



Annual Report 2021



Contents

7	Management Report – Consolidated Accounts
13	Consolidated Balance Sheet as at December 31, 2021
14	Consolidated Statement of Changes on Equity during the 2021
15	Consolidated Income Statement by Nature of Expense for the period ended December 31, 2021
16	Consolidated Cash-Flow Statement Period ended December 31, 2021
19	Notes to the Accounts
43	Statutory Auditor's Report
47	Certifications
55	Organization Chart

Annual Report 2021

INTRODUCTION

The year 2021 marks the return, albeit slow, to normal business development for the company and society in general. This return will, however, be slower and less stable and predictable than the pre-covid normality, and that is a true picture of the company's performance during this year. In fact, the prospects of a return to normal business development, interrupted in 2020, were verified, with the resumption of activities in the projects and markets that had been suspended, but did not translate into the implementation of investment decisions frozen by the pandemic.

Another disturbing factor was the joint effect of the slow normalisation of transport logistics flows and the availability of raw materials, which led to a significant increase in costs and, above all, in execution times, whose impact on Seth's activity was felt, although less than could be expected due to the existence of price revision mechanisms in the contracts being executed. This situation, which will still characterise 2022 and will continue until 2023, especially in the Portuguese market, did not allow new orders to be obtained at the anticipated pace as many of the opportunities that arose in the market ended up not finding interested parties due to outdated base prices, which led to the postponement of tenders, thus reducing the expected contribution to the increase in turnover and the desired result.

However, the results obtained were positive and reflect the return to the trajectory interrupted by the disruption of the 2020 financial year and the return to business development in line with the strategy outlined by the new reality of integration into the business unit of the MTH Holding group, MTH International. Seth's mission, within the reality described above, is to develop business in the Portuguese, Mediterranean European and Sub-Saharan African markets, based on the five focus areas defined by the Group. The **Sustainability** of the operations and projects in which we participate, with special emphasis on reducing carbon emissions by seeking more efficient equipment and methods and by obtaining certifications that attest to the growing incorporation of recycled materials and circular economy principles. **Innovation** through collaboration with clients in the development of less intrusive and more efficient construction solutions based on the use of prefabrication and offsite modular construction. **Processes**, promoting their constant review to find the best digital solutions that technological development makes available to make operations more efficient, examples of which are the use of electronic platforms for sharing information and collaboration between all workers, the use of three-dimensional representation of projects for execution and rationalisation of materials to be incorporated and the training of decision-makers in Lean methodologies for conducting activities. **Collaboration**, through participation in design and construction projects, as is customary in electrical infrastructure activity or solution engineering that

characterises our activity in maritime works, ways of acting in which involvement with customers and other Group units is essential. And on the **Workers**, through constant concern and investment in creating and improving safety conditions for the performance of their duties, regardless of their geographical location, creating uniform standards of action and investing in the constant training and improvement of everyone's skills. More complete and detailed information on the implementation of these principles and their results can be obtained by consulting the social responsibility report that the company is publishing independently for the first time this year.

The year 2021 was still a difficult year, characterised essentially by the execution of the work portfolio interrupted by the pandemic and less by the obtaining of new orders which, only in the second half of the year, showed signs of dynamism and consequent obtaining of new work although without impact on the turnover recognised in the year.

The African market was the one where most of the income from the fiscal year was obtained, representing 61% of the total, with Mozambique being the most important market, accounting for 40% of the activity.

The Portuguese infrastructure market continued to offer few opportunities, although better than in previous years, and it was possible to acquire new orders whose execution had only a partial impact in the second half of the year.

During the year, work was carried out in the external markets of Mozambique, Angola, and Cape Verde.

The Energy Transmission area, focused on the Mozambique market, accounted for 40% of total turnover.

In the area of maritime infrastructures, construction work was carried out in Portugal, Angola, and Cape Verde.

The implementation of the Recovery and Resilience Plan (RRP) in Portugal should lead, during the first half of 2022, to an increase in opportunities in the domestic infrastructure market which, accompanied by the resumption of investment decisions in the residential tourist area, should allow some contracts to be awarded and the consequent increase in the weight of the domestic market in the overall turnover.

In foreign markets, the focus will continue to be on seeking new opportunities, in line with the company's distinctive specialities and in markets where it has a regular presence. The Mozambique market will continue to be the most relevant in terms of activity. In addition to this, and in accordance with the integration in the Group's International business unit, the intention is to implement joint collaboration in projects in East Africa financed by cooperation instruments of Danish origin, which will hopefully result in work in the coming years. Of the most important works in execution that are carried over to 2022, we highlight the following:

- Ponta Delgada Harbour Quay's reprofiling
Developer: Portos dos Açores

- Rehabilitation/Reinforcement of Tanquisado Quay Bridge, Setúbal
Developer: Tanquisado, S.A.
- New Windward Reserve
Developer: Águas do Algarve
- Rural Electrification of Vilanculos, Lot 3
Developer: E.D.M. (Mozambique)
- PERIP Lot 4- Electrification, Maputo
Developer: E.D.M.(Mozambique)
- STIP Lot D-110kV, Dondo/Beira, Sofala
Developer: E.D.M.(Mozambique)
- Breakwater Ferry Terminal and Cabinda Port Quay
Developer: Maritime Port Institute of Angola (IMPA)
- Extension and Modernisation of Porto Inglês, Maio Island.
Developer: Ministry of Infrastructures, Territorial Planning, Housing (Cape Verde)

BRANCHES, SUBSIDIARIES AND JOINT VENTURES

BRANCHES

Seth ALGERIA

Operations in this market were terminated, and the branch is therefore only active to fulfil legal obligations.

Seth MOZAMBIQUE

This remains the company's main market, with activity so far concentrated on rural electrification works. At the end of 2021, 110kV transmission line works were awarded in Sofala province, a type of project that is intended to become the company's main activity in this market. During the exercise, work was carried out in the provinces of Inhambane, Maputo, Nampula, Cabo Delgado and Zambézia. With the restoration of the safety conditions in the development area of the Rovuma natural gas project, new opportunities are expected to arise in the maritime works sector for which Seth has prepared itself to participate and thus start developing work in this market in its speciality.

Seth CAPE VERDE

The works for the extension and modernization of the English Port on Maio Island, despite the constraints posed by the pandemic, are progressing at a good pace, and the necessary changes to the project arising from the development of the initial solution in a reduced model have been agreed with the developer. The work is being carried out by the consortium, of which Seth is part (33%), and is scheduled for completion in June 2022.

SUBSIDIARIES

SETH ANGOLA, SA

The construction work of the Ferry Terminal, Wharf and Breakwater in Cabinda for IMPA, in consortium with Seth S.A. and Mota-Engil Angola, as subcontractors of the Chinese company CGGC, was greatly affected in its development by the pandemic. This led to two work stoppages and a consequent extension of the execution period, as well as the corresponding request for a financial rebalancing of the contract in accordance with Angolan legislation. The overall amount of works was increased by the inclusion of additional dredging works already contracted with the

Angolan State and approved by presidential decree in accordance with the law on priority projects. The works will be completed in the second quarter of 2022.

Although prudently, work opportunities in the Angolan market continue to be studied, in areas of specialisation of the company in collaboration with other companies in the MTHH Group, in order to find sources of funding to make them viable.

Seth S.A. controls 60% of the company.

SETHMOZ, SA

The company had no significant activity during 2021.

The company is 100% owned by Seth.

JOINT-VENTURES

CAIS DE CRUZEIROS, 2ª FASE ACE

The ACE was formed for the execution of the contract for the rehabilitation and reinforcement of the quay between Santa Apolónia and Jardim do Tabaco, 2nd Phase. The works were completed in 2011. There is a pending discussion whose resolution will involve judicial litigation. An independent technical audit was carried out, and the intention is to proceed to a technical arbitration process with the client before taking legal action, and the belief is that the ACE's claim will be upheld.

Seth's share is 37.5%.

AARSLEFF-SETH JV I/S

The joint venture between Seth and the Danish construction company Per Aarsleff a/s was formed for the Reinforcement and Extension of the National Power Transmission Grid (MixCredit) contract for the client Electricidade de Moçambique.

The joint venture has a registered office in Aabyhoej, Denmark, and in 2013, the year it was established, a branch office was set up in Mozambique. Each company's stake in the joint venture is 50%. All works have been completed and the warranty period is underway.

In 2021, within the scope of this association, a reactor supply contract was awarded to take advantage of the existing equipment financing, whose delivery will take place during the final warranty period for all the project's components, which will occur in April 2022.

The consortium's structure will be minimal, and it is expected to close by the last quarter of 2022.

CMM/SETH ACE

The purpose of the joint venture is to perform works at the Lajes Base, Azores, for the United States Navy and Air Force.

During the year, work continued on the conversion of a building called T-715, which saw the scope and amount of the contract increased by agreement with the client, extending its execution to the end of 2022.

New opportunities are expected to arise, so the association can be expected to continue in the coming years.

Seth's share in the grouping is 50%.

QUALITY ENVIRONMENT AND SAFETY - QES

The company systematically implements its QES management system and within the scope of the follow-up

of the Certification of the Integrated Management System of Quality, Environment and Safety (SGIQAS), external audits were carried out in the period from 5 to 9 July 2021, by the certifying entity LUSO AENOR.

In this way, the audit of the QES Management Systems was focused on checking the general documentation of the Systems, and on visiting the company's premises and construction sites, where the Quality, Environment and Safety systems were monitored.

This was a follow-up audit of the three systems (Quality, Environment, and Safety). Given the degree of difficulty caused by the pandemic, all parties involved and auditors, made an extra effort so that, even under these adverse conditions, the impact on the audits was as low as possible. In the audit report, the conclusions of the certifying entity were recorded, and no "non-conformities" were identified, which maintains the conformity of the Quality, Environment and Safety systems and the success of the migration to the new 45001:2018 standard carried out in 2020.

Three observations and four opportunities for improvement were noted and, as usual, were included in the system's action plan. The conclusions of the audit were, once again, quite positive.

Strengths observed in the audit include:

- Openness and technical competence of the audited employees;
- Organisation of Safety Data Sheets for chemical products stored at the Palmela Central Shipyard;
- Shipyard Organisation;
- Commitment and motivation of the work team and the areas involved;
- Motivation of the contacted employees and their involvement in the improvement of the implemented Systems;
- Availability and constructive attitude demonstrated by all employees contacted during the course of the audit, with a readiness to make corrections in the course of the audit;
- Organisation of the documentation of the audited work;
- The use of drone videos allowing to have a graphic evolution of the work;
- Use of collaborative platform on the Yammer network for dissemination and sharing of internal information;
- Financial control of the works during their execution and control of works in the warranty phase.

In order to guarantee objectivity and impartiality in the internal evaluation of the Systems, the Global Internal Audits to the Quality, Environment, and Safety Management System continued, in 2021, to be carried out by a specialised external company, with a minimum frequency of one year.

During the year, training actions and means for prevention were reinforced, essentially those related to collective protection and large-scale work equipment. The training has covered Seth's workers and subcontractors, thus increasing the safety culture on our construction sites.

Considering an integrated vision of the activities we develop and their resulting impact, we work daily to improve our Performance in the three areas Quality, Environment and Safety (QES) through a focus on continuous improvement,

innovation, the dedication of our employees and a closer relationship with suppliers, customers and the community.

Injury incident rates 2021

The values registered for the Injury incident rates for 2021 were 32.8 for the Incident Rate - FR (qualitative class Good) and 1.3 for the Severity Rate - SR (qualitative class Medium). However, the Severity Rate for 2021 is not yet finalized, since one of the injured employee has carried over sick days to 2022, which will always be reported to the year in which the incident occurred, thus changing the Severity Rate.

ECONOMIC AND FINANCIAL INDICATORS

In 2021, turnover totalled 35,402,416 euros, up 85% on the previous year.

The EBIT recorded was 702,093 euros.

Net profit amounted to 401,705 euros and the portion attributable to shareholders of the parent company amounted to 459,448 euros.

The company's Equity was, at the end of the period, of 10 606 943 euros, with the amount attributed to Minority Interests representing 3 249 euros.

At the end of the year, the order book amounted to 25,361,925 euros.

APPROPRIATION OF PROFIT

The Board of Directors proposes that the results be appropriated to Retained Earnings.

2022 FORECAST AND EVENTS AFTER THE END OF THE YEAR

Orders received at the end of 2021 and award intentions received in the first month of 2022 allow us to anticipate a turnover of approximately 45 million euros and an EBIT of 4% for 2022.

Queijas, 15th February 2022

The Board of Directors

Ricardo António Pedrosa Gomes (President)

Martin Stig Solberg

Peter Kofoed

Sofia Mendes

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2021

Monetary Unit: EURO

HEADINGS	Notes	Periods	
		Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Tangible fixed assets	6	5 213 387	5 277 746
Customers with Guarantee deposit	9	759 537	1 234 383
Total Non- Current Assets		5 972 925	6 512 129
Current Assets			
Inventories	8	194 061	427 399
Customers	9	7 365 652	7 920 522
State & other public entities	10	1 040 683	1 255 847
Other receivables	11	15 692 649	11 897 605
Deferrals	12	190 287	131 830
Cash & Bank deposits	4	1 741 494	3 283 675
Total Current Assets		26 224 826	24 916 879
Total Assets		32 197 751	31 429 008
EQUITY & LIABILITIES			
Equity			
Paid-up equity capital	13	4 000 000	4 000 000
Legal reserves	14	801 069	801 069
Other reserves	15	197 542	197 542
Retained Earnings	16	5 883 794	6 884 004
Other changes in equity	17	(677 167)	(1 156 213)
Net Profit		401 706	(959 852)
Total Equity attributable to shareholders		10 606 943	9 766 551
Minority interest	33	3 249	(83 406)
Total Equity		10 610 192	9 683 145
Liabilities			
Non-current liabilities			
Provisions	18	140 923	722 615
Loans	19	5 024 445	5 814 942
Total non-current liabilities		5 165 368	6 537 557
Current liabilities			
Suppliers	21	4 025 498	3 496 436
Customers prepayments	22	2 278 746	2 284 375
State & other public entities	10	397 984	347 864
Loans	19	7 016 469	4 770 021
Other accounts payable	20	2 193 443	3 373 452
Deferred income	12	510 051	936 157
Total current liabilities		16 422 191	15 208 307
Total liabilities		21 587 559	21 745 863
Total equity and liabilities		332 197 751	31 429 008

The Board of Directors

Ricardo Pedrosa Gomes (President)
Martin Stig Solberg
Peter Kofoed
Sofia Mendes

The Chartered Accountant

Bárbara Themudo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (2021)

Monetary Unit: EURO

Description		Notes	Equity							Non-controlling interests	Total Equity
			Share capital	Legal reserves	Other reserves	Retained Earnings	Adjustments to financial assets/Other changes in equity	Net profit for the period	Total		
POSITION AT THE START OF THE PERIOD 2020	1	2.4	4 000 000	801 069	197 542	5 474 092	(910 882)	1 409 912	10 971 733	(90 178)	10 881 555
CHANGES DURING THE PERIOD											
Other changes recognised in equity							(245 331)		(245 331)	1 786	(243 545)
	2		-	-	-	-	(245 331)	-	(245 331)	1 786	(243 545)
NET PROFIT FOR THE PERIOD	3							(959 852)	(959 852)	4 986	(954 866)
COMPREHENSIVE RESULT	4=2+3							1 409 912	1 362 696	(279 943)	1 082 753
TRANSACTIONS WITH EQUITYHOLDERS DURING THE PERIOD											
Distributions											
Other transactions					1 409 912		(1 409 912)	-		-	-
	5		-	-	1 409 912	-	(1 409 912)	-	-	-	
POSITION AT THE END OF THE PERIOD 2020	6=1+2+3+5		4 000 000	801 069	197 542	6 884 004	(1 156 213)	(959 852)	9 766 551	(83 406)	9 683 145
POSITION AT THE START OF THE PERIOD 2021	6	2.4	4 000 000	801 069	197 542	6 884 004	(1 156 213)	(959 852)	9 766 551	(83 406)	9 683 145
CHANGES DURING THE PERIOD											
Other changes recognised in equity						(40 359)	479 046		438 687	28 912	467 599
	7		-	-	-	(40 359)	479 046	-	438 687	28 912	467 599
NET PROFIT FOR THE PERIOD	8							401 706	401 706	57 743	459 449
COMPREHENSIVE RESULT	9=7+8							401 706	840 392	57 743	898 135
TRANSACTIONS WITH EQUITYHOLDERS DURING THE PERIOD											
Distributions									-		-
Other transactions					(959 852)		959 852	-		-	-
	10		-	-	(959 852)	-	959 852	-	-	-	-
POSITION AT THE END OF THE PERIOD 2021	11=6+7+8+10		4 000 000	801 069	197 542	5 883 793	(677 167)	401 706	10 606 943	3 249	10 610 192

The Board of Directors

Ricardo Pedrosa Gomes (President)
Martin Stig Solberg
Peter Kofoed
Sofia Mendes

The Chartered Accountant

Bárbara Themudo

CONSOLIDATED INCOME STATEMENT BY NATURE OF EXPENSE

PERIOD ENDED DECEMBER 31, 2021

Monetary Unit: EURO

INCOME & EXPENSES	Notes	Periods	
		31-12-2021	31-12-2020
Sales & services rendered	23	35 402 417	19 087 666
Government grants	24	11 519	-
Cost of goods sold & materials consumed	25	(14 625 858)	(4 593 175)
Third party supplies & services	26	(13 121 216)	(8 026 715)
Staff costs	27	(7 336 019)	(6 434 619)
Inventory impairment (losses/reversals)	9/11	(490)	143
Impairment of receivables (losses/reversals)	18	(30 571)	313 484
Provisions (increases/reductions)	8	270 000	-
Other income & gains	28	2 472 939	1 087 400
Other costs & losses	29	(1 343 079)	(1 430 586)
Earnings before depreciation, borrowing costs and taxes		1 699 641	3 598
Expenses / reversals of depreciation & amortisation	6	(997 547)	(886 354)
Operating profit (before borrowing costs and taxes)		702 093	(882 757)
Interest & similar income	30	2 607	178 166
Interest & similar costs	31	(145 870)	(150 435)
Profit before tax		558 831	(855 026)
Income tax for the period	7	(99 382)	(99 840)
Net profit for the period		459 449	(954 866)
Net profit attributable to:	33		
Shareholders of SETH SA		401 706	(959 852)
Non-controlling interests		57 743	4 986
Basic earnings per share		0,11	(0,24)

The Board of Directors

Ricardo Pedrosa Gomes (President)
Martin Stig Solberg
Peter Kofoed
Sofia Mendes

The Chartered Accountant

Bárbara Themudo

CONSOLIDATED CASH-FLOW STATEMENT

PERIOD ENDED December 31, 2021

Monetary Unit: EURO

	Notes	Period 31 Dez 2021	Period 31 Dez 2020
Cash Flow from operating activities - Direct Method	4		
Cash receipts from customers		35 302 504	17 655 434
Cash paid to suppliers		(26 497 982)	(13 778 046)
Cash paid to employees		(7 257 858)	(6 431 245)
Cash generated by operating activities		1 546 664	(2 553 858)
Income tax - paid / received		97 697	(582 645)
Other receipts/payments		(3 349 211)	(627 667)
Cash Flow from operating activities (1)		(1 704 850)	(3 764 169)
Cash Flow from investing activities			
Cash paid in respect of:			
Tangible fixed assets		(1 093 439)	(1 000 615)
Financial Investments		(125 905)	121 090
Cash receipts from:			
Tangible fixed assets		8 900	200 818
Interest & similar income		-	175 112
Dividends		-	37 567
Cash Flow from financing activities (2)		(1 210 444)	(466 028)
Cash Flow from financing activities			
Cash receipts from:			
Borrowings		3 101 498	3 869 293
Cash paid in respect of:			
Loans		(1 545 107)	(2 301 170)
Interest & similar costs		(145 710)	(150 435)
Dividends		(37 567)	0
Cash Flow from financing activities (3)		1 373 114	1 417 688
Variation of cash & cash equivalents (1+2+3)		(1 542 181)	(2 812 509)
Effect of currency translation differences			
Cash & cash equivalents of the beginning of the period		3 283 675	6 096 184
Cash & cash equivalents at the end of the period		1 741 494	3 283 675

The Board of Directors
Ricardo Pedrosa Gomes (President)
Martin Stig Solberg
Peter Kofoed
Sofia Mendes

The Chartered Accountant
Bárbara Themudo

Annex

1 Entity's identity

Sociedade de Empreitadas e Trabalhos Hidráulicos, SA, ("SETH" or "Company") is a public limited company having its registered office at Avenida Tomás Ribeiro, 145, Queijas, having been incorporated on 17/3/1933, and is principally engaged in Engineering and Civil Construction.

The financial statements, which include the balance sheet, the statement of income by nature of expense, the statement of changes in equity, the statement of cash flows and the notes to the accounts, were approved by Company's Board of Directors on February 15th, 2022.

MT Hojgaard International a/s, having its registered office in Denmark, has a majority holding in the Company.

The financial statements of the parent company can be found at www.mth.com.

Pursuant to article 68 of the CSC, the General Meeting of Shareholders may refuse the proposal of the members of the Board of Directors regarding the approval of the accounts, provided that it reasonably decides to prepare new accounts or to reform, at specific points, the presented ones.

2 Accounting standard for the preparation of the financial statements

2.1 The consolidated financial statements of SETH have been prepared in accordance with the Accounting Standardisation System (ASS), in accordance with Decree-Law 158/2009, of July 13 changed by Decree-Law 98/2015. The ASS consists of the Bases for the Presentation of Financial Statements (BPFS), Draft Financial Statements (DFS) – Ordinance 220/2015, Accounts Code (AC) – Ordinance 218/2015, Accounting and Financial Reporting Standards (AFRS) – Ordinance notice 8256/2015, Interpretive Standards (IS) – Ordinance notice 8258/2015 and the Conceptual Structure – Ordinance notice 8254/2015.

The accounting policies set out in Note 3 were used in the consolidated financial statements for the period ended December 31, 2021, and in the comparative consolidated financial information presented in these financial statements for the period ended December 31, 2020.

The consolidated financial statements are expressed in euros and were prepared on the going-concern and accrual accounting basis in which items are recognised as assets, liabilities, equity, income and costs expenses when they satisfy the definitions and the recognition criteria for these items as contained in the conceptual structure, in accordance with the qualitative characteristics of understandability, relevance, materiality, reliability, reliable representation, substance over form, neutrality, prudence, fullness and comparability.

Companies included in the consolidation:

Subsidiaries

SethAngola, S.A.

Av. Comandante Valódia, n.º5, 6.º - apt 61, Kinaxixi – Luanda – Angola

SETH shareholding – 60%

SethMoz – Construção, Engenharia & Obras Públicas, S.A.

Praça dos Trabalhadores, n.º 50, 5.º andar – Maputo - Moçambique

SETH shareholding – 60%

Joint ventures

Cais de Cruzeiros – 2ª Fase, ACE

Rua Castilho, 165-1.º Piso, Sala ACE, 1070-050 Lisboa

SETH shareholding - 37,5%

Aarsleff – SETH JV I/S

Lokesvej 15, DK8230 Aabyhøj - Dinamarca

SETH shareholding - 50,00%

CMM/SETH, ACE

Rua do Hospital, s/n, Santa Rita, Praia da Vitória

SETH shareholding - 50,00%

2.2 There were no derogations of the provisions of the ASS.

2.3 There are no accounts of the balance sheet and statement of income whose contents are not comparable with those of the previous period.

3 Main accounting policies

The main accounting policies applied in preparing the financial statements are as follows:

3.1 Measurement bases used in preparing the financial statements

The financial statements have been prepared under the historic-cost principle.

In addition, the consolidated financial statements have been prepared taking into account the basis of going-concern, the accrual regime, presentation consistency, materiality and aggregation, non-compensation and comparative data.

Preparation of financial statements in conformity with the AFRS requires the Board of Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts of assets and liabilities, income and costs. The associated estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances and form the basis for making judgements as to the value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Matters that require a greater degree of judgement or complexity, or where the assumptions and estimates are considered significant are presented in Note 3.3 - Main estimates and judgements used in the preparation of the financial statements, in Note 3.4 - Key assumptions concerning the future and in Note 3.5 - Key sources of estimation uncertainty.

3.2 Other significant accounting policies

a) Consolidation principles

Reference dates

The financial statements reflect the assets, liabilities and results of the Group and its subsidiaries for the periods December 31, 2021 and 2020.

The accounting policies have been applied consistently by all Group companies.

Financial holdings in subsidiaries

Companies over which SETH exercises control are classified as subsidiaries. Control is normally presumed to exist when the Company has the power to exercise the majority of the voting rights. Control may also exist where SETH has the power, directly or indirectly, to manage the financial and operating policies of a given company so as to obtain benefits from its business, even if its holding of the equity is less than 50%. Subsidiaries are fully consolidated from the time when SETH assumes control over its business up to the moment when control ceases.

When the accumulated losses of a subsidiary exceed the non-controlling interest in the equity of that subsidiary, the excess is attributable to SETH to the extent that it is incurred. Subsequent profits made by such a subsidiary are recognised as SETH's income until the losses previously absorbed are recouped.

Translation of financial statements in foreign currency

The financial statements of subsidiaries are prepared SETH in their working currency. The consolidated financial statements are prepared in euros, which is SETH's working currency of SETH.

The financial statements of companies whose working currency is other than the euro are translated into euros in keeping with the following criteria:

- Assets and liabilities are translated at the exchange rate ruling on the balance sheet date;
- Income and costs are translated using the exchange rates approximating the actual rates ruling on the dates of the transactions;
- Exchange differences resulting from translation into euros of the financial position at the beginning of the year and translation at the exchange rate ruling on the balance sheet date to which the consolidated accounts refer are recorded against reserves. Likewise, in relation to the results of subsidiaries and associate companies, exchange differences arising from the translation into euros of the net income for the period between the exchange rates used in the statement of income and those on the reporting date are recognised in reserves. On disposal of the company, these differences are recognised in profit or loss as an integral part of the gain or loss on the disposal.

Balances and transactions eliminated in the consolidation

Balances and transactions between Group companies, including any unrealised gains or losses resulting

from intra-group transactions, are eliminated in the consolidation process, except where unrealised losses provide evidence of an impairment that should be recognised in the consolidated accounts.

Unrealised gains arising from transactions with associates are eliminated in the proportion of SETH's holding therein. Unrealised losses are also eliminated, but only in situations where there is no sign of impairment.

Jointly-controlled entities

Jointly controlled entities are recognised using the equity method as from the date that joint control commenced until the date that it ceases, and they are entities in which the Company has joint control, established by contractual agreement.

b) Tangible fixed assets

Tangible fixed assets are carried at cost, which comprises their purchase price, including import duties and non-refundable purchase taxes, after deducting discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, less accumulated depreciation and impairment losses

On the date of transition to the AFRS the Company decided to consider as cost of the tangible fixed assets their revalued value determined in accordance with the previous accounting policies, which was broadly comparable to their cost measured in accordance with AFRS 7.

Subsequent costs are recognised as tangible fixed assets only if it is probable that future economic benefits will flow to the Company.

Routine maintenance and repair costs are recognised to the extent they are incurred in accordance with the accrual accounting mechanism.

The Company carries out impairment tests whenever events or circumstances indicate that the carrying amount exceeds the recoverable amount, the difference, if any, being recognised in profit or loss. The realisable value is determined as the higher of its fair value less selling costs and its value in use, the latter calculated on the basis of the present value of the expected future cash flows expected to be obtained from ongoing use of the asset and from its sale at the end of its useful life.

Regardless of indications that they are impaired, assets that are not yet available for use are tested annually for impairment.

Impairment reversals are recognised in the income statement (unless the asset is carried at the revalued amount, in which case it is treated as a revaluation increase) and must not exceed the carrying amount of the asset that would have been determined if no impairment loss had occurred previously recognised.

Land is not depreciated. Depreciation of tangible fixed assets is calculated using the straight-line method, after deducting their residual value, according to the following estimated useful lives of the assets:

Assets	Years
Buildings & other constructions	8-50
Plant & machinery	3-16
Transport equipment	4-10
Office equipment	3-10
Other tangible fixed assets	5-12

The useful lives, depreciation method and residual value of assets are reviewed annually. The effect of alterations of these estimates is recognised prospectively in the statement of income.

Gains or losses arising from writing off or disposal are determined by the difference between the amount received and the carrying amount of the asset, recognised as income or cost for the period. In the event of disposal of revalued assets, the amount included under revaluation surplus is transferred to retained earnings.

Tangible Fixed Assets in progress relate to assets that are still under construction or development and are measured at acquisition cost and are only depreciated when they are available for use.

c) Leasing

The Company classifies lease transactions as finance leases or operating leases based on the substance of the transaction rather than the form of the contract. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating finance lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

Payments/ receipts made by the Company in light of operating leases are recognised as costs/ income for the periods to which they relate on a straight-line basis.

Finance leases

The finance lease contracts are recorded at their inception as assets and liabilities at the fair value of the leased property, or if lower, the present value of the minimum lease payments. The lessee's initial direct costs are added to the amount recognised as an asset.

The minimum finance lease payments are split between the financial charge and the reduction of the outstanding liability. The financial charges are allocated to each period over the life of the lease so as to produce a constant periodic interest rate on the outstanding balance of the liability.

d) Corporation tax for the period

Corporation tax for the period is calculated based on the Company's taxable income and considers deferred taxation.

Current corporation tax is calculated based on the Company's taxable income (which differs from the book income) in accordance with the tax rules in force as of the date of the reporting date at the place of the Company's

registered office. The Company is subject to Corporation Tax (IRC) on taxable income at the rate of 21%. Taxation is increased by the 1.5% municipal surcharge on the taxable income, leading to an aggregate tax rate of 22.5% (including the relevant municipal surcharge of up to 1.5%).

Additionally, taxable income exceeding €1,500,000 is subject to a State surcharge at the following rates:

- 3% for taxable income between €1,500,000 and €7,500,000;
- 5% for taxable income between €1,500,000 and €7,500,000;
- 7% for taxable income over €35,000,000.

Corporation Tax – Deferred taxes

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the respective amounts for taxation purposes.

Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates in force as of the reporting date, with no financial discount.

Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. At each balance sheet date, a reassessment is made of the temporary differences related to deferred tax assets with a view to recognising or adjusting in the light of the current expectation of their future recovery. The reporting period of the tax losses carried forward calculated in tax periods initiated on or after January 1, 2017 is five years, and the counting of the reporting period of the tax losses in force on the first day of the 2020 tax period is suspended during the years 2020 and 2021. For the years 2020 to 2021 the reporting period of tax losses carried forward is twelve years of taxation. In addition, the deduction of tax losses carried forward is limited to 70% of taxable income, and this rule applies to deductions made in tax periods initiated on or after 1 January 2014, regardless of the tax period in which they have been calculated. This limit is increased to 80% for tax losses in the 2020 and 2021 tax periods.

Income tax is recognised in the statement of income, except when it relates to items that accounted under equity, which implies its recognition in equity.

Deferred taxes recognised in equity are recognised in profit or loss when recognised in the dates of gains and loss that gave rise to them.

In accordance with the provisions of paragraph 68 of AFRS 25, the Company offsets deferred tax assets and tax liabilities where the Company:

- Has a legally enforceable right to offset current tax assets against current tax liabilities;
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Under the legislation in force in the various jurisdictions in which the companies included in the consolidation carry on their business, the corresponding tax returns are subject to review by the tax authorities for a period

of 4 to 5 years, which may be extended in certain circumstances, especially when there are tax losses, or inspections, complaints or challenges are under way. The Board of Directors, taking into account the liabilities recognised, believes that any revisions to these tax returns will not result in material corrections to the consolidated financial statements.

e) Inventory

Inventory is valued at the lower of acquisition cost and net realisable value. The cost of inventory comprises all purchasing costs, conversion costs and other costs incurred in bringing the inventories to their present location in their present condition. The net realisable value is the estimated selling price in the ordinary course of business less selling costs.

The formula for costing warehouse outgoings (consumption) is the weighted average cost.

The Company writes down the cost of inventory to their net realisable value when the assets are carried at amounts greater than those that will which foreseeably result from their sale or use.

f) Receivables

Trade receivables are initially recognised at fair value and subsequently stated at cost or amortised cost, using the effective interest rate method, carried in the balance sheet net of impairment losses pertaining thereto.

Impairment losses are recorded based on regular assessment of the existence of objective evidence of impairment associated with doubtful debt on the balance sheet date. Impairment losses identified are recognised against profit or loss and are subsequently reversed if there is a reduction of the estimated loss in a subsequent period.

g) Non-current assets held for sale

Available-for-sale non-current assets or groups of non-current assets (groups of assets together with the respective liabilities, which include at least one non-current asset), are classified as available-for-sale when they are available for immediate sale in their present condition subject only to terms that are usual and customary for their sale and whose sale is highly probable.

The company also classifies as available-for-sale non-current assets or groups of non-current assets acquired

for the purpose of later sale, which are available for immediate sale as found, subject only to terms that are usual and customary for their sale and whose sale is highly probable.

Immediately before their classification as such, available-for-sale non-current assets held for sale and all assets and liabilities included in a group of available-for-sale assets are measured at the lesser of cost and fair value, less costs to sell.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash, sight deposits and highly-liquid short-term investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

i) Transactions in foreign currency

Transactions in foreign currencies are translated to euros at the exchange rate ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated to euros at the exchange rate ruling on the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities carried at historical cost denominated in a foreign currency are translated using the exchange rate ruling on the transaction date.

Non-monetary assets and liabilities denominated in foreign currency and carried at fair value are translated using the exchange rate ruling when the fair value was determined.

Exchange differences arising on the settlement of monetary items or reporting monetary items at rates different from those initially recorded during the period, or reported in previous financial statements, are recognised in profit or loss in the period they occur.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange difference included in that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange difference included in that gain or loss is recognised in profit or loss.

The exchange rates used in preparing the financial statements are as follows:

		Rates in Dec 2021	Rates in Dec 2020
Currency		Closing rate	Closing rate
US dollar	USD	1,1326	1,2271
British pound	GBP	0,84028	0,9016
Swedish Krone	SEK	10,2503	-
Angolan Kwanza	AKZ	635,751	797,1291
Cape Verde escudo	CVE	110,265	110,265
Mozambican metical	MZN	71,58	91,05

j) Provisions

The recognition of provisions is the best estimate of future outflows and their measurement with reliability.

Provisions are recognised when:

The Company has a present legal or constructive obligation as a result of a past event;

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

A reliable estimate of the obligation can be made.

Provisions are subject to review on an annual basis, in keeping with the estimate of the respective future liabilities. The financial update of the provision, with reference to the end of each period, is recognised as finance cost.

k) Provisions for onerous contracts

The Company recognises a provision for onerous contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

l) Contingent assets and liabilities

A contingent asset or liability is a possible asset or liability arising from past events whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the entity.

The Company does not recognise contingent assets and liabilities.

Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. The assets are disclosed when an inflow of economic benefits is probable.

m) Recognition of costs and income

Income and costs are recorded during the period to which they relate regardless of their receipt or payment, in accordance with the accrual-accounting mechanism. Differences between the amounts received and paid and the corresponding income and costs is recorded under Other assets or liabilities depending on whether they are amounts receivable or payable.

n) Revenue

Revenue is measured at the fair value of the remuneration received or receivable. The Company's revenue results primarily from the provision of construction services that fall under AFRS 19 - Construction contracts and sale of goods.

In accordance with NCRF 19, when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity as of the reporting date. An expected loss on the construction contract is recognised immediately as an expense.

The outcome of a construction contract can be estimated reliably when all the following conditions are fulfilled:

- The contract revenue can be measured reliably;

- It is probable that the economic benefits associated with the contract will flow to the entity;
- Both the contract costs to complete it as well as the stage of completion of the contract as at the reporting date can be measured reliably; and
- The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with previous estimates.

When the outcome of a construction contract cannot be estimated reliably:

- The revenue is recognised only to the extent that it is probable that the contract costs incurred are recoverable; and
- The contract costs are recognised as an expense in the period in which they are incurred.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company does not have ongoing management involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The stage of completion of the contract is determined based on the proportion of costs incurred for work performed up to the reporting date to the estimated total contract costs. Progress payments and advances received from customers do not reflect work performed are therefore not considered in the recognition of revenue.

Revenue comprises the amounts invoiced on the sale of products or services rendered, net of value added tax, rebates and discounts. When the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount. This difference is recognised as interest income.

o) Financing costs/income

Expenses/income of loans include interest paid on borrowings, interest received on investments made before the borrowings are used, and similar income and expenses obtained and borne in respect of exchange differences associated with loans and swap contracts or other derivatives related hedging the risk associated with borrowings.

Interest is recognised on an accrual basis using the amortised cost method.

Interest from financial placements and other investment income is recognised in the statement of income under other income and gains.

p) Subsequent events

The financial statements reflect subsequent events until February 15h, 2022, the date they were approved by the Management Body as stated in Note 1.

Events occurring after the balance sheet date about conditions that existed at the balance sheet date are taken into consideration in the preparation of the financial statements.

Material events after the balance sheet date that do not involve adjustments are disclosed in Note 36.

q) Financial instruments

The Company recognises a financial asset, a financial liability or an equity instrument only when it becomes a party to the contractual provisions of the instrument.

A financial instrument is classified as a financial liability when there is a contractual obligation for the issuer to settle the principal and/or interest in cash or by delivering another financial asset, regardless of its legal form.

The initial costs do not include transaction costs of financial assets or liabilities measured at fair value recorded against profit or loss.

The Company measures its financial assets and liabilities at each reporting date at cost or amortised cost less any impairment loss or at fair value with changes in fair value being recognised in the statement of income.

The Company measures financial instruments at cost or amortised cost less impairment loss when they satisfy the following conditions:

- they are at sight or have a defined maturity;
- the returns to the holder are (i) a fixed sum, (ii) fixed interest rate during the life of the instrument or variable rate that is a typical market index for financing operations (such as the Euribor) or includes a spread over and above that index;
- contain no contractual provision that may cause the holder a loss of the par value and the accrued interest (excluding the typical cases of credit risk).

r) Impairment

On each reporting date an assessment is made of the existence of objective evidence of impairment, particularly having a particularly adverse impact on the estimated future cash flows of the financial asset or group of financial assets, provided it can be measured reliably.

For financial assets that show signs of impairment the recoverable amount is determined, the impairment losses being recorded against profit or loss.

A financial asset or group of financial assets is impaired where there is objective evidence of loss of value resulting from one or more events occurring after initial recognition.

s) Hedging accounting

The Company uses financial instruments to hedge its exposure to the interest-rate, exchange-rate and price risk arising from its operating and financing activities. Derivatives that do not qualify as hedges are carried as trading derivatives.

Hedging derivatives are recorded at fair value and gains or losses are recognised in accordance with the hedge accounting model adopted by the Company. A hedge relationship exists where:

- at the inception of the relationship, there is formal documentation of the hedge;

- there is expectation that the hedge will be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and actually determined as being highly effective throughout the financial reporting period;

Regarding the hedging of a planned transaction, it must be highly probable and must be exposed to present an exposure to variations in cash flows that could ultimately affect results.

Hedging Fixed interest-rate risk or commodity-price risk for goods held

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded against profit, together with changes in the fair value of the hedged risk of the asset, liability or group of assets and liabilities. Should the hedging relationship no longer meet the requirements for hedge accounting and the hedged instrument is not derecognised, the cumulative gain or loss recognised in the valuation of the hedged risk is amortised to maturity of the hedged item using the original effective interest-rate method.

Effectiveness

For a hedging relationship to be classified as such, its effectiveness has to be demonstrated. Accordingly, the Company performs prospective tests at the start date of the hedging relationship and prospective and retrospective tests at each reporting date in order to demonstrate its effectiveness by showing that changes in the fair value of the hedged item are offset by changes in fair value of the hedging instrument, in relation to the hedged risk. Any ineffectiveness determined is recognised in profit or loss when incurred.

3.3 Main estimates and judgements

The AFRS require that judgements and estimates be made within the framework of decision-taking on certain accounting procedures impacting on the amounts reported under total assets, liabilities, equity, income and costs. The actual effects may differ from the estimates and judgements made, particularly with regard to the effect of actual income and costs.

The main accounting estimates and judgements used in the application of the accounting principles are discussed in this note with a view to improving the understanding of how their application affects the results reported by the Company and their disclosure. A detailed description of the accounting policies used by the Company is provided in Note 3.2 of the Notes to the Accounts.

Considering that in many cases there are alternatives to the accounting treatment adopted by the Company, the reported results would differ if a different treatment had been selected. The board of directors considers that the choices made are appropriate and that the financial statements truly and fairly present the Company's financial position and the results of its operations in all materially relevant aspects. The results of the alternatives

analysed hereunder are presented only to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates are more appropriate.

Provisions

The recognition of provisions is the best estimate of future outflows and their measurement with reliability.

These factors are often dependent on future events and not always under the control of the Group and therefore may lead to significant future adjustments, either by varying the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities

Fair value of the financial instruments
The fair value is based on market prices, where available, and in the absence of a price it is determined based on the use of prices of recent similar transactions conducted at arm's length or based on valuation methodologies supported by flows future cash-flow techniques, discounted considering market conditions, the value over time, the yield curve and volatility factors.

These methods may require the use of assumptions or judgements in estimating the fair value.

Consequently, the use of other methods or different assumptions or judgements in applying a given model could give rise to financial results different from those reported.

Recoverability of trade accounts receivable and of other receivables

Impairment losses in respect of the debtor balances of customers and of other debtors are based on the valuation performed by the Company of the likelihood of recovering the receivables, of the age of the balances, of debt cancellation and of other factors. There are certain circumstances and facts that can change the estimate of impairment losses on receivables vis-à-vis the assumptions considered, including changes in the economic climate, sectoral trends, deterioration of the credit status of key customers and major defaults. This evaluation process is subject to various estimates and judgements. Alterations of these estimates may imply determination of different levels of impairment and, consequently, different impacts on results.

Corporation tax

There are various transactions and calculations in respect of which determination of the final amount of tax payable is uncertain during the normal business cycle. Other interpretations and estimates could result in a different amount of income taxes, current and deferred, recognised during the period.

In Portugal, the Tax Authorities are entitled to review the calculation of the taxable income made by the Company during a period of four years. There may therefore be corrections to the taxable income, resulting primarily from differences in the interpretation of tax legislation. However, it is Company's belief that there will be no significant corrections to the corporation tax recorded in the financial statements.

The recognition of deferred tax assets relating to tax

losses is based on the Company's projections showing the existence of future taxable income.

Useful life of tangible fixed assets

The useful life is the period during which the Company expects the asset to be available for use. The estimated useful lives presented in Note 3.2 were determined considering the following factors:

- Expected use of the asset;
- Normal wear and tear expected of the asset considering the levels of activity and maintenance and repair programme;
- Technical or commercial obsolescence arising from changes to or improvements in production or from a change in market demand for the product or service derived from the asset; and
- Legal or similar limits on the use of the asset.

The useful life of the asset is thus a matter of value judgement based on the Company's experience. The Board of Directors believes that the useful lives considered are those that best reflect the asset's expected usefulness.

Estimated total contract costs

The revenue of provision of construction services contracts is recognised by reference to stage of completion of the activity of the contract as of the reporting date.

In determining the stage of completion of the contract estimates of total contract costs are considered. These total contract cost estimates are determined on the basis of Production Department estimating system that identifies and values the activities to be performed throughout the project that cause alterations in gauging the stage of completion of the contract as of the reporting date and consequently to the amount of contract revenue to be recognised.

The Board of Directors reviews the estimated total contract costs on each reporting date and believes that, based on the estimating system, on the monitoring of the execution of the projects and on its experience, the estimates appropriately reflect the probable outcome of contracts as of the reporting date.

3.4 Key assumptions concerning the future

The Company's governing body did not determine any situation which could cause material adjustments to the carrying amounts of assets and liabilities during the coming year or even call into question the continuity of the Company. On December 31, 2021, the works portfolio totalled approximately Euro 25,3 million.

3.5 Main sources of uncertainty of the estimates

The main sources of uncertainties are detailed in Note 3.3

4 Cash flows

The Statement of Cash Flows is prepared under the direct method, through which gross cash receipts and in operating, investing and financing activities are disclosed.

The Company classifies interest and dividends paid as financing activities and interest and dividends received as investing activities.

4.1 As at December 31, 2021, all cash and cash equivalent balances are available for use.

4.2 Cash and bank deposits comprise the following balances:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Cash		
Cash Head Office	579	1 378
Cash Works	8 782	12 924
Cash Branches	51 167	7 760
Cash Joint Ventures/Subsidiaries	8 114	6 205
	68 641	28 267
Cash deposits		
Banks Head Office	61 735	99 740
Banks Branches	1 012 171	511 732
Banks Joint Ventures/Subsidiaries	598 947	2 643 936
	1 672 852	3 255 408
	-	-
Total:	1 741 494	3 283 675

5 Accounting policies, changes in accounting estimates and judgements

During this year, the Company did not make any changes in accounting policies or estimates nor recorded any correction due to judgements.

6 Fixed tangible assets

The breakdown of this heading is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Gross Value:		
Land & natural resources	1 074 621	1 074 621
Buildings & other constructions	3 415 000	3 404 797
Plant & machinery	13 551 513	12 890 506
Transport equipment	2 723 342	2 571 072
Office equipment	1 647 797	1 612 675
Other tangible fixed assets	111 349	80 962
	22 523 623	21 634 634
Accumulated depreciation & impairment		
Depreciation of the period	(997 547)	(886 354)
Sales of the period	44 200	347 112
Accumulated depreciation of previous periods	(16 356 888)	(15 817 646)
	(17 310 235)	(16 356 888)
Net carrying amount:	5 213 387	5 277 746

The breakdown of movements under tangible fixed assets during 2021 is as follows:

(expressed in Euro)

Description	Opening balance	Additions	Disposals	Closing balance
Gross Value:				
Land & natural resources	1 074 621			1 074 621
Buildings & other constructions	3 404 797	10 203		3 415 000
Plant & machinery	12 890 506	704 407	(43 400)	13 551 513
Transport equipment	2 571 072	153 070	(800)	2 723 342
Office equipment	1 612 675	35 122		1 647 797
Other tangible fixed assets	80 962	30 387		111 349
	21 634 633	933 189	(44 200)	22 523 622
Accumulated depreciation & impairment				
Buildings & other constructions	(1 913 054)	(78 276)		(1 991 330)
Plant & machinery	(10 809 415)	(752 505)	43 400	(11 518 519)
Transport equipment	(2 028 685)	(135 109)	800	(2 162 994)
Office equipment	(1 552 658)	(29 622)		(1 582 280)
Other tangible fixed assets	(53 076)	(2 036)		(55 112)
	(16 356 887)	(997 548)	44 200	(17 310 235)
Net carrying amount:	5 277 746			5 213 387

The breakdown of movements under tangible fixed assets during 2020 is as follows:

(expressed in Euro)

Description	Opening balance	Additions	Disposals	Closing balance
Gross Value:				
Land & natural resources	1 074 621			1 074 621
Buildings & other constructions	3 404 797			3 404 797
Plant & machinery	12 278 304	766 264	(154 061)	12 890 506
Transport equipment	2 394 859	304 134	(127 921)	2 571 072
Office equipment	1 640 304	58 512	(86 141)	1 612 675
Other tangible fixed assets	59 739	21 223	(16 306)	80 962
	20 852 624	1 150 132	(368 122)	21 634 633
Accumulated depreciation & impairment				
Buildings & other constructions	(1 834 869)	(78 185)		(1 913 054)
Plant & machinery	(10 254 428)	(652 438)	97 452	(10 809 415)
Transport equipment	(2 088 822)	(104 972)	165 110	(2 028 685)
Office equipment	(1 587 193)	(50 017)	84 551	(1 552 658)
Other tangible fixed assets	(52 334)	(742)		(53 076)
	(15 817 646)	(886 354)	347 113	(16 356 887)
Net carrying amount:	5 034 979			5 277 746

The main additions in 2021 relate to the acquisition of machinery which the most significant are 3 quadra-floats, cofferdam to Cabo Verde branch and handling equipment to Moçambique branch and transport equipment comprising one passenger car and 4 vans.

Equipment located in our job in Angola amount to Euro 2.609.702,95 and in Cabo Verde the amount of Euro 2.546.430,40.

The amount booked in Disposals is mainly due to the sale of one passenger car and to the sale of machinery.

As at December 31, 2021 and 2020, the value of tangible fixed assets financed by lease contracts is as follows:

(expressed in Euro)

Description	31-12-2021			31-12-2020		
	Gross value	Depreciation/ Impairment	Net value	Gross value	Depreciation/ Impairment	Net value
Plant & machinery	375 000	(62 475)	312 525	375 000	(8 925)	366 075
Transport equipment	33 500	(9 772)	23 728	33 500	(1 397)	32 103
Total:	408 500	(72 247)	336 253	408 500	(10 322)	398 178

Total future minimum lease payments are as follows:

(expressed in Euro)

Description	31-12-2021			31-12-2020		
	Capital owed	Interest owed	Rents falling due	Capital owed	Interest owed	Rents falling due
Less than one year	18 763	199	18 963	272 092	2 150	274 241
One to five years	9 215	52	9 267	20 487	243	20 730
Total:	27 979	251	28 230	292 579	2 393	294 971

7 Corporate tax for the period

The main components of tax expense/income are as follows:

(expressed in Euro)

Description	2021	2020
Current tax	(99 382)	(99 840)
	(99 382)	(99 840)

The company did not recognise deferred tax assets.

The effective tax rate is as follows:

(expressed in Euro)

Description	2021	2020
Pre-tax profit	558 831	855 026
Tax rate	22,5%	22,5%
Expected tax	125 737	192 381
Differences between book and taxable income		
Equity method	(208 794)	(42 224)
Tax loss imputed by Joint ventures	72 261	35 496
Others	241 794	242 711
Minority Interests	(57 743)	(4 986)
Taxable profit / (Tax loss)	606 349	(1 086 023)
Assessed tax	127 333	
Adjustments to the assesment	33 289	80 142
Tax rate differences - branches	18 415	19 698
Corporate tax for the period - payable/(receivable)	52 422	(41 507)
Current tax - expense / (income)	99 382	99 840
	99 382	99 840
Effective tax rate	17,8%	11,7%

The permanent differences relate to increases of and deductions from taxable income, while the adjustments to the assessment relate to deductions from the assessment according to tax rules in effect on the reporting date.

8 Inventory

The breakdown of this heading is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Gross Value:		
Raw & subsidiary materials & consumables	194 061	427 399
Net carrying amount:	194 061	427 399

The variation between 2021 and 2020 corresponds to materials in transit to both our branches in Mozambique and Cape Verde in the amount of Euro 236.958 as costs.

During 2021, cost of goods sold and materials consumed totalled Euro 14.625.858 (2020: Euro 4.593.175), as per note 24.

9 Trade receivables

The breakdown of Trade accounts receivable is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Gross value:		
Trade receivable		
General	7 997 283	8 518 724
Subsidiaries		2 858
	7 997 283	8 521 582
Accumulated impairment		
Impairment losses for the period	(30 571)	135 510
Impairment losses of previous periods	(601 060)	(736 570)
	(631 631)	(601 060)
Net carrying amount:	7 365 652	7 920 522

As at December 31, 2021, the non-current trade receivable amounted to Euro 759.537 (2020: Euro 1.234.383) of which 50% pertains to Cabo Verde branch job and 20% belongs to the contract of Aarsleff-SETH JV.

This item also comprises amounts withheld by customers by way of contractual warranty, the release of the guarantees occurring between 1 and 10 years.

Records of impairment losses in 2021 are as follows:

Description	(expressed in Euro)			
	Opening balance	Losses	Reversals	Closing balance
Impairment losses:				
Customers	(601 060)	(30 571)		(631 631)
Total:	(601 060)	(30 571)	-	(631 631)

And in 2020 the following:

Description	(expressed in Euro)			
	Opening balance	Losses	Reversals	Closing balance
Impairment losses:				
Customers	(736 570)		135 510	(601 060)
Total:	(736 570)	-	135 510	(601 060)

The ageing of Trade receivables in 2021 is as follows:

(expressed in Euro)

Balance due	< 1 month	1< month <2	2< month <3	3< month <6	6< month <12	12< month <18	18< month <24	> 24 months	Total
Customers	3 043 178	646 802	2 016 808	58 833	400 307	140 316	180 112	879 296	7 365 652

And in 2020:

(expressed in Euro)

Balance due	< 1 month	1< month <2	2< month <3	3< month <6	6< month <12	12< month <18	18< month <24	> 24 months	Total
Customers	2 145 878	92 054	2 371 089	1 514 296	472 420	1 035 049	44 829	244 907	7 920 521

10 State and other public entities

The breakdown of State & other public entities is as follows:

(expressed in Euro)

Description	31-12-2021	31-12-2020
Assets		
VAT refund applications	68 884	192 099
VAT recoverable	81 384	110 866
Income tax	84 383	282 103
Other taxes	32 324	24 283
VAT recoverable (branches)	649 276	557 588
Corporation tax (branches)	49 560	34 420
VAT recoverable (other companies)	40 450	22 508
Corporation tax (other companies)	34 424	31 979
Total:	1 040 683	1 255 847
Liabilities		
Corporation tax	52 422	
Social Security Contributions	108 664	106 174
Income tax withheld	75 271	77 049
Corporation tax (branches)	132 628	157 006
Social Security Contributions (branches)	6 089	2 021
Other taxes (branches)	13 310	2 887
VAT payable (other companies)	4 417	
Social Security Contributions (other companies)	1 781	922
Other taxes (other companies)	3 404	1 805
Total:	397 984	347 864

11 Other Receivables

The breakdown of other receivables is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Gross value:		
Prepayment to suppliers	468 860	760 096
Other debtors	1 732 092	1 359 405
Stage of completion	11 896 038	9 559 914
Other accrued income	1 602 664	571 070
	15 699 654	12 250 485
Accumulated impairment:		
Impairment of the period	345 875	29 898
Impairment of previous periods	(352 879)	(382 777)
	(7 005)	(352 879)
Net carrying amount:	15 692 649	11 897 605

The stage of completion item refers to the provision of construction services by SETH as of the reporting date, as per the respective bills of quantities of costs incurred, for which the respective invoice has not issued.

Contract	Stage of completion €
Quay and Breakwater Cabinda	5 731 791
Vilanculos lot 3, EDM	1 086 780
Porto Ilha de Maio, Cabo Verde	719 323
Electrical lines Moz towns, EDM-lot III	154 282
Perip Lot 4, EDM	3 957 132
Stairs, Docapesca	35 925
Quay, Cabanas Tavira	21 550
Nordeste road Rio Tinto	1 068
Jetty rehabilitation, Tanquisado	523 063
Micropiles, Moscavide school	71 072
Mozambique Power Grid	-487 084
Renovate Bldg. T-715, Lajes	81 135
Total:	11 896 038

12 Deferrals

The breakdown of Deferrals is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Assets		
Costs pending recognition		
Insurance paid	105 236	62 686
Other costs pending recognition	85 051	69 144
Total:	190 287	131 830
Liabilities		
Income pending recognition		
Stage of completion	474 815	886 242
Interest	35 236	41 219
Other		8 697
Total:	510 051	936 157

Stage of completion refers to amounts related to the provision of construction services not yet performed on the reporting date but already charged to the customer.

Contract	Stage of completion €
Quay 10M ZH, Ponta Delgada	118 650
Water deposit, Barlavento	114 610
Water deposit, Cotao	7 179
Reservoir, Alto Santa Catarina	164 046
Piling, ETAR Parada	70 330
Total:	474 815

Interest income pending recognition has to do with interest charged to customers, recognition of which depends on its actual receipt.

13 Paid-up share capital

The equity capital of €4,000,000, represented by 4 million ordinary shares each of a par value of €1, is fully paid up as at 31 December 2021.

14 Legal reserves

In accordance with Article 295 of the Companies Code and with the Company's articles of association, the legal reserve is necessarily allocated a minimum of 5% of the annual net income until such time as it equals 20% of the Company's equity capital. This reserve can only be used to cover losses or to increase the equity capital.

15 Other reserves

The breakdown of this heading is as follows:

Description	<i>(expressed in Euro)</i>	
	31-12-2021	31-12-2020
Other Reserves	(197 542)	(197 542)
Total:	(197 542)	(197 542)

The balance comprises revaluation surpluses and foreign exchange adjustments with the branches.

16 Retained earnings

The variation of retained earnings includes the appropriation of the 2021 net loss in the sum of € 959.852.

17 Adjustments to financial assets/other changes in equity

The breakdown of this heading is as follows:

Description	<i>(expressed in Euro)</i>	
	31-12-2021	31-12-2020
Financial statement translation differences	(677 167)	(1 156 213)
Total:	(677 167)	(1 156 213)

Financial statement translation differences include the amount resulting from the variation in euros of the equity of the branches expressed in foreign currency due to the alteration of the respective exchange rate.

18 Provisions

Provision details in 2021 are as follows:

Description	<i>(expressed in Euro)</i>			
	Opening balance	Additions	Reversals	Closing balance
Taxes	270 000	-	(270 000)	-
Other	452 615	-	(311 692)	140 923
Total:	1 832 500	-	(581 692)	140 923

Other provision relates to the parcel of risk during the defects liability period expected by the Project Management of the Joint Venture Aarsleff-SETH.

As at December 31, 2021, there are legal proceedings against the Company which the Board believes, given the assumptions and background of the legal actions, the expectations of the Company's lawyers and other circumstances inherent in the proceedings, will not result in liabilities for the Company that would justify a need for provisions for legal proceedings in progress.

The proceedings are related to claims relating to Corporation tax assessments for 1997, 1998, 2004, 2005, 2006, 2007 and 2008.

The evolution and expectation of the result of the tax process in Algeria, favorable to the Company, allowed the provision - which had been constituted several years ago - to have been fully reversed (EUR 270,000) in 2021.

As at December 31, 2021, the Company had provided the following bank guarantees:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Bank guarantees provided to third party		
- Performance (construction contracts)	10 653 021	11 749 502
- Services acquired	62 422	62 422
- Legal	1 853 660	1 853 660
Total:	12 569 103	13 665 585

The bank guarantees in the sum of Euro 1.853.660 are related to legal proceedings described above.

The Company does not predict the occurrence of facts requiring an economic outflow.

19 Bank loans

The breakdown of this item is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Non-current		
Credit institutions and financial companies		
Bank loans	1 024 445	1 794 455
Finance leases		20 487
Shareholders' loans	4 000 000	4 000 000
	5 024 445	5 814 942
Current		
Credit institutions and financial companies		
Bank loans	3 162 789	1 251 500
Other facilities	1 283 364	678 155
Overdraft facilities	2 542 337	2 537 834
Finance leases	27 979	272 092
Shareholders' loans		30 441
	7 016 469	4 770 021
Total:	12 040 913	10 584 964

Non-current financing relates to borrowings contracted to CGD with maturity up to November 2023 and to Santander Totta and Millennium BCP both ending in 2024 .

Other facilities comprises Confirming on time financing from Millennium BCP bank.

In 2019 both shareholders granted loans to the Company that will expectedly be reimbursed in 2023.

The breakdown of Borrowings by maturity is as follows:

Descrição	(valores em euros)	
	31-12-2021	31-12-2020
Credit institutions and financial companies		
Bank Loans/Overdraft facilities/Factoring		
Up to 1 year	6 988 490	4 467 489
1 to 5 years	1 024 445	1 794 455
	8 012 934	6 261 944
Credit institutions and financial companies		
Finance leases		
Up to 1 year	27 979	272 092
1 to 5 years		20 487
	27 979	292 579
Shareholders' loans		
Up to 1 year		30 441
1 to 5 years	4 000 000	4 000 000
	4 000 000	4 030 441
Total:	12 040 913	10 584 964

As at December 31, 2021 the breakdown of future payments of borrowings is as follows:

Description	(expressed in Euro)			
	2022	2023	2024	Total
Credit institutions and financial companies				
Bank Loans/Overdraft facilities/Factoring	6 988 490	721 666	302 778	8 012 935
Finance leases	27 979			27 979
Shareholders' loans		4 000 000		4 000 000
Total:	7 016 469	4 721 666	302 778	12 040 913

20 Other payables

The breakdown of Other payables is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Current		
Remunerations payable	850 478	785 685
Creditors for accrued costs	1 016 320	184 500
Other creditors	326 645	2 403 266
Total:	2 193 443	3 373 452

Item Other creditors includes the change in record of the advance payment but not received of rental of Equipment in Angola (EUR 2.049.880).

21 Trade payables

The breakdown of Trade payables is as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Trade payables		
General	4 023 646	3 494 726
Subsidiary companies	1 852	1 710
Total:	4 025 498	3 496 436

22 Customer prepayments

The breakdown of Customer prepayments is as follows:

(expressed in Euro)

Description	31-12-2021	31-12-2020
General Customers	2 278 746	2 284 375
Total:	2 278 746	2 284 375

In 2021, prepayments from Electricidade de Moçambique accounts for 94% of total, where as the other 6% come from the contract with customer MIOTH.

23 Revenue

The breakdown of Services rendered is as follows:

(expressed in Euro)

Description	2021	2020
Services rendered		
Construction Works	35 020 309	18 660 724
Secondary services	382 107	426 942
Total:	35 402 417	19 087 666

Jobs in 2021 are listed as follows:

(expressed in Euro)

Job	2021	2021
Cais acostável, Aveiro	2 241 657	4 736 273
Duques d'Alba, Guiné-Bissau		2 297 972
Cais, Cabinda	3 875 106	2 126 267
EDAP		1 863 972
Mozambique Power Grid		1 340 761
Porto Ilha de Maio, Cabo Verde	3 208 282	1 300 960
Electrificação Alto Lingonha	724 509	1 031 882
Cais -10m (ZH), Ponta Delgada	4 262 062	920 180
Vilanculos Lote 3	5 208 245	917 897
Terminal solventes, SAPEC Setúbal		508 703
Cais de Espera Tua-Valeira		144 376
Anti-vehicle barrier, US Airforce		48 524
Microestacas Edif.D.Luís		18 711
Postos Administrativos Zambezia	3 531 723	
PERIP Lote 4, Maputo	4 642 553	
Nova Reserva do Barlavento, Lagos	1 939 722	
Reforço Ponte Cais Tanquisado	2 352 654	
Renovate Bldg. T-715, Lajes	526 472	
Outras	2 889 432	1 831 191
Total:	35 402 417	19 087 666

The breakdown of revenue per country is as follows:

(expressed in Euro)

Country	2021	2020
Portugal	13 858 841	7 917 357
Mozambique	14 460 187	5 445 111
Guinea-Bissau		2 297 972
Angola	3 875 106	2 126 267
Cape Verde	3 208 282	1 300 960
Total:	35 402 417	19 087 666

24 Government Grants

The breakdown of Government Grants is as follows:

		(expressed in Euro)	
Description		2021	2020
Government Grants			
Government Grants		11 519	
Total:		11 519	-

25 Cost of goods sold and materials consumed

Cost of goods sold and materials consumed is as follows:

		(expressed in Euro)	
Description		31-12-2021	31-12-2020
Opening balance (+)		427 399	103 549
Purchases (+)		14 392 519	4 917 025
Closing balance (-)		194 061	427 399
Cost of goods sold & materials consumed		(14 625 858)	(4 593 175)

26 Third party supplies and Services

The breakdown of Third-party supplies & services is as follows:

		(expressed in Euro)	
Description		2021	2020
Subcontracts		5 472 979	2 796 680
		5 472 979	2 796 680
Specialized services:			
Specialized contracts		2 492 383	1 675 578
Maintenance and repairs		708 642	495 722
Fees		35 272	32 155
Guards and security		100 541	148 846
Advertising and publicity		6 541	5 149
Other		1 940	700
		3 345 319	2 358 151
Materials:			
Rapid wear tools and utensils		106 557	98 486
Office supplies		40 144	67 145
Gift Articles		3 767	7 435
Technical information		13 049	4 979
Other		604	3 111
		164 120	181 156
Energy and fuels:			
Fuel		551 496	356 209
Electricity		68 246	48 956
Water		31 706	18 592
Others		58 716	31 080
		710 163	454 837
Traves and transportation:			
Carriage of goods		612 618	609 391
Travel and lodging		429 521	477 976
Transport of personnel		1 736	1 289
		1 043 875	1 088 657
Sundry services:			
Leases and rentals		1 847 187	1 736 852
Insurance		343 601	286 879
Communication		72 133	59 119
Cleaning, hygiene and comfort		103 482	83 445
Entertainment costs		19 178	26 870
Litigation and notaries		1 879	2 250
Royalties		40 764	
Other		(43 465)	(1 048 181)
		2 384 760	1 147 234
Total:		13 121 216	8 026 715

The most significant changes have happened in Subcontracts Item.
Subcontracts Item is mostly related to subcontracts negotiated in Azores Ponta Delgada job.

27 Staff costs

The breakdown of Staff costs is as follows::

Description	(expressed in Euro)	
	2021	2020
Remuneration of directors	401 293	445 702
Remuneration of personnel	5 735 026	4 909 152
Charges on remuneration	940 136	881 476
Indemnities	5 578	11 608
Wordmen's compensation and occupation disease insurances	92 994	87 026
Social work costs	1 594	
Other staff costs	159 399	99 654
Total:	7 336 019	6 434 619

The breakdown of workers in Portugal, in Mozambican and in Cape Verde branches as at December 31, 2021 and 2020, by management positions / senior managers and professional category is presented as follows:

Description	31-12-2021	31-12-2020
Directors	2	2
Managers/Senior management	7	7
Upper management	13	14
Middle management	20	19
Foreman	28	25
Highly-skilled labour	9	8
Skilled labour	102	98
Semi-skilled labour	92	44
Unskilled labour	75	67
Total:	348	284

At the end of 2021, the branch in Mozambique had hired 213 workers compared to 154 in the previous year, whereas in 2019 the figure amounted to 124. The branch of Cape Verde ended the year of 2021 with 6 workers.

28 Inventory impairment

Description	(expressed in Euro)	
	2021	2020
Inventory impairment		
Inventory	(490)	
Total:	(490)	-

29 Other income

The breakdown of Other income is as follows:

Description	(expressed in Euro)	
	2021	2020
Supplementary income	952 225	466 644
Other financial assets	746 026	368 506
Non-financial investments	13 799	174 160
Prompt payment discounts earned	18 481	4 108
Others	742 408	73 982
Total:	2 472 939	1 087 400

As per December 31, 2021, the supply of materials to our branches in Cape Verde and Mozambique represents approximately 70% of the Supplementary income item.
Other financial Assets heading reflects exchange differences during the period.

30 Other costs

The breakdown of Other costs is as follows:

Description	(expressed in Euro)	
	2021	2020
Banking fees and services	334 247	453 092
Taxes	131 772	137 222
Exchange rate differences	733 127	784 095
Other	143 933	56 178
Total:	1 343 079	1 430 586

31 Interest and similar income

The breakdown of Interest & similar income is as follows:

Description	(expressed in Euro)	
	2021	2020
Interest income	2 607	178 166
Total:	2 607	178 166

32 Interest and similar costs

The breakdown of Interest and similar costs is as follows:

Description	(expressed in Euro)	
	2021	2020
Interest expenses	145 870	150 435
Total:	145 870	150 435

Interest expenses relate to the borrowings mentioned in Note 19.

33 Related party disclosures

As per December 31, 2021 and 2020, the company's shareholding was distributed as follows:

Description	(no. shares)	
	31-12-2021	31-12-2020
MT Hojgaard International a/s	2 400 000	
MT Hojgaard Danmark a/s		2 400 000
Approachdetail – SGPS, SA	1 600 000	1 600 000
Total:	4 000 000	4 000 000

Due to the group's reorganisation, in November 2021, MT Hojgaard Danmark a/s sold the entire stake of SETH's capital to MT Hojgaard International a/s. Both Danish companies are 100% owned by the Group's Holding Company, MT Hojgaard Holding a/s.

Balances with related parties are as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Assets		
Subsidiaries	148 908	160 912
Joint Ventures	26 416	1 333
Ricardo Gomes	209 524	114 040
Total:	384 848	276.285
Liabilities		
Subsidiaries	35 439	9 745
MT Hojgaard International a/s	2 400 000	2 400 000
Approachdetail – SGPS, SA	1 600 000	1 600 000
Total:	4 035 439	4 009 745

The transactions between related parties were essentially supply of staff and material.

34 Minority interests

Minority interests' balances in 2021 and 2020 are included in the financial statements as follows:

Description	(expressed in Euro)	
	31-12-2021	31-12-2020
Net profit of the period		
SethAngola, S.A.	57 743	11 166
SethMoz – Construção, Engenharia & Obras Públicas, S.A.	-	(6 180)
Total:	57 743	4 986
Equity Adjustments		
SethAngola, S.A.	(60 992)	39 585
SethMoz – Construção, Engenharia & Obras Públicas, S.A.	-	38 836
Total:	(60 992)	78 420
Total:	(3 249)	83 406

35 Construction contracts

The method of accounting for construction contracts is the stage of completion method. Contract revenue and costs are recognised in accordance with AFRS 19.

Description	Recognised in previous years	Recognised in the period	Deferred/ Not recognised	(expressed in Euro)
				Total
Costs	27 151 095	35 179 842		62 330 937
Income/Revenue	35 278 118	57 776 694	(17 572 871)	75 481 941

36 Subsequent events

The financial statements have been authorized to be disclosed by the Board of Directors on the 15th February 2022.

37 Disclosures required by laws

In 2021 a total of Euro 31.000 fees was paid to the auditors appointed by the Annual General Meeting whereas in 2020 the amount was Euro 34.390.

38 Appropriation of Profit

The Board of Directors proposes that the results be appropriated to Retained Earnings item.

The board of directors

Ricardo António Pedrosa Gomes (President)
Martin Stig Solberg
Peter Kofoed
Sofia Mendes

The chartered accountant

Bárbara Themudo

Statutory Auditor's Report and Opinion

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of SETH – Sociedade de Empreitadas e Trabalhos Hidráulicos, SA. (the Group), which comprise the Consolidated Balance Sheet as at December 31, 2021 (which show a total of 32,197,751 euros and a total equity of 10,606,943 euros, including a net loss for the year of 401,706 euros), and the Consolidated Income Statement by Natures, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the SETH – Sociedade de Empreitadas e Trabalhos Hidráulicos, S.A. as at December 31, 2020, and its financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Reporting Standards adopted in Portugal through the Accounting Standardization System (“Sistema de Normalização Contabilística”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and with other standards and technical directives of the Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” below. We are independent of the Entity in accordance with the law and we comply with the ethical requirements of the ethic code of the Institute of Statutory Auditors.

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

Responsibilities of management for the consolidated financial statements

Management is responsible for:

- Preparation of the consolidated financial statements which present a true and fair view of the Group’s financial position, financial performance and the Group’s cash flows in accordance with the Financial Accounting Reporting Standards adopted in Portugal through the Accounting Standardization System (“Sistema de Normalização Contabilística”);

- The preparation of the consolidated Management Report in accordance with the laws and regulations;
- Creation and maintenance of an appropriate internal control system to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error;
- Adoption of appropriate accounting policies and principles for the circumstances; and
- Assessment of the Group’s ability to continue as a going concern, disclosing, when applicable, matters that may rise significant doubts about the continuity of activities.

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit and also:

- Identify and assess the risks of misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of continuity and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as 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 the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate auditing evidence over financial information of the entities or activities in the Group in order to express an opinion on the consolidated financial statements. We are responsible for the orientation, supervision and performance of the audit of the Group and we are ultimately responsible for our audit opinion; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility includes the verification of the consistency of the Consolidated Management Report with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

Pursuant of article 451º, nº 3, al. e) of the Commercial Companies Code, it is our opinion that the Consolidated Management Report was prepared in accordance with laws and regulations in force and the information contained therein is in agreement with the audited consolidated financial statements and, taking into consideration our assessment and understanding of the Group we have not identified any material misstatement.

Lisbon, March 24, 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)
Luis Miguel Gonçalves Rosado – ROC nº 1607
Registered with the Portuguese Securities Market
Commission under Licence nr.º 20161217

Certifications



CERTIFICATE

AENOR has issued an IQNet recognized certificate that the organization:

SETH - SOCIEDADE DE EMPREITADAS E TRABALHOS HIDRÁULICOS, S.A.

**Sede: Avenida Tomás Ribeiro, 145.
2790-467 QUEIJAS
Portugal**

**Estaleiro Central de Palmela:
Rua da Ponte 2 - Orvidais
2950-422 SETÚBAL
Portugal**

has implemented and maintains a

Quality Management System

for the following scope:

Coordination and execution of civil and public construction works, namely for building works, coastal protection, port, hydraulics, pipelines, concrete and metal structures and pile-driving.

which fulfills the requirements of the following standard

ISO 9001:2015

First issued on: 2018-05-17 Last issued: 2021-08-31 Validity date: 2024-08-31

This attestation is directly linked to the IQNet Partner's original certificate and shall not be used as a stand-alone document

Registration Number: ES-0292/2018



Alex Stoichitoiu
President of IQNet

Rafael GARCÍA MEIRO
Chief Executive Officer

AENOR

IQNet Partners*:

AENOR Spain AFNOR Certification France APCER Portugal CCC Cyprus CISQ Italy
CQC China CQM China CQS Czech Republic Cro Cert Croatia DQS Holding GmbH Germany EAGLE Certification Group USA
FCAV Brazil FONDONORMA Venezuela ICONTEC Colombia Inspecta Sertifiointi Oy Finland INTECO Costa Rica
IRAM Argentina JQA Japan KFQ Korea MIRTEC Greece MSZT Hungary Nemko AS Norway NSAI Ireland
NYCE-SIGE México PCBC Poland Quality Austria Austria RR Russia SII Israel SIQ Slovenia
SIRIM QAS International Malaysia SQS Switzerland SRAC Romania TEST St Petersburg Russia TSE Turkey YUQS Serbia

* The list of IQNet partners is valid at the time of issue of this certificate. Updated information is available under www.iqnet-certification.com



CERTIFICATE

AENOR has issued an IQNet recognized certificate that the organization:

SETH - SOCIEDADE DE EMPREITADAS E TRABALHOS HIDRÁULICOS, S.A.

Sede:
Avenida Tomás Ribeiro, 145
2790-467 QUELHAS
Portugal

Estaleiro Central de Palmela:
Rua da Ponte 2 - Orvidais
2950-422 SETÚBAL
Portugal

has implemented and maintains a

Environmental Management System

for the following scope:

Coordination and execution of civil and public construction works, namely for building works, coastal protection, port, hydraulics, pipelines, concrete and metal structures and pile-driving.

which fulfills the requirements of the following standard

ISO 14001:2015

First issued on: **2018-05-17** Last issued: **2021-08-31** Validity date: **2024-08-31**

This attestation is directly linked to the IQNet Partner's original certificate and shall not be used as a stand-alone document

Registration Number: ES-2018/0140



Alex Stoichitoiu
President of IQNet

Rafael GARCÍA MEIRO
Chief Executive Officer

AENOR

IQNet Partners*:

AENOR Spain AFNOR Certification France APCER Portugal CCC Cyprus CISQ Italy
CQC China CQM China CQS Czech Republic Cro Cert Croatia DQS Holding GmbH Germany EAGLE Certification Group USA
FCAV Brazil FONDONORMA Venezuela ICONTEC Colombia Inspecta Sertifointi Oy Finland INTECO Costa Rica
IRAM Argentina JQA Japan KFQ Korea MIRTEC Greece MSZT Hungary Nemko AS Norway NSAI Ireland
NYCE-SIGE México PCBC Poland Quality Austria Austria RR Russia SII Israel SIQ Slovenia
SIRIM QAS International Malaysia SQS Switzerland SRAC Romania TEST St Petersburg Russia TSE Turkey YUQS Serbia

* The list of IQNet partners is valid at the time of issue of this certificate. Updated information is available under www.iqnet-certification.com



CERTIFICATE

AENOR has issued an IQNet recognized certificate that the organization:

SETH - SOCIEDADE DE EMPREITADAS E TRABALHOS HIDRÁULICOS, S.A.

Sede:
Avenida Tomás Ribeiro, 145
2790-467 QUELHAS
Portugal

Estaleiro Central de Palmela:
Rua da Ponte 2 - Orvidais
2950-422 SETÚBAL
Portugal

has implemented and maintains a

Occupational Health and Safety Management System

for the following scope:

Coordination and execution of civil and public construction works, namely for building works, coastal protection, port, hydraulics, pipelines, concrete and metal structures and pile-driving.

which fulfills the requirements of the following standard

ISO 45001:2018

First issued on: **2021-02-08** *Last issued:* **2021-09-10** *Validity date:* **2024-09-10**

This attestation is directly linked to the IQNet Partner's original certificate and shall not be used as a stand-alone document

Registration Number: ES-SST-0075/2018



Alex Stoichitoiu
President of IQNet

Rafael GARCÍA MEIRO
Chief Executive Officer

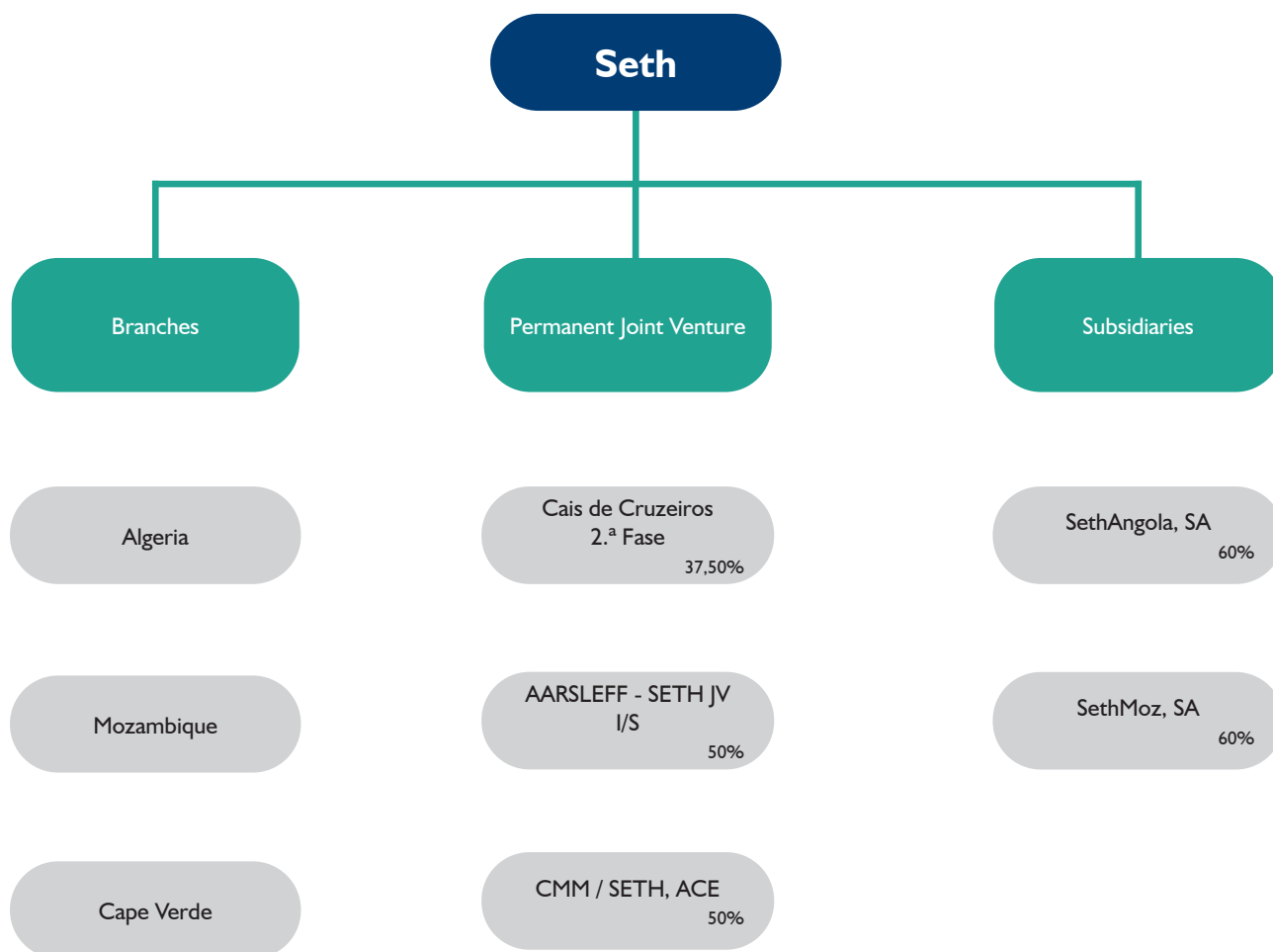
AENOR

IQNet Partners*:

AENOR Spain AFNOR Certification France APCER Portugal CCC Cyprus CISQ Italy
CQC China CQM China CQS Czech Republic Cro Cert Croatia DQS Holding GmbH Germany EAGLE Certification Group USA
FCAV Brazil FONDONORMA Venezuela ICONTEC Colombia Inspecta Sertifiointi Oy Finland INTECO Costa Rica
IRAM Argentina JQA Japan KFQ Korea MIRTEC Greece MSZT Hungary Nemko AS Norway NSAI Ireland
NYCE-SIGE México PCBC Poland Quality Austria Austria RR Russia SII Israel SIQ Slovenia
SIRIM QAS International Malaysia SQS Switzerland SRAC Romania TEST St Petersburg Russia TSE Turkey YUQS Serbia

* The list of IQNet partners is valid at the time of issue of this certificate. Updated information is available under www.iqnet-certification.com

Organisation Chart





SETH – ANNUAL REPORT 2021

Editorial Coordination – Inácio Beirão

Text – Seth

Translations – Verbis Iberia, Tecnologias de Informação Ltd. + Seth (SM)

Design – Escala 3 – Publicidade e Artes Gráficas, Lda. (Aqualva-Cacém, Portugal)

Cover photo: Jetty Berth at Aveiro Port, Portugal (concluded in 2021)

Printing – Escala 3 – Publicidade e Artes Gráficas, Lda. (Aqualva-Cacém, Portugal)



Avenida Tomás Ribeiro, 145
2790-467 QUEIJAS – Portugal
Phone.: +(351) 21 943 14 79
Fax: +(351) 21 943 15 18
seth@seth.pt

Portuguese License Construction N.º 5
Tax Identification Number 500 257 760

www.seth.pt

