Annual Report 2022

Seth

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Annual Report 2022

Seth

INTRODUCTION

The 2022 financial year ended with results well below expectations, and as such was a year of poor results for the Company. The combination of significant and unanticipated delays in the start of contracts secured at the end of 2021 in Mozambique - whose contribution in terms of activity only began in the fourth quarter of 2022 - and in the domestic market, the successive delays in the implementation of the RRP (Recovery and Resilience Plan) in Portugal especially in the infrastructure market and, consequently, a reduced number of opportunities in the public works market, and the chronic delays in licensing procedures for private works, prevented the replacement of the diminished contribution of foreign markets from being found in the domestic market. Also contributing to the poor result of the year was the impact of the negotiation process resulting from arbitration of a project carried out in previous years, decided against the complementary grouping of companies of which Seth is part. This process is completely closed and will have no further effect.

The outbreak of the conflict in Ukraine and the resulting disturbances had an impact on the development of the company's activities at two levels, via the disturbance in the prices of raw materials that make up the materials of the electricity projects and, above all, via their lower availability and timely delivery from Ukraine and Turkey, as in the case of metal structures. The continued and recently amended confinement policy of the Chinese Authorities and its impact on industrial production and exports has had an impact on the delivery times of electrical materials for projects in Mozambique and the consequent degree of their execution.

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The above combination of events conditioned the achievement of the desired results and ultimately led to a negative and unsatisfactory financial year.

Seth's mission, within the Group to which it belongs, is to develop business in the Portuguese, Mediterranean European and Sub-Saharan African markets, based on the five strategic areas for sustainability 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 off-site modular construction. **Processes**, promoting their constant review in order 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 clients and other Group units is essential. And **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 is published by the company independently.

The year 2022 was a difficult year, characterised essentially by the late execution of the portfolio of works contracted in 2021 and by the difficulty in obtaining new orders, which, only in the second half of the year, showed signs of dynamism and consequent acquisition of new works, although without impact on the turnover recognised in the year.

Operations in Africa continued to make the greatest contribution to income for the year, and it was in Africa that most of the year's income was earned, representing 62% of the total, with the Mozambique market being the most important, accounting for 32% of activity.

The Portuguese infrastructure market continued to offer few opportunities, with a number of water supply projects having been executed, with total activity in mainland Portugal and the Azores accounting for 38% of income.

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

The Energy Transmission area, focused on the Mozambique market, accounted for 32% of turnover.

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

The implementation of the RRP in Portugal, whose delay is beginning to raise some concerns, will give rise, during the first half of 2023, to a huge demand from public entities that will put great pressure on the market and on the response capacity of companies, with an expected increase in prices and a reduction in competition as companies will have to be selective in their choices since they will not have the capacity to respond to all opportunities. Despite the unpredictability about the course of the war in Europe, its continuity seems to have been internalised by the markets, and so the resumption of investment decisions in the residential tourist area should enable some awards to be secured. The combination of the situations described should lead to a consequent increase in the weight of the domestic market in the overall turnover and to an overall increase in turnover.

Overseas, the Mozambique market will continue to be the most relevant in terms of activity, given the order book from previous years and the orders confirmed in the last quarter of 2022. As for the Angolan market, it is anticipated that in the second half of the year a number of large-scale projects in the hydraulic and electrical infrastructure field will be awarded, which have been worked on based on EPC+Finance models. Alongside these, others will continue to be carried out such as the dredging projects in Cabinda province.

Of the most important works in execution that are carried over to 2023, we highlight the following:

- Rehabilitation/Reinforcement of Tanquisado Quay Bridge, Setúbal
  Developer: Tanquisado, S.A.
- Electricity Ship Charging Stations, Lisbon
  Developer: Transtejo S.A.
- PERIP Lot 4 - Electrification, Maputo
  Developer: E.D.M. (Mozambique)
- STIP Lot D-110kV, Dondo/Beira, Sofala
  Developer: E.D.M.(Mozambique)
- PCIREP-Lines 66/110Kv- Beira, Sofala
  Developer: E.D.M. (Mozambique)
- Dredging of the Breakwater Ferry Terminal and Cabinda Port Quay
  Developer: IMPA - Instituto Marítimo e Portuário de Angola (Angola)
- Dredging of Malongo Base, Cabinda
  Developer: Chevron (Angola)

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

It remained the company's main market, with activity concentrated on rural electrification and power transmission works. During the financial year, work was carried out in the provinces of Inhambane, Maputo, Nampula, Sofala and Zambézia.

Seth CAPE VERDE

The extension and modernisation work on the English Port on the Island of Maio was completed in the last quarter of the year. The work was carried out by the consortium to which Seth belongs (33%). No new work is envisaged, so the activity in 2023 should be confined to the demobilisation of the means assigned to the work carried out.

SUBSIDIARIES

SETH ANGOLA, S.A.

Construction work on the Ferry Terminal, Wharf and Breakwater in Cabinda for IMPA, in consortium with Seth, S.A. and Mota-Engil Angola, as sub-contractors of Chinese company CGGC, will end in the first quarter of 2023. The additional dredging work already contracted with the Angolan State and approved by presidential decree in accordance with the law on priority projects is also continuing. The works will be completed in the second quarter of 2023.

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

SETHMOZ, S.A.

The company had no significant activity during 2021.

The company is 100% owned by Seth.

JOINT VENTURES

CRUISE LINERS QUAY, 2nd PHASE, ACE (Complementary Grouping of Companies)

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. The pending dispute with the client ended with the conclusion of an agreement that put an end to all disputes. The ACE is settled.

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 were concluded as well as the respective guarantee period, and the final settlement of payments by the client is in progress.

The structure of the consortium is minimal and it is expected to close in the course of 2023.

CMM/SETH ACE

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

During the year, work continued on the conversion of a building called T-715, with the scope and amount of the contract having been increased by agreement with the client.

A contract was awarded in the last quarter of 2022 for the adaptation of a pumping building that will be executed during 2023.

Seth's share in the grouping is 50%.

QUALITY, ENVIRONMENT AND SAFETY - QAS

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 by the certifying entity LUSO AENOR. This was a follow-up audit of the three systems (Quality, Environment, and Safety).

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. In the audit report, the conclusions of the certifying entity were recorded, and no non-conformities were identified, which maintains the Quality, Environment and Safety systems in conformity. Two observations and two 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. As strengths observed in the audit the audit team highlighted:

- Openness and technical competence of the audited employees;
- 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;
- Information provided in the construction site and management review dashboards;
- Communication through "Toolboxtalk - security conversations";
- Financial control of the works during their execution and control of works in the warranty phase.

A determining factor in obtaining this result, as well as the identification of the strengths, was the result of the work, contribution and cooperation of all those involved over the years in implementing, updating and maintaining the company's QES system.
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 2022 to be carried out by a specialised external company, with a minimum frequency of once a 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.

Claims Ratios 2022

Statistics on work accidents are indispensable indicators, in order for the different parties involved in the issue of Hygiene and Safety at Work to act appropriately.
Knowledge of work accidents statistics enables a more accurate determination of the occupational risks inherent in the activity carried out by the company and the choice of the most appropriate ways of combating them.
In order to achieve this objective, we must know the cause and form of the accidents, as well as the most frequent injury and the part of the body most affected.
In order to comply legally with Decree-Law 26/94, ratified by Decree-Law 109/2000 of 30 June, accident statistics are carried out on a monthly basis.
The workers are informed of the accident statistics in order to increase their awareness of the risks as well as of the analyses carried out on them. Analyses and statistical data are presented in a simple and summarised manner in a suggestive way, namely in awareness-raising actions and on information boards and are made available on the Yammer platform.
Six accidents occurred during 2022 (3 without sick leave and 3 with sick leave).
The values registered for the Claims Ratios for 2022 were 13.75 for the Frequency Index - FI and 0.49 for the Severity Index - SI. It should be noted that both the Frequency and Severity indexes are in the qualitative class of Very Good (according to ILO parameters).

ECONOMIC-FINANCIAL INDICATORS

In 2022, turnover totalled 32,032,685 euros, down 9.5% on the previous year.
EBIT recorded was -1,029,212 euros.
Net profit amounted to -2,356,652 euros and the portion attributable to shareholders of the parent company amounted to -2,224,854 euros.
At the end of the period, the Company's Equity amounted to 12,288,090 euros and the amount attributable to Minority Interests was 98,406 euros.
At the end of the year, the order book amounted to 27 million euros.

APPROPRIATION OF PROFIT

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

2023 FORECAST AND EVENTS AFTER THE END OF THE YEAR

Orders received at the end of 2022 and award intentions received in the first month of 2023 allow us to anticipate a turnover of approximately 50 million euros and an EBIT of 2.5% for 2023.

Queijas, 15 February 2023

The Board of Directors
Ricardo António Pedrosa Gomes (President)
Sofia Mendes
Carsten Lund

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2022

Monetary Unit: EURO

HEADINGS	Notes	Period 31-12-2022	31-12-2021
ASSETS			
Non-current assets			
Tangible fixed assets	6	4 549 954	5 213 387
Customers with Guarantee deposit	9	794 937	759 537
Total Non- Current Assets		**5 344 890**	**5 972 925**
Current Assets			
Inventory	8	424 135	194 061
Customers	9	8 500 530	7 365 652
State & other public entities	10	1 159 170	1 040 683
Other receivables	11	15 134 814	15 692 649
Deferrals	12	153 943	190 287
Cash & Bank deposits	4	2 689 066	1 741 494
		28 061 659	26 224 826
Total Assets		**33 406 549**	**32 197 751**
EQUITY & LIABILITIES			
Equity			
Paid-up equity capital	13	4 000 000	4 000 000
Other investments in equity	15	4 000 000	
Legal reserves	14	801 069	801 069
Other reserves	16	197 542	197 542
Retained Earnings	17	6 287 091	5 883 794
Other changes in equity	18	(640 960)	(677 167)
Net Profit (Loss)		**(2 356 652)**	**401 706**
Total Equity attributable to shareholders		**12 288 090**	**10 606 943**
Minority interest	36	98 406	3 249
Total Equity		**12 386 495**	**10 610 192**
Liabilities			
Non-current liabilities			
Provisions	19		140 923
Loans	20	301 916	5 024 445
Total non-current liabilities		**301 916**	**5 165 368**
Current liabilities			
Suppliers	22	5 906 554	4 025 498
Customers prepayments	23	4 153 617	2 278 746
State & other public entities	10	315 185	397 984
Loans	20	6 343 817	7 016 469
Other accounts payable	21	2 682 015	2 193 443
Deferred income	12	1 316 950	510 051
Total current liabilities		**20 718 138**	**16 422 191**
Total liabilities		**21 020 054**	**21 587 559**
Total equity and liabilities		**33 406 549**	**32 197 751**

The Board of Directors
Ricardo Pedrosa Gomes (President)
Sofia Mendes
Carsten Lund

The Chartered Accountant
Bárbara Themudo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (2022)

Monetary Unit: EURO

Description		Notes	Equity								Non-controlling interests	Total Equity
			Share capital	Other investments in Equuity	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 2021	1	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		(245 331)	28 912	(216 419)
	2		-	-	-	-	(40 359)	479 046	-	(245 331)	28 912	(216 419)
NET PROFIT FOR THE PERIOD	3								401 706	**401 706**	57 743	**459 449**
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							(959 852)		959 852	-		-
	5		-	-	-	-	(959 852)	-	959 852	-	-	-
POSITION AT THE END OF THE PERIOD 2021	6 = 1+2+3+5		4 000 000		801 069	197 542	5 883 793	(677 167)	401 706	10 606 943	3 249	10 610 192
POSITION AT THE START OF THE PERIOD 2022	6	2.4	4 000 000		801 069	197 542	5 883 793	(677 167)	401 706	10 606 943	3 249	10 610 192
CHANGES DURING THE PERIOD												
Other changes recognised in equity							1 592	36 207		37 799	(36 642)	1 157
	7		-		-	-	1 592	36 207	-	37 799	(36 642)	1 157
NET PROFIT FOR THE PERIOD	8								(2 356 652)	**(2 356 652)**	131 798	**(2 224 854)**
COMPREHENSIVE RESULT	**9 = 7+8**								(2 356 652)	**(2 318 854)**	131 798	**(2 187 055)**
TRANSACTIONS WITH EQUITYHOLDERS DURING THE PERIOD												
Other transactions				4 000 000			401 706		(401 706)	4 000 000		4 000 000
	10		-	4 000 000	-	-	401 706	-	(401 706)	4 000 000	-	4 000 000
POSITION AT THE END OF THE PERIOD 2022	11 = 6+7+8+10		4 000 000	4 000 000	801 069	197 542	6 287 091	(640 960)	(2 356 652)	12 288 089	98 406	12 386 495

The Board of Directors
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Bárbara Themudo

CONSOLIDATED INCOME STATEMENT BY NATURE OF EXPENSE

PERIOD ENDED DECEMBER 31, 2022

Monetary Unit: EURO

INCOME & EXPENSES	Notes	Periods 31-12-2022	31-12-2021
Sales & services rendered	24	32 032 685	35 402 417
Government grants	25	3 840	11 519
Own works capitalised	26	5 787	-
Cost of goods sold & materials consumed	27	(8 263 301)	(14 625 858)
Third party supplies & services	28	(18 512 382)	(13 121 216)
Staff costs	29	(7 308 022)	(7 336 019)
Inventory impairment (losses/reversals)	30	(345)	(490)
Impairment of receivables (losses/reversals)	9/11	(1 553)	(30 571)
Provisions (increases/reductions)	19	20 258	270 000
Other income & gains	31	3 493 711	2 472 939
Other costs & losses	32	(2 499 889)	(1 343 079)
Earnings before depreciation, borrowing costs and taxes		(1 029 212)	1 699 641
Expenses / reversals of depreciation & amortisation	6	(918 873)	(997 547)
Earnings before interests and taxes		(1 948 085)	702 093
Interest & similar income	33	7 786	2 607
Interest & similar costs	34	(222 229)	(145 870)
Profit before tax		(2 162 528)	558 831
Income tax for the period	7	(62 326)	(99 382)
Net profit for the period		(2 224 854)	459 449
Net profit attributable to:	35		
Shareholders of SETH SA		(2 356 652)	401 706
Non-controlling interests		131 798	57 743
Basic earnings per share		(0,56)	0,11

The Board of Directors
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Bárbara Themudo

CONSOLIDATED CASH-FLOW STATEMENT

PERIOD ENDED DECEMBER 31, 2022

Monetary Unit: EURO

Headings	Notes	Period 31 Dez 2022	Period 31 Dez 2021
Cash Flow from operating activities - Direct Method	**4**		
Cash receipts from customers		32 633 616	35 302 504
Cash paid to suppliers		(24 437 078)	(26 497 982)
Cash paid to employees		(7 265 737)	(7 257 858)
Cash generated by operating activities		**930 801**	**1 546 664**
Income tax - paid / received		(345 391)	97 697
Other receipts/payments		1 977 762	(3 349 211)
Cash Flow from operating activities (1)		**2 563 172**	**(1 704 850)**
Cash Flow from investing activities			
Cash paid in respect of:			
Tangible fixed assets		(309 019)	(1 093 439)
Financial Investments		(148 181)	(125 905)
Cash receipts from:			
Tangible fixed assets		457 824	8 900
Cash Flow from financing activities (2)		**623**	**(1 210 444)**
Cash Flow from financing activities			
Cash receipts from:			
Borrowings		3 368 048	3 101 498
Cash paid in respect of:			
Loans		(4 763 027)	(1 545 107)
Interest & similar costs		(221 243)	(145 710)
Dividends			(37 567)
Cash Flow from financing activities (3)		**(1 616 222)**	**1 373 114**
Variation of cash & cash equivalents (1+2+3)		**947 573**	**(1 542 181)**
Effect of currency translation differences			
Cash & cash equivalents of the beginning of the period		1 741 494	3 283 675
Cash & cash equivalents at the end of the period		**2 689 066**	**1 741 494**

The Board of Directors
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Sofia Mendes
Carsten Lund

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 (Portugal), 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, 2023.

MT Højgaard 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, 2022, and in the comparative consolidated financial information presented in these financial statements for the period ended December 31, 2021.

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, 5 – 6. apt 61, Kinaxixi – Luanda – Angola
SETH shareholding – 60%

SethMoz – Construção, Engenharia & Obras Públicas, S.A.
Praça dos Trabalhadores, 50, 5. andar – Maputo - Mozambique
SETH shareholding – 100%

Joint ventures

Cais de Cruzeiros – 2ª Fase, ACE
Rua Castilho, 165 - 1. Piso, Sala ACE, 1070-050 Lisboa
SETH shareholding - 37,5%
Closure in 28th December 2022

Aarsleff – SETH JV I/S
Lokesvej 15, DK8230 Aabyhøj - Dinamarca
SETH shareholding - 50,0%

CMM/SETH, ACE
Rua do Hospital, s/n, Santa Rita, Praia da Vitória (Azores)
SETH shareholding - 50,0%

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, 2022 and 2021.
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 2022	Rates in Dec 2021
Currency		**Closing rate**	**Closing rate**
US dollar	USD	1,0666	1,1326
British pound	GBP	0,88693	0,84026
Swedish Krone	SEK	11,1218	10,2503
Angolan Kwanza	AKZ	537,5664	635,751
Cape Verde escudo	CVE	110,265	110,265
South African rand	ZAF	18,0986	
Metical de Moçambique	MZN	67,45	71,58

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) Contingents 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 15th, 2023, 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 38.

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, 2022, the works portfolio equalled approximately Euro 27 million.

3.5 Main sources of incertainty 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, 2022, all cash and cash equivalent balances are available for use.

4.2 Cash and bank deposits comprise the following balances:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Cash		
Cash Head Office	410	579
Cash Works	11 336	8 782
Cash Branches	59 691	51 167
Cash Joint Ventures/Subsidiaries	9 109	8 114
	80 546	**68 641**
Cash deposits		
Banks Head Office	1 150 739	61 735
Banks Branches	572 397	1 012 171
Banks Joint Ventures/Subsidiaries	885 384	598 947
	2 608 520	**1 672 852**
	-	-
Total:	***2 689 066***	***1 741 494***

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:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Gross Value:		
Land & natural resources	1 074 621	1 074 621
Buildings & other constructions	3 415 000	3 415 000
Plant & machinery	12 520 194	13 551 513
Transport equipment	2 520 297	2 723 342
Office equipment	1 570 206	1 647 797
Other tangible fixed assets	95 447	111 349
	21 245 766	22 523 623
Accumulated depreciation & impairment		
Depreciation of the period	(918 873)	(997 547)
Sales of the period	1 533 296	44 200
Accumulated depreciation of previous periods	(17 310 235)	(16 356 888)
	(16 695 812)	(17 310 235)
Net carrying amount:	***4 549 954***	***5 213 387***

The breakdown of movements under tangible fixed assets during 2022 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	3 415 000			3 415 000
Plant & machinery	13 551 513	267 645	(1 298 964)	12 520 194
Transport equipment	2 723 342	24 450	(177 495)	2 570 297
Office equipment	1 647 797	7 885	(85 475)	1 570 206
Other tangible fixed assets	111 349		(15 902)	95 447
	22 523 622	299 980	(1 577 836)	21 245 766
Accumulated depreciation & impairment				
Buildings & other constructions	(1 991 330)	(77 113)		(2 068 443)
Plant & machinery	(11 518 519)	(659 705)	1 249 864	(10 928 360)
Transport equipment	(2 162 994)	(152 007)	201 091	(2 113 910)
Office equipment	1 582 280	(27 542)	78 911	(1 530 911)
Other tangible fixed assets	(55 112)	(2 505)	3 430	(54 187)
	(17 310 235)	(918 873)	1 533 297	(16 695 812)
Net carrying amount:	**5 213 387**			**4 549 954**

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)	22 253 622
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 main additions in 2022 relate to the acquisition of machinery which the most significant are a drilling machine and sheet piles.

Equipment located in our job in Angola amounts to Euro 1.649.788,95 and in Cape Verde equals the amount of Euro 2.467.812,52.

The amount booked in Disposals is mainly due to the sale of two cranes and two vehicles.

As at December 31, 2022 and 2021, the value of tangible fixed assets financed by lease contracts is as follows:

(expressed in Euro)

	31-12-2022			31-12-2021		
Description	**Gross value**	**Depreciation/ Impairment**	**Net value**	**Gross value**	**Depreciation/ Impairment**	**Net value**
Plant & machinery	130 000	(17 329)	112 671	375 000	(62 475)	312 525
Transport equipment	33 500	(18 147)	15 353	33 500	(9 772)	23 728
Total:	***163 500***	***(35 476)***	***128 024***	***408 500***	***(72 247)***	***336 253***

Total future minimum lease payments are as follows:

(expressed in Euro)

	31-12-2022			31-12-2021		
Description	**Capital owed**	**Interest owed**	**Rents falling due**	**Capital owed**	**Interest owed**	**Rents falling due**
Less than one year	60 034	1 395	61 429	18 763	199	18 963
One to five years	24 138	159	24 297	9 215	52	9 267
Total:	***84 172***	***1554***	***85 726***	***27 979***	***251***	***28 230***

7 Corporate tax for the period

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

(expressed in Euro)

Description	**2022**	**2021**
Current tax	(62 326)	(99 382)
	(62 326)	***(99 382)***

The company did not recognise deferred tax assets.
The effective tax rate is as follows:

(expressed in Euro)

Description	**2022**	**2021**
Pre-tax profit	(2 162 528)	558 831
Tax rate	22,5%	22,5%
Expected tax	(486 569)	125 737
Differences between book and taxable income		
Equity method	(365 735)	(208 794)
Tax loss imputed by Joint ventures	220 617	72 261
Others	764 464	241 794
Minority Interests	(131 798)	(57 743)
Taxable profit / (Tax loss)	(1 674 980)	606 349
Assessed tax	(351 746)	127 333
Adjustments to the assessement	25 915	33 289
Tax rate differences - branches	6 010	18 415
Corporate tax for the period - payable/(receivable)	6 536	52 422
Current tax - expense / (income)	62 326	99 382
	62 326	***99 382***
Effective tax rate	**-2,9%**	**17,8%**

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:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Gross Value:		
Raw & subsidiary materials & consumables	424 135	194 061
Net carrying amount:	***424 135***	***194 061***

The variation between 2022 and 2021 corresponds to materials in transit to our branch in Mozambique.
During 2022, cost of goods sold and materials consumed totalled Euro 8.263.301 (2021: Euro 14.625.858), as per note 27.

9 Trade receivables

The breakdown of Trade accounts receivable is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Gross value:		
Trade receivable		
General	9 133 715	7 997 283
	9 133 715	7 997 283
Accumulated impairment		
Impairment losses for the period	(1 553)	(30 571)
Impairment losses of previous periods	(631 631)	(601 060)
	(633 185)	(631 631)
Net carrying amount:	***8 500 530***	***7 365 652***

As at December 31, 2022, the non-current trade receivable amounted to Euro 794.937 (2021: Euro 759.537) of which 80% pertains to Cape Verde branch contract.

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 2022 are as follows:

(expressed in Euro)

Description	Opening balance	Losses	Reversals	Closing balance
Impairment losses:				
Customers	(631 631)	(7 342)	5 788	(633 185)
Total:	***(631 631)***	***(7 342)***	***5 788***	***(633 185)***

And in 2021 the following:

(expressed in Euro)

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

The ageing of Trade receivables in 2022 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	3 372 374	1 785 174	1 091 428	798 964	41 044	607 680	73 939	729 926	8 500 530

And in 2021:

(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

10 State and other public entities

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

(expressed in Euro)

Description	31-12-2022	31-12-2021
Assets		
VAT refund applications	36 579	68 884
VAT recoverable	55 016	81 384
Corporation tax	301 595	84 383
Other taxes	33 518	32 324
VAT recoverable (branches)	566 664	649 276
Corporation tax (branches)	51 702	49 560
VAT recoverable (other companies)	50 929	40 450
Corporation tax (other companies)	63 167	34 424
Total:	***1 159 170***	***1 040 683***
Liabilities		
Corporation tax	6 536	52 422
Social Security Contributions	101 192	108 664
Income tax withheld	69 667	75 271
Corporation tax (branches)	120 608	132 628
Social Security Contributions (branches)	4 458	6 089
Other taxes (branches)	6 300	13 310
VAT payable (other companies)	97	4 417
Social Security Contributions (other companies)	1 460	1 781
Other taxes (other companies)	4 867	3 404
Total:	***315 185***	***397 984***

11 Other Receivables

The breakdown of other receivables is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Gross value:		
Prepayment to suppliers	964 171	468 860
Other debtors	763 974	1 732 092
Stage of completion	11 309 196	11 896 038
Other accrued income	2 104 478	1 602 664
	15 141 819	15 699 654
Accumulated impairment:		
Impairment of the period		345 875
Impairment of previous periods	(7 005)	(352 879)
	(7 005)	(7 005)
Net carrying amount:	***15 134 814***	***15 692 649***

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	6 193 755
Porto Ilha do Maio, Cabo Verde	486 729
Perip Lot 4, EDM	3 086 498
Water deposit, Cotao	22 432
Nordeste road Rio Tinto	3 039
STIP Lot D 110 kV line, EDM	484 505
Micropiles, Moscavide school	8 626
110kV Lamego-Guaraguara, EDM	753 050
Micropiles, Vale Garrão	18 014
Conductor replacement, EDM	3 605
Electric vessels charging stations, Transtejo	114 511
Building T-715, USAF CMMSETH ACE	110 242
Repair ATC Tower, US Airforce	24 191
Total:	***11 309 196***

12 Deferrals

The breakdown of Deferrals is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Assets		
Costs pending recognition		
Insurance paid	66 284	105 236
Other costs pending recognition	87 659	85 051
Total:	***153 943***	***190 287***
Liabilities		
Income pending recognition		
Stage of completion	1 271 031	474 815
Interest	35 236	35 236
Other	10 683	
Total:	***1 316 950***	***510 051***

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	56 377
Reservoir, Alto Santa Catarina	294 641
Jetty rehabilitation, Tanquisado	102 499
Piling, ETAR Parada	1 994
33kV Chupanga-Nessa, EDM	472 479
Sheet piling, Costa Terra	21 675
Dredging, Malongo Chevron	321 367
Total:	***1 271 031***

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 Euro 4,000,000, represented by 4 million ordinary shares each of a par value of Euro 1, is fully paid up as at 31 December 2022.

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 Investments in Equity

In September 2022, the shareholders deliberated in an extraordinary General Assembly meeting the conversion of the shareholders' loans in the amount of Euro 4.000.000 in (Other Investments) Equity.

16 Other Reserves

The breakdown of this heading is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Other Reserves	(197 542)	(197 542)
Total:	***(197 542)***	***(197 542)***

17 Retained earnings

The variation of retained earnings comprises the appropriation of the 2021 net profit of Euro 401.706 and also the retained earnings of Cais de Cruzeiros – 2ª Fase, ACE in the amount of Euro 1.592.

18 Adjustments to financial assets/other changes in equity

The breakdown of this heading is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Financial statement translation differences	(640 960)	(677 167)
Total:	***(640 960)***	***(677 167)***

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.

19 Provisions and Contingencies

Provisions details in 2022 are as follows:

(expressed in Euro)

Description	Opening balance	Additions	Reversals	Closing balance
Others	140 923		(140 923)	(0)
Total:	***140 923***	**-**	***(140 923)***	***(0)***

As at December 31, 2022, 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.

As at December 31, 2022, the Company had provided the following bank guarantees:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Bank guarantees provided to third party		
- Performance (construction contracts)	13 483 917	10 653 021
- Services acquired	62 422	62 422
- Legal	1 311 337	1 853 660
Total:	***14 857 676***	***12 569 103***

The bank guarantees in the sum of Euro 1.311.336,59 are related to some legal proceedings described above.
The Company does not predict the occurrence of facts requiring an economic outflow.

20 Bank loans

The breakdown of this item is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Non-current		
Credit institutions and financial companies		
Bank loans	277 778	1 024 445
Finance leases	24 138	
Shareholders' loans		4 000 000
	301 916	5 024 445
Current		
Credit institutions and financial companies		
Bank loans	1 896 265	3 162 789
Other facilities	831 878	1 283 364
Overdraft facilities	755 642	2 542 337
Finance leases	60 034	27 979
Shareholders' loans	2 800 000	
	6 343 817	7 016 469
Total:	***6 645 733***	***12 040 913***

Non-current financing relates to borrowings to Santander Totta and Millennium BCP both ending in 2024.
Other facilities comprises Confirming on time financing from Millennium BCP bank.

As mentioned in note 15, non-current shareholders' loans have been converted into Other Investments in Equity.

The breakdown of Borrowings by maturity is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Credit institutions and financial companies		
Bank Loans/Overdraft facilities/Factoring		
Up to 1 year	3 483 784	6 988 490
1 to 5 years	277 778	1 024 445
	3 761 562	8 012 934
Credit institutions and financial companies		
Finance leases		
Up to 1 year	60 034	27 979
1 to 5 years	24 138	
	84 171	27 979
Shareholders' loans		
Up to 1 year	2 800 000	
1 to 5 years		4 000 000
	2 800 000	4 000 000
Total:	***6 645 733***	***12 040 913***

As at December 31, 2022 the breakdown of future payments of borrowings is as follows:

(expressed in Euro)

Description	2023	2024	Total
Credit institutions and financial companies			
Bank Loans/Overdraft facilities/Factoring	3 483 784	277 778	3 761 562
Finance leases	60 034	24 138	84 171
Shareholders' loans	2 800 000		2 800 000
Total:	***6 343 817***	***301 916***	***6 645 733***

21 Other payables

The breakdown of Other payables is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Current		
Remunerations payable	872 660	850 478
Creditors for accrued costs	996 997	1 016 320
Other creditors	812 358	326 645
Total:	***2 682 015***	***2 193 443***

22 Trade payables

The breakdown of Trade payables is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Trade payables		
General	5 904 587	4 023 646
Subsidiaries	1 967	1 852
Total:	***5 906 554***	***4 025 498***

23 Customer prepayments

The breakdown of Customer prepayments is as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
General Customers	4 153 617	2 278 746
Total:	***4 153 617***	***2 278 746***

At the end of 2022, prepayments from EDM - Electricidade de Moçambique accounted for 70% of total, where as 26% came from the contract with customer TRANSTEJO - TRANSPORTES TEJO, S.A..

24 Revenue

The breakdown of services rendered is as follows:

(expressed in Euro)

Description	2022	2021
Services rendered		
Construction Works	31 546 071	35 020 309
Secondary services	486 613	382 107
Total:	***32 032 685***	***35 402 417***

The breakdown of revenue per country is as follows:

(expressed in Euro)

Job	2022	2021
Cais acostável, Aveiro		2 241 657
Cais, Cabinda	6 805 744	3 875 106
Porto Ilha de Maio, Cabo Verde	2 394 407	3 208 282
Electrificação Alto Lingonha		724 509
Cais -10m (ZH), Ponta Delgada	2 271 301	4 262 062
Vilanculos Lote 3	2 346 641	5 208 245
Postos Administrativos Zambezia	602 761	3 531 723
PERIP Lote 4, Maputo	5 493 107	4 642 553
Nova Reserva do Barlavento, Lagos	939 335	1 939 722
Reforço Ponte Cais Tanquisado	3 470 834	2 352 654
Renovate Building T-715, Lajes, Açores	862 409	526 472
Reservatório Alto do Cotão, Cacém	917 366	
Reservatório Alto de Sta. Catarina	1 767 642	
STIP Lot D - Linha de 110 kV	484 505	
Reparação Ponte Cais da DOW	593 586	
PCIREP Lamego-Guaraguara	868 164	
Linha 33kV Chupanga-Nessa	335 379	
Repair ATC Tower, US Airforce	59 648	
Other	1 719 856	2 889 432
Total:	***32 032 685***	***35 402 417***

The breakdown of revenue per country is as follows:

(expressed in Euro)

Country	2022	2021
Portugal	12 158 648	13 858 841
Mozambique	10 370 454	14 460 187
Angola	7 109 176	3 875 106
Cape Verde	2 394 407	3 208 282
Total:	***32 032 685***	***35 402 417***

25 Government Grants

The breakdown of Government Grants is as follows:

(expressed in Euro)

Description	2022	2021
Government Grants	3 840	11 519
Total:	***3 840***	***11 519***

The amount recorded in this account is related to a Grant from the IEFP.

26 Own works capitalised

(expressed in Euro)

Description	2022	2021
Tangible Fixed Assets	5 787	-
Total:	***5 787***	***-***

27 Cost of goods sold and materials consumed

Cost of goods sold and materials consumed is as follows:

(expressed in Euro)

Description	2022	2021
Opening balance (+)	194 061	427 399
Purchases (+)	8 493 375	14 168 876
Closing balance (-)	424 135	194 061
Cost of goods sold & materials consumed	***8 263 300***	***14 625 858***

28 Third party supplies and Services

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

(expressed in Euro)

Description	2022	2021
Subcontracts	9 538 138	5 472 979
	9 538 138	***5 472 979***
Specialized services:		
Specialized contracts	1 719 410	2 492 383
Maintenance and repairs	632 310	708 642
Fees	36 497	35 272
Guards and security	87 116	100 541
Advertising and publicity	7 893	6 541
Other	5 092	1 940
	2 488 316	***3 345 319***
Materials:		
Wear tools and utensils	74 454	106 557
Office supplies	27 428	40 144
Offers	51 036	3 767
Technical information	1 461	13 049
Other	144	604
	154 523	***164 120***
Energy and fuels:		
Fuel	730 737	551 496
Electricity	68 695	68 246
Water	29 706	31 706
Others	54 182	58 716
	883 321	***710 163***
Traves and transportation:		
Carriage of goods	436 418	612 618
Travel and lodging	426 602	429 521
Transport of personnel	2 591	1 736
	865 611	***1 043 875***
Sundry services:		
Leases and rentals	1 725 485	1 847 187
Insurance	310 190	343 601
Communication	67 319	72 133
Cleaning, hygiene and comfort	111 278	103 482
Entertainment costs	58 753	19 178
Litigation and notaries	95 893	1 879
Royalties		40 764
Other	2 213 556	(43 465)
	4 582 472	***2 384 760***
Total:	***18 512 382***	***13 121 216***

The most significant changes have happened in Subcontracts Item.
Subcontracts Item is mostly related to subcontracts negociated in Cabinda Dredging Contract.

29 Staff costs

The breakdown of Staff costs is as follows:

(expressed in Euro)

Description	2022	2021
Remuneration of directors	376 872	401 293
Remuneration of personnel	5 778 487	5 735 026
Charges on remuneration	974 654	940 136
Indemnities	3 832	5 578
Wordmen's compensation and occupation disease insurances	95 026	92 994
Social work costs	2 284	1 594
Other staff costs	76 867	159 399
Total:	***7 308 022***	***7 336 019***

The breakdown of workers in Portugal as well as in Mozambican and in Cape Verde branches as at December 31, 2022 and 2021, by management positions / senior managers and professional category is presented as follows:

Staff	31-12-2022	31-12-2021
Directors	2	2
Managers/Senior management	7	7
Upper management	13	13
Middle management	17	20
Foreman	28	28
Highly-skilled labour	7	9
Skilled labour	85	102
Semi-skilled labour	90	92
Unskilled labour	51	75
Total:	***300***	***348***

At the end of 2022, the branch in Mozambique had hired 176 workers compared to 213 in the previous year. The branch of Cape Verde ended the year of 2022 with 3 workers.

30 Inventory impairment

(expressed in Euro)

Description	2022	2021
Inventory impairment		
Inventory	(345)	(490)
Total:	***(345)***	***(490)***

31 Other income

The breakdown of Other income is as follows:

(expressed in Euro)

Description	2022	2021
Supplementary income	1 134 124	952 225
Other financial assets	1 286 400	746 026
Non-financial investments	418 195	13 799
Prompt payment discounts	2 319	18 481
Others	652 673	742 408
Total:	***3 493 711***	***2 472 939***

As per December 31, 2022, the supply of materials and rental of equipment to Cape Verde branch accounts almost the total of the Supplementary income item.
Other financial Assets heading reflects exchange differences during the period.

32 Other costs

The breakdown of Other costs is as follows:

(expressed in Euro)

Description	2022	2021
Banking fees and services	244 391	334 247
Taxes	157 787	131 772
Contractual indemnities	810 661	
Exchange rate differences	1 195 615	733 127
Other	91 435	143 933
Total:	***2 449 889***	***1 343 079***

In June 2022, the joint venture Cais de Cruzeiros 2ªFase ACE agreed to pay the client APL an indemnity whose amount belonging to Seth has been booked in Contractual Indeminities item.

33 Interest and similar income

The breakdown of Interest & similar income is as follows:

(expressed in Euro)

Description	2022	2021
Interest income	7 786	2 607
Total:	***7 786***	***2 607***

34 Interest and similar costs

The breakdown of Interest and similar costs is as follows:

(expressed in Euro)

Description	2022	2021
Interest expenses	222 229	145 870
Total:	***222 229***	***145 870***

Interest expenses relate to the borrowings mentioned in Note 20.

35 Related party disclosures

As per December 31, 2022 and 2021, the company's shareholding was distributed as follows:

(number of shares)

Description	31-12-2022	31-12-2021
MT Hojgaard International a/s	2 400 000	2 400 000
Approachdetail – SGPS, SA	1 600 000	1 600 000
Total:	***4 000 000***	***4 000 000***

Balances with related parties are as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Assets		
Subsidiaries	199 543	148 908
Joint Ventures	56 980	26 416
Ricardo Gomes	322 961	209 524
Total:	***579 484***	***384 848***
Liabilities		
Subsidiaries	180 043	35 439
MT Hojgaard International a/s	2 800 000	2 400 000
Approachdetail – SGPS, SA		1 600 000
Total:	***2 980 043***	***4 035 439***

The transactions between related parties either subsidiaries or Joint ventures were essentially supply of staff and material.

36 Minority interests

Minority interests' balances in 2022 and 2021 are included in the financial statements as follows:

(expressed in Euro)

Description	31-12-2022	31-12-2021
Net profit of the period		
SethAngola, S.A.	131 798	57 743
Total:	***131 798***	***57 743***
Equity Adjustments		
SethAngola, S.A.	(230 205)	(60 992)
Total:	***(230 205)***	***(60 992)***
Total:	***(98 406)***	***(3 249)***

37 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.

(expressed in Euro)

Description	Recognised in previous years	Recognised in the period	Deferred/ Not recognised	Total
Costs	39 891 965	30 786 420		***70 678 385***
Income/Revenue	48 372 111	43 531 402	(10 038 165)	***81 865 347***

38 Subsequent events

The financial statements have been authorized to be disclosed by the Board of Directors on the 15th February 2023.

39 Disclosures required by laws

In 2022 a total amount of Euro 32.600 fees was paid to the auditors appointed by the Annual General Meeting whereas in 2021 the amount was Euro 31.000.

40 Appropriation of Profit

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

The Board of Directors
Ricardo Pedrosa Gomes (President)
Sofia Mendes
Carsten Lund

The Chartered Accountant
Bárbara Themudo

Statutory Auditor’s Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENT

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, 2022 (which show a total of 33,406,549 euros and a total equity of 12,386,495 euros, including a net loss for the year of 2,356,652 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, 2022, 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 responsabilidty is 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 15, 2023

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

AENOR
Confía

Quality Management System Certificate

AENOR
QUALITY MANAGEMENT
ISO 9001

ER-0292/2018

AENOR certifies that the organization

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

has a quality management system according to the ISO 9001:2015 Standard

for the activities:	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 is/are carried out in:	Sede: Avenida Tomás Ribeiro, 145. - 2790-467 Queijas (Portugal) Estaleiro Central de Palmela: Rua da Ponte 2 - Orvidais. - 2950-422 Setúbal (Portugal)
First issued on:	2018-05-17
Last issued:	2021-08-31
Validity date:	2024-08-31

Rafael GARCÍA MEIRO
Chief Executive Officer

Certificate transferred. Issuance date by accredited certification body: 2016-01-25

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Environmental Management System Certificate

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ENVIRONMENTAL MANAGEMENT
ISO 14001

GA-2018/0140

AENOR certifies that the organization

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

has an environmental management system in accordance to the ISO 14001:2015 Standard

for the activities:	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 is/are carried out in:	Sede: Avenida Tomás Ribeiro, 145. - 2790-467 Queijas (Portugal) Estaleiro Central de Palmela: Rua da Ponte 2 - Orvidais. - 2950-422 Setúbal (Portugal)
First issued on:	2018-05-17
Last issued:	2021-08-31
Validity date:	2024-08-31

Rafael GARCÍA MEIRO
Chief Executive Officer

Certificate transferred. Issuance date by accredited certification body: 2015-09-01

AENOR INTERNACIONAL S.A.U.
Génova, 6. 28004 Madrid. España
Tel. 91 432 60 00.- www.aenor.com

IAF ENAC CERTIFICACIÓN Nº 01/C-MA001 IQNet

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AENOR
Confía

Management System Certificate
Occupational Health and Safety

AENOR
OCUPATIONAL HEALTH&SAFETY
ISO 45001

SST-0075/2018

AENOR certifies that the organization

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

has a Health and Safety Management System in accordance to the ISO 45001:2018 Standard

for the activities:	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 is/are carried out in:	Sede: Avenida Tomás Ribeiro, 145. - 2790-467 Queijas (Portugal) Estaleiro Central de Palmela: Rua da Ponte 2 - Orvidais. - 2950-422 Setúbal (Portugal)
First issued on:	2021-02-08
Last issued:	2021-09-10
Validity date:	2024-09-10

Rafael GARCÍA MEIRO
Chief Executive Officer

The holder of this certificate had an accredited certification in accordance with OHSAS 18001 since: 2018-06-01

AENOR INTERNACIONAL S.A.U.
Génova, 6. 28004 Madrid. España
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ENAC CERTIFICACIÓN Nº 01/C-SG027

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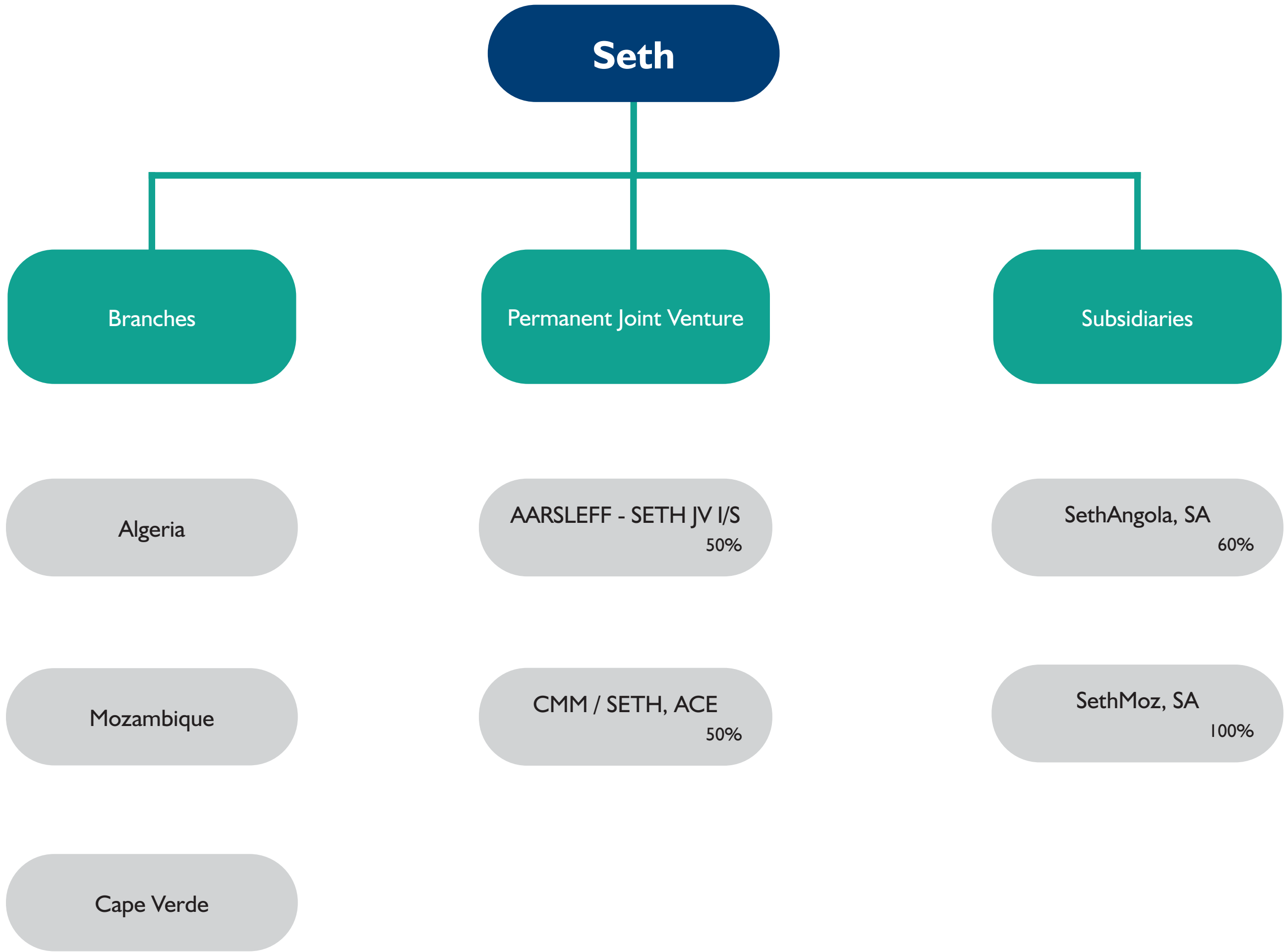
Organisation Chart


Seth
Branches
Permanent Joint Venture
Subsidiaries
Algeria
Mozambique
Cape Verde
AARSLEFF - SETH JV I/S
50%
CMM / SETH, ACE
50%
SethAngola, SA
60%
SethMoz, SA
100%

SETH – ANNUAL REPORT 2022

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