of the fair value hierarchy refers to assets held by Italian companies. For this type of asset, the fair value was determined using the following methodologies commonly accepted in the valuation practice:

- Synthetic - comparative method, on the basis of which the fair value of the asset is determined by referring to the unit market value (€/m²) multiplied by the surface of the asset;
- Direct capitalisation method, according to which the fair value of the asset is determined by dividing the annual income by a capitalisation rate.

33.1) Financial instruments - Fair value and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2020

[EUR'000]	Note	Fair value - hedging instruments	Carrying amount Financial assets liabilities	Other financial liabilities	Fair value Level 2
Financial assets measured at fair value					
Commodity swap	9	2,020			2,020
Forwards	9	114			114
		2,134	-	-	2,134
Financial assets not measured at fair value					
Trade and other receivables	8-11		178,160		
Cash and cash equivalents	12		413,565		
		-	591,725	-	-
Financial liabilities measured at fair value					
Interest rate swap	17	7,305			7,305
Cross Currency Swap	17	1,262			1,262
Forwards	17	616			616
Commodity swap		-			0
		9,183	-	-	9,183
Financial liabilities not measured at fair value					
Bank loans and borrowing	17		101,243		
Bank overdrafts	17		-		
Current loan liabilities	17		342,219		
Other loan liabilities	17			42	
		-	443,462	42	-

34) Related party transactions

Transactions performed by group companies with related parties are part of normal business operations and take place at arm's-length conditions. No atypical or unusual transactions took place. The following tables show the value of related party transactions:

[EUR'000]	Ultimate Parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of item
31 December 2020							
Statement of financial position							
Non-current financial assets	-	-	447	-	447	576	77.6%
Current financial assets	-	-	402	-	402	2,614	15.4%
Trade receivables	42	-	805	-	847	155,065	0.5%
Trade payables	250	-	39	-	289	225,937	0.1%
Other non-current liabilities	-	-	-	-	-	2,927	0.0%
Other current liabilities	-	-	4	-	4	59,438	0.0%
Non-current financial liabilities	-	-	1,855	-	1,855	162,469	1.1%
Current financial liabilities	-	-	1,460	-	1,460	375,890	0.4%
Income statement							
Revenue	-	-	75	-	75	1,224,793	0.0%
Other operating revenue	-	-	214	-	214	16,025	1.3%
Other operating costs	450	-	143	-	593	319,434	0.2%
Financial income	-	-	29	-	29	12,303	0.2%

[EUR'000]	Ultimate Parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of item
31 December 2019							
Statement of financial position							
Non-current financial assets	-	-	850	-	850	1,643	51.7%
Current financial assets	-	-	393	-	393	1,192	33.0%
Trade receivables	82	-	14	-	96	150,475	0.1%
Trade payables	450	-	64	-	514	219,025	0.2%
Other current liabilities	-	-	6	-	6	49,477	0.0%
Non-current financial liabilities	-	-	3,312	-	3,312	515,772	0.6%
Current financial liabilities	-	-	1,437	-	1,437	55,997	2.6%
Income statement							
Revenue	-	-	44	-	44	1,211,828	0.0%
Other operating revenue	-	-	61	-	61	19,330	0.3%
Other operating costs	450	-	520	-	969	328,314	0.3%
Financial income	-	-	12	-	12	4,636	0.3%

The main related-party transactions are summarised below.

Business transactions with associates concern the sale of products and semi-finished products (cement and clinkers) at arm's-length conditions. Revenue and costs connected with business transactions with the ultimate Parent and companies under common control include various services, such as leases.

The Group did not grant loans to directors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2020.

As at 31 December 2020, the compensation paid to directors and executives with strategic responsibilities, amounts to EUR 10,288 thousand.

Compensation paid to directors in financial year 2020 totalled EUR 5,798 thousand as shown below:

[EUR'000]	2020	2019
Fixed Remuneration	1,978	2,016
Compensation for participation in committees	160	200
Variable Compensation	3,428	3,125
Non monetary benefits	7	6
Other fees	225	225
Total	5,798	5,572

The compensation to executives with strategic responsibilities, amounting to EUR 4,490 thousand, relates to EUR 2,871 thousand to fixed remuneration and for an amount of EUR 1,068 thousand to variable compensation. An amount of EUR 551 thousand relates to non monetary benefits.

Additional information on remuneration have been included in the Remuneration Report.

35) Off balance sheet assets and liabilities

Regarding charges and securities and contract commitments on property, plant and equipment refer to note 3. Regarding pledge as collateral for banks loans refer to note 4.

36) Independent auditors' fees

Fees paid in 2020 by the Parent Cemntir Holding N.V. and its subsidiaries to the independent auditors and their network totalled approximately EUR 1,748 thousand (2019: EUR 1,227 thousand), including EUR 1,473 thousand for audit services (2019: EUR 1,144 thousand) and EUR 275 thousand for other services (2019: EUR 83 thousand).

The following fees were charged by KPMG Accountants N.V. to the parent and its subsidiaries, as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code.

[EUR'000]	KPMG Accountants NV	Other KPMG network	Non- KPMG network	Total
2020				
Audit of the financial statement	255	1,178	40	1,473
Other audit engagements	6	8	-	14
Tax-related advisory services	-	202	11	213
Other non-audit services	-	40	8	48
Total fees	261	1,428	59	1,748

37) Events after the reporting period

In compliance with the resolution of the Shareholders' Meeting of 2 July 2020, the programme for the purchase of treasury shares continued at the date of 28 February 2021 for a total of 1,675,000 shares equal to 1.0527% of the share capital (694,500 shares equal to 0.4365% of the share capital at 31 December 2020) for a total outlay of EUR 12,028 thousand (EUR 4,543 thousand at 31 December 2020).

38) Other information

Litigation

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

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

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority («Authority») found out an agreement was in place, aimed at coordinating cement selling prices across the entire country, and imposed an administrative fine on the producers involved, including Cemitaly. In 2020 the Company paid Cemitaly the sum of EUR 5,118,076 as a compensation, to extinguish the fine and the interest accrued, representing this payment the final settlement.

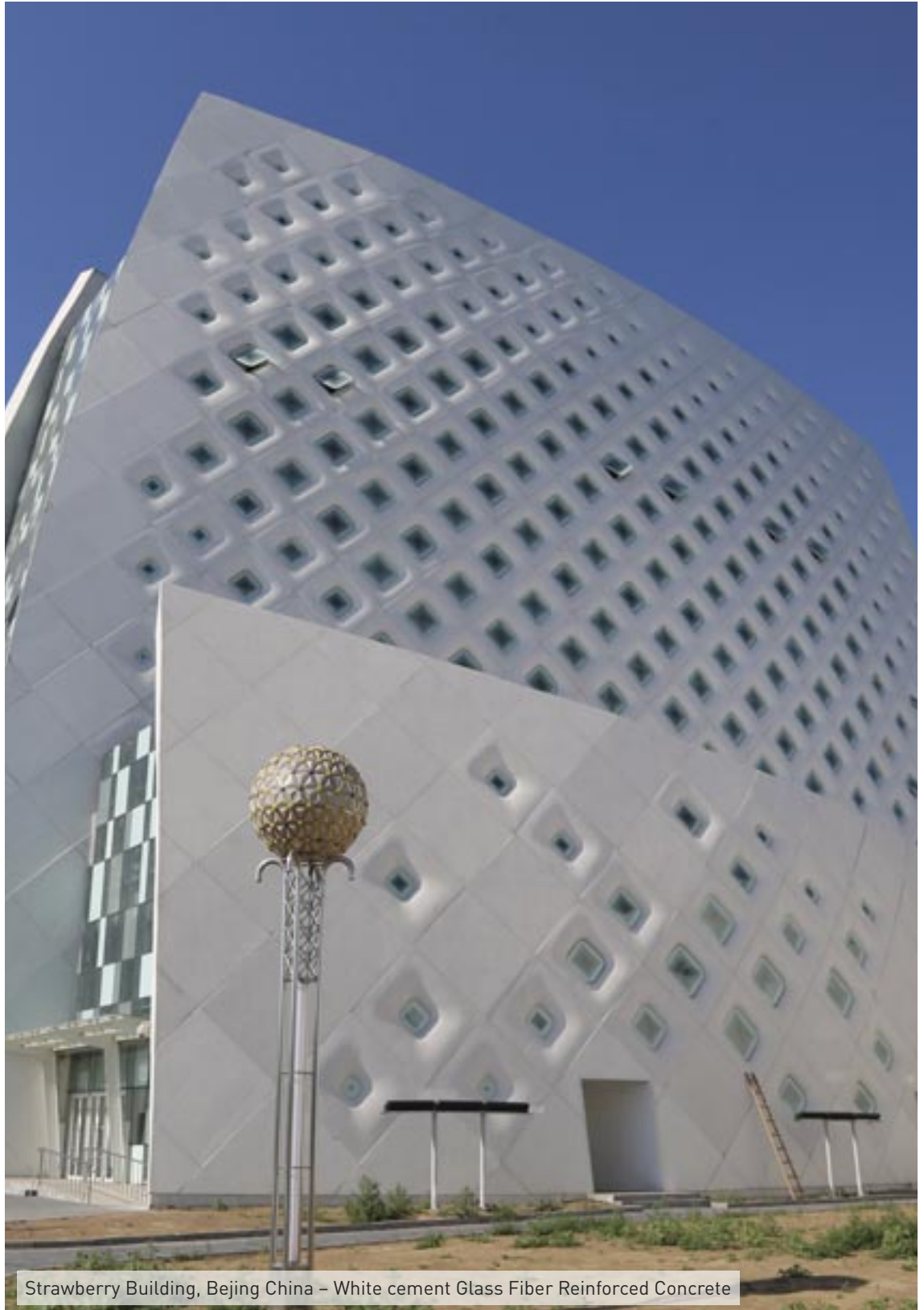
Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 undecies paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged «mechanical» impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside «normal industrial practice». At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing, originally set for 20 November 2020, has been postponed to 4 March 2021 and since then to 12 May 2021.

Other legal disputes

An administrative dispute is pending before the Court of Appeal in Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish Lira (now equal to around EUR 13 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative

proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. The judgement has been challenged by Cementir Holding before the Supreme Court.



Strawberry Building, Beijing China – White cement Glass Fiber Reinforced Concrete

ANNEX 1

List of equity investments at 31 December 2020

Company name	Registered Office	Share capital	Currency	Type of		Investment held by Group companies	Method
				% Direct	% Indirect		
Cementir Holding NV	Amsterdam (NL)	159,120,000	EUR			Parent	Line-by-line
Aalborg Cement Company Inc	Branchburg N.J. (USA)	1,000	USD		100	Aalborg Portland US Inc	Line-by-line
Aalborg Portland Holding A/S	Aalborg (DK)	300,000,000	DKK		75 23	Cementir Espana SL Globocem SL	Line-by-line
Aalborg Portland A/S	Aalborg (DK)	100,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Belgium SA	Antwerp (B)	500,000	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Digital Srl	Rome (I)	500,000	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland España SL	Madrid (E)	3,004	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland France SAS	Rochefort (FR)	10,010	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Islandi EHF	Kopavogur (IS)	303,000,000	ISK		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland US Inc	Branchburg N.J. (USA)	1,000	USD		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	265,200,000	CNY		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Australia) Pty Ltd	Brisbane (AUS)	1,000	AUD		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg Portland OOO	Kingisepp (RUS)	14,700,000	RUB		99.9 0.1	Aalborg Portland A/S Aalborg Portland Holding A/S	Line-by-line
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
AB Sydsten	Malmö (S)	15,000,000	SEK		50	Unicon A/S	Line-by-line
AGAB Syd Aktiebolag	Svedala (S)	500,000	SEK		40	AB Sydsten	Equity
Alfacem Srl	Rome (I)	1,010,000	EUR	99.99		Cementir Holding NV	Line-by-line
Basi 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Cementir Espana SL	Madrid (E)	3,007	EUR	100		Cementir Holding NV	Line-by-line
Cimbeton AS	Izmir (TR)	1,770,000	TRY		50.28 0.06	Cimentas AS Kars Cimento AS	Line-by-line
Cimentas AS	Izmir (TR)	87,112,463	TRY		97.1 0.12 0.48	Aalborg Portland España SL Cimbeton AS Kars Cimento AS	Line-by-line
Compagnie des Ciments Belges SA	Gaurain (B)	179,344,485	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Compagnie des Ciments Belges France SAS (CCBF)	Villeneuve d'Ascq (FR)	34,363,400	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
Destek AS	Izmir (TR)	50,000	TRY		99.99 0.01	Cimentas AS Cimentas Foundation	Line-by-line
De Paepe Beton NV	Gent (B)	500,000	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	Unicon A/S	Equity
Gaetano Cacciatore LLC	Branchburg N.J. (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line

ANNEX 1

cont'd

Company name	Registered Office	Share capital	Currency	Type of		Investment held by Group companies	Method
				% Direct	% Indirect		
Globocem SL	Madrid (E)	3,007	EUR		100	Alfacem Srl	Line-by-line
Ilion Cimento Ltd	Izmir (TR)	300,000	TRY		100	Cimbeton AS	Line-by-line
Kars Cimento AS	Izmir (TR)	513,162,416	TRY		41.55 58.45	Cimentas AS Alfacem Srl	Line-by-line
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	Unicon A/S	Line-by-line
Lehigh White Cement Company	West Palm Beach (USA)	-	USD		24.52 38.73	Aalborg Cement Company Inc White Cement Company LLC	Line-by-line
Neales Waste Management Ltd	Preston (GB)	100,000	GBP		100	NWM Holdings Ltd	Line-by-line
NWM Holdings Ltd	Preston (GB)	5,000,001	GBP		100	Recydia AS	Line-by-line
Quercia Ltd	Preston (GB)	5,000,100	GBP		100	NWM Holdings Ltd	Line-by-line
Recydia AS	Izmir (TR)	759,544,061	TRY		67.39 23.72 8.89	Kars Cimento AS Cimentas AS Aalborg Portland Holding A/S	Line-by-line
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		71.11	Aalborg Portland Holding A/S	Line-by-line
Skane Grus AB	Ljungbyhed (S)	1,000,000	SEK		60	AB Sydsten	Line-by-line
Société des Carrières du Tournaisis SA	Gaurain (B)	12,297,053	EUR		65	Compagnie des Ciments Belges SA	Proportionate
Spartan Hive SpA	Rome (I)	300,000	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Sureko AS	Izmir (TR)	43,443,679	TRY		100	Recydia AS	Line-by-line
Svim 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Unicon A/S	Copenhagen (DK)	150,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Unicon AS	Oslo (N)	13,289,100	NOK		100	Unicon A/S	Line-by-line
Vianini Pipe Inc	Branchburg N.J. (USA)	4,483,396	USD		99.99	Aalborg Portland US Inc	Line-by-line
White Cement Company LLC	Branchburg N.J. (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line

Rome, 9 March 2021

Francesco Caltagirone Jr.
Chairman of the Board of Directors

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

4



Moesgaard Museum, Aarhus Denmark

4 SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

166 Separate financial statements

174 Notes to the separate financial statements

SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(Before profit appropriation)

[EUR '000]	Note	31 December 2020	31 December 2019
ASSETS			
Intangible assets	1	301	5,050
Property, plant and equipment	2	1,931	3,847
Investment property	3	22,856	23,100
Investments in subsidiaries	4	298,801	294,541
Non-current financial assets	5	951	106,724
Deferred tax assets	17	16,043	13,452
TOTAL NON-CURRENT ASSETS		340,883	446,713
Trade receivables	6	5,013	9,618
- Trade receivables - third parties		10	372
- Trade receivables - related parties	31	5,003	9,246
Current financial assets	7	172,422	140,311
- Current financial assets - third parties		60	743
- Current financial assets - related parties	31	172,362	139,568
Current tax assets	8	3,149	2,640
Other current assets	9	4,835	5,378
- Other current assets - third parties		1,686	3,187
- Other current assets - related parties	31	3,149	2,190
Cash and cash equivalents	10	171,120	62,362
TOTAL CURRENT ASSETS		356,539	220,308
ASSETS HELD FOR SALE	32	-	300
TOTAL ASSETS		697,422	667,322
EQUITY AND LIABILITIES			
Share capital	11	159,120	159,120
Share premium reserve	12	35,710	35,710
Legal Reserves	13	(1,015)	(2,241)
Other reserves	13	73,153	109,138
Profit (loss) for the year		14,994	(9,174)
TOTAL EQUITY		281,962	292,553
Employee benefits	14	3,648	2,199
Non-current provisions	18	370	370
Non-current financial liabilities	15	5,247	333,817
Deferred tax liabilities	17	-	-
TOTAL NON-CURRENT LIABILITIES		9,265	336,386
Current provisions		-	10,409
Trade payables	16	1,672	3,779
- Trade payables - third parties		1,422	3,316
- Trade payables - related parties	31	250	463
Current financial liabilities	15	396,900	12,882
- Current financial liabilities - third parties		337,324	11,445
- Current financial liabilities - related parties	31	59,576	1,437
Current tax liabilities	17	-	-
Other current liabilities	18	7,623	11,312
- Other current liabilities - third parties		6,960	11,031
- Other current liabilities - related parties	31	663	281
TOTAL CURRENT LIABILITIES		406,195	38,383
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		-	-
TOTAL LIABILITIES		415,460	374,768
TOTAL EQUITY AND LIABILITIES		697,422	667,322

INCOME STATEMENT

[EUR '000]	Note	2020	2019
REVENUE	19	10,960	25,747
- Revenue - third parties		5	316
- Revenue - related parties	31	10,955	25,430
Increase for internal work	20	335	1,136
Other operating revenue	21	544	581
- Other operating revenue - third parties		544	581
TOTAL OPERATING REVENUE		11,839	27,463
Personnel costs	22	(11,904)	(12,309)
Other operating costs	23	(14,520)	(13,271)
- Other operating costs - third parties		(13,855)	(12,730)
- Other operating costs - related parties	31	(665)	(541)
TOTAL OPERATING COSTS		(26,424)	(25,580)
EBITDA		(14,585)	1,883
Amortisation, depreciation, impairment losses and provisions	24	(2,532)	(3,717)
EBIT		(17,117)	(1,834)
Financial income	25	42,639	5,514
- Financial income - third parties		9,454	872
- Financial income - related parties	31	33,185	4,642
Financial expense	25	(14,376)	(15,274)
- Financial expense - third parties		(14,314)	(15,191)
- Financial expense - related parties	31	(62)	(83)
NET FINANCIAL INCOME (EXPENSE)		28,263	(9,760)
PROFIT (LOSS) BEFORE TAXES		11,146	(11,594)
Income taxes	26	3,848	2,420
PROFIT (LOSS) FROM CONTINUING OPERATIONS		14,994	(9,174)

STATEMENT OF COMPREHENSIVE INCOME

[EUR '000]	Note	2020	2019
PROFIT (LOSS) FOR THE YEAR		14,994	(9,174)
Other components of comprehensive income:			
<i>Items that will never be reclassified to profit or loss</i>			
Net actuarial gains (losses) on post-employment benefits	27	11	(12)
Taxes recognised in equity	27	(3)	3
Total items that will never be reclassified to profit or loss		8	(9)
<i>Items that may be reclassified to profit or loss for the year:</i>			
Profit (Losses) on derivatives	27	1,741	890
Taxes recognised in equity	27	(515)	(263)
Total items that may be reclassified to profit or loss		1,226	627
Total other comprehensive expense, net of tax		1,234	617
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		16,228	(8,556)



El Arish Plant, Egypt

STATEMENT OF CHANGES IN EQUITY

Note [EUR'000]	11 Share capital	12 Share premium reserve	Legal reserves			
			Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)	Other IAS reserves
Equity at 1 January 2020	159,120	35,710	-	(2,241)	-	-
Allocation of 2019 profit (loss)	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-
Distribution of 2019 dividends	-	-	-	-	-	-
Total transactions with investors	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	-	-
Net actuarial gains	-	-	-	-	-	-
Losses on derivatives	-	-	-	1,226	-	-
Total comprehensive income (expense)	-	-	-	1,226	-	-
Equity at 31 December 2020	159,120	35,710	-	(1,015)	-	-

Note [EUR'000]	11 Share capital	12 Share premium reserve	Revaluation on reserve	Legal reserves*			
				Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)	Reserve as per Art. 15 of Law No. 67/88
Equity at 1 January 2019	159,120	35,710	-	13,207	(2,868)	31,824	138
Allocation of 2018 profit (loss)	-	-	-	-	-	-	-
Change in reserves due to conversion of the company in Dutch N.V.*	-	-	-	(13,207)	-	(31,824)	(138)
Distribution of 2018 dividends	-	-	-	-	-	-	-
Total transactions with investors	-	-	-	(13,207)	-	(31,824)	(138)
Profit (loss) for the year	-	-	-	-	-	-	-
Net actuarial gains	-	-	-	-	-	-	-
Losses on derivatives	-	-	-	-	627	-	-
Total comprehensive income (expense)	-	-	-	-	627	-	-
Equity at 31 December 2019	159,120	35,710	-	-	(2,241)	-	-

* As per the transformation date from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019.

13 Other reserves					13 Retained earnings	Loss for the year	Total Equity
Reserve as per Article 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial reserves	IFRS 9 reserve			
-	-		(139)	-	109,277	(9,174)	292,553
-	-	-	-	-	(9,174)	9,174	-
-	-	-	-	-	(4,543)	-	(4,543)
-	-	-	-	-	(22,277)	-	(22,277)
-	-	-	-	-	(35,994)	9,174	(26,820)
-	-	-	-	-	-	14,994	14,994
-	-	-	9	-	-	-	9
-	-	-	-	-	-	-	1,226
-	-	-	9	-	-	14,994	16,229
-	-	-	(130)	-	73,283	14,994	281,962

13 Other reserves					Retained earnings	Loss for the year	Total Equity
Reserve as per Law No. 349/95	Goodwill arising on merger	Other IFRS Reserves	Actuarial Reserves IAS 19	IFRS 9 reserve			
41	76,744	5,171	(130)	5,486	4,296	(5,353)	323,386
-	(5,353)	-	-	-	-	5,353	-
(41)	(71,391)	(5,171)	-	(5,486)	127,258	-	-
-	-	-	-	-	(22,277)	-	(22,277)
(41)	(71,391)	(5,171)	-	(5,486)	104,981	-	(22,277)
-	-	-	-	-	-	(9,174)	(9,174)
-	-	-	(9)	-	-	-	(9)
-	-	-	-	-	-	-	627
-	-	-	(9)	-	-	(9,174)	(8,556)
-	-	-	(139)	-	109,277	(9,174)	292,553

STATEMENT OF CASH FLOWS

[EUR'000]	Notes	31 December 2020	31 December 2019
Profit/(loss) for the year		14,994	(9,174)
Amortisation	24	1,744	3,457
Investment property FV adjustment		244	(100)
Loss allowance	6	788	-
Net financial income (expense)	25	(28,263)	9,760
- <i>third parties</i>		4,860	14,402
- <i>related parties</i>	31	(33,123)	(4,642)
Income taxes	26	(3,848)	(2,420)
Change in employee benefits		1,717	880
Change in provisions (current and non-current)	18	(10,409)	260
Operating cash flows before changes in working capital		(23,033)	2,663
(Increase) Decrease in trade receivables - third parties		363	(196)
(Increase) Decrease in trade receivables - related parties		2,844	9,161
Increase (Decrease) in trade payables - third parties		(147)	(30)
Increase (Decrease) in trade payables - related parties		(213)	-
Change in other non-current and current assets and liabilities - third parties		(1,523)	(2,032)
Change in other non-current and current assets and liabilities - related parties		(655)	(1,196)
Change in current and deferred taxes		(512)	906
Operating cash flows		(22,876)	9,277
Interest received		3,899	4,026
Interest paid		(8,797)	(9,524)
Other net financial derivative income (expense) collected (paid)	25	4,580	(2,467)
Income taxes paid		-	-
CASH FLOWS FROM IN OPERATING ACTIVITIES (A)		(23,194)	1,312
Investments in intangible assets		(902)	(1,404)
Investments in property, plant and equipment		(336)	(403)
Acquisitions of equity investments		(610)	(500)
Proceeds from the sale of property, plant and equipment		55	6
Proceeds from the sale of equity investments	25	33,500	-
CASH FLOWS INVESTING ACTIVITIES (B)		31,707	(2,301)
Change in non-current financial assets and liabilities - third parties		27	(632)
Change in non-current financial assets and liabilities - related parties		595	46,761
Change in current financial assets and liabilities - third parties		59,341	14
Change in current financial assets and liabilities - related parties		67,104	(12,423)
Dividends distributed		(22,277)	(22,277)
Purchase of equity shares		(4,543)	-
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		100,247	11,443
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		108,760	10,453
Opening cash and cash equivalents	10	62,360	51,907
Closing cash and cash equivalents	10	171,120	62,360

RECONCILIATION OF THE PARENT'S SEPARATE EQUITY AT 31 DECEMBER 2020 AND 2019 AND PROFIT (LOSS) FOR THE YEAR THEN ENDED WITH CONSOLIDATED EQUITY AND PROFIT (LOSS)

[EUR '000]	Profit (loss) 2020	Equity 31 December 2020
Cementir Holding NV separate	14,994	281,962
Effect of consolidating subsidiaries	86,443	1,288,088
Effect of equity-accounted investees	571	47,203
Difference in translation reserve	-	(648,715)
Other differences including the result for the year	-	88,171
Total attributable to the owners of the parent	102,008	1,056,709
Total attributable to the non-controlling interests	7,355	126,253
Cementir Holding Group	109,363	1,182,962

[EUR '000]	Profit (loss) 2019	Equity 31 December 2019
Cementir Holding NV separate	(9,174)	292,553
Effect of consolidating subsidiaries	92,433	1,201,645
Effect of equity-accounted investees	310	46,632
Difference in translation reserve	-	(580,956)
Other differences including the result for the year	-	84,753
Total attributable to the owners of the parent	83,569	1,044,627
Total attributable to the non-controlling interests	6,860	136,940
Cementir Holding Group	90,429	1,181,567

The main differences are caused by the valuation of the investments in subsidiaries at cost in the separate financial statements. Translation reserves are therefore not applicable in the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

GENERAL INFORMATION

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV; Chamber of Commerce registration number 76026728). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition per the Italian law requirements with the Dutch Civil Requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

At 31 December 2020, shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone – 104,862,053 shares (65.901%). The shareholding is held as follows:

- direct ownership of 1,327,560 shares (0.834%)
- indirect ownership through the companies:
 - Calt 2004 Srl – 47,860,813 shares (30.078%)
 - Caltagirone Spa – 22,820,015 shares (14.341%)
 - FGC Spa - 17,585,562 shares (11.052%)
 - Gamma Srl – 5,575,220 shares (3.504%)
 - Pantheon 2000 Spa – 4,466,928 shares (2.807%)
 - Ical 2 Spa – 2,614,300 shares (1.643%)
 - Capitolium Srl – 2,604,794 shares (1.637%)
 - Vianini Lavori Spa – 6,861 shares (0.004%)

2) Francesco Caltagirone – 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 9 March 2021, the Company's Board of Directors approved these separate financial statements for the year ending as at 31 December 2020 and authorised their publication on 10 March 2021.

STATEMENT OF COMPLIANCE WITH THE IFRS

These separate financial statements at 31 December 2020 are drawn up on a going concern basis and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2: 362(9) of the Dutch Civil Code.

Certain parts of this Annual Report contain financial measures that are not measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures and include items such as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Earnings Before Income Taxes (EBIT). The Company calculates EBITDA before provisions.

BASIS OF PRESENTATION

The separate financial statements at 31 December 2020 are presented in euros, the Company's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. They consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The separate financial statements have been prepared on a going concern basis as the directors are reasonably certain that the Company will continue to operate in the foreseeable future, based on their assessment of the risks and uncertainties to which it is exposed.

The Company has opted to present these statements as follows:

1. the statement of financial position presents current and non-current assets and liabilities separately;
2. the income statement classifies costs by nature;
3. the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
4. the statement of cash flows is presented using the indirect method.

The accounting policies are described in Basis of presentation section of the consolidated financial statements and are deemed incorporated and repeated herein by reference. Investments in subsidiaries are accounted for at cost.

TRANSFER OF BUSINESS UNIT TO AALBORG PORTLAND DIGITAL SRL

By notarial deed dated 29 April 2020, the Company Cementir Holding N.V. (the «Transferor») transferred to the subsidiary Aalborg Portland Digital Srl (the «Transferee»), with effect from 1 May 2020, the business unit relating to the provision of IT services, project management and the organisation and holding of training courses in the IT field in general, with particular regard to the cement production and distribution sector. This transaction is defined as a transaction under common control.

To establish the fair value of the business unit, an independent expert prepared an estimate report on the assets and liabilities constituting the said business unit, taking 29/02/2020 as the reference date.

The carrying amounts as at 29/02/2020 of the transferred business unit are shown below:

[EUR'000]

BALANCE SHEET	29/02/2020	BALANCE SHEET	29/02/2020
ASSETS		LIABILITIES	
Other intangible assets	4,575	Pensions	117
Assets under development and advances	159	Severance pay	128
Electronic office machines	113		
TOTAL ASSETS	4,847	TOTAL NON-CURRENT LIABILITIES	245
CURRENT ASSETS		National TP suppliers	1,387
Trade receivables	427	Trade payables	1,387
Current operating prepayments	36	Other payables to personnel	41
TOTAL CURRENT ASSETS	462	Provision for holidays	111
TOTAL ASSETS	5,309	Provision for thirteenth month	27
		Provision for contributions	31
		Payables to personnel	210
		Payables to social security institutions	33
		Payables to social security institutions	33
		TOTAL LIABILITIES	1,875

The fair value of the business is equal to the difference between the transferred assets and liabilities.

At the same time, Aalborg Portland Digital Srl increased the share capital by EUR 490 thousand, fully undersigned by the sole shareholder Cementir Holding N.V., and also set up a share premium reserve of EUR 2,940 thousand. The latter consequently increased the value of the investment by the same amount.

It should be noted that the transfer has as effective date May 1st, 2020 and consequently the accounting effects of the transaction have taken into account the changes occurred between the estimate date and the aforementioned effective date.

The accounting effects of the transfer on the balance sheet of Cementir Holding NV are shown below:

[EUR'000]	Pre-transfer values (30/04/2020)	Transfer	Post-transfer values (01/05/2020)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets with a finite life	5,041	(4,675)	366
Property, plant and equipment	3,518	(137)	3,381
TOTAL NON-CURRENT ASSETS	453,921	(4,812)	449,109
CURRENT ASSETS			
Trade receivables	8,493	(610)	7,883
Other current assets	6,687	(30)	6,657
TOTAL CURRENT ASSETS	368,345	(640)	367,705
TOTAL ASSETS	822,266	(5,452)	816,814
LIABILITIES			
Provisions for employee benefits	2,616	(258)	2,358
Non-current financial liabilities	333,849	(19)	333,830
TOTAL NON-CURRENT LIABILITIES	342,465	(277)	342,188
Trade payables	3,026	(1,479)	1,547
Current financial liabilities	157,196	(12)	157,184
Other current liabilities	28,217	(254)	27,963
TOTAL CURRENT LIABILITIES	188,439	(1,745)	186,694
TOTAL LIABILITIES	530,904	(2,022)	528,882
NET ASSETS TRANSFERRED		(3,430)	

Finally, on 1 June 2020, Cementir Holding N.V. sold its equity investment in Aalborg Portland Digital Srl to Aalborg Portland Holding A/S. The sale price was set at EUR 3,500 thousand and therefore generated a capital gain of EUR 60 thousand. Please refer to paragraph «25. Financial income» for further details of the sale transaction.

NOTES

1) Intangible assets

Intangible assets totalled EUR 301 thousand (EUR 5,050 thousand at 31 December 2019). «Other intangible assets» mainly refers to leasehold improvement costs related to the maintenance of the building in Corso di Francia 200, owned by ICAL SpA; the decrease compared to the previous year, amounting to EUR 4,749 thousand, is mainly due to the transfer of the intangible assets to Aalborg Portland Digital Srl, as described in the paragraph «Transfer of business unit to Aalborg Portland Digital Srl». Amortisation is calculated over five years.

[EUR'000]	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2020	15,670	-	15,670
Increase	635	14	649
Reclassifications	-	-	-
APD Transfer	(13,972)	(14)	(13,986)
Gross amount at 31 December 2020	2,333	-	2,333
Amortisation at 1 January 2020	10,620	-	10,620
Increase	723	-	723
APD Transfer	(9,311)	-	(9,311)
Amortisation at 31 December 2020	2,032	-	2,032
Net amount at 31 December 2020	301	-	301
Gross amount at 1 January 2019	12,938	-	12,938
Increase	-	2,732	2,732
Decrease	-	-	-
Reclassifications	2,732	(2,732)	-
Gross amount at 31 December 2019	15,670	-	15,670
Amortisation at 1 January 2019	8,805	-	8,805
Increase	1,817	-	1,817
Amortisation at 31 December 2019	10,620	-	10,620
Net amount at 31 December 2019	5,050	-	5,050

During the year, personnel expenses of approximately EUR 335 thousand were capitalised (EUR 1,136 thousand in 2019). These costs were also transferred to Aalborg Portland Digital Srl in May 2020.

2) Property, plant and equipment

At 31 December 2020 the item totalled EUR 1,931 thousand (EUR 3,847 thousand at 31 December 2019). The Other assets consist of furniture, electronic equipment and servers used by the company.

[EUR'000]	Other assets	Right of use assets	Total
Gross amount at 1 January 2020	1,687	5,004	6,691
APD Transfer	(1,374)	(1,177)	(2,551)
Increase	4	318	322
Decrease	-	(196)	(196)
Gross amount at 31 December 2020	317	3,949	4,266
Depreciation at 1 January 2020	1,349	1,494	2,843
APD Transfer	(1,269)	(120)	(1,389)
Increase	58	963	1,021
Decrease	-	(140)	(140)
Depreciation at 31 December 2020	138	2,197	2,335
Net amount at 31 December 2020	179	1,752	1,931
Gross amount at 1 January 2019	1,641	-	1,641
Change in accounting policy, leases	-	6,425	6,425
Increase	46	396	442
Decrease	-	(1,817)	(1,817)
Gross amount at 31 December 2019	1,687	5,004	6,691
Depreciation at 1 January 2019	1,219	-	1,219
Change in accounting policy, leases	-	-	-
Increase	130	1,511	1,641
Decrease	-	(17)	(17)
Depreciation at 31 December 2019	1,349	1,494	2,843
Net amount at 31 December 2019	337	3,510	3,847

Property, plant and equipment includes EUR 1,752 thousand of Right of Use assets arising from the application of IFRS 16. Note 28 «IFRS 16 Leases» shows the classification of Right of Use assets according to their nature. The decrease compared to the previous year, amounting to EUR 1,916 thousand, is mainly due to the transfer of property, plant and equipment to Aalborg Portland Digital Srl, as described in the paragraph «Transfer of business unit to Aalborg Portland Digital Srl», and due to the effects of the subleasing of the offices located in Corso di Francia 200.

The estimated useful life of the main items of plant and equipment is reported below:

	Useful life of property, plant and equipment
Various equipment	5 years
Office machines and equipment	5 years

3) Investment property

The item investment property, totalling EUR 22,856 thousand (EUR 23,100 at 31 December 2019), is recognised at fair value, as determined using appraisals prepared by a property assessor, of the property in Torrespaccata (Rome), which decreased against the previous year by EUR 244 thousand due to the slight decrease in market prices of commercial buildings in 2020. Around EUR 6.9 million of investment property has been pledged as collateral to secure non-current bank loans and borrowings with a residual, undiscounted amount of EUR 4,251 thousand at 31 December 2020.

4) Investments in subsidiaries

Totalling EUR 298,801 thousand (EUR 294,541 thousand at 31 December 2019), the item breaks down as follows:

[EUR'000]	Currency	Registered office	Investment %	Carrying amount at 31.12.2020	Investment %	Carrying amount at 31.12.2019
Cementir Espana SL	EUR	Madrid (ES)	100.00%	206,735	100.00%	206,735
Alfacem Srl	EUR	Rome (I)	99.99%	85,220	99.99%	85,220
Basi 15 Srl	EUR	Rome (I)	99.99%	6,446	99.99%	2,186
Svim 15 Srl	EUR	Rome (I)	99.99%	400	99.99%	400
Equity investments				298,801		294,541

The change compared to 2019, amounting to EUR 4,260 thousand, refers entirely to the increase in the investment in Basi 15 Srl due to a capital contribution of EUR 600 thousand and a withdrawal of a financial receivable of EUR 3,660 thousand, reclassified as investment.

All investments in subsidiaries are in unlisted companies. At the date of preparing these Financial Statements there is no evidence related to the impairment of the carrying value of the investments.

The list of direct and indirect participations of the parent is shown, according to Art. 2:379(1) DCC, in the annex to the Consolidated Financial Statements.

5) Non-current financial assets

Totalling EUR 951 thousand (EUR 106,724 thousand at 31 December 2019). The change in non-current financial assets is due to the reclassification from non-current financial assets to current financial assets of a loan granted by Cementir Holding NV to its subsidiary Aalborg Portland Holding A/S during 2016 to finance the acquisition of CCB's share capital, due to mature in October 2021. This loan was also partially repaid in 2020 for EUR 45,000 thousand.

This item also includes:

- EUR 923 thousand for financial receivables arising from the application of the IFRS16 accounting standard with Spartan Hive SpA, Aalborg Portland Digital Srl and Piemme SpA, and related to the lease of the building in Corso di Francia 200;
- EUR 28 thousand of receivables for guarantee deposits due to mature in less than five years.

6) Trade receivables

Trade receivables totalled EUR 5,013 thousand (EUR 9,618 thousand at 31 December 2019) and break down as follows:

[EUR'000]	31.12.2020	31.12.2019
Trade receivables from third parties	798	372
Loss allowance	(788)	-
Trade receivables – subsidiaries (note 31)	4,959	9,164
Trade receivables – other group companies (note 31)	44	82
Trade receivables	5,013	9,618

The value of trade receivables is representative of their fair value. The maturities of receivables from third party customers are as follows:

[EUR'000]	31.12.2020	31.12.2019
Not yet due	10	-
Overdue	788	372
Loss allowance	(788)	-
Total trade receivables from third parties	10	372

Trade receivables from subsidiaries refer to fees related to the Trademark License Agreement for the use of the trademark by subsidiaries.

The decrease is mainly due to the fact that the consulting services that were provided by Cementir Holding NV to the Group companies have been provided by Aalborg Portland Digital Srl since May 2020.

Trade receivables due from subsidiaries include EUR 2.395 thousand as of 31 December with past due date.

With reference to the increase of the loss allowance please refer to Note 24.

Note 31) Related party transactions provides more information about trade receivables from subsidiaries, associates and other group companies.

7) Current financial assets

Totalling EUR 172,422 thousand (EUR 140,311 thousand at 31 December 2019), the item breaks down as follows:

- loans to the subsidiary Svim 15 Srl, revocable and interest bearing, amounting to EUR 1,150 thousand;
- the loan to Aalborg Portland Holding A/S, amounting to EUR 60,752 thousand;
- the loan to the subsidiary Alfacem Srl, revocable and interest bearing, amounting to EUR 105,000 thousand;
- the loan to the subsidiary Cementir Espana SL, revocable and interest bearing, amounting to EUR 310 thousand;
- the receivable from Aalborg Portland Digital Srl arising from the cash pooling relationship starting in October 2020, for EUR 4,340 thousand.

The increase of EUR 32,111 thousand compared to the previous year is mainly due to the combination of the following effects:

- reclassification from «Non-current financial assets» of the loan to Aalborg Portland Holding A/S, amounting to EUR 60,752 thousand and maturing in October 2021;
- the cash pooling receivable described above, for EUR 4,340 thousand;
- the increase in the loan to Svim 15 Srl for EUR 65 thousand;
- partly offset by the partial repayment of the loan and interests granted to Alfacem Srl, for EUR 29,120 thousand;

The item also included EUR 60 thousand of deferrals mainly for fees on the Base Facility and the RCF.

8) Current tax assets

Current tax assets, which amounted to EUR 3,149 thousand (EUR 2,640 thousand at 31 December 2019), consisted of EUR 2,815 thousand mainly of withholding taxes applied to royalties for the use of the trademark and EUR 334 thousand of IRES tax credit arising from the 2020 National Consolidated Tax Return.

9) Other current assets

The item totalled EUR 4,835 thousand (EUR 5,378 thousand at 31 December 2019) and breaks down as follows:

[EUR'000]		31.12.2020	31.12.2019
Subsidiaries (IRES tax consolidation scheme)	(note 31)	3,149	2,190
Prepayments		73	63
VAT assets		1,425	2,914
Other receivables		188	211
Other current assets		4,835	5,378

10) Cash and cash equivalents

This item, totalling EUR 171,120 thousand (EUR 62,362 thousand at 31 December 2019) consists of cash and cash equivalents held by the Company and breaks down as follows:

[EUR'000]		31.12.2020	31.12.2019
Bank deposits		171,119	62,358
Bank deposits - related parties	(note 31)	-	-
Cash-in-hand and cash equivalents		1	3
Cash and cash equivalents		171,120	62,362

The change, amounting to EUR 108,758 thousand, is mainly attributable to the partial repayments of the loans granted to the subsidiaries Aalborg Portland Holding A/S and Alfacem Srl, previously noted, and for the remaining part to Company's net financial expense.

11) Share capital

The Company's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year end.

12) Share premium reserve

This item, at 31 December 2020, totalling EUR 35,710 thousand, was unchanged from the previous year end.

13) Reserves

Other reserves totalled EUR 72,138 thousand (EUR 106,897 thousand at 31 December 2019) and break down as follows:

[EUR'000]	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2020	(2,241)	(139)	109,277	106,897
Increase	1,226	9	-	1,235
Decrease	-	-	(35,994)	(35,994)
Balance at 31 December 2020	(1,015)	(130)	73,283	72,138

The increase of Legal Reserve (EUR 1,226 thousand) is fully related to the increase of cash flow hedge reserve compared to 2019.

The decrease of Retained Earnings (EUR 35,994 thousand) is related to the purchase of treasury shares (EUR 4,543 thousand), as described below, the 2019 dividend distribution (EUR 22,227) and the cover of 2019 loss (EUR 9,174 thousand).

Equity items

It is noted that the Company has tax residence in Italy, the following table shows the origin, possible use and availability of equity items in respect to Italian tax rules:

[EUR'000]	Nature / Description	Amount 31.12.2020	Summary of utilisation in previous three years	
			To cover losses	For other reasons
	Share capital	159,120	-	-
	Share premium reserve	35,710	-	-
	Revaluation reserve, as per Law 342/2000 2000 and 2003	-	97,732	-
	Legal reserve (Italian law)	31,824	-	-
	Reserve for treasury shares in portfolio	(4,543)	-	-
	Reserve for grants related to assets A)	13,207	-	-
	Reserve as per Art. 15 of Law No. 67 of 11/3/88	138	-	-
	Reserve as per Law 349/95	41	-	-
	Goodwill arising on merger reserve	21,959	35,859	40,258
	Other IFRS reserves - Revaluation reserve as per Law 266/05	-	4,178	-
	Other IFRS reserves	9,510	-	-
	Retained earnings	-	-	20,208
	Total reserves	107,848	137,769	60,466
	Profit (loss) for the year	14,994	-	-
	Total equity	281,962	-	-

A) The reserves that form part of the company's taxable profit if distributed total EUR 13,207 thousand.

The table below shows the reconciliation between Italian tax rules and Dutch Civil Code as at December 31st 2020:

[EUR'000]	Share premium reserve	Reserve for treasury shares	Reserve for grants related to assets	Hedging Reserve*	Legal reserve (Italian Law)	Other IAS reserves*	Reserve as per Art. 15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial reserves IAS 19*	IFRS 9 Reserve*	Retained Earnings	Total
Italian Tax rules	35,710	(4,543)	13,207	(1,015)	31,824	5,171	138	41	21,959	(130)	5,486	-	107,848
Reclassification due conversion in N.V.	-	4,543	(13,207)	-	(31,824)	(5,171)	(138)	(41)	(21,959)	-	(5,486)	73,283	-
Dutch Civil Code	35,710	-	-	(1,015)	-	-	-	-	-	(130)	-	73,283	107,848

*Other IFRS reserves

Purchase of treasury shares

It should be noted that on 2 July 2020, the extraordinary Shareholders' Meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 31 December 2020, the purchase of treasury shares concerned a total of 694,500 shares (0.4365% of the share capital) for an equivalent value of EUR 4,543 thousand.

Dividends

During the year, the company distributed a total of EUR 22,277 thousand in dividends to shareholders for 2019, corresponding to EUR 0.14 per ordinary share.

14) Employee benefits

Post-employment benefits totalled EUR 166 thousand (EUR 298 thousand at 31 December 2019). The figure represents the company's estimate of its obligation, determined using actuarial techniques, to employees upon termination of employment. On 1 January 2007, the Italian Finance Act and related implementing decrees introduced significant reforms to the regulations governing post-employment benefits, including the right of employees to decide where to allocate their accruing benefits. Benefits may be transferred to a pension fund or kept within the company, in which case they are transferred to a special treasury fund set up by INPS.

As a result of the reforms, accruing Italian post-employment benefits now qualify as a defined contribution plan rather than a defined benefit plan.

The actuarial assumptions used for their measurement are summarised below:

Values in %	31.12.2020	31.12.2019
Annual discount rate	0.00%	0.30%
Annual post-employment benefits growth rate	2.62%	2.62%

Changes in the liability are shown below:

[EUR'000]	31.12.2020	31.12.2019
Net liability opening balance	298	299
Current service cost	-	-
Interest cost	1	(1)
Payments of post-employment benefits	-	(12)
Net actuarial gains recognised in the year	(4)	12
(Contributions received)	(129)	-
(Benefits paid)	-	-
Net liability closing balance	166	298

The decrease is mainly due to the transfer of the post-employment benefits of the personnel transferred to Aalborg Portland Digital Srl, amounting to EUR 129 thousand, as described in the paragraph «Transfer of business unit to Aalborg Portland Digital Srl».

Employee benefits included EUR 3,482 thousand relative to long-term incentives granted to executives.

15) Financial liabilities

Non-current and current financial liabilities are shown below:

[EUR'000]	31.12.2020	31.12.2019
Bank loans and borrowing	3,208	330,282
Other non-current loan liabilities	184	223
Other non-current financial liabilities - related parties (note 31)	1,855	3,312
Non-current financial liabilities	5,247	333,817
Bank loans and borrowings	328,572	-
Bank loans and borrowings - related parties (note 31)	58,116	-
Current portion of non-current financial liabilities	1,135	1,719
Current portion of non-current financial liabilities - related parties (note 31)	1,460	1,437
Fair value of derivatives	7,599	9,632
Other loan liabilities	18	94
Current financial liabilities	396,900	12,882
Total financial liabilities	402,147	346,699

Non-current payables to bank loans and borrowings, for EUR 3,208 thousand, entirely referring to the variable rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA against a mortgage on the property located in Torrespaccata and expiring in 2024. The decrease compared to the previous year was entirely due to the reclassification of the pool loan, amounting to EUR 328,572 thousand, to «Current bank loans and borrowing».

This Loan Agreement consists of Credit Line B (short-term line) of EUR 329 million to be repaid in a single instalment in October 2021. At 31 December 2020, this credit line had been used in full.

The Financing Contract is secured by collateral appropriate to the type of transaction and requires compliance with the financial covenants, which at 31 December 2020 have been met by the Company. In particular, financial covenants to be complied with are the Group's net debt/EBITDA ratio (not exceed 2.5) and the EBITDA/ net financial expenses ratio (not less than 5.0).

The item «Trade payables - related parties for cash pooling», amounting to EUR 58,116 thousand, refers to the balance of the cash pooling accounts opened in 2020 with Spartan Hive SpA, CCB and CCB France.

The current portion of non-current financial liabilities mainly includes re-instalments due in 2020 of the floating-rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA secured by a company-owned property in Torrespaccata (EUR 1,010 thousand).

Other non-current loan liabilities, amounting to EUR 2,039 thousand (EUR 184 thousand to third parties and EUR 1,855 thousand to related parties), relate to the payable resulting from the application of IFRS 16; while other current loan liabilities, totalling EUR 18 thousand, mainly consist of accrued interest due on noncurrent loans.

The negative fair value of derivatives totalled approximately EUR 7,599 thousand; the figure is related to the fair value measurement at 31 December 2020 of derivatives purchased to hedge interest rate and currency risks connected with liabilities falling due between January 2021 and February 2027.

At 31 December 2020, a company-owned property in Torrespaccata, Rome, was mortgaged to third parties for EUR 6.9 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at 31 December 2020 amounted to EUR 9,234 thousand (GBP 8.3 million). They include sureties issued to the subsidiaries Quercia Limited and Neales Waste Management, in favour of Intesa San Paolo SpA and UniCredit.

Sureties in GBP were translated into euros at the exchange rates effective at 31 December 2020, equal to EUR/GBP 0.89903.

The company's exposure, broken down by due date of the financial liabilities, is as follows:

[EUR'000]	31.12.2020	31.12.2019
Within three months	398	964
- <i>third parties</i>	-	606
- <i>related parties</i> (note 31)	398	357
Between three months and one year	396,502	11,919
- <i>third parties</i>	338,386	10,839
- <i>related parties</i> (note 31)	58,116	1,080
Between one and two years	2,635	328,637
- <i>third parties</i>	1,044	327,178
- <i>related parties</i> (note 31)	1,591	1,459
Between two and five years	2,612	5,180
- <i>third parties</i>	2,164	3,326
- <i>related parties</i> (note 31)	448	1,854
After five years	-	-
Total financial liabilities	402,147	346,699

The carrying amount of current and non-current financial liabilities equals their fair value.

Net financial debt

As required by CONSOB Communication 6064293 of 28 July 2006, the company's net financial debt is shown in the next table:

[EUR'000]	31.12.2020	31.12.2019
A. Cash	1	3
B. Other cash equivalents	171,119	62,358
C. Cash and cash equivalents (A+B)	171,120	62,362
D. Current loan assets	172,422	140,311
E. Current bank loans and borrowings	(328,572)	-
F. Current portion of non-current debt	(2,595)	(3,156)
G. Other current loan liabilities	(65,733)	(9,727)
H. Current financial debt (E+F+G)	(396,900)	(12,882)
I. Net current financial debt (C+D+H)	(53,357)	189,790
J. Non-current bank loans and borrowings	(3,208)	(330,282)
K. Other non-current liabilities	(2,039)	(3,535)
L. Non-current financial debt (J+K)	(5,247)	(333,817)
M. Net financial debt (I+L)	(58,604)	(144,027)

The Company's net financial debt at 31 December 2020 amounted to EUR 58,604 thousand (EUR 144,027 thousand at 31 December 2019) down by EUR 85,423 thousand compared to the previous year. This change was mainly due to the partial repayment, for EUR 45,000 thousand, of the loan granted to the subsidiary Aalborg Portland Holding A/S during the year, and to the partial repayment, for EUR 29,120 thousand, of the loan granted to the subsidiary Alfacem Srl.

The item «Current bank loans and borrowings» increased due to the reclassification from the item «Non-current bank loans and borrowings» of the loan agreement for EUR 329 million, to be repaid in a single instalment in October 2021. The item «Other current financial payables», amounting to EUR 65,733 thousand (EUR 9,727 thousand at 31 December 2019) increased by EUR 56,006 thousand mainly due to the balance of the cash pooling accounts opened during 2020 with Spartan Hive SpA, CCB and CCB France.

In accordance with Consob communication No. 6064293 of 28 July 2006, the value of non-current receivables has not been included in the calculation of the Company's net financial debt.

If the loan had been included, the net financial debt of Cementir Holding NV would have been EUR 57,653 thousand (as presented below).

[EUR'000]	31.12.2020	31.12.2019
Current financial assets	172,422	140,311
Cash and cash equivalents	171,120	62,362
Current financial liabilities	(396,900)	(12,882)
Non-current financial liabilities	(5,247)	(333,817)
Net financial debt (as per CONSOB Communication)	(58,604)	(144,027)
Non-current financial assets	951	106,132
Total net financial debt	(57,653)	(37,895)

The change in «Non-current financial assets» related to the reclassification of the loan that Cementir Holding NV granted to the subsidiary Aalborg Portland Holding A/S, maturing in October 2021, for EUR 60,752 thousand and to the partial repayment of the same loan for EUR 45,000 thousand.

16) Trade payables

The carrying amount of trade payables approximates their fair value. Their balance of EUR 1,672 thousand (EUR 3,779 thousand at 31 December 2019) may be analysed as follows:

[EUR'000]	31.12.2020	31.12.2019
Trade payables - third parties	1,422	3,316
Trade payables - related parties (note 31)	250	463
Trade payables	1,672	3,779

The decrease in this item, amounting to EUR 2,107 thousand, was mainly due to the transfer of trade payables (EUR 1,479 thousand) to Aalborg Portland Digital Srl in connection with the transfer of a business unit described in the section «Transfer of a business unit to Aalborg Portland Digital Srl».

Note 31) Related party transactions gives a breakdown of trade payables to subsidiaries, associates and Parents.

17) Deferred tax assets and liabilities

At 31 December 2020, deferred tax assets, amounted to EUR 16,043 thousand, includes deferred tax assets net of deferred tax liabilities as shown below:

[EUR'000]	31.12.2019	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	Other changes	31.12.2020
Tax losses	9,456	3,768	-		13,224
Other	9,613	(1,206)	(517)		7,890
Deferred tax assets	19,069	2,562	(517)		21,114
Difference between fair value and their tax base	5,617	(73)	(473)		5,071
Deferred tax liabilities	5,617	(73)	(473)		5,071
Total	13,452	-	-		16,043

At 31 December 2020, deferred tax assets, totalling EUR 21,114 thousand, consisted mainly of IRES assets due to the tax losses of companies that opted to join the Italian national tax consolidation scheme; The company expects to recover them over the coming years within the timeframe defined by the relevant legislation. The change compared to the previous year, amounting to EUR 2,045 thousand, was mainly due to the utilisation of current provisions for EUR 2,725 thousand, partially offset by provisions for non-deductible interest expenses, loss allowance and long-term incentives for management personnel.

Deferred tax liabilities, totalling EUR 5,071 thousand at 31 December 2020, consisted of EUR 4,197 thousand in IRES liabilities and EUR 874 thousand in IRAP liabilities.

18) Other current liabilities and current and non-current provisions

[EUR'000]	31.12.2020	31.12.2019
Payables to personnel	1,255	1,471
Social security institutions	414	678
Other liabilities	5,292	8,882
Subsidiaries (IRES and VAT tax consolidation scheme) (note 31)	658	276
Other payables - related parties (note 31)	4	6
Other current liabilities	7,623	11,312

The other liabilities mainly refer to fees paid to directors and statutory auditors for a total of EUR 4,005 thousand. The change compared to the previous year is substantially related to the financial settlement, for EUR 5,118 thousand, of the Antitrust proceedings commenced by the competent Antitrust Authority (AGCM) and as per decision by the Council of State at the hearing of 7 February 2019.

The amount due to subsidiaries primarily comprises amounts owed by Cementir Holding to companies that have joined the national IRES tax consolidation scheme following the assignment of tax losses of previous years.

At 31 December 2020, non-current provisions amounted to EUR 370 thousand, unchanged compared to 31 December 2019.

The current provisions at 31 December 2020 were fully utilised (EUR 10,409 thousand at 31 December 2019); The utilisation of the period is related to the execution of a settlement agreement, for compensation requests relating to previous transactions.

19) Revenue

[EUR'000]	2020	2019
Services	10,960	25,747
Revenue	10,960	25,747

Revenue mainly included EUR 8,680 thousand in revenue from royalties for the use of the trademark by subsidiaries and EUR 1,729 thousand for consultancy services provided to those same subsidiaries until April 2020.

The decrease compared to the previous year is mainly due to the fact that the above-mentioned consultancy services have been provided by Aalborg Portland Digital Srl since May 2020.

Note 31) Related-party transactions provides more information about revenue from subsidiaries, associates and other Group companies.

20) Increase for internal work

Increase for internal work, equal to EUR 335 thousand, reflects the work performed by employees of Cementir Holding NV to install IT software that will have economic benefits over multiple years. This amount, referring to activities carried out in the first four months of 2020, was capitalised in intangible assets and then transferred to Aalborg Portland Digital Srl.

21) Other operating revenue

[EUR'000]	2020	2019
Building lease payments	402	409
Other income	142	172
Other operating revenue	544	581

Building lease payments refer to leases on the property in Torrespaccata, Rome.

22) Personnel costs

[EUR'000]	2020	2019
Wages and salaries	5,510	7,667
Social security charges	1,907	2,568
Other costs	4,487	2,074
Personnel costs	11,904	12,309

«Other costs» includes EUR 2,640 thousand (EUR 897 thousand at 31 December 2019) relative to long-term incentives granted to executives.

The company's workforce breaks down as follows:

	31.12.2020	31.12.2019	2020 average	2019 average
Executives	18	29	21	30
Middle management, white-collar workers and intermediates	26	41	32	42
Total	44	70	53	71

The Company has no employees in the Netherlands.

23) Other operating costs

[EUR'000]	2020	2019
Consultancy	1,783	3,161
Directors' fees	5,929	5,281
Independent auditors' fees	213	210
Other services	1,655	2,632
Other operating costs	4,940	1,988
Other operating costs	14,520	13,271

Other services included, inter alia, costs for managing the Torrespaccata property (EUR 116 thousand).

The total includes transactions with related parties; see note 31 for full details.

24) Amortisation, depreciation, impairment losses and provisions

[EUR'000]	2020	2019
Amortisation	722	1,817
Depreciation	1,022	1,640
Provisions	788	260
Amortisation, depreciation, impairment losses and provisions	2,532	3,717

Amortisation and depreciation includes EUR 963 thousand in amortisation of right of use assets deriving from the application of IFRS 16.

The decrease in this item, amounting to -EUR 1,185 thousand, was mainly due to the transfer of intangible assets to Aalborg Portland Digital Srl in connection with the transfer of a business unit described in the section «Transfer of a business unit to Aalborg Portland Digital Srl».

Provisions relate to the impairment losses of certain trade receivables from third parties.

25) Net financial expense

Financial income net of expenses was EUR 28,263 thousand. This result is broken down as follows:

[EUR'000]	2020	2019
Total income from investments	29,760	-
Interest income from third parties	688	614
Interest income from related parties (note 31)	3,425	4,642
Other financial income	8,766	258
Total financial income	12,879	5,514
Interest expense	(8,751)	(9,457)
Interest expense - related parties (note 31)	(62)	(83)
Other financial expense	(5,563)	(5,733)
Total financial expense	(14,376)	(15,274)
Net financial income (expense)	28,263	(9,760)

The item «Income from investments», amounting to EUR 29,760 thousand, includes:

- EUR 29,700 thousand related to the gain recorded from the sale to Aalborg Portland Holding A/S of the investment held in Spartan Hive SpA, which took place in January 2020 and was classified in the 2019 financial statements under «Assets held for sale»;
- EUR 60 thousand related to the gain arising from the sale to Aalborg Portland Holding A/S of the investment held in Aalborg Portland Digital Srl, which took place on 1 June 2020.

Other financial income amounting to EUR 8,766 thousand (EUR 258 thousand as of 31 December 2019) consisted of gains on derivative financial instruments purchased to hedge currency.

Other financial expense totalled EUR 5,563 thousand (EUR 5,733 thousand as of 31 December 2019) mainly consisted of expenses connected to Credit Line B and losses on the measurement of derivatives held to hedge currency and interest rate risks.

26) Income taxes

The item shows a net tax income of EUR 3,848 thousand (EUR 2,420 thousand in 2019) and breaks down as follows:

[EUR'000]	2020	2019
Current taxes	486	1,427
- IRES	486	1,427
- IRAP	-	-
Income taxes tax assets	2,817	1,036
- IRES	2,729	986
- IRAP	88	50
Income taxes tax liabilities	545	(43)
- IRES	442	(39)
- IRAP	103	(4)
Taxes	3,848	2,420

The following table shows a reconciliation between the theoretical tax expense and the effective expense recognised in the income statement:

[EUR'000]	2020	2019
Theoretical tax expense (based on Italian nominal tax rate)	(2,675)	(2,783)
Taxable permanent differences	(185)	(133)
Deductible permanent differences	6,827	58
Prior year taxes	(310)	5,278
Change in IRES tax rate	-	-
Effective IRAP tax expense	191	-
Taxes	3,848	2,420

The Company, as allowed by the Consolidated Income Tax Act, participates in the group tax regime called «National tax consolidation scheme» as Parent.

27) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

[EUR'000]	2020			2019		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Financial instruments	11	(3)	8	890	(263)	627
Net actuarial gains (losses) on post-employment benefits	1,741	(515)	1,226	(12)	3	(9)
Total other comprehensive income (expense)	1,752	(518)	1,234	878	(260)	617

28) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Company at 31 December 2020 and the related disclosures:

[EUR'000]	Land and buildings	Plant and equipment	Other assets	Total Right-of-use assets
Gross amount at 1 January 2020	4,368	587	48	5,003
Transfer to APD	(898)	(231)	(48)	(1,177)
Increase	3	315	-	318
Decrease	-	(195)	-	(195)
Gross amount at 31 December 2020	3,473	476	-	3,949
Amortisation at 1 January 2020	1,281	201	12	1,494
Transfer to APD	-	(104)	(16)	(120)
Amortisation	745	214	4	963
Decrease	-	(140)	-	(140)
Amortisation at 31 December 2020	2,026	171	-	2,197

As at 31 December 2020, right of use assets reached EUR 1,752 thousand and mainly included the contract for the offices at Corso Francia 200 (EUR 1,447 thousand million).

The amortisation period of the right-of-use assets is reported below:

	Useful life of the right of use assets
Land and buildings	6 years
Plant and equipment	4 years
Other assets	4 years

[EUR'000]	31.12.2020
Within three months	438
Between three months and one year	1,277
Between one and two years	1,681
Between two and five years	500
After five years	-
Total undiscounted lease liabilities at December 31, 2020	3,896

The Company's exposure, broken down by expiry of the lease liabilities, is as follows:

Current and non-current lease liabilities are shown below:

[EUR'000]	31.12.2020
Non-current lease liabilities	184
Non-current lease liabilities - related parties (note 31)	1,855
Non-current lease liabilities	2,039
Current lease liabilities	125
Current lease liabilities - related parties (note 31)	1,460
Current lease liabilities	1,585
Total lease liabilities	3,624

Amounts recognised in profit/(loss) in the income statement

[EUR'000]		2020
Amortisation	(note 24)	(963)
Interest expense on lease liabilities		(70)

Amounts recognised in the cash flow statement

[EUR'000]		2020
Total cash outflow for leases		1,729

29) Financial risk management and disclosures

The company is exposed to financial risks connected with its operations, namely:

Credit risk

Cementir Holding N.V.'s exposure to credit risk is not considered particularly significant as it mainly does business with subsidiaries and related parties whose risk of insolvency is substantially inexistent.

The credit risk of the trade receivables due from subsidiaries is considered not significant.

Note 6 provides details about trade receivables due from third parties that are overdue, impaired or not yet due.

With respect to bank deposits (refer to Note 10) and derivatives (refer to Note 7), the Company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.

The company monitors its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.

The company has credit lines which cover any unforeseen requirements.

Note 15 provides a breakdown of financial liabilities by due date.

Market risk

The market risk mainly concerns currency and interest rate risks.

Currency risk

Cementir Holding N.V. is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Interest rate risk

As Cementir Holding NV has floating rate bank loans, it is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in euros and the medium to long-term interest rate curve is not steep. Having thoroughly assessed the level of rates expected and debt reduction timing based on cash forecasts, Interest Rate Swaps are agreed to partly hedge the risk.

At 31 December 2020, the company's net financial debt amounted to EUR 58,604 thousand (including EUR 343,542 thousand in current loan assets and cash and cash equivalents, EUR 396,900 thousand in current loan liabilities and EUR 5,247 thousand in non-current loan liabilities). All its exposures are subject to floating interest rates.

With respect to the floating rate on net financial debt, an annual 1% increase in interest rates, assuming all the other variables remain stable, would have had a negative effect on profit before taxes of EUR 1 million (EUR 2.3 million in 2019) and on equity of EUR 0.8 million (EUR 1.7 million at 31 December 2019). A similar decrease in interest rates would have an identical positive impact.

30) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities which can be accessed by the entity at the valuation date.
- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

[EUR'000]	Note	Level 1	Level 2	Level 3	Total
31 December 2020					
Investment property	3	-	-	22,856	22,856
Total assets		-	-	22,856	22,856
Current financial liabilities (derivative instruments)	15	-	7,599	-	7,599
Total liabilities		-	7,599	-	7,599
31 December 2019					
Investment property	3	-	-	23,100	23,100
Total assets		-	-	23,100	23,100
Current financial liabilities (derivative instruments)	15	-	9,632	-	9,632
Total liabilities		-	9,632	-	9,632

No transfers among the levels took place during 2020.

31) Related party transactions

Transactions performed by the Company with related parties are part of its normal business operations and usually take place at market conditions; there were no atypical or unusual transactions, not within normal company management. It should be noted that Cementir Holding NV granted loans to the subsidiaries Svim 15 Srl, Alfacem Srl, Cementir España SL and Spartan Hive SpA, as described in Note 7. These loans are also described in note 15 «Net financial debt».

On 5 November 2010, the Board of Directors of Cementir Holding NV approved a new procedure for related party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions thereto. The procedure has been applicable starting from 1 January 2011. On 13 November 2019, the Board of Directors resolved to make a number of changes to the Related Party Transaction Procedure, following the conversion of Cementir Holding into a company under Dutch law. Finally, it should be noted that the procedure was again approved by the Board of Directors on 9 November 2020 during the periodic review of company procedures.

As required by CONSOB Communication No. 6064293 of 28 July 2006, related party transactions and their effects are reported in the table below:

[EUR'000]	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Trade payables	Current and non-current financial liabilities	Other current liabilities	Balance
2020								
Cimentas AS	2,813	-	-	-	-	-	-	2,813
Alfacem Srl	-	-	105,000	-	-	-	(18)	104,982
Aalborg Portland Holding A/S	1,909	-	60,752	-	-	-	-	62,661
Basi 15 Srl	-	-	-	-	-	-	(308)	(308)
Svim 15 Srl	-	-	1,150	-	-	-	(70)	1,080
Cementir Espana SL	-	-	310	-	-	-	-	310
Aalborg Portland A/S	-	-	-	-	-	-	-	-
Lehigh White Cement Company	20	-	-	-	-	-	-	20
Quercia Ltd	-	-	-	-	-	-	-	-
Aalborg Portland Digital S.r.l.	50	364	4,647	13	-	-	(87)	4,987
Spartan Hive SpA	-	112	101	3,136	-	(5,573)	(176)	(2,400)
Recydia	108	-	-	-	-	-	-	108
Caltagirone SpA	42	-	-	-	(250)	-	-	(208)
Vianini Lavori SpA	-	-	-	-	-	-	-	-
Piemme SpA	2	447	402	-	-	-	(3)	847
Compagnie des Ciments Belges France SA	-	-	-	-	-	(20,989)	-	(20,989)
Compagnie des Ciments Belges SA	59	-	-	-	-	(31,554)	-	(31,495)
Aalborg Portland Malaysia Sdn. Bhd.	-	-	-	-	-	-	-	-
Aalborg Portland Anqing CO. LTD.	-	-	-	-	-	-	-	-
ICAL SpA	-	-	-	-	-	(3,315)	-	(3,315)
Total related parties	5,003	923	172,362	3,149	(250)	(61,431)	(662)	119,094
Total financial statements item	5,013	951	172,422	4,835	(1,672)	(396,900)	(7,623)	
% of item	99.80%	97.06%	99.97%	65.13%	14.95%	15.48%	8.70%	

[EUR'000]	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Trade payables	Current and non-current financial liabilities	Other current liabilities	Balance
2019								
Cimentas AS	3,425	-	-	-	-	-	-	3,425
Alfacem Srl	-	-	134,120	-	-	-	(11)	134,110
Aalborg Portland Holding A/S	5,457	105,070	-	-	-	-	-	110,527
Basi 15 Srl	-	-	3,561	-	-	-	(216)	3,346
Svim 15 Srl	-	-	1,085	-	-	-	(48)	1,038
Cementir Espana SL	-	-	310	-	-	-	-	310
Aalborg Portland A/S	-	-	-	-	-	-	-	-
Sinai White Portland Cement Co.S.A.E.	20	-	-	-	-	-	-	20
Quercia Ltd	-	-	-	5	-	-	-	5
Spartan Hive SpA	214	212	98	2,186	-	-	(1)	2,708
Caltagirone SpA	82	-	-	-	(450)	-	-	(368)
Vianini Lavori SpA	-	-	-	-	(13)	-	-	(13)
Piemme SpA	-	850	393	-	-	-	(6)	1,237
Compagnie des Ciments Belges SA	11	-	-	-	-	-	-	11
Aalborg Portland Malaysia Sdn. Bhd.	38	-	-	-	-	-	-	38
Aalborg Portland Anqing CO. LTD.	-	-	-	-	-	-	-	-
ICAL SpA	-	-	-	-	-	(4,750)	-	(4,750)
Total related parties	9,246	106,132	139,568	2,190	(463)	(4,750)	(281)	251,642
Total financial statements item	9,618	106,724	140,311	5,378	(3,779)	(346,699)	(11,312)	
% of item	96.13%	99.45%	99.47%	40.73%	12.25%	1.37%	2.49%	

Revenue and costs

[EUR'000]	Operating revenue and other income	Financial income	Operating costs	Financial expense	Balance
2020					
Caltagirone SpA	-	-	(450)	-	(450)
Cimentas AS	1,631	-	-	-	1,631
Alfacem Srl	-	1,818	-	-	1,818
Basi 15 Srl	-	6	-	-	6
Svim 15 Srl	-	2	-	-	2
Aalborg Portland Holding A/S	8,778	31,309	-	-	40,087
Aalborg Portland A/S	-	-	-	-	-
Sinai White Portland Cement Co.S.A.E.	-	-	-	-	-
Aalborg Portland Digital S.r.l.	355	51	(110)	-	296
Vianini Lavori SpA	-	-	(42)	-	(42)
Piemme SpA	83	29	-	-	112
Spartan Hive SpA	67	9	(64)	-	12
Compagnie des Ciments Belges SA	-	1	-	-	1
Compagnie des Ciments Belges France SA	-	1	-	-	-
Aalborg Portland Malaysia Sdn. BHD.	-	-	-	-	-
ICAL SpA	-	-	-	(62)	(62)
Total related parties	10,914	33,226	(666)	(62)	43,412
Total financial statements item	11,839	42,639	(14,520)	(14,376)	
% of item	92.19%	77.92%	4.59%	0.43%	

[EUR'000]	Operating revenue and other income	Financial income	Operating costs	Financial expense	Balance
2019					
Caltagirone SpA	-	-	(450)	-	(450)
Cimentas AS	3,944	-	-	-	3,944
Alfacem Srl	-	2,117	-	-	2,117
Basi 15 Srl	-	5	-	-	5
Svim 15 Srl	-	2	-	-	2
Aalborg Portland Holding A/S	21,059	2,504	-	-	23,563
Aalborg Portland A/S	-	-	-	-	-
Sinai White Portland Cement Co.S.A.E.	20	-	-	-	20
Vianini Lavori SpA	-	-	(42)	-	(42)
Piemme SpA	27	12	(50)	-	(11)
Spartan Hive SpA	332	3	-	-	335
Compagnie des Ciments Belges SA	11	-	-	-	11
Aalborg Portland Malaysia Sdn. BHD.	38	-	-	-	38
ICAL SpA	-	-	-	(83)	(83)
Total related parties	25,430	4,642	(542)	(83)	29,447
Total financial statements item	27,463	5,514	(13,271)	(15,274)	
% of item	92.60%	84.19%	4.08%	0.55%	

Revenue from the subsidiaries Cimentas AS and Aalborg Portland Holding A/S refers to fees for the Trademark License Agreement and fees for the Cementir Group Intercompany Service Agreement (the latter in force until April 2020), whereas for Spartan Hive SpA and Aalborg Portland Digital Srl revenue only refers to fees for the Cementir Group Intercompany Service Agreement.

Financial income from Aalborg Portland Holding A/S included the gains realised on the sale of the investments in Spartan Hive SpA (EUR 29,700 thousand) and Aalborg Portland Digital Srl (EUR 60 thousand); financial income from Alfacem Srl relates to interest accrued on the loan granted.

Operating costs from Spartan Hive SpA (EUR 64 thousand) relate to purchasing services, while operating costs from Aalborg Portland Digital Srl (EUR 110 thousand) relate to consulting services.

Trade receivables refer to invoices for management and branding fees sent to Cimentas, Aalborg Portland.

Financial assets refer to interest-bearing loans to Aalborg Portland Holding A/S (EUR 60,752 thousand), Svim 15 Srl (EUR 1,150 thousand), Alfacem (EUR 105,000 thousand) and the noninterest bearing loan to Cementir Espana (EUR 310 thousand). In addition, there are financial receivables from arising from the cash pooling relationship with Aalborg Portland Digital Srl (EUR 4,647 thousand) and from Piemme (EUR 402 thousand) and Spartan Hive (EUR 101 thousand), deriving from the sublease of part of the premises at Corso di Francia 200 from 1 September 2019, recognised in accordance with IFRS 16.

Current and non-current financial liabilities essentially include the balances of cash pooling relationships with Spartan Hive (EUR 5,573 thousand) Srl, CCB SA (EUR 31,554 thousand) and CCB France SA (EUR 20,989 thousand).

Other current liabilities and other current assets mainly related to the effects of Cementir Holding NV and the companies Alfacem Srl, Spartan Hive SpA, Aalborg Portland Digital Srl, Basi15 Srl and Svim15 Srl joining the national tax consolidation scheme.

32) Assets held for sale

The decrease from the previous year (EUR 300 thousand) relates to the sale of the investment in Spartan Hive SpA to Aalborg Portland Holding A/S in January 2020. This transaction generated a gain of EUR 29,700 thousand in the financial statements of Cementir Holding NV, as described in note 25.

33) Independent auditors' fees

Fees charged in 2020 to the independent auditors totalled approximately EUR 269 thousand, including EUR 255 thousand for audit services and EUR 14 thousand for other services (EUR 229 thousand in 2019 of which EUR 190 thousand for audit services and EUR 39 thousand for other services).

34) Director's remuneration

Compensation paid in financial year 2020 totalled EUR 5,798 thousand (EUR 5,572 thousand in 2019) as shown below:

[EUR'000]	2020	2019
Fixed Remuneration	1,978	2,016
Compensation for participation in committees	160	200
Variable Compensation	3,428	3,125
Non-monetary benefits	7	6
Other fees	225	225
Total	5,798	5,572

The key management personnel compensation is mainly relating to short-term employee benefits.

35) Off balance sheet liabilities

Regarding pledge as collateral for banks loans refer to note 15.

36) Events after the reporting period

In compliance with the resolution of the Shareholders' Meeting of 2 July 2020, the programme for the purchase of treasury shares continued at the date of 28 February 2021 for a total of 1,675,000 shares equal to 1.0527% of the share capital (694,500 shares equal to 0.4365% of the share capital at 31 December 2020) for a total outlay of EUR 12,028 thousand (EUR 4,543 thousand at 31 December 2020).

No other significant events occurred after the end of the year.

OTHER INFORMATION

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2020 OF CEMENTIR HOLDING N.V.

The Board of Directors proposes that the Shareholders' Meeting:

- approve the separate financial statements as at and for the year ended 31 December 2020 - including the statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes - showing a profit of EUR 14,994 thousand;
- distribute, as a dividend, a total of EUR 22,277 thousand as EUR 0.14 for each ordinary share, before any applicable withholdings required by law, using:
 - the profit of the year of EUR 14,994 thousand;
 - retained earnings for EUR 7,283 thousand.

Rome, 9 March 2021

Francesco Caltagirone Jr.

Chairman of the Board of Directors

OTHER INFORMATION

5



Ipoh cement plant, Malaysia

5 OTHER INFORMATION

202 Independent Auditor's Report

215 Simplified structure of the Group



Independent auditor's report

To: the Shareholders' meeting of Cementir Holding N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cementir Holding N.V. as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of Cementir Holding N.V. ('the Company') based in Amsterdam, the Netherlands.

The financial statements comprise:

- 1 the consolidated and separate statement of financial position as at 31 December 2020;
- 2 the following consolidated and separate statements for 2020: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Cementir Holding N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

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Audit approach

Summary

Materiality
— Materiality of EUR 10 million for the consolidated financial statements
— 0.8% of consolidated revenue
— Materiality of EUR 5 million for the separate financial statements
— 0.8% of total assets

Group audit
— 97% of consolidated total assets
— 92% of consolidated revenue

Key audit matters
— Impairment testing on goodwill

Opinion
Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at EUR 10 million (2019: EUR 11 million) and for the separate financial statements as a whole at EUR 5 million (2019: EUR 5 million).

The materiality for the consolidated financial statements is determined with reference to the consolidated revenue (0.8%). We consider revenue as the most appropriate benchmark because the main focus of stakeholders is, amongst other metrics, on revenue. Additionally, revenue appears to be less volatile than other benchmarks, such as profit before taxes.

The materiality for the separate financial statements is determined with reference to total assets (0.8%). We consider total assets as the most appropriate benchmark given the primary nature of the parent Company's activities, the holding of investments.

The benchmarks for both consolidated and separate financial statements did not change from prior year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and separate financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 500 thousand and EUR 250 thousand which are identified during the audit of the consolidated and separate financial statements respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.



Scope of the group audit

Cementir Holding N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Cementir Holding N.V.

Our group audit mainly focused on significant components that are of individual financial significance to the group.

We have:

- made use of the work of other auditors for the audit of Cementir Holding N.V., Aalborg Portland Holding A/S, Çimentoş A.S. and Compagnie des Ciments Belges CCB S.A.;
- set component materiality levels, which ranged from EUR 1.0 million to EUR 7.8 million, based on the mix of size and financial statement risk profile of the components within the group to reduce the aggregation risk to an acceptable level;
- provided detailed instructions to the component auditors, covering amongst others the significant risks of material misstatement, and the information required to be reported back to the group audit team;
- for the components in scope of the group audit, held conference calls and virtual meetings with the auditor of significant components. During these meetings and calls, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any further work deemed necessary by the group audit team was then performed;
- performed (due to COVID-19, remote) file reviews of the components Cementir Holding N.V. and Çimentoş A.S. The number of file reviews decreased since a first year audit is not applicable anymore;
- performed selected audit procedures ourselves at Cementir Holding N.V. with respect to compliance with specific Dutch disclosure requirements and those related to communication to those charged with governance;
- for the non-significant components, performed analytical procedures at the aggregated group level in order to corroborate our assessment that there are no risks of material misstatements within these non-significant group entities.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.



The audit coverage as stated in the section 'Summary' can be further detailed as follows:

Total assets

79%

Audit of the complete reporting package

18%

Specified audit procedures

Revenue

92%

Audit of the complete reporting package

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Directors. We refer to the chapter 'Risks and Uncertainties of the Directors' Report' contained in the Annual Report where the Board of Directors included its risk assessment.



Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Group and we inquired the Board of Directors as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an indirect effect: environment, health and safety, labour law and trade union requirements and anti-competition.

In accordance with the auditing standard we evaluated the following fraud risks that are relevant to our audit, including the relevant presumed risks:

- fraud risk in relation to revenue recognition, being the risk with respect to an overstatement of revenues during the cut-off period close to the financial year-end (the presumed risk); and
- fraud risk in relation to management override of controls to meet targets and/or expectations (the presumed risk).

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit. This included communication from the group to component audit teams of relevant risks of fraud identified at group level.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matter 'impairment testing on goodwill', which is an example of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

We communicated our risk assessment and audit response to management and the Board of Directors. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our response

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.



- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the Company, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- Assessment of matters reported on the Company's incident register/whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- With respect to the risk of fraud in revenue recognition, we carried out inspection and testing of documentation such as contracts with customers, shipping documents and credit notes. We tested manual journal entries posted to revenue to identify unusual or irregular items. We assessed sales transactions taking place at either side of the year-end date as well as credit notes issued after the year-end date to assess whether the revenue was recognized in the correct period.
- With respect to the fraud risk in relation to management override of controls, we evaluated the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- With respect to the risk of bribery and corruption across various countries, we evaluated the Company's procedures such as due diligence procedures on third parties. We considered the possibility of fraudulent or corrupt payments made through third parties including agents and conducted detailed testing on third-party vendors in high-risk jurisdictions.
- We incorporated elements of unpredictability in our audit, such as: negative news search and certain audit procedures with respect to the whistleblowing register.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.

We do note that our audit is based on the procedures described in line with applicable auditing standards. In addition to the requirements of the auditing standards we have performed the following additional procedures:

- Evaluation of the follow-up of an incident report (including root cause from a financial and non-financial perspective).
- Evaluation as to whether integrity and the code of conduct is a topic on the agenda of the management and those charged with governance.

Our procedures to address identified risks of fraud did not result in a key audit matter.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.



The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Compared to last year the key audit matter with respect to the initial audit is not included, as this specifically relates to the financial year 2019, which was our first year as auditor of the Company.

Impairment testing on goodwill

Description

The carrying value of goodwill as at 31 December 2020 is EUR 329.8 million. The Company tested the goodwill, allocated to the identified cash generating units, for impairment as at year-end.

Under EU-IFRS, the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were considered to be significant to our audit due to the complexity of the assessment process, judgements and assumptions which are affected by expected future market and economic developments. Management override may be driven by an incentive or pressure to reach specific targets and/or analyst expectations.

We specifically focused on the valuation of goodwill in the cash generating unit 'Turkey', considering the macro economic uncertainties in Turkey.

Our response

We challenged the goodwill impairment tests. In this respect, we critically assessed and tested management's key assumptions, methodologies and data elements. This included, but was not limited to, comparing the weighted average cost of capital, growth rates and other information to external and historical data (such as external market growth expectations) and by analysing sensitivities in the Company's valuation model.

We particularly focused on the reasonableness of forecasts and cash flow projections made by the Board of Directors. We challenged possible biases of management in these projections, including the overall outcome and consistency and the historical accuracy of previous management's estimates via retrospective review procedures.

Our audit procedures included the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the (terminal) growth and pre-tax discount rates, and the valuation methodology and model used by the Company.

Our observation

Based on the procedures performed, we obtained sufficient and appropriate audit evidence to conclude that the carrying value of goodwill as at 31 December 2020 is not materially misstated.



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Shareholders' meeting as auditor of Cementir Holding N.V. on 28 June 2019, as of the audit for the year 2019 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

Cementir Holding N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF). In our opinion, the annual financial report made up in XHTML format, including the partly tagged consolidated financial statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with RTS on ESEF.

- Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others: Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.



- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether they are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report.

Amstelveen, 9 March 2021

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

Appendix:

Description of our responsibilities for the audit of the financial statements



Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

In case of a group audit we are, given our ultimate responsibility for the opinion, also responsible for directing, supervising and performing the group audit. In this respect we determine the nature and extent of the audit procedures to be carried out for group entities. Decisive are the size and/or the risk profile of the group entities or operations. On this basis, we select group entities for which an audit or review has to be carried out on the complete set of financial information or specific items.

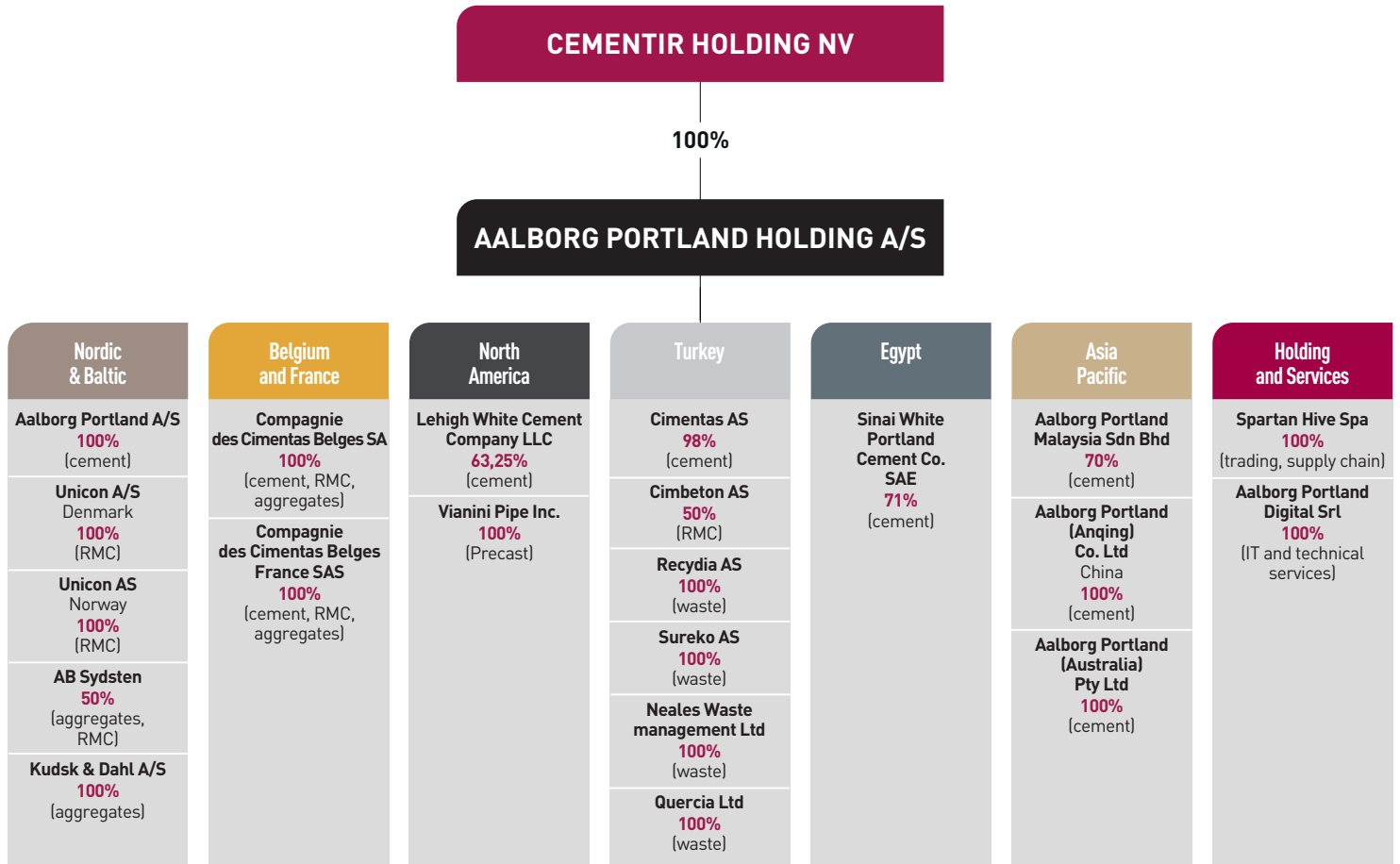
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

SEMPLIFIED STRUCTURE OF THE GROUP





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