

ON THE WAY TO TRANSFORMATION

SUSTAINABILITY AND ACCOUNTS REPORT 2021



Luis Simões





ABOUT THIS REPORT

Luís Simões hereby presents its Sustainability and Accounts Report for 2021 (1 January to 31 December), containing sustainability-related indicators and practices in the Iberian Peninsula for the business areas of transport, logistics, maintenance and trading of heavy-duty traction vehicles, semi-trailers and rent-a-cargo.

The contents of this report include details on the sustainability principles which reflect the most relevant topics identified in the materiality matrix, including the display of the alignment of LS' sustainability strategy with the Sustainable Development Goals (SDGs) of the United Nations. This report has been prepared in accordance with the GRI Standards: Core option; the summary or table of indicators are attached (GRI Table). This report includes LS' Non-Financial Information Status, specifically in compliance with Spanish legislation (Ley 11/2018), attached here.

In relation to Luís Simões' companies, materiality only refers to those related to transport and logistics. For the profile of the organisation, all the companies were considered, as well as the composition of Human Resources, except Patrimundos and Solmoninhos. In the Safety and Health chapter, EspaçoTrans was also not included.

This report includes the contents of the consolidated Report & Accounts for 2021 (Financial Robustness chapter and Accounts attached) of the company Luís Simões SGPS.

The report is issued annually, during the month of May, through [Luís Simões webpage](#) .

Come discover our World!

For clarification of queries regarding this report: Cláudia Simões - Sustainable Development Coordinator | claudia.simoese@luis-simoese.com



MESSAGE FROM THE PRESIDENT



We are under transformation. In 2020 the impacts of the pandemic in Portugal and Spain began, and significant adjustments were required. We live in a constant process of change and adaptation, having got to this point with everyone's courage and involvement.

We remain focused on serving, protecting and evolving. In 2021 the pandemic continued to be a great challenge for everyone, employees, clients, suppliers and partners. But together we managed to overcome one more year, generating value for the company.

We find ourselves at a crossroads of major challenges, at a national, Iberian and global scale. We are committed, body and soul, to finding the most useful solutions to face these challenges. WE ARE UNDER TRANSFORMATION.

We are transforming every process we automate and engaging employees and partners, in every contribution to digitisation and automation, ensuring that our people add value. We are transforming every efficiency measure so that we can move towards decarbonisation and a lower environmental impact. The road is just beginning...the year 2021 saw the start of logistics operations at the automated warehouse in Guadalajara,

bringing it to fruition a joint vision with the client Nestlé. Adding value to clients and the market is our purpose. We want to continue on the path to transformation, with our people, our clients, and our partners, ensuring efficient and competitive solutions. Ensuring quality objectives, ensuring compliance with processes and systems, through control and audit measures. Monitoring energy consumption, whether electricity or fuel, without losing focus on food safety, monitored by regular checks.

Transforming our activity is the way to evolve and innovate. Always focusing on efficiency, from the fleet to the most efficient warehouses, considering as well processes and warehouse automation, because our people are our major asset.

Together we shall go further... To where the future goes.

José Luís Simões
Chairman of the Board of Directors



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WHO WE ARE

At Luís Simões we want to go beyond... to where the future lies!

This is the motto that guides us and gives us strength to go about our ambition to become an Iberian reference in terms of quality of service in the transportation and logistics sector, with or without pandemic.

With a history going back 73 years, Luís Simões is synonymous for adaptation to change. It is a Group that is entirely family-owned by the Luís Simões family, which includes 10 companies and a variety of services, with the core business being the transportation and logistics sector which accounts 95% of turnover. Luís Simões is a reference logistics operator, leader in the road flow market between the two Iberian countries, currently present in over 40 locations and with a total of 2,361 employees.

Luís Simões is governed by a set of values and policies which reflect the company's mission and vision against the background of a constantly developing market.



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WHO WE ARE

MISSION

Guarantee efficient and competitive transport, logistics and supporting service solutions, promoting the client's satisfaction and that of society in general, from an economic, social and environmental viewpoint.

VISION

To be the Iberian company of reference in terms of quality of service for the transport and logistics sector.

VALUES

- Client orientation
- Concern for safety
- Environment
- Innovation
- Loyalty
- Property
- Respect for people
- Sustainability
- Trust

INTEGRATED POLICY



Quality and Food Service



Environment










Occupational Health and Safety

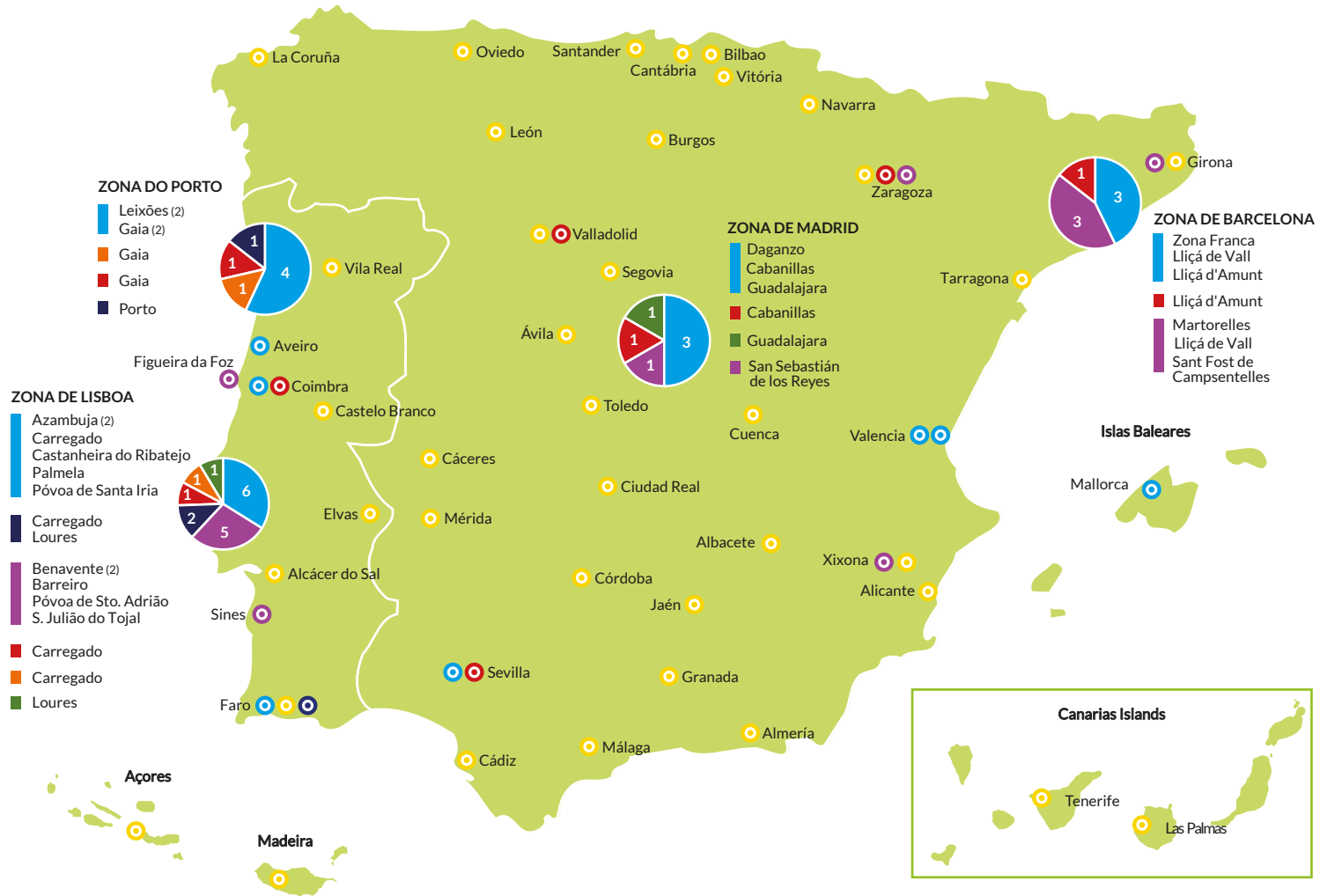


Social Responsibility

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WHERE WE ARE

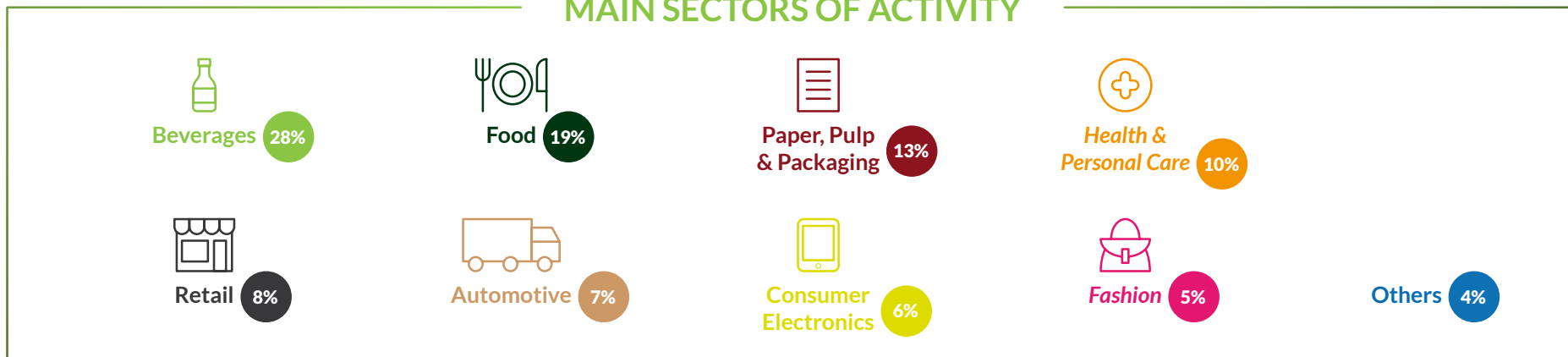
-  Headquarters
-  Cross-Docking Platforms
-  Logistics Operations Centres (LOC)
-  Transport Operations Centres (TOC)
-  Technical Assistance Centres (TAC)
-  In House Operations
-  Insurance



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TYPES OF SERVICE

MAIN SECTORS OF ACTIVITY



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NUMBERS

LOGISTICS

24 Logistics Operations Centres (LOC)
370.543 SQM
35 Cross-Docking Platforms
6.187 shipments/day
16.882.387 Picking units/month

TRANSPORT + LOGISTICS

140 million km travelled/year
7,7 million tonnes transported/year
Average of **1.866** trips +
distribution routes/day

Turnover

242 million euros

LS PEOPLE

2.361 Employees
21.386 Training Hours

TRANSPORT

It manages a fleet of **1.621** approved vehicles
8 Transport Operations Centres (TOC)

PROMOTIONAL LOGISTICS

12 Copacking Centres
5.297.213 units/month

RETA

2 Technical Assistance Centres (TAC)
39.000 SQM
2 heavy duty vehicle washing stations
84.578 h/year installed
maintenance capacity

GREENHOUSE GAS EMISSIONS

28.903 Tons CO_{2e}/year 2020 (scopes 1 and 2)



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HIGHLIGHTS OF THE YEAR



Regional Merit Award

Luís Simões received the Regional Merit Award, presented by the Government of Castilla-La Mancha (SP), which is awarded as a form of “recognition, in an extraordinary and exceptional manner, to personalities, entities, and groups that have stood out in the fight against Covid-19, for their solidarity, professionalism and commitment to society,” as stated by the Government of Castilla-La Mancha.



Luís Simões Incorporates Two New Gigaliners

Luís Simões continues to focus on sustainability, innovation and safety, which is currently materialised by putting two new Gigaliners into circulation at the service of logistics in Portugal.



COTEC

Luís Simões was awarded in Portugal with the COTEC Innovative Statute for its innovation initiatives, compliance with financial soundness standards and its economic performance.

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HIGHLIGHTS OF THE YEAR



10th Anniversary Espaçotrans

Espaçotrans was born in 2011 and has been part of the LS Universe since 2014.

To mark this date, in October it made a difference with a flashmob at the 18th APAT Congress, in Cascais, an event whose theme was “Disruption of the Logistic System”.



Coimbra Logistics Operations Centre

Luís Simões celebrates 28 years in the Central region: Coimbra Logistics Operations Centre (PT)

Luís Simões is present in the Central region of Portugal by way of the Coimbra Logistical Operations Centre (LOC), which commenced activity in 1993, almost three decades ago, and is today a fundamental hub for the Group’s activity at a national and international level.



Reta celebrated 29 years!

Thank you to all the employees, partners and customers for your commitment and trust during all these years!

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GOVERNANCE

The Luís Simões Group is composed of LS - Luís Simões, SGPS, S.A., and its subsidiaries. The company Luís Simões, SGPS, S.A. is 100% owned by the Simões family. **The Board of Directors (BoD)**, of a statutory nature, is composed of 6 directors who are members of the LS family.

Executive Committees (EC) were established for each business unit, composed of the respective Directors and General Managers, who meet on a monthly basis with the main objective of following up the evolution of the business, make decisions and ensure liaison with the Board of Directors. The Luís Simões governance model also includes the **Visits of the Board of Directors**, adjusted so as to allow the follow-up of the regions with the greatest need for alignment with the strategy. Against the background of the pandemic, the visits of the Board of Directors were adapted to a virtual format for the years 2020 and 2021.

As a result of internal reorganisation, the Legal department and Processes & Compliance were aggregated into the corporate area “Legal & Compliance” under the responsibility of Director Miguel Roquette.

BOARD MEMBERS



JOSÉ LUÍS SIMÕES
Chairman and Executive Board member for Logistics



LEONEL SIMÕES
Non Executive Board member



JORGE SIMÕES
Board member for Reta, Diagonal and Real State



DANIELA SIMÕES
Board member for Coporate Services, Transport Outsourcing and Business Development



FERNANDA SIMÕES
Board member for Transport



RUI SIMÕES
Non Executive Board member



MIGUEL ROQUETTE
Board Member for Strategic Development, Legal & Compliance



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GOVERNANCE

In 2021 a live online event was held for LS managers, later shared with all employees, where the managers of the year were nominated.

The “Managers of the Year” award is intended to recognise three employees who, by their performance that year, stood out from the rest due to:

- their leadership skills and behaviour consistent with LS values;
- the results obtained during the year;
- their contribution in successful relevant projects in that year.

The candidates are voted on confidentially by the Board of Directors and the General Managers of the various LS business areas.

MANAGERS OF THE YEAR



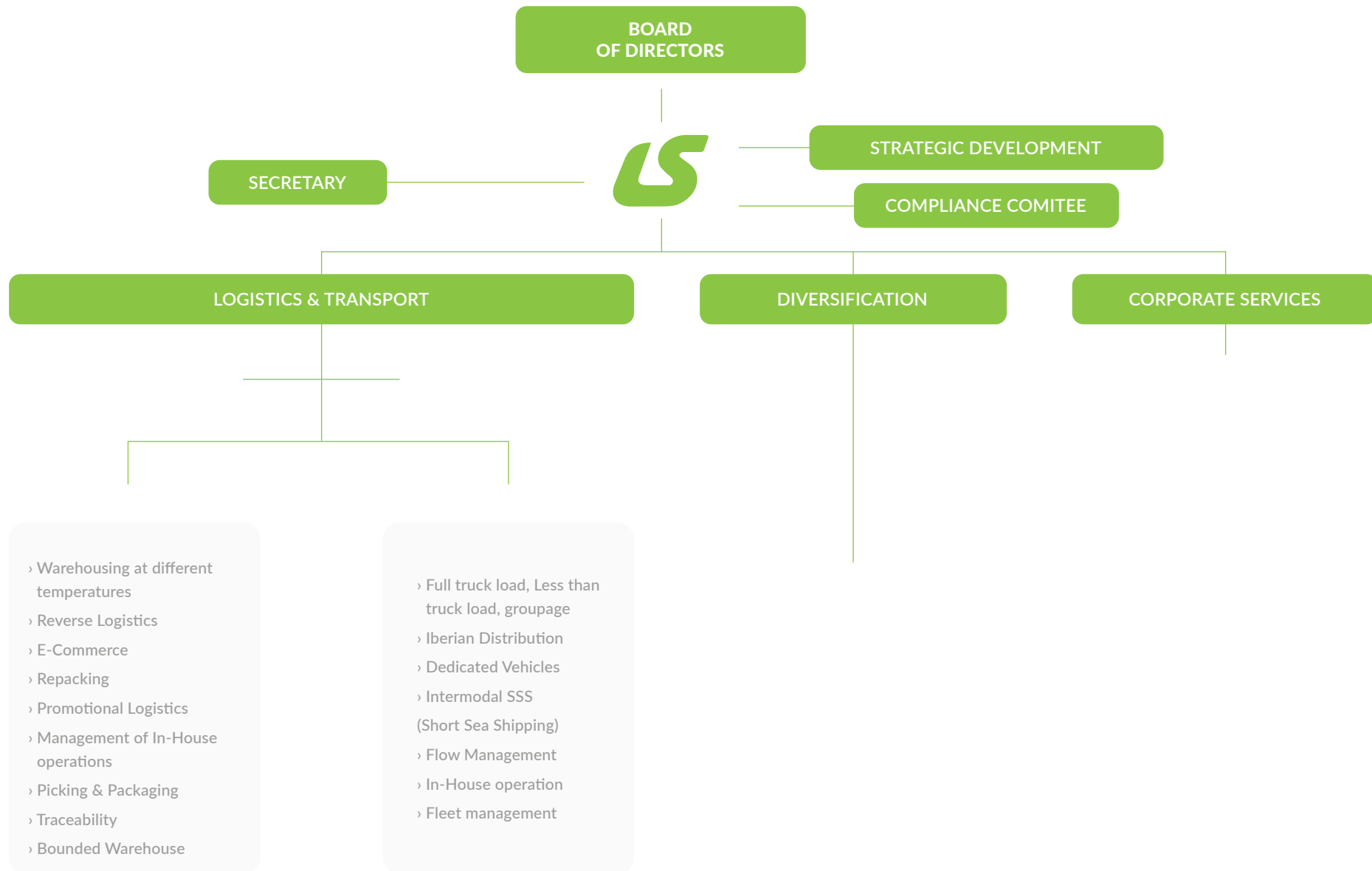
RICARDO ANDRADE
Corporate Services
Head of Financial Business Control



TIAGO GARCIA
Transport
Manager TOC Gaia - PT



JOSÉ LUÍS LOURENÇO
Logistics
Head Distribution Portugal



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COMPLIANCE AND RISK MANAGEMENT

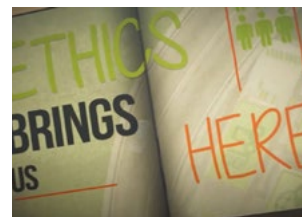
Within the scope of the strategic plan of the companies of the Luís Simões Group, the Compliance and Risk Management area of LS is in charge of implementing the Risk Management Methodology, which ensures that the risks LS faces are known and assessed and determines and monitors the need for an adequate response to those risks. This methodology is to be applied to risks of different categories, including: Strategic; environmental; legal; technological; fraud-related, personnel; operational and financial, and includes corporate risks, as well as risks arising from the various activities and businesses of LS.

The Compliance Committee is the body appointed to support the Board of Directors in fulfilling its supervisory responsibilities, in accordance with the annual Compliance Programmes. The Compliance Programme for 2021 was approved with the management of 10 risks and one opportunity with a relevant impact for LS. Highlights of the Compliance programme include the definition of the Supplier Risk Management methodology, the approval of the new procedure for the Transport business, which defines the rules of action when the civil liability of a process for Claiming Goods is attributed to a carrier outsourced by LS; the continuous work on the definition of “Functional Profiles” for access to the different LS applications and systems, in order to mitigate the risk of undue access resulting from new entries and changes in

functions; focus on culture, raising employees’ awareness of compliance with processes, namely adjudications in accordance with established internal rules and the model of signature powers delegated by the company.

In view of the growing use of digital signatures, and the consequent improvement in the agility and control of the contract (and similar) signing process, an opportunity was identified for the implementation of digital signatures by LS and Providers, in the LS Procurement area.

In the companies of the Luís Simões Group we are committed to operating in accordance with the highest ethical and legal standards. The organisation’s values are in everything we do; focused on the value we can add. We promote a culture of compliance and conformity and have declared a **Zero Tolerance Policy towards acts of corruption and bribery**. The **Code of Ethics and Conduct** applies to all LS employees, regardless of their contractual relationship, position



or function they hold, or the geographical location where they work. Its application is not an option; it is a commitment on the part of all the direct or indirect employees of Luís Simões, as a guarantee of safeguarding value for all the interested parties.

Luís Simões acts in strict compliance with the principles described in its **Personal Data Protection Policy**, the General Data Protection Regulation, and the applicable data protection legislation in all personal data processing activities for which it is responsible.

[Read more](#) ▼

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SUSTAINABILITY STRATEGY

LS listens to its stakeholders and takes their opinions into account in carrying out its activity, thus ensuring a commitment of involvement from all stakeholders in the alignment and raising of awareness for the development of a sustainable culture in all business areas. The identification of the stakeholders, namely their concerns and expectations, is of vital importance in the process of reassessment of the sustainability strategy, with the updating of the stakeholders' mapping being carried out based on the analysis of the importance that LS has for these stakeholders and vice-versa. This process allows the identification of strong points, weak points, threats and opportunities of Luís Simões' activities. The challenges identified were analysed in conjunction with good practices in the sector and with

LS practices to form part of the **Materiality Matrix**. Its internal operationalisation is supported by the **"9 Principles"** that aggregate the initiatives to be developed to improve the performance of LS - Sustainability Strategy.

Of the 9 Principles, **the material issues** and the respective Sustainable Development Goals of the United Nations (SDGs) to which they are associated are **the focus of the development and evolution of Luís Simões' sustainability strategy**, always based on transparent communication as a value in the relationship with the community.

LS stand out for its involvement in **the value chain**, **for the proximity to its customers** and for the joint

alignment in more sustainable services. Every year our performance is assessed on ethics and sustainability platforms such as **Sedex**, and **Ecovadis**, sharing our performance with our customers. In this way LS differentiates itself from the other companies in the market in this sector, in the areas of the Environment, Labour and Human Rights, Ethics, Sustainable Purchases and the Fight against Climate Change, contributing and promoting the global development of the business fabric in these contexts, ethical, transparent, fair and responsible transactions.



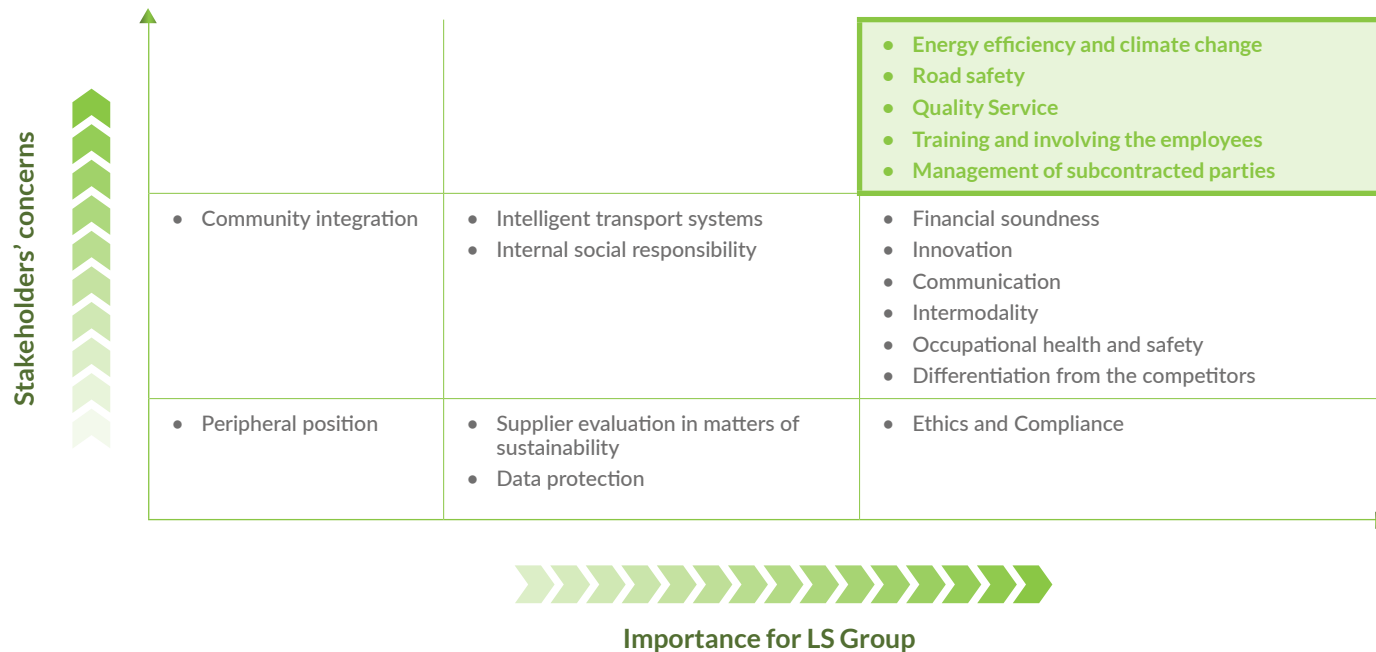


CLIENTS
 EMPLOYEES
 OTHER SUPPLIERS
 UNIONS

PERMANENT OUTSOURCED COMPANIES
 POTENTIAL OUTSOURCED COMPANIES
 ASSOCIATIONS
 NATIONAL / REGIONAL LOCAL AUTHORITIES

UNIVERSITIES
 BANKS
 MEDIA
 NGO'S

MATERIALITY MATRIX



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LUÍS SIMÕES SUSTAINABILITY STRATEGY

9 PRINCIPLES



The material aspects in highlight correspond to the most important challenges for LS and its stakeholders.

Value with Sustainability

ON THE WAY TO TRANSFORMATION: INNOVATION, TECHNOLOGY, PROCESS AUTOMATION...

Challenges:

Quality of Service; Safety and Health at work; Training and Involvement of Workers; Communication; Financial Robustness; Innovation.

During the first four months of 2021 the Logistics Operations Centre in Guadalajara was fully operational, with the start-up of the automated warehouse. The achievement of a joint vision between the client Nestlé and Luís Simões, the result of the effort, involvement and dedication of so many is a reality that fills us with pride. This project was supported by partnerships that have allowed us to have efficient buildings, automatisms and robots working with people so that the efficiency of the processes can be a reality today. With a high percentage of robotization, the differentiating activities are carried out by employees.





INDICATORS FROM THE GUADALAJARA AUTOMATED WAREHOUSE

No. of output pallets (average/day):	Capacity:
5054	86.550 pallets
No. of Input Pallets (average/day):	Average occupancy:
4620	88%



Automated Warehousing and Handling System
Logistics Operations Centre, Guadalajara
July, 2021

One year after LS' entry into the Guadalajara "Puerta Centro de Madrid" logistics complex, the LS Logistics Operations Centre is currently made up of 3 large warehouses in operation, 2 conventional and 1 automated.

This automated warehouse is focused on efficiency, the safety and ergonomics of its employees and energy efficiency. Examples of this are: the installation of pallets 45 cm from the floor, and the picking equipment that allows the pallet to be raised to the level of the employee, avoiding lumbar strain. The pallets are filmed by automatic wrappers, avoiding the efforts of employees and contributing to a reduction in the consumption of plastic film. The clad-rack warehouse does not require lighting to handle pallets, only for maintenance operations. The handling equipment is powered by lithium batteries, with greater energy efficiency.

**We don't want just robots;
We need our people to
make the difference:
transformation and value!**

The last 2 years have shown the importance of the transformation path at LS. The path taken to strengthen and automate processes, guaranteeing skills and knowledge, moving towards greater digitalisation of processes that interact with partners and improving internal capacity to respond to clients. These were examples of steps on the path that has transformed the organisation and employees.

The response to requests from customers and suppliers via central e-mail boxes, as is the case of the “Customer Support” process implemented in logistics in the Central region (Spain), which has improved the response



TÂNIA MIGUEL GARCIA,
PROCESS OWNER OF THE “CUSTOMER SUPPORT” PROCESS

“With this process we are able to be more autonomous and have at our disposal and on time real and categorised data to analyse directly the root cause of the result: as to improve/propose as to be proactive in the customer service evolution. I would also like to add that, within all the automatic information it offers us, we always have the option to navigate until we get the maximum detail. Summarising: we gain autonomy and productivity and offer the best to our customers.”



SANDRA RAMADA,
PROCESS OWNER OF THE
“SUPPLIER SUPPORT”

“It presents as a completely auditable process that allows, on time, to check the entire request track record, all actions performed and reactions sent, ending with a survey of each response in which the suppliers evaluates the level of satisfaction of the received answer.”



time to customers, and has made information available to proactively manage customer needs.

Also in the case of the “Supplier Support” Process, the transparency and traceability of the information is the key to give support to the supplier service and responding in a timely manner, allowing the supplier to evaluate the degree of satisfaction of the response.

Communication is a key determinant of trust. And partnership relationships need structured, fact-based, transparent and auditable communication processes.

In this transformation path, the inclusion of risk assessment to support processes has allowed Luis Simões to make automation and digitalisation choices focused on improving its performance as a value aggregator in the supply chain. During 2021 the implementation in the transport business of a digitalisation process in the relationship with carriers, supported by a freight exchange, maximising the information available in dig-



CRISTINA ROBLES,
DPC, APPLICATION OWNER FROM SOFTEXPERT
- COORDINATOR OF SOME IMPLEMENTED
PROJECTS OF DIGITAL TRANSFORMATION.

“With process automation, we are able to move to guide the organisation towards global results. We switch from working on individual activities with departmental priorities to start working for global results, increasing our competitive advantage as a group.”



ital format, and transparency in the process. A tool with many opportunities that we hope can enhance the growth of the relationship with transport partners.

In logistics, the implementation of the “Printing of waybills to accompany merchandise”, a process which allows the printing of customer waybills only at the last loading point, has allowed for the reduction of paper and incidents, by reducing the reprinting of lost documentation. This measure was implemented for the whole Iberian Peninsula allowing each centre to access the documents it needs.

In 2021 more than 109,000 instances were recorded in automated processes, evidencing the culture of process improvement and path to digitalisation.

LOGISTICS - AGVS AT COL CABANILLAS

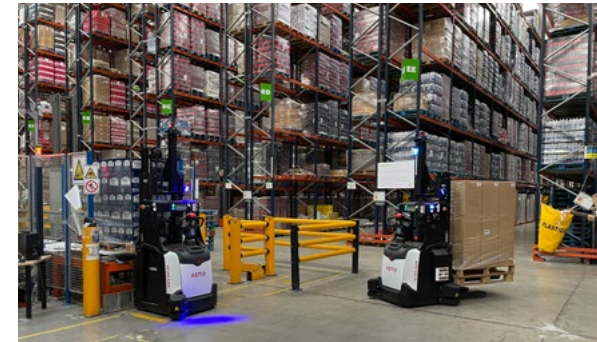
We put more technology in warehouses to improve operations, meeting the growing requirements of our customers, but also energy efficiency. The **implementation of AGVs** for a **pallet operation and handling** at COL Cabanillas (SP) is an example of this. By **replacing 2 handling equipment units operated by persons**, it allowed more efficient equipment to be installed, with lithium batteries (greater **energy efficiency**) which frees employees for operations with greater added value. This implementation focused on productivity improvements and on the reduction of accidents and the increase of safety in the warehouse, maintaining **processes where AGVs and people can coexist** (mixed traffic), with the ability to adjust to market demands.

In every process improvement, in every process manager focused on adding value, we have the power to transform our present and build a better future.

In 2020 the Voice Picking pilot project was implemented in Logistics at COL Carregado 2, to be implemented in the automated warehouse in Guadalajara in 2021. The implementation was a success. It is a working tool for operators that boost productivity and error reduction, but also ergonomics and safety.

The transport capacity for these two machines is 31/ pallets/hour, which means a daily installed capacity of 665 pallets approximately, in a continuous flow, which already takes into account the charging time of the batteries.

Committed to evolving and innovating, transforming what we do to generate value, we understand that our participation in projects with universities is a relevant factor. Luís Simões in partnership with the **Engineering Faculty of the University of Porto** (INESC



TEC), started an innovation project called "Discovery". This project supports a Master's thesis and is being developed within the opti-MOVES research project (<https://optimoves.inesctec.pt/>). The main objective of the project is the discovery of relevant operations in the execution of business processes through vehicle positioning data. This project was followed internally by the Innovation and Processes Department.

SDG	ECONOMIC ADVANTAGES	SOCIAL ADVANTAGES	ENVIRONMENTAL ADVANTAGES
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Process efficiency and cost reduction</p>	<p>Involvement of employees, partners and customers</p> <p>Focus on the organisation's strategy</p> <p>Training / preparing employees for more digital formats.</p>	<p>Reduction of energy consumption in the centres / energy efficiency</p> <p>Reduced of paper consumption</p>



Quality of Service and Innovation

ECOLOGICAL PRODUCTS WAREHOUSE CERTIFICATION



Luís Simões received the certification of Ecological Products Warehouse at the Guadalajara Logistics Operations Center.

Quality of service is built every day, by overcoming setbacks. In every pallet and box moved and every kilometre travelled to serve our customers and society.

Quality is a priority, because we understand that it is the only way to be in the market. Intrinsic to the group's strategy, its monitoring is fundamental, assessing service levels and customer satisfaction. It is also the result of internal and external audits, always with the focus on continuous improvement in the act of serving the customer. Based on its values and strategy, LS has its main operations centres certified in

terms of Quality (ISO 9001) and Environment (ISO 14001) standards, among other more specific ones, in accordance with customer requirements.

In 2021, 72 audits were carried out in the transport and logistics areas, of which 43% were internal audits, 46% customer audits and 11% external audits from certifying bodies. It is an area safeguarded by the Processes and Compliance Department, allowing the maintenance and control of processes.

In RETA and Diagonal, 48 audits were carried out, mostly internal and focused on operational processes, with only one external audit from certifying entities.





More than 70% of the transport and logistics services performed are associated with food consumer products or personal hygiene and health care. In these operations there are controls inherent to the specific legal requirements (INFARMED licence; Sanitary Register; Contract Medicines Warehouse; etc.) and risk analysis to detect critical points and establish controls over them to avoid a possible impact on the consumer's health

Luis Simões has a process for registering, analysing and dealing with complaints from its customers.

Since 2020, Luís Simões has obtained the **Good Distribution Practices (GDP) certification** at its Logistical Operations Centre in **Cabanillas del Campo** (Guadalajara - SP). In 2021, in line with the requirements of our clients and the market, the certification as an Ecological Products Warehouse in Guadalajara became a reality.

The Ecological Products Warehouse certification in the Logistical Operations Centre (COL) of Guadalajara, located in the *Puerta Centro - Ciudad del Transporte* industrial estate, with European validity, ensures that

all points of the supply chain, from production to arrival at the end consumer, comply with ecological production criteria.

The Guadalajara centre thus became a warehouse to receive any imports of ecological products from outside the European Union. This means that this COL has been authorised by the European Commission and registered in the TRACES (Trade Control and Expert System) as proof of compliance with these requirements in its operations.

At Luís Simões we shall be subject to an independent audit every year, which will enable us to renew this certification.

In the Transport and Logistics sector, **Transportation Subcontracting** is the most important link in our value chain. Luís Simões has a very close partnership relationship with the companies it subcontracts to carry out transport services, having closed 2021 with around 600 permanent hauliers throughout the Iberian Peninsula. We guarantee the necessary conditions so that the hauliers with whom we collaborate comply with

LUÍS SIMÕES' CURRENT PORTFOLIO OF CERTIFICATIONS





the principles defined in the **Letter of Commitment for the Subcontracting of Transport**, safeguarding the quality of the service, the sharing of the vision and ethical management of LS, as well as the integrity of Luís Simões before its clients. The alteration to a **company and vehicle approval process** which allows the validation of **compliance** with the requirements defined is evidence of the **role of Luís Simões in the commitment to improve its performance in its value chain**, seeking excellence and the satisfaction of its clients.

The conditions for the digitalisation of processes continue to stand out, allowing continuous teleworking for about 500 employees, on a path that is evolving in terms of the digitalisation and automation of processes.

Luís Simões was awarded the COTEC Innovative Status for its innovation initiatives, compliance with financial soundness standards and its economic performance.

The COTEC Innovative status, which is valid annually, aims to distinguish companies of Portuguese origin for their performance in terms of innovation, as well as to promote public recognition of their activity in this area, as an example of value creation for the national economy. The COTEC universe is made up of multinational companies, large national groups and SMEs from different sectors, which between them generate over 16% of national GDP and 8% of private employment.



“At LS we work to develop and manage transformative solutions that allow us to optimise business management and continue to offer a quality service to clients. This recognition as a COTEC Innovative puts us at the forefront of innovation in Portugal and reinforces our will to make an effort to maintain this status year after year,” comments José Luís Simões, Chairman of the Board of Directors of Luís Simões.



Energy Efficiency

ONE OF THE STRATEGIC PILLARS OF SUSTAINABILITY



Energy efficiency is one of the strategic pillars of sustainability at Luís Simões. Since 2007, the Group has developed its sustainability strategy with an unequivocal commitment to find effective solutions that reduce the direct impact of its operations on the environment, contributing to the reduction of emissions. Sustainable Development Goal (SDG) 13.

The Energy efficiency of the installations is managed by the maintenance area, supported by audits or monitoring of indicators by the Process & Quality Assurance area. In logistics operations and in transport operations, the energy efficiency of the service to be developed is managed and assured by the business areas (warehouse handling equipment or road transport vehicles).

In 2017, the Sustainability area implemented the Greenhouse Gas (GHG) inventorying and accounting project of

all the companies of the Luís Simões Group (direct and indirect sources - scopes 1 and 2). Defined as a base year, it allowed the identification of energy efficiency and emissions reduction initiatives to be leveraged. The progress in the reduction of emissions made it possible to communicate the impact of the initiatives and to promote internal awareness of the importance of energy efficiency.

Due to the pandemic, 20% of Luis Simões' employees switched to telecommuting in 2019. Telecommuting was maintained in 2020 and in 2021 it evolved into a hybrid model. This change had an impact on the energy consumption of the facilities, namely those with the largest administrative areas. In these

2 years the focus was on the safety of people and there were no initiatives to highlight at the infrastructure level.

In 2021 Luis Simões committed to decarbonisation, through its participation in the **Science Based Targets (SBTi)**, in order to implement during 2022 a scope 3 emissions accounting project and prepare a roadmap for decarbonisation.

In the **transport** area we have 14 modular vehicles (**Gigaliners**) that are currently in circulation in Portugal and Spain. The load capacity of two *Gigaliners* is equivalent to three conventional trucks, which contributes to the reduction of fuel consumption and reduction of up to 30% of GHG emissions per transported ton (potential reduction of 144 tonnes of CO₂e/year). Focused on efficient



solutions, in **2021** another 2 *Gigaliners* were placed at the service of logistics operations in Portugal, making the transport of the loads between the Logistics Operations Centres of Carregado and Vila Nova de Gaia more efficient. 1 *Gigaliner* was also added to Saica's operation in Zaragoza. As the gains in the reduction

for a more efficient and ecological driving, have allowed greater efficiency in transport.

of emissions vary between the types of service, the efficiency of physical and human resources in this process demonstrates the commitment of Luis Simões to energy efficiency and decarbonisation, contributing value to the chain.

Although fundamental, vehicles are only part of the solution; the human factor and monitoring have demonstrated their importance. The focus on behavioural training and monitoring of our drivers in improving performance

	TOTAL EMISSIONS LS GROUP (scope 1 and 2)	REDUCTION INITIATIVES	REDUCTION ACHIEVED
2017	42.101 tonCO ₂ e		
2018	41.454 tonCO ₂ e	17	83.7 tonCO ₂ e
2019	36.651 tonCO ₂ e	14	1.313 tonCO ₂ e
2020	28.903 tonCO ₂ e	0	0 tonCO ₂ e





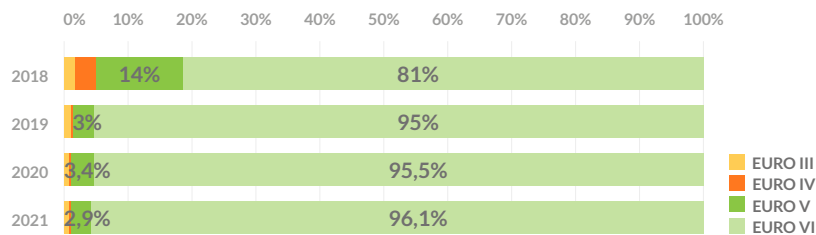
LS currently has a fleet with an average age of 2 years, much lower than the industry average, and with 99% of vehicles with Euro V and VI engines (vehicles with Euro V and VI engines > 95% since 2018), more efficient at all levels (safety, ergonomics, aerodynamics, noise, friction, fuel consumption and greenhouse gases). Combining investment in regular

fleet renewal with Ecodriving training, a 14% reduction in GHG emissions and a 10% reduction in specific consumption (gep/vk - grams of oil equivalent/vehicle kilometres driven) have been achieved since the 2007 base year.

In 2021, 42 Mercedes-Benz Tractors (Actros 5) were acquired with a focus on technology and safety. The new vehicles are equipped with advanced technical systems that make driving more efficient, safe, and sustainable, while facilitating the driver's work.

The 2020 and 2021 figures are similar.

EVOLUTION OF LS FLEET BY EURO STANDARD



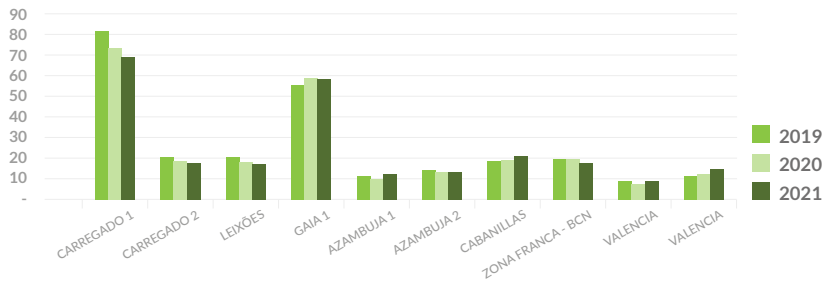
Note on the chart: Euro III engines (0.6%) resulted from the incorporation of vehicles from one customer

ELS OWN FLEET GHG EMISSIONS INDICATORS

	2007	2019	2020	2021
GHG emissions (KgCO ₂ e)/1000 Kms	1039	812	898	898,3
Specific consumption (gep/VK)	326	265	293	293
GHG variations for the reference year (2007)	0	-21,9%	-14%	-14%
Variation consumption for the reference year (2007)	0	-19%	-10%	-10%

gep/vk - grams equivalent oil/vehicle kilometre travelled

INDICATOR KWH/PALLET CAPACITY



In the **logistics** area, in 2021 a new Energy efficiency plan was carried out at the Logistics Operations Centre in Carregado (PT), with initiatives having been approved for energy efficiency and GHG reduction for the next 8 years, to be implemented in 2022.

The **Cabanillas del Campo and Guadalajara centres (SP)** are more efficient buildings (**LEED certification**) and produce renewable energy for self-consumption, thus contributing to environmental sustainability.

The Lliça d'Amunt Centre (SP) is BREAM certified, which is another certification for building sustainability, with a focus on efficiency.

In monitoring the energy consumption indicator (Kwh/year) per pallet capacity in each warehouse, a reduction in energy consumption can be seen across the board, with the exception of the Guadalajara centres, due to increased activity (automated warehouse), and Gaia (PT) due to its temperature-controlled area. The Carregado plant (PT) is still the largest consumer of energy, classified as an intensive energy consumer, with

a rationalisation plan to improve its efficiency (the cooling system accounts for 40% of total electricity consumption). Cabanillas del Campo and Guadalajara, LS' most recent warehouses, were built with sustainability criteria in mind, and therefore, even with temperature controlled chambers (which are also more

efficient), they manage to obtain a lower kwh/Cap Pallets index.

While energy consumption has increased in the Guadalajara and Gaia centres, a 5% reduction in energy consumption was achieved in the ISO 14001 certified centres.

Energy efficiency achieved by more efficient systems and operations is a step on

the path to decarbonisation. In every small step we take to ensure that we are more efficient, we contribute as a link in the value chain to sustainability.

Regarding the efficiency of resources, the application of automatic wrapping machines in the main centres in Portugal and Spain allows staff effort to be avoided and an estimated 16% reduction in the consumption of plastic film is achieved.





LS People

LUIS SIMÕES' EMPLOYEES ARE AT THE CENTRE OF ITS VALUES:



RESPECT FOR PEOPLE

Guarantee the continuous qualification of all employees, developing their skills for different and challenging performances of their activities, with quality and safety. (in LS values).

Throughout its 73 years of existence, LS has contributed to the creation of jobs in the more than 40 locations where it is present, as well as in more interior areas of the Iberian Peninsula.

The Human Resources department is responsible for the assessment and compliance with the Human Resources and Training policies.

In 2021 Luís Simões had a family of **2,361 own employees** distributed by the various Group companies, with **61% of the employees in Portugal** (1445)

and **39% of the employees in Spain** (916), recording an increase of 2.2% compared with the previous year.

At Luís Simões 77% of employees have a permanent contract (1808), corresponding to 61% of employees from Portugal (1,111) and 39% of employees from Spain (697). By country, 77% of employees in Portugal have permanent contracts, and in Spain this figure is 76%. With regard to gender, men account for 69% of permanent contracts and women account for 31%.



2.361

LS DIRECT EMPLOYEES

(61% PT / 39% SP)



23%

FIXED-TERM CONTRACT

(60% PT / 40% SP
72% MEN
28% WOMEN)



77%

OPEN-ENDED CONTRACT

(61% PT / 39% SP
69% MEN
31% WOMEN)



ONLY 3 EMPLOYEES IN PART-TIME (PT)

77 EMPLOYEES WITH REDUCTION OF WORKING HOURS (ONLY APPLICABLE IN SP)



31%

WOMEN



69%

MEN



21.386

TRAINING HOURS

(25% PT / 75% SP)
71% MEN
24% WOMEN
5% UNDEFINED



44

MATERNITY LEAVES

(52% PT / 48% SP)



74

PATERNITY LEAVES

(59% PT / 41% SP)

In terms of new hiring's, the performance in the two countries was different, with Spain almost doubling Portugal's hiring's. Dominance is maintained in the 30 to 50 age group.

Compared to gender, in global figures, the percentage of "female" employees continues to be lower than the percentage of male employees, with a greater difference in the functions of heavy-duty vehicle driver (0%) and warehouse operator (26% Portugal, 29% Spain).

In 2021, LS' 2,361 employees were **69% male and 31% female**. However, the **total number of women** has been **increasing**, up 4% from the previous year and 13% from 2018.

Regarding gender diversity, the distribution of employees by function and gender and by age and gender intervals is presented.

In 2021, 118 employees took parental leave, of which 67 in Portugal and 51 in Spain. The return to work rate was 100% (63% Men and 37% Women).

NEW HIRES

AGE GROUPS	PORTUGAL		SPAIN	
	M	W	M	W
< 30 years	97	33	85	23
30 - 50 years	96	37	203	85
> 50 years	10	7	27	8
Total by gender	203	77	315	116
Total by country	280		431	

EMPLOYEES BY GENDER AND AGE GROUP

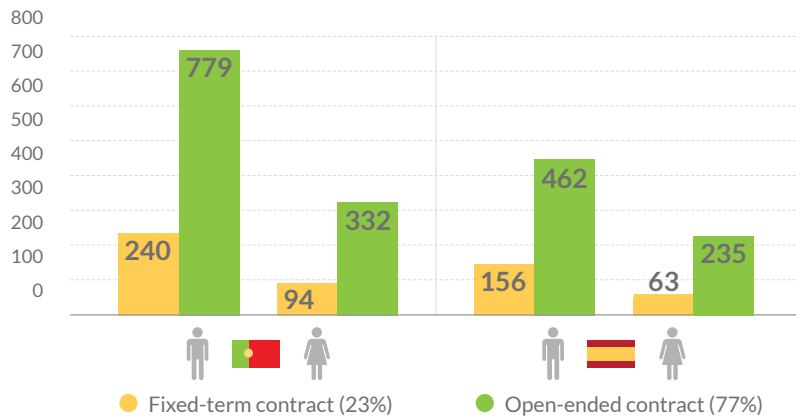
AGE GROUPS	PORTUGAL		SPAIN	
	M	W	M	W
< 20 years	2	1		
20 - 30 years	162	69	97	31
30 - 50 years	591	300	411	239
> 50 years	259	55	110	28

EMPLOYEES BY FUNCTION

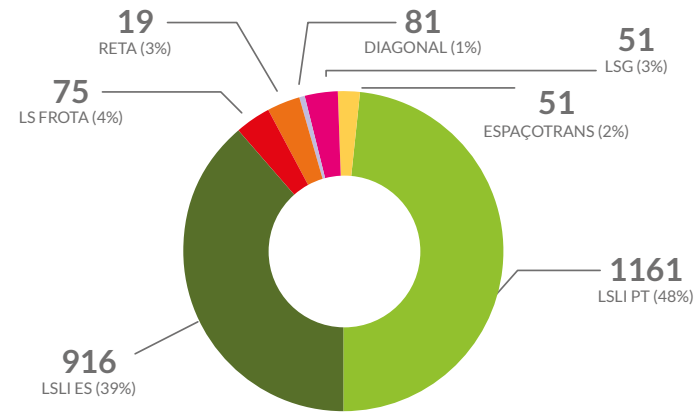
GENDER	PORTUGAL		SPAIN	
	M	W	M	W
Directors	21	5	9	0
Managers	37	13	26	3
Coordinators	48	39	30	15
Technical	38	37	44	23
Administrative	105	165	33	87
Warehouse Operator	472	165	421	170
Heavy-duty Vehicle Driver	294	0	55	0



Contract Type / Gender / Region



Total number of LS direct employees per company



On the **Board of Directors**, the percentage of **Women is 29%***. LS does not practice gender discrimination in its recruitment, so this difference in the most operative positions such as truck drivers and warehouse operators is merely related to cultural issues and the reality of the labour market supply and the sector where we operate. **This sector is historically more masculine and balance can take time to achieve.**

63% at operators and 11% at heavy-duty vehicle drivers. In 2021, 40% of the training hours were dedicated to integrating new employees or employees in new functions.

In the more operational functions, such as warehouse operators and heavy-duty vehicle drivers, the difference is related to market supply.

As a family and human company, we are proud of the marks we managed to leave in society, involving and raising the awareness of our employees in actions to promote citizenship.

LS is committed to the growth of its employees, through **regular training initiatives**, on the top management positions to its drivers and warehouse operators, having registered a **total of 21,386 training hours** in 2021, with a prevalence of men in the training hours carried out in Spain. In total, 25% of the training hours were directed at management and administrative functions,

* Doesn't include external.

THE CITIZENSHIP OF OUR EMPLOYEES



▶ CONTRIBUTING OUR GRAIN OF SAND IN THE FIGHT AGAINST HUNGER

More than 400 transports were carried out for the Food Bank in Portugal during 2021. We supported, as usual, the biannual food collection campaigns, ensuring the transport of food, in Lisbon, from the Colombo Shopping Centre to the Food Bank warehouse in Alcântara - Lisbon, and in November we also supported the Santarém (PT) Food Bank, with 2 loads/day between Benavente and Samora with delivery in Santarém.



▶ SALT DELIVERY FOR PUBLIC SERVICE - STORM FILOMENA

In January 2021, Storm Filomena (6 to 11) was felt with heavy snow in Madrid (SP), Luis Simões took measures to minimise the impact, including the purchase of a truckload of salt to ensure the operability of the Logistical Operations Centres in Cabanillas and Guadalajara (SP). The 3,000kg of salt that were not needed were donated to the Marchamalo Town Council for public service. Because we have made a commitment to society: to actively participate in actions that promote the well-being of the external entities with which we interact.



▶ BLOOD DONATION

Three blood donation campaigns were held at COL Carregado-PT (open to the community).

▶ IRINA

An amazing woman, a force of nature. Irina is a mother fighting a severe breast cancer with a dream of driving a truck. In collaboration with TVI, Luís Simões was able to help Irina make this dream come true on 3 December 2021 with the collaboration of the best trainer, the truck driver, João da Mata. Manuel Valentim (Transport General Director) and Fernanda Simões (Board LS Member) were present to welcome the guests.





PARTNERS IN THE SOLIDARISA PROJECT IN COLLABORATION WITH THE FOOD BANK, LS CONTRIBUTED WITH THE TRANSPORT OF FERTILIZERS AND SEEDS.



UNITED AGAINST FOOD WASTE

Luis Simões is a partner in this project, participating with mobile advertising in a heavy vehicle, raising awareness about food waste.



VISITS

There were 9 visits to LS centres, 3 in Portugal and 5 in Spain (face-to-face format), and 1 in virtual format in Portugal.



FUNDACIÓN MADRINA

LS collaborates with the "Fundación Madrina" at COL Guadalajara(SP) with the storage of the food products it receives from the Red Cross, coordinating the arrival of the pallets of food, the unloading, storage, and we manage the preparation and loading for subsequent distribution to the food distribution points. (<https://madrina.org/>)





Safety at Work and on the Road

HEALTH AND SAFETY MANAGEMENT



The daily safety and health of LS employees on the road, in the logistics warehouses and in all offices and workshops is of the utmost importance to LS.

Health and Safety at Work is ensured by the Human Resources department, with recourse to specialist subcontracting. Focused on improving safety conditions at work, and the safety culture, reflected in the accident indicators, to reduce accidents at work.

At Luis Simões, health and safety management is carried out through an External Prevention Service, which has 4 specialities: Hygiene, Safety, Ergonomics, and Psych sociology and Occupational Medicine. The Occupational Risk Prevention system implemented by LS includes all the company's jobs, drivers, warehouse and administrative staff, including all our work centres, installations and machinery, covering 100% of LS employees.

All employees when they join the company receive training in occupational risk prevention according to their function, as well as recycling. Employees who need a special qualification to be able to carry out their activities, such as working at heights or operating a forklift, also receive occupational risk prevention training.

The occupational health service applies to all employees in Portugal, but in Spain it is only compulsory for some functions and optional for the rest of the workforce. Luis Simões has an Occupational Health/Medicine at Work service and carries out medical examinations in accordance with the legislation in force. It encourages its employees to participate in health promotion activities, such as vaccination and blood donation campaigns.





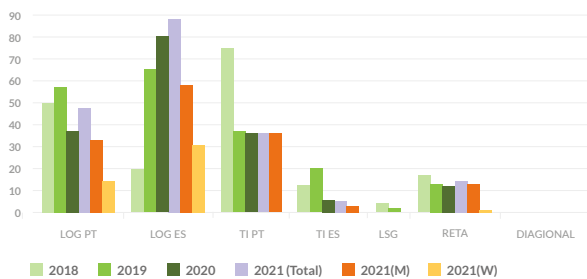
In 2021 a total of 186 work accidents were registered, an increase of 10% compared to the previous year, as a result of the increase in activity. This year the business area that recorded the highest number of incidents was Logistics (Portugal and Spain). At LSG and Diagonal there were zero accidents. There is positive balance for the Transport area (Spain) with

only three accidents. **There was no fatal accident or occupational disease reported.**

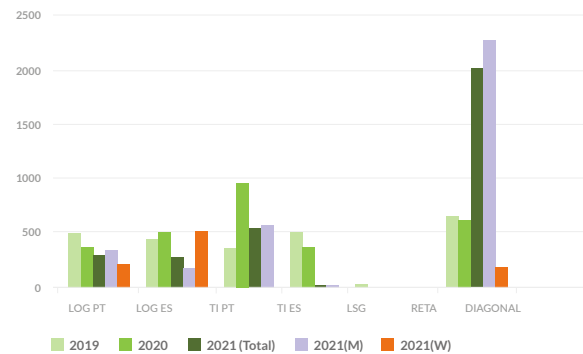
When analysing the **frequency rate (FR)** and severity rate (SR) of accidents at work, taking into account the hours worked and the lost time, the FR **decreased by 7%** compared to the previous year, namely in Logis-

tics in Portugal (FR 29) and Spain (FR 56) with the exception of RETA (FR 104), with an overall FR of 41 (7% less than 2020) and a **SR of 536 (41% less than 2020)**. The number of working days lost as a result of accidents at work fell 18% compared to 2020.

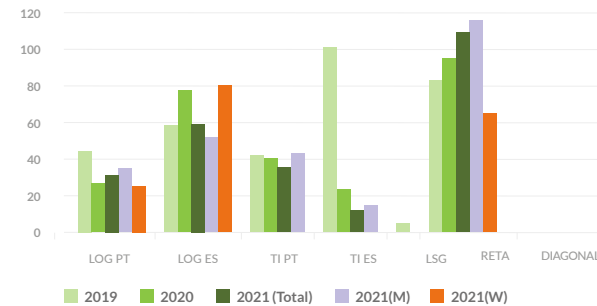
NUMBER OCCUPATIONAL ACCIDENTS



INJURY SEVERITY RATE (SR)



INJURY FREQUENCY RATE (FR)



Indicator 403-9 - GRI Index

Regarding the participation of employees, every year a survey of employees is carried out within the scope of health and safety at work, an internal listening process aimed at identifying improvements that will be reflected in the well-being, health, and safety of employees at their workplaces. The survey carried out between

January and March 2021 regarding the year 2020 (the survey regarding the year 2021 is not yet closed), was conducted via an online questionnaire, communicated to all employees in various formats and with the posting of panels with QR codes to access it.

The questionnaire was sent / made available to all direct and indirect employees of Luís Simões companies in Portugal and Spain. Participation was similar in both countries, about 71% in Spain and 76% in Portugal. The data from Spain are related to Logistics and Transport activities, in Portugal only 75% of the answers correspond to these activities, the rest belong to Corporate Services (LSG), and to the companies Diagonal and Reta.

From the responses obtained, the following information stands out:

- In Spain most employees work daytime hours (88%), 10% work rotating hours, and only 2% of employees work evening hours. Regarding job satisfaction, 84% of the employees are satisfied, and regarding safety conditions at work, 81% are satisfied, while 74% are satisfied with health surveillance.
- In Portugal also the majority of employees work daytime hours (90%), 7% rotating hours and only 3% working at night. Regarding job satisfaction, 88% of the employees are satisfied, and regarding

* Permanent, fixed-term contracts, internships, temporary employees and service providers



safety conditions at work, 89% are satisfied, while 84% are satisfied with health surveillance.

Improvements identified are mostly related to ergonomics and lighting in both countries.

Financial Robustness

LUÍS SIMÕES GROUP



Challenges: Financial robustness.

This report incorporates the Report & Accounts of the companies of the Luís Simões Group, hereinafter referred to as “Group”, “Luís Simões” or “LS”. This chapter presents the summary of the consolidated indicators

and the Accounts chapter contains the management report of LS-Luís Simões, SGPS, S.A. as well as the Financial Statements and the Notes.

In 2021 Luís Simões achieved a consolidated turnover of 242 million euros, which represents a 6.8% increase

compared with 2020. Although the economic context in 2021 still occurred in a pandemic situation, a recovery in activity was registered. However, growth has yet to recover to pre-pandemic levels.



MAIN CONSOLIDATED INDICATORS

LS - LUÍS SIMÕES, SGPS, S.A.

	2021	2020	2019
Turnover	241.826.146	226.438.305	245.113.893
Sales of merchandise	2.493.726	4.910.341	4.707.720
Services rendered	239.332.421	221.527.964	240.406.173
% Growth (Turnover)	6,8%	(7,6%)	0,5%
EBITDA	17.596.485	18.629.844	10.932.317
% Turnover	7,3%	8,2%	4,5%
EBIT	7.300.289	9.161.766	144.702
% Turnover	3,0%	4,0%	0,1%
Net income for the year ⁽¹⁾	4.480.087	6.245.845	(1 591 003)
% Turnover	1,9%	2,8%	(0,6%)
Total Assets	160.200.962	173.022.917	171.360.494
Equity	52.182.048	48.858.499	42.631.902
Net financial debt ⁽²⁾	27.498.569	34.941.706	54.357.409
Net Debt/EBITDA	1,6 x	1,9 x	5,0 x
Net financial debt (with shareholder loans)	41.162.296	48.605.433	68.021.136
Net Debt/EBITDA	2,3 x	2,6 x	6,2 x

(1) It excludes minority interests;

(2) It includes bank loans and suppliers of fixed assets, deducted from cash and cash equivalents.

In 2021, Luís Simões presented an EBIT of 7.1 million euros, justified by the excellent recovery in the operating results of the various Group Companies.

LS has made structural investments in Logistics in 10-year cycles: conventional warehouse with 30 thousand SQM in 1997, automated warehouse with capacity for 55 thousand pallets in 2008, both in Carregado; Warehouses in the New Centrality of Cabanillas and Guadalajara in the period 2017-2019. If in the past the investments of 1997 and 2008 drove Luis Simões' growth and dominance of the market in Portugal in the following decades, we believe that these new investments in modern and innovative logistics platforms for the Madrid region will enable LS logistics to become the market leader in FMCG logistics in Spain over the next decade.

LSLI Portugal and LSLI Spain, which includes the Transport and Logistics businesses (except Espaçotrans), reg-

istered very positive evolutions: LSLI Spain recorded EBITDA recovery to 2.7 million euros as a result of the growing maturity of strong investments in the Madrid region and which reflects a reversal of the negative results of recent years, while LSLI Portugal presents an EBITDA of 8 million euros.

At Reta, turnover in 2021 grew 3.1% compared to 2020, through the sale of used vehicles, which offset the 8.9% decrease in sales, compared to the previous year, of the vehicle maintenance and repair and rental segments. In 2021, EBITDA fell 5.9% compared to the previous year, as a result of the reduction in capital gains from the sale of vehicles from the rental fleet. However, as a result of the fleet disinvestment in the 2019-2021 period, in order to bring our rental offer in line with demand, EBIT improved by 405 thousand euros, thus making a very positive contribution to net income for 2021.

Espaçotrans, specialised in customs logistics, recorded in 2021 a sales growth of 18% and obtained an EBITDA of 740 thousand euros, which corresponds to an excellent profitability of 16% of sales, in a year still strongly marked by the Covid-19 pandemic, which significantly conditioned exporting and importing activities.

In 2021, Diagonal recorded commissions of 2 million euros, and an EBITDA of 538 thousand euros, maintaining the growth trend begun in previous years, based on the high level of commercial activity that enabled a loyal customer portfolio to be built and new clients to be attracted.

Due to the excellent operational results and the conclusion of the cycle of strong investment in the logistics complex of Guadalajara, the debt started a downward path reaching a value of 41 million euros by the end of 2021, representing a reduction of 15.3% compared to 2020.

As regards working capital, the effort and commitment of Luís Simões was maintained in seeking to reduce the average collection periods which tend to be somewhat high in the sector where it carries out its activities.



ON THE WAY TO TRANSFORMATION

GRI Index



Luis Simões



GRI INDEX

Index GRI Standard, option "CORE"

Subtitle: **C** - Core | **M** - Material Aspect | **NMR** - Not Material Aspect, but we report.

GRI 102 - GENERAL DISCLOSURES (2016)

GRI St. Nº	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
Organizational Profile						
102	Organizational Profile	102-1	C	Name of the organization	LS - Luis Simões, S.G.P.S., S.A. Chapter "About this Report" (mentioned as Grupo Luis Simões, Grupo LS or LS) Luis Simões Logística Integrada, S.A. (Company to which applies the Non-Financial Information Report verification)	
102	Organizational Profile	102-2	C	Activities, brands, products, and services	Chapter "Discover our World - Types of Services" web page: https://www.luis-simoes.com/ Not applicable to Luis Simões Group "products or services that are banned in certain markets".	
102	Organizational Profile	102-3	C	Location of headquarters	Chapter "Discover our World - Where we are" Headquarters of LS - Luis Simões, S.G.P.S., S.A. - Loures - Portugal Address: Rua Fernando Namora, n.º2 - Moninhos, 2670-501 Loures Headquarters in Spain: Luis Simoes Logística Integrada, S.A., Sociedad Unipersonal Address: Avenida Ciudad del Transporte, 9 - 19004 Guadalajara	
102	Organizational Profile	102-4	C	Location of operations	Portugal and Spain Chapter "Discover our World - where we are"	
102	Organizational Profile	102-5	C	Nature of Ownership and legal form	"Sociedade anónima Gestora de de Participações Sociais"- Holding company	
102	Organizational Profile	102-6	C	Markets served	Chapter "Discover our World - Where we are" Chapter "Discover our World - Types of Services"	
102	Organizational Profile	102-7	C	Scale of the organization: i. total number of employees; ii. total number of operations; iii. net sales; iv. total capitalization; v. quantity of products or services provided	Chapter "Discover our World - Numbers LS 2021" iii. LS Group 241 826 146 € LSLI ES 116 997 069 € iv. LS Group Assets/ equity 3,07 LSLI ES 4,01	
102	Organizational Profile	102-8	C	Information on employees and other workers: a) Total number of employees by employment contract, by gender b) Total number of employees by employment contract, by region c) Total number of employees by employment type, by gender d) portion of the organization's activities are performed by workers who are not employees e) Any significant variations in the numbers reported f) An explanation of how the data have been compiled	Chapter "LS People" c) Portugal 1024 Men + 429 Women in full time; Spain: 652 Men +304 Women in full time; Portugal: 3 Men have done part-time; Spain: 77 people work with reduced working hours - 21 Men and 56 Women (reduction of 20%) d) 98% own employees (2361) and 2% temporary employees (51) e) nothing to declare. f) data compiled through management software	(4) Quality education (5) Gender equality (16) Peace, justice and strong institutions
102	Organizational Profile	102-9	C	Supply chain	Stakeholders - Chapter "Discover our world - Sustainability Strategy" Chapter "Quality of Service and Innovation"	
102	Organizational Profile	102-10	C	Significant changes to the organization and its supply chain	Page "About this report"	
102	Organizational Profile	102-11	C	Precautionary Principle or approach	Chapter "Discover our world - Governance - Compliance and Risk Management"	(9) Industry, innovation and infrastructure (12) Responsible consumption and production (16) Peace, justice and strong institutions

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
102	Organizational Profile	102-12	C	External initiatives	External initiatives: LSLI (PT + SP); European Road Safety Charter - Chapter " Work and Road Safty" LS Group: Commitment for timely payment(ACEGE) Internal initiatives: Code of Ethics; Zero Tolerance Policy; Personal Data Protection policy - Chapter "Discover our World - Governance - Compliance and Risk Management"	(3) Good health and well-being (5) Gender equality (8) Decent work and economic growth (16) Peace, justice and strong institutions
102	Organizational Profile	102-13	C	Membership of associations	Participation in associations is linked to the sectors of activity where the organization operates, as well as the local development of the regions where the organization operates. (15 Portugal; 9 Spain) AECOC – Asociación Española de Codificación Comercial ASTIC –Asociación de Transportes Internacionales por Carretera UNO - Organización Empresarial de Logística y Transportes ANTRAM - Associação Nacional de Transportadores Públicos Rodoviários de Mercadorias APLOG – Associação Portuguesa de Logística GS1 - Portugal ADL - Asociación para el Desarrollo de la Logística CEOE-CEPYME Guadalajara - Confederación de empresarios de Guadalajara APOL – Associação Portuguesa dos Operadores Logísticos COTEC – Associação Empresarial para a Inovação AERCE - Asociación Española de Profesionales de Compras, Contratación y Aprovisionamientos CHP – Câmara Hispano Portuguesa Fundación San Telmo APPUNLE - Asociación de promotores, propietarios y usuarios de naves logísticas de España ACAP – Associação do Comércio Automóvel de Portugal ACICA – Associação Comercial e Industrial do Concelho de Alenquer AESE – Associação de Estudos Superiores de Empresa ANECRA - Associação Nacional das Empresas do Comércio e da Reparação Automóvel APAL - Agência de Promoção de Albufeira APROSE - Associação Nacional de Agentes e Corretores de Seguros ARAC - Associação dos Industriais de Aluguer de Automóveis s/ Condutor CCILE – Câmara Comércio e Indústria Luso-Espanhola EFS – Associação das Empresas Familiares PSTQB - Associação Portuguesa de Testes de Software	(16) Peace, justice and strong institutions
Strategy						
102	Strategy	102-14	C	Statement from senior decision-maker	Chapter "Message from the President"	
102	Strategy	102-15	NMR	Key impacts, risks, and opportunities	In the 2021 Compliance Program, were approved to manage ten risks and an opportunity with relevant impacts for LS. The positive points are highlighted: the approval of a new procedure for the Transport business, which defines the rules of action when the civil liability of a Goods Claim Process is attributed to a Carrier subcontracted by LS; the actions taken to reduce the risk of incorrect adjudications (procurement); the ongoing actions to ensure risk management with suppliers managed by the Procurement area, reducing the risk of strong dependence by LS on outsourced services, either due to legislative requirements, or because of their dependence, or because of the impact on LS' image; and the approval of a pilot project to implement digital signatures in Procurement in Portugal. The Compliance and Risk Management Department monitors the effectiveness of the implemented actions and is responsible for preparing and presenting to the Board of Directors: a) The status of implementation of the annual Compliance Program, which includes all relevant risk mitigation initiatives; b) The results of the Internal Process Audits, which aim to verify compliance with two processes and the effectiveness of two controls; c) Compliance incidents, which include points in the processes and controls that fail, and an incident contrary to the interests of LS. Chapter "Discover our World - Compliance and Risk Management"	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
Ethics and Integrity						
102	Ethics and Integrity	102-16	C	Values, principles, standards, and norms of behavior	<p>At Luís Simões we want to go further... to where the future takes us! This motto, which guides us, is based on one of our strongest foundations: business ethics.</p> <p>In view of the growth and the wide geographic dispersion of the companies of the Luís Simões group (ahead as "LS"), which may increase the occurrence of risks and challenges, in 2016 was felt the need to formalize a Code of Ethics and Conduct (ahead as "CEC"). In order to safeguard the business value and growth of LS, LS's sustainability, in its economic, social and environmental aspects, is only possible with the commitment of an ethical and transparent management.</p> <p>The CEC contains the values, principles, standards and norms of behavior of LS. It was designed, based on the culture of LS, and had several contributions from employees, through brainstorming sessions. It was approved by the Board of Directors on 06/27/2016, with a copy sent to the home of all Employees, accompanied by a message from the President of LS. A video of the CEC was also prepared, which aims to ensure a better communication of it with the Employees and other interested parties.</p> <p>When a new Employee is hired, a copy of the CEC, in book format, is given to employees. Those who assume equal or higher functions at the Coordinator / Technical Specialist level, receive a training session related to the Compliance Policies and LS Ethics. For employees who assume the role of Assignee, the signature of the "Declaration of Commitment - Code of Ethics and Conduct" is also collected. The evidence of the knowledge of the CEC is ensured through the visualization of the document in the internal document manager.</p> <p>A letter of commitment was also developed for business partners, such as Transporters, whose main objective is to achieve unparalleled performance in our value chain, a factor that we consider extremely important to guarantee our future growth, as well as that of all suppliers who share our vision and ambition.</p> <p>The CEC is available in different languages (Portuguese, Spanish and English) in order to reach all members of Top Management, Employees who perform the activities of the organization, business partners, and other interested parties.</p> <p>The CEC is published on LS's internal communication media, as well as on the websites of the LS group companies: www.luis-simoes.com, www.reta.pt and www.diagonalseguros.pt.</p> <p>Chapter "Discover our World"; website: https://www.luis-simoes.com/en/the-company/about-us/</p>	(5) Gender equality (8) Decent work and economic growth (16) Peace, justice and strong institutions
102	Ethics and Integrity	102-17	NMR	Mechanisms for advice and concerns about ethics	<p>In line with a logic of trust and transparency, all Employees, Suppliers and other Business Partners of LS must cooperate in complying with the rules established in the LS Code of conduct, immediately reporting any fact that violates, or may violate this Code and any applicable law or rule, with particular emphasis on situations of fraud, corruption, money laundering, bribery, disrespect for human or labor rights, environmental damage or other illegal or unethical practices. These situations must be reported through a specific channel created and made available for this purpose, called the "Ethics Line", without prejudice to the use of other communication channels. □</p> <p>Anyone can do it, by contacting the Compliance and Risk Management Department ("DCGR"), directly or through one of the following channels:</p> <ul style="list-style-type: none"> • Ethics Line email: etica@luis-simoes.com □ • Telephone: (00351) 263858700, the call being forwarded to the DCGR □ • Postal mail: addressed to DCGR, Moninhos, Apartado 41, 2671-951 Loures, Portugal1 • Ethics Online: https://www.luis-simoes.com/en/ethics-online/ 	
Governance						
102	Governance	102-18	C	Governance structure	<p>Chapter "Discover Our World - Governance"</p> <p>In the mission to assist the Board of Directors and the Executive Committees in fulfilling their Supervisory responsibilities, LS also has a Compliance Committee. This Committee is responsible for defining and monitoring the implementation of the Compliance Program to be developed each year. It meets 4 times a year, is made up of employees from several areas of the LS, being made up of fixed and variable elements, named in function of the initiatives to be developed each year.</p>	
Stakeholder engagement						
102	Stakeholder engagement	102-40	C	List of stakeholder groups	Stakeholders - Chapter "Discover our world - Sustainability Strategy"	
102	Stakeholder engagement	102-41	C	Collective bargaining agreements	96,82% of all employees are covered by collective bargaining agreements (916 Spain & 1370 Portugal).	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
102	Stakeholder engagement	102-42	C	Identifying and selecting stakeholders	Chapter "Discover our world - Sustainability Strategy". Each LS Sustainability Strategy Review updates the mapping and new stakeholder surveys.	
102	Stakeholder engagement	102-43	C	Approach to stakeholder engagement		
102	Stakeholder engagement	102-44	C	Key topics and concerns raised		
Reporting Practice						
102	Reporting Practice	102-45	C	Entities included in the consolidated financial statements	<p>a. The consolidated Financial Statement 2020 (Attachment "Counts 2020" - Note 6.1 - Entities), includes the companies: LS - Luis Simões, S.G.P.S., S.A. (Holding) Luís Simões Logística Integrada, S.A. (Portugal) Luís Simões Logística Integrada, S.A. (Spain) LS Frola, Lda. Reta - Serviços Técnicos e Rent-a-Cargo, S.A. Diagonal - Corretores de Seguros, S.A. LS - Gestão Empresarial e Imobiliária, S.A. Patrimundos - Investimentos imobiliários, S.A. Solmoninhos - Consultoria, Gestão e Execução Imobiliária, S.A. EspaçoTrans - Gestão Entrepósitos Aduaneiros, Lda.</p> <p>b. Of the companies identified above, Materiality concerns those related to the Transport and Logistics sector. For the profile of the organization, composition of Human resources and Safety and Health at Work, all companies were considered, except for Patrimundos and Solmoninhos, as identified in "about this report".</p>	
102	Reporting Practice	102-46	C	Defining report content and topic Boundaries	Page "About this Report" Chapter "Discover our world - Sustainability Strategy"	
102	Reporting Practice	102-47	C	List of material topics	Chapter "Discover our world - Sustainability Strategy"	
102	Reporting Practice	102-48	C	Restatements of information	Not applicable	
102	Reporting Practice	102-49	C	Changes in reporting	Chapter "Discover our world - Highlights of the Year" and Page "About this Report"	
102	Reporting Practice	102-50	C	Reporting period	Calendar year 2021	
102	Reporting Practice	102-51	C	Date of most recent report	Year 2020	
102	Reporting Practice	102-52	C	Reporting cycle	Annual	
102	Reporting Practice	102-53	C	Contact point for questions regarding the report	Cláudia Simões - claudia.simoes@luis-simoes.com	
102	Reporting Practice	102-54	C	Claims of reporting in accordance with the GRI Standards	This reporting has been prepared in accordance with the GRI Standards: Core option. Page "About this Report"	
102	Reporting Practice	102-55	C	GRI content index	The GRI contents index is presented in attachment: GRI Index	
102	Reporting Practice	102-56	C	External assurance	Only for the Non-Financial Information Report applicable to the company Luis Simões Logística Integrada (Spain)	

GRI 103 - MANAGEMENT APPROACH (2016)						
103	Material topic - Boundary	103-1	C	Explanation of the material topic and its Boundary	The management approach for each material topic is described in the respective chapters, namely: Chapter "Service Quality and Innovation" Chapter "Energy Efficiency" Chapter "LS People" Chapter "Work and Road Safety" Chapter "Financial Soundness"	
103	The management approach and its Components	103-2	C	The management approach and its components		
103	Evaluation of management approach	103-3	C	Evaluation of the management approach		

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
GRI 200 - ECONOMICS						
Economic Performance						
GRI 201 (2016)	Economic Performance	201-1	NMR	Direct economic value generated and distributed	Chapter "Financial Soundness": i. Grupo LS 247 647 478 € LSLI ES 118 401 204 € ii. Grupo LS 230 050 992 € LSLI ES 115 705 570 € iii. Grupo LS 17 596 485 € LSLI ES 2 695 633 €	(8) Decent work and economic growth
	Economic Performance	201-2	M	Financial implications and other risks and opportunities due to climate change	Not rated.	
	Economic Performance	201-4	NMR	Financial assistance received from government	i. tax relief and tax credits: LS Group 501 492 € LSLI ES 0 € ii. Subsidies: Consolidated Information 2021: LS Group 227 361 € LSLI ES 46 873 € - Training iii. Investment grants: LS Group 312 451 € LSLI ES* 312 451 € (* Amounts not received. Proportional part of the depreciations of the investment with approved subsidy - COL Guadalajara - SP.)	
Procurement Practices						
GRI 204 (2016)	Procurement Practices	204-1	M	Proportion of spending on local suppliers	Luis Simões operates in the Iberian Peninsula (Portugal and Spain), more than 80% of the expenses are with suppliers from the Iberian Peninsula.	
Anti-corruption						
GRI 205 (2016)	Anti-corruption	205-1	NMR	Operations assessed for risks related to corruption	In the reform of the Spanish Penal Code 1/2015 it is stated that any Administrator, or employee under his charge, in case of committing a crime, including corruption, for the benefit of the company, may transfer the criminal consequences to the company. To mitigate this risk, was hired an expert Consultant, who carried out a Diagnosis at the end of 2019 in order to know the degree of control that exists in LSLI (Spain) to prevent criminal risks from occurring. Was verified that LS is a company that has few criminal risks and has a reasonably low probability and impact. According to the LSLI Spain report, it is a company that has few criminal risks and a reasonably low probability and impact.	(16) Peace, justice and strong institutions
	Anti-corruption	205-2	NMR	Communication and training about anti-corruption policies and procedures	Luis Simões, in its more than 70 years of activity, interacts daily with customers, suppliers, and several other entities. Its sustainability, in the economic, social and environmental aspects, is only possible with the commitment of an ethical and transparent management. https://www.luis-simoes.com/en/the-company/about-us/ In August 2021, an awareness campaign was carried out on Ethics, aimed at the Management team (143 Employees): DOC0002070 - Ethics Line - The role of LS Managers In June 2021, an awareness campaign was carried out on this matter, aimed at 1083 employees: DOC0002002 - Ethics Line: A right and a duty for EVERYONE Communication to suppliers or partners: # Transport Commitment Letter - Principles of ethics and conduct for a responsible and sustainable value chain # Other suppliers - Website: https://www.luis-simoes.com/en/the-company/compliance/	(16) Peace, justice and strong institutions
	Anti-corruption	205-3	NMR	Confirmed incidents of corruption and actions taken	No cases were identified in either situation.	
Anti-competitive Behavior						
GRI 206 (2016)	Anti-competitive Behavior	206-1	NMR	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no actions/proceedings of this nature against the LS group companies.	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
Tax						
GRI 207 (2019)	Tax	207-1	NMR	Approach to tax	<p>i. the principle of legal and fiscal compliance is applied in accordance with the code of ethics and conduct formalized and disclosed to employees and other stakeholders (LS website). The policies relating to taxes are described in points 3.9 and 3.22.4 of the annex "Accounts ". LS has updated the transfer pricing file.</p> <p>ii. The management of tax affairs is carried out by the accounting director and supervised by the administrator with financial responsibility.</p> <p>iii. LS's annual accounts are audited by external auditors and comply with the assessed tax criteria. Luis Simões selects prestigious companies with dimension and reputation for the auditing of accounts, in 2021 was Deloitte.</p> <p>iv. LS applies the principles of legal and tax compliance to each business, contributing to the sustainable development of the stakeholders with which it relates. "</p>	
	Tax	207-2	NMR	Tax governance, control, and risk management	<p>a. i.) It is upon the Board of Directors to supervise the fulfillment of all tax obligations of the companies of the Luis Simões group. This responsibility is carried out through the Corporate Financial Department that promotes the knowledge of tax obligations and their implementation. Tax compliance is delegated to the accounting director and supervised by the Financial Director and Administrator.</p> <p>ii. The Corporate Financial Department implements the necessary measures to comply with the company's tax obligations and annually implements improvements to this process. The accounting director regularly updates his generic tax knowledge and applied to LS businesses. For situations of greater technical complexity, the Group uses tax consultants to substantiate the positions/decisions taken.</p> <p>iii and iv. The Processes and Compliance Department via the Compliance and Risk Management Department and according to various internal and external sources of information proceeds to inventory LS risks. These risks have historically been extended in terms of scope and improved in terms of systematizing the level of residual risk they present to LS. Tax risks are included in this scope, having as main source the annual external financial audit report, all risks are analyzed and proposals for mitigation, transfer or acceptance are elaborated according to the cases. The Compliance and Risk Management department ensures that all risks included in such a report are followed up, promoting mitigation actions and periodically reporting the status of such actions to the Compliance Committee and Board of Directors. The monitoring of risks is carried out in meetings of the Compliance Committee led by the Compliance and Risk Management department, which integrates members from various areas of the company, giving a multilateral character to this body that assists the Board in its duty of supervising LS activities.</p> <p>It should also be noted that in 2020 the scope of the risks was extended to include criminal offenses committed by any employee of the company in accordance with Portuguese and Spanish legislation.</p> <p>b. The Luis Simões group has an ethics line, available to all LS internal employees, its partners, suppliers, customers or other stakeholders to report any situation that they deem to be a legal or regulated matter breach, by codes of ethics and conduct or equivalent. All reported matters are investigated by an independent team, following the procedure for this matter and which is especially careful with reports of potential fraud. Indicators on this line of ethics are reported to the Compliance Committee (4 times a year) and Board of Directors (2 times a year).</p>	
	Tax	207-3	NMR	Stakeholder engagement and management of concerns related to tax	LS applies the principle of legal and tax compliance in accordance with the formalized code of ethics and conduct, disclosed to employees and other interested parties. The recommendations of the tax authorities are normally considered, in a posture of full cooperation.	
	Tax	207-4	NMR	Stakeholder engagement and management of concerns related to tax	This requirement is not mandatory in Portuguese or Spanish legislation, tax jurisdictions where Luis Simões's companies operates.	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
GRI 300 - ENVIRONMENT						
Energy						
GRI 302 (2016)	Energy	302-1	M	Energy consumption within the organization	Chapter "Energy Efficiency" a. Indicator LS Own Fleet: (2021): 293 (goe/VK) -Diesel ES: 298 (goe/VK) (geo - grams of oil equivalent) b. Renewable Energy: 318 Mwh (2020); 313 MWh (2021 - Spain) c.Total Electric Energy Consumption (ISO 14001 Certified Logistics Centres): TOTAL - 10 370 Mwh Portugal - 5 776 Mwh Spain - 4 593 Mwh	(7) Affordable and clean energy (12) Responsible consumption and production (13) Climate action
	Energy	302-2	M	Energy consumption outside of the organization	Not available	
	Energy	302-3	M	Energy intensity	Energy Efficiency Indicator (Logistics Centers with ISO 14001 Certification) (Kwh /pallets capacity): PT 29,7 Kwh/Pallets Cap ES 18,84 Kwh/Pallets Cap Specific Fuel Consumption of LS Own Fleet : 293 goe / VK (grams of oil equivalent / vehicle km traveled); Spain: 298 goe/ VK	(7) Affordable and clean energy (12) Responsible consumption and production (13) Climate action
	Energy	302-4	M	Reduction of energy consumption	For the indicators reported in the disclosure GRI 302-3 (Energy Efficiency Indicator Kwh / Pallets capacity) + (Specific fuel consumption of LS Own Fleet goe / VK) - see information in the chapter "Energy Efficiency.	(7) Affordable and clean energy (12) Responsible consumption and production (13) Climate action
	Energy	302-5	M	Reductions in energy requirements of products and services	In 2021, the Energy Efficiency Plan of the LOC Carregado (Portugal) was updated. Reduction initiatives with an investment value of more than €400,000 have been identified for an annual reduction of 12302MWh, to be implemented in 2022.	
Water and Effluents						
GRI 303 (2018)	Water and Effluents	303-1	NMR	Interactions with water as a shared resource	RETA Carregado and Gaia - Technical Assistance Centers Total Volume Consumed Index (m3) / N°. Washings performed (Annual Total) = 0,44 (target 0.31) Total water extracted from the Underground - RETA - 0,218 ML RETA uses groundwater abstraction only for external washing of heavy vehicles; Captures are licensed. Portugal: In the Technical Assistance Centers, water from the municipal supply network and underground is used, in the Logistics Operations centers, water from the municipal supply network is used (human consumption, sanitary use and cleaning), and only in the COL Carregado, groundwater is extracted for irrigation. Spain: Water is always collected from the municipal supply network of the municipality where the installation is located, never extracted from the subsoil. Its use is limited to human consumption, as well as sanitary use in bathrooms and changing rooms and in cleaning.	(6) Clean water and sanitation
	Water and Effluents	303-2	NMR	Management of water discharge-related impacts	Portugal: Wastewater discharge is carried out in public drainage and treatment systems, with the exception of LOC Azambuja, where it is subjected to biological treatment and discharge into a water line. At RETA's facilities, contaminated wastewater is pre-treated (Hydrocarbons separator) and discharged into a collector. At RETA Carregado's facilities, the water from the spas and toilets is subjected to treatment and discharged into a collector. In both situations in Portugal, analyzes are carried out to monitor the treatment and ensure compliance with the parameters at discharge in accordance with the legislation in force. The risk assessment is carried out based on the matrix of environmental aspects linked to the Environmental Management System (ISO 14001), which includes water discharges and is reviewed annually. Spain: Wastewater is always discharged into public drainage systems for further treatment.	
	Water and Effluents	303-3	NMR	Water withdrawal	Underground water is collected only in Portugal; Total 11,43 ML in 2021 (RETA + LSLI PT)	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
	Water and Effluents	303-5	NMR	Water consumption	Water consumption is intended for human consumption, sanitary use and cleaning, with the exception of RETA, which operates 2 washing units for heavy vehicles. The total consumption is 2,872 ML (Portugal + Spain), as there are no activities in areas of water stress, no consumption is made in that area. For those locations where it is not possible to measure unit water consumption, estimates are made based on the number of people who work in said location.	
Emissions						
GRI 305 (2016)	Emissions	305-1	M	Direct (Scope 1) GHG emissions	Emissions Year 2021 - Scope 1 - LSLI ES 4 709 ton CO_{2e} Emissions Year 2020 - Scope 1 - Group LS 26 180 ton CO_{2e} LSLI ES 4 778 ton CO_{2e} Emissions Year 2019 - Scope 1 - Group LS 31 914 ton CO_{2e} LSLI ES 5 890 ton CO_{2e} Emissions Year 2018 - Scope 1 - Group LS 36 753 ton CO _{2e} LSLI ES 7461 ton CO _{2e} Base year for the GHG emissions inventory was 2017 Method GHG Protocol (March 2017) - IPCC Guidelines (2016)	(13) Climate action
	Emissions	305-2	M	Energy indirect (Scope 2) GHG emissions	Emissions Year 2021 - Scope 2 - LSLI ES 993 ton CO_{2e} Emissions Year 2020 - Scope 2 - Group LS 2 723 ton CO_{2e} LSLI ES 1 152 ton CO_{2e} Emissions Year 2019 - Scope 2 - LS Group 4 737 ton CO_{2e} LSLI ES 1 166 ton CO_{2e} Emissions Year 2018 - Scope 2 - LS Group 4 702 ton CO _{2e} LSLI ES 885 ton CO _{2e} Base year for the GHG emissions inventory was 2017 Method GHG Protocol (March 2017) - IPCC Guidelines (2016) Market-based	(13) Climate action
	Emissions	305-3	M	Other indirect (Scope 3) GHG emissions	Scope 3 - Luís Simões has not yet started the inventory of GHG emissions under scope 3. It is a project in preparation for 2022.	
	Emissions	305-4	M	GHG emissions intensity	Ton CO _{2e} /Turnover: 2021 LSLI ES 4,9 x10⁻⁵ (a decrease compared to the previous year). Ton CO _{2e} /Turnover: 2020 LS Group 0,00013 LSLI ES 5,7 x10⁻⁵ (a decrease compared to the previous year). Ton CO _{2e} /Turnover: 2019 LS Group 0,00015 LSLI ES 6,15x10⁻⁵ (a decrease compared to the previous year). Chapter Energy Efficiency: Own Fleet Emissions(kgCO _{2e} /1000km) 2021: 898,3 (there was an increase compared to 2020) Own Fleet Emissions(kgCO _{2e} /1000km) 2020: 898 (there was an increase compared to 2019)	(13) Climate action
	Emissions	305-5	M	Reduction of GHG emissions	From 2019 to 2020, teleworking has been the main factors in reducing GHG emissions. Chapter "Energy efficiency". In 2021, activity in Spain has increased, specifically with the opening of the automatic warehouse in Guadalajara, which is reflected in the increase in emissions, but in the reduction of intensity: emissions / turnover (€).	
	Emissions	305-6	M	Emissions of ozone-depleting substances (ODS)	0	
Emissions	305-7	M	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Emissions resulting from the treatment of atmospheric effluents from RETA (Painting and Fiber Sections): RETA 2021 (Carregado + Gaia): 136,16 Kg VOC /Year RETA 2021 (Carregado + Gaia): 187,43 kg Particles /Year		

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
Effluents and Waste						
GRI 306 (2016)	Effluents and Waste	306-2	NMR	Waste by type and disposal method	<p>Luis Simões sends all its waste for treatment and recovery. In 2021 LS produced 2.490 tons of waste in Portugal and Spain (2.708 ton in 2020).</p> <p>Portugal 2021: 1 332 Ton 99% Non-hazardous waste; 50 Ton - sanitary landfill; 25 Ton - Fuel derived from waste ; Recycling: 1 228 Ton; Treatment: 29 Ton Portugal 2020: 1 467 Ton 95% Non-hazardous waste; 108 Ton - sanitary landfill; 70 Ton - Fuel derived from waste ; Recycling: 1 233 Ton; Treatment: 56 Ton</p> <p>Spain 2021: 1 158 Ton 100% Non-hazardous waste: Landfill 481 Ton; Recycling 677 Ton Spain 2020: 1 240 Ton 100% Non-hazardous waste: Landfill 337 Ton; Recycling 904 Ton</p> <p>There was a reduction in waste production in Spain (-7%). In Portugal there was a reduction in waste production (-9%). The increase in waste destined for landfill due to the regulations related to the covid-19 context stands out, as well as the increase in waste due to the use of disposables.</p> <p>The maintenance of the vehicles of Luis Simões' own fleet is carried out in the brand (when covered by the warranty) or in specialized workshops. For this reason, we do not manage the maintenance waste of the Luis Simões fleet. In Portugal, the fleet that is subject to maintenance at RETA facilities has waste management represented here.</p>	(11) Sustainable cities and communities
Environmental Compliance						
GRI 307 (2016)	Environmental Compliance	307-1	NMR	Non-compliance with environmental laws and regulations	Within the scope of the Annual Audit Program of LS, various legal compliance audits were carried out, in which situations of legal non-compliance were identified, an Action Plan was issued to obtain the necessary legal compliance.	
Supplier Environmental Assessment						
GRI 308 (2016)	Supplier Environmental Assessment	308-1	M	New suppliers that were screened using environmental criteria	In 2021 LS applied environmental criteria in the negotiation with 2 suppliers: In the acquisition of new fleet, an analysis of the life cycle of the products was carried out and included in the negotiation process. In the negotiation process for new electricity supplier companies, in PT and ES, with new contract start dates in January 2020, a letter of commitment to supply renewable energy was developed and signed, committing the companies to supply a % mandatory renewable energy in the global supply of electricity to Luis Simões.	(12) Sustainable production and consumption

GRI 400 - SOCIAL

Labor/Management Relations

	Employment	401-1	NMR	New employee hires and employee turnover	<p>New Hires 2021 Total: 280 in Portugal (72,5% men, 27,5% women) and 431 in Spain (73% men, 27% women). By age groups: Up to 30 years - Portugal (97 Men, 33 Women) Spain (85 Men, 23 Women) Between 30 and 50 years - Portugal (96 Men, 37 Women) Spain (203 Men, 85 Women) Older than 50 years - Portugal (10 Men e 7 Women) Spain (27 Men e 8 Women)</p> <p>New Hires 2020 Total: 225 in Portugal (74% Men, 24% Women) and 440 in Spain (78% Men, 22% Women). By age groups: Up to 30 years - Portugal (89 Men, 33 Women) Spain (120 Men, 30 Women) Between 30 and 50 years - Portugal (88 Men, 29 Women) Spain (200 Men, 60 Women) Older than 50 years - Portugal (16 Men e 0 Women) Spain (24 Men e 6 Women)</p>	
	Employment	401-2	NMR	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Luis Simões offers its employees access to protocols for services with discount in areas such as: health and well-being, leisure, education, health insurance and life insurance. Applies to Portugal and Spain.</p> <p>In 2021, Luis Simões made an application with corporate information "SOMOS LS" available to all employees, supported by a discount application, which allows employees in Portugal and Spain to have discounts in stores, health, sports and leisure. It is mainly a measure of employee integration, where we can also share initiatives, or make donations to institutions.</p>	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
GRI 401 (2016)	Employment	401-3	NMR	Parental leave	<p>Chapter "LS People"</p> <p>a. Total number of employees that were entitled to parental leave, by gender Portugal: 44 men & 23 women; Spain: 30 men & 21 women - (Total 118 people)</p> <p>b. Total number of employees that took parental leave, by gender Portugal: 44 men & 23 women; Spain: 30 men & 21 women - (Total 118 people)</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender Portugal: 44 men & 23 women; Spain: 30 men & 21 women - (Total 118 people)</p> <p>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. Portugal: 37 men & 19 women; Spain: 28 men & 18 women - (Total 102 people)</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender. Return to work rate¹ - Portugal: 100% men & 100% women; Spain: 100% men & 100% women Retention rate² - Portugal: 71% H men & 100% women; Spain: 97% men & 129% women</p> <p>¹Return to work rate = [(Total number of employees that did return to work after parental leave/ Total number of employees due to return to work after taking parental leave) x 100] ²Retention Rate = [(Total number of employees retained 12 months after returning to work following a period of parental leave/ Total number of employees returning from parental leave in the prior reporting period) x 100]</p>	(5) Gender equality
GRI 402 - (2016)	Labor/Management Relations	402-1	NMR	Minimum notice periods regarding operational changes	At Luis Simões, when there is a substantial change in work conditions / transfer or any measures that significantly affect employees, the communication deadlines set by applicable legislation are respected.	
Occupational Health and Safety						
GRI 403 (2018)	Occupational Health and Safety	403-1	NMR	Occupational health and safety management system	<p>At Luis Simões, was implemented a health and safety management system managed through an External Prevention Service.</p> <p>i. The system has the 4 specialties required by current legal regulations, these being: Hygiene, Safety, Ergonomics and Psychosociology and Medicine.</p> <p>ii. The system has operation and performance procedures</p> <p>b. The Occupational Risk Prevention system that LS has implemented, contemplates all the jobs of the company, Motorists, warehouse workers and office personnel, including all our work centres, facilities and machinery, giving coverage to 100% of the LS workers.</p>	
	Occupational Health and Safety	403-2	NMR	Hazard identification, risk assessment, and incident investigation	<p>a. The Risk assessments are carried out for all workstations, installations and machines used at Luis Simões. For these assessments, the FINE method is used, which gives a numerical value of the exposed risk factor, based on the values of consequences x probability x exposure.</p> <p>i. These risk assessments are carried out by specialized technicians in occupational risk prevention. Internally at the company, preventive safety observations are made in detecting unsafe acts by workers. From the results of the risk assessments carried out at the LS centres. Preventive activity planning is generated, where pending actions are placed with corrective measures to resolve them, indicating the start and end date, and the person responsible for compliance.</p> <p>ii. The evaluation of this process is done through consultation and participation of workers in Safety, in which they also can propose improvements.</p> <p>c. LS 'policy on OHS aims to protect all workers, to prevent workers from being exposed to risks, LS disposes appropriate protection measures in its facilities and all workers receive training in Occupational Risk Prevention when entering the company as well as a recycling when necessary.</p> <p>d. To carry out the investigation of accidents and incidents at work, it's used the procedure described ahead and made available by our Prevention service. For this we analyze the root causes of the accident, the preventive measures to eliminate the root cause and the corrective measures to prevent such accident from happening again. Whenever an accident is not included in the risk assessment or has a high severity, the risk assessment will be updated to include preventive and corrective measures for that accident.</p>	
	Occupational Health and Safety	403-3	NMR	Occupational health services	The functions of the occupational medicine service is to plan and carry out the activities of the Occupational Medicine to comply with the obligations contained in the Law. By means of the medical protocols established for each job, the APT or INAPT of the workers will be analyzed as well as if it has any labor limitation.	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
GRI 403 (2018)	Occupational Health and Safety	403-4	M	Worker participation, consultation, and communication on occupational health and safety	<p>a. Luis Simões has a procedure for workers' consultation and participation. Annually, online surveys are conducted (anonymous) to all workers where OSH issues are asked, such as: state of the facilities and machinery, compliance with the company in terms of safety and training in risk prevention. The results of the surveys are disclosed in the internal communication channels.</p> <p>b. The 4 meetings established in the current legislation are held</p>	
	Occupational Health and Safety	403-5	M	Worker training on occupational health and safety	<p>All workers receive, when they are incorporated in the company, training in the prevention of occupational risks according to their job position. In addition, once incorporated, all workers receive periodic retraining training specific to the position, especially those positions with a higher risk of accidents, drivers, warehouse operators, etc.</p> <p>Workers who need a special qualification to carry out their activities also receive training in the prevention of occupational hazards, such as working at height or forklift license.</p> <p>This indicator is presented in the overall training.</p>	
	Occupational Health and Safety	403-6	NMR	Promotion of worker health	<p>LS has an occupational health service and conducts medical examinations in accordance with current legislation. It also encourages its employees to participate in health promotion actions such as vaccination campaigns, blood donations and various screenings.</p>	(3) Good health and well-being
	Occupational Health and Safety	403-7	NMR	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>LS has organized occupational health and safety services, has occupational safety and health risk assessments, implements measures to control and mitigate occupational hazards, as well as training and awareness-raising actions for workers.</p>	
	Occupational Health and Safety	403-8	NMR	Workers covered by an occupational health and safety management system	<p>All workers of LS group.</p>	
	Occupational Health and Safety	403-9	NMR	Work-related injuries	<p>Chapter "Work and Road Safety"</p> <p>- N° Work injuries 2021/Business</p> <p>LSLI Spain (2021): 90 injuries 60 men & 30 women (Logistics: 57H + 30M; Transport: 3H)</p> <p>LSLI Spain (2020): 85 injuries (Logistics: 80; Transport: 5)</p> <p>- Severity index Work injuries (IG)</p> <p>LSLI Spain (2021): 241 157 men & 449 women (Logistics: 279; Transport: 22)</p> <p>LSLI Spain (2020): 484 Logistics: 507; Transport: 374</p> <p>- Frequency index Work injuries (IF)</p> <p>LSLI Spain (2021): 44 33 men & 16 women (Logistics: 56; Transport: 11)</p> <p>LSLI Spain (2020): 64 Logistics: 73; Transport: 22</p> <p>a.i. The number and rate of fatalities as a result of work-related injury - Zero</p> <p>a. iv. Main types of work-related injuries: Overexertion - loading and unloading</p> <p>c. i. Work-related hazards that represent a risk of serious accident: Falling objects due to collapse (determined in risk assessments).</p> <p>c. ii. These hazards did not cause or contribute to major accidents during 2020.</p> <p>c.iii. Actions taken or in progress to eliminate these hazards and minimize risks: Preventive maintenance - Periodically check the condition of machines and installations, in case of fault detection, repair them as soon as possible.</p> <p>d. Any action taken or in progress to eliminate other risks related to work and minimize risks: Periodic maintenance of machines and installations, as well as training for employees.</p>	(3) Good health and well-being
Training and Education						
GRI 404 (2016)	Training and Education	404-1	M	Average hours of training per year per employee	<p>Chapter "LS People"</p> <p>21.386 Training Hours in 2021: 25% Portugal & 75% Spain 71% Men 24% Women 5% Undefined</p> <p>11.024 Training Hours in 2020: 40% Portugal & 60% Spain 73% Men 27% Women</p>	(4) Quality education
	Training and Education	404-2	M	Programs for upgrading employee skills and transition assistance programs	<p>Among the programs implemented to improve employee qualifications, "LS Schools" stand out for different company profiles.</p> <p>Each year, the "LS Schools" training objectives are renewed to continue training the operational profiles (Customer Assistants and means Assistants) in the knowledge, applications and skills necessary for the performance of their function.</p>	
	Training and Education	404-3	M	Percentage of employees receiving regular performance and career development reviews	<p>In 2021, the following performance reviews were recorded at Luis Simões:</p> <p>Portugal 10% of workers received performance evaluation;</p> <p>In Spain, 9% of workers received a performance evaluation;</p> <p>In 2020, the following performance evaluations were recorded at Luis Simões:</p> <p>Portugal 37.5% of workers received performance review</p> <p>In Spain 45% of workers received performance review</p>	

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
Diversity and Equal Opportunity						
GRI 405 (2016)	Diversity and Equal Opportunity	405-1	NMR	Diversity of governance bodies and employees	Chapter "LS People" and Chapter "Discover our world - Governance" In the Board of Directors the percentage of women is 29%. (This value does not include external accessors)	(5) Gender equality
Non-discrimination						
GRI 406 (2016)	Non-discrimination	406-1	NMR	Incidents of discrimination and corrective actions taken	One case of discrimination has been registered in Spain, which was duly managed and closed.	
Freedom of Association and Collective Bargaining						
GRI 407 (2016)	Freedom of Association and Collective Bargaining	407-1	NMR	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations were identified (Portugal and Spain). At Luis Simões, and as set out in its Code of Ethics and Conduct, discriminatory behavior, including the right to union association, is not tolerated.	
Child Labor						
GRI 408 (2016)	Child Labor	408-1	NMR	Operations and suppliers at significant risk for incidents of child labor	Not applicable to Luís Simões' direct operations in Portugal and Spain. We do not have supplier risk assessments regarding child labour. As part of our corporate culture, all of our internal and external relationships are based on mutual respect. Respecting Human Rights, as established in the Universal Declaration of Human Rights and the International Human Rights Law, is a principle that we do not give up.	
Forced or Compulsory Labor						
GRI 409 (2016)	Forced or Compulsory Labor	409-1	NMR	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable to Luís Simões' direct operations in Portugal and Spain. We don't have suppliers risk assessment.	
Human Rights Assessment						
GRI 412 (2016)	Human Rights Assessment	412-2	NMR	Employee training on human rights policies or procedures	Within the scope of Employee Integration Plan, training related to Respect for Human Rights is ensured (Code of Ethics and Conduct). As part of our corporate culture, all of our internal and external relationships are based on mutual respect. Respecting Human Rights, as established in the Universal Declaration of Human Rights and the International Human Rights Law, is a principle that we do not give up. Discriminatory behaviors, whether of a religious nature, sexual orientation, gender, ethnic or social origin, age, marital status, physical and sensory and mental health and condition, political orientation or union association, which affect the individual dignity of each individual, are not tolerated. Training in Politics: Portugal 3H; Spain 3H	(16) Peace, justice and strong institutions
Local Communities						
GRI 413 (2016)	Local Communities	413-1	NMR	Operations with local community engagement, impact assessments, and development programs	Whenever possible, LS attempts to involve the nearest fire brigades in simulation exercises review. All the social solidarity actions in which LS associates, are in the countries where it operates, Portugal and Spain. It contributes to job creation in the various places where it has facilities. ii. environmental impact assessments and continuous monitoring - LS has environmental impact assessment matrices in ISO 14001 certified centres. vii. In Spain, Luis Simões (Cabanillas del Campo) has occupational health and safety committee.	(16) Peace, justice and strong institutions

GRI St. N°	Section	Disclosure N.º	Report Option	Disclosure Title (ING)	Report	SDG (ING)
Supplier Social Assessment						
GRI 414 (2016)	Supplier Social Assessment	414-1	M	New suppliers that were screened using social criteria	LS engaged subcontracted transporters through the Carriers' Letter of Commitment. Chapter "Service Quality and Innovation". All purchase processes require compliance with the law and agreement with our code of ethics and conduct.	(12) Responsible consumption and production
GRI 414 (2016)	Supplier Social Assessment	414-2	M	Negative social impacts in the supply chain and actions taken	Nothing to declare.	
Public Policy						
GRI 415 (2016)	Public Policy	415-1	NMR	Political contributions	0	
Customer Health and Safety						
GRI 416 (2016)	Customer Health and Safety	416-1	M	Assessment of the health and safety impacts of product and service categories	More than 70% of the services performed are related to food consumption or personal hygiene and health care products. In these operations, there are controls inherent to specific legal requirements (INFARMED licensing; Sanitary Register; Storage of Medicines; etc.) and risk analysis to detect critical points and establish controls over them to prevent an eventual impact on consumer health.	
	Customer Health and Safety	416-2	M	Incidents of non-compliance concerning the health and safety impacts of products and services	No noncompliance with regulations or notices from public or certifying entities was received. No incidents of non-compliance were recorded. Within the scope of the internal control system, annual legal compliance checks are carried out, from which corrective action plans emerge.	
Customer Privacy						
GRI 418 (2016)	Customer Privacy	418-1	NMR	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2021, no complaints were identified regarding breach of privacy and loss of Customer data.	(16) Peace, justice and strong institutions
Socioeconomic Compliance						
GRI 419 (2016)	Socioeconomic Compliance	419-1	NMR	Non-compliance with laws and regulations in the social and economic area	i.Information 2021: LS Group 57 679 € LSLI ES 24 600 € i.Information 2020: LS Group 50 882 € LSLI ES 30 442 € ii/iii - Nothing to declare.	

ON THE WAY TO TRANSFORMATION

Non financial
Information



Luis Simões



Non Financial and Diversity Report 2020 (Ley 11/2018)

This report relates to the Non financial report of Luis Simões, being an integral part of the Sustainability Report & Consolidated Accounts of LS-Luis Simões SGPS,S.A.. The report includes social, environmental and economic themes, prepared taking into account the guidelines of the Global Reporting Initiative (GRI), based on the analysis of the materiality of the Luis Simões Group.

This document summarizes the points to be reported, identifying where they are answered throughout the Sustainability Report & Accounts and respective GRI Index according to the indicators identified here.

For the purposes of compliance with Spanish legislation, the details of data from the company Luis Simões Logística Integrada SA (Spain) are presented separately either in this summary table or in the GRI Index.

Non-financial information (Ley 11/2018 EINF)	OBS	GRI Standard
Organizational Profile		
Description of the group's business model: - Business environment - Organization and structure - Markets in which it operates - Objectives and strategies - Main factors and trends that may affect its future evolution	Chapter: Discover our World; Governance; Sustainability Strategy	GRI 102-1; GRI 102-2; GRI 102-3; GRI 102-4; GRI 102-6;GRI 102-7; GRI 102-9; GRI 102-15; GRI 102-18
Management Approach		
A description of the policies applied by the group with respect to these issues, which will include due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and of verification and control, including what measures have been adopted.	Website Luis Simões: Compliance (http://www.luis-simoes.com/en/the-company/compliance/) Within the scope of the strategic plan of the companies of the Luís Simões group, and in line with good national and international practices, the Compliance and Risk Management area of LS is responsible for implementing and complying with the Risk Management Policy, which establishes a methodology that ensures the knowledge and assessment of the risks faced by LS, as well as determines the need to respond effectively to these same risks. Chapter: Discover our World; Governance;	GRI 102-11; GRI 102-12; GRI 102-15; GRI 102-16; GRI 102-18
The results of these policies, including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor the comparability between companies and sectors, in accordance with the national, European or international reference frameworks used to every matter.	Indicators throughout the report and GRI table: Energy, Audits, Training. Luis Simões also participates in online platforms: CDP- Climate Change, Ecovadis (Gold Medal 2021), SEDEX.	Tabela GRI Tabla GRI GRI Index
The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its commercial relationships, products or services that may have negative effects in those areas, and how the group manages said risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main short, medium and long-term risks.	Since 2018, the" LS Risk Management "methodology was reinforced, with the automation of information inherent to risk management, in a unique online platform. In 2021, in order to mitigate the potential risk of conflicts of interest in the subcontracting of Transport services, the Digitization of Eventual Transporters Project was implemented, which aims to remove the autonomy of Means Assistants, systematizing the cargo allocation process to carriers with clear criteria. The process guarantees transparency requirements in the relationship process with occasional carriers, with loads published on a specific portal, which are formally accepted by the parties, reducing risks of conflict of interest. The Compliance and Internal Audit Departments monitor the effectiveness of the implemented actions, and it is also their responsibility to prepare and submit regularly to the Executive Committee and to the Board of Directors the report on the evolution of risks and respective mitigation plans." Detail on the year 2021 - GRI 102-15;	GRI 102-11;GRI 102-12; GRI 102-15; GRI 102-16; GRI 102-18

Non-financial information (Ley 11/2018 EINF)	OBS	GRI Standard
<p>Key indicators of non-financial results that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both in time and between entities, we will use especially standards of non-financial key indicators that can be generally applied and that comply with the guidelines of the European Commission in this matter and the standards of Global Reporting Initiative, having to mention in the report the national, European or international framework used for each subject. The key indicators of non-financial results should be applied to each of the sections of the non-financial information state. These indicators should be useful, taking into account the specific circumstances and consistent with the parameters used in their internal risk assessment and management procedures.</p>	<p>Luis Simões has had a Sustainability strategy since 2008 and revised in 2016, supported by a materiality analysis. It carries out an annual analysis of Sustainability performance, supported by the GRI Standards and reported to stakeholders. The topics considered material have indicators. In this particular year, additional indicators were considered, although they are not material, to allow stakeholders to have a better perception of the organization's performance and the impact of this pandemic. Chapter: Discover our World - Sustainability Strategy Detail on the year 2021 - GRI Index;</p>	<p>Tabela GRI Tabla GRI GRI Index</p>
Environment		
<p>Detailed information about the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental assessment or certification procedures; the resources dedicated to the prevention of environmental risks; the application of the precautionary principle, the amount of provisions and guarantees for environmental risks.</p>	<p>Luis Simões obtains environmental certification in the main centers where it operates. In Spain 7 units, in Portugal 8 units. Chapters: Service Quality and Innovation; Energy Efficiency "</p>	<p>GRI 307-1; GRI 308-1;</p>
<p>Pollution: measures to prevent, reduce or repair carbon emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution.</p>	<p>Luis Simões seeks to implement with its clients more efficient and less polluting processes / equipments. Already have 13 Giga-Liner's operating in the Iberian Peninsula (11 in Portugal and 2 in Spain). Energy efficiency measures and renewable energy production in warehouses. (see Energy Efficiency chapter)</p>	<p>GRI 302-1; GRI 302-3; GRI 302-4;</p>
<p>Circular economy and prevention and management of waste: prevention, recycling, reuse, other forms of recovery and waste disposal; actions to combat food waste.</p>	<p>Waste management at Luis Simões's facilities is geared to waste separation to maximize recycling.</p>	<p>GRI 306-2;</p>
<p>Sustainable use of resources: water consumption and water supply according to local constraints; consumption of raw materials and the measures adopted to improve the efficiency of their use; consumption, direct and indirect, of energy, measures taken to improve energy efficiency and the use of renewable energy.</p>	<p>Energy consumption in logistics and fuel consumption in transport are the main resources to be considered. Luis Simões has 2 warehouses with photovoltaic panels producing energy: Cabanillas del Campo and Guadalajara. This two major logistical hubs in the Henares Corridor in Guadalajara - Spain have LEED Sustainability certification. This certification presupposes greater efficiency in the use of energy and water consumption.</p>	<p>GRI 302-1;GRI 302-3; GRI 302-4; GRI 303-1; GRI 303-2; GRI 303-3; GRI 303-5;</p>
<p>Climate change: the important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; the measures adopted to adapt to the consequences of climate change; the reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for that purpose.</p>	<p>The first inventory of Greenhouse Gas Emissions was carried out to the activities of the Luis Simões Group in 2017, with the quantification of GHG emissions in scopes 1 and 2. Since then, we have implemented energy efficiency initiatives with impacts in the reduction of GHG emissions. With respect to the refrigeration equipment, the replacement of refrigeration gases with other less contaminating ones has been accompanied. Namely, the implementation of refrigeration chambers with carbon neutral refrigerant gases (Guadalajara). (see Energy Efficiency chapter)</p>	<p>GRI 305-1;GRI 305-2; GRI 305-3;GRI 305-4; GRI 305-5;</p>
<p>Atividades Económicas Ambientalmente Sustentáveis: avaliação da atividade econômica que contribui substancialmente para a mitigação ou adaptação às mudanças climáticas. (avaliação qualitativa)</p>	<p>The only activity carried out in Spain and covered by the regulation is the Transport of Mercantile by Carretera. In the case of Luis Simões, because it uses diesel flota, it is not classified as sustainable.</p>	

Non-financial information (Ley 11/2018 EINF)	OBS	GRI Standard
Social		
<p>Employment: total number and distribution of employees by sex, age, country and professional classification, total number and distribution of work contract modalities, annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and professional classification, number of dismissals by sex, age and professional classification, average remunerations and their evolution disaggregated by sex, age and professional classification or equal value, salary gap, remuneration of equal or average positions in society, the average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payment to long-term savings forecast systems and any other perception disaggregated by sex, implementation of employment disconnection policies, employees with disabilities.</p> <p>Organization of work: organization of working time; number of hours of absenteeism; measures aimed at facilitating the enjoyment of conciliation and encouraging the co-responsible exercise of these by both parents.</p>	<p>Employee data in the chapter: LS People</p> <p>Salaries are regulated by collective agreements in Spain and by CCTVs and general rules in Portugal. Most people in the organization in operational positions are paid according to these legal regulations, depending on their professional category, country and, in the case of Spain, by provincial location, since they are governed by collective provincial sectoral agreements. The salary variations that can be found in this type of positions are essentially due to the variable remuneration that affects each one of them. In the positions of Technician, middle management, managers and directors, the salary ranges are not very broad, but are affected by the appreciation of the labor market.</p> <p>Average remuneration Total: in Portugal (18 357 € men, 16 176€ women) and in Spain (23 441€ men, 21 409€ women). <u>Variation of approximately 8% more in the remuneration of men in Spain and 11% in Portugal.</u></p> <p>Average remuneration by age and gender: Under 30 years - Portugal (12 303€ men, 12 295€ women) Spain (19 605€ men, 19 598€ women) Between 30 and 50 Years - Portugal (17 991€ men, 16 360€ women) Spain (23 200€ men, 21 437€ women) Over 50 years - Portugal (22 916€ men, 20 494€ women) Spain (27 943€ men, 23 226€ women)</p> <p>Average remuneration by professional classification and gender: Board - Portugal (97 667€ men, 95 981 € women) Spain (Doesn' apply) Director - Portugal (80 583€ men, 49 557€ women) Spain (76 710€ men, - women) Manager - Portugal (43 062€ men, 36 071€ women) Spain (50 426€ men, 41 566€ women) Coordinator - Portugal (27 053€ men, 24 906€ women) Spain (34 248€ men, 27 616€ women) Technician - Portugal (19 651€ men, 20 526€ women) Spain (26 425€ men, 26 356 € women) Administrative - Portugal (23 352€ men, 22 716€ women) Spain (30 337€ men, 26 986€ women) Drivers - Portugal (18 617€ men, - women) Spain (21 905 men, - women) Warehouse Op - Portugal (12 764€ men, 12 232€ women) Spain (20 365€ men, 20 114€ women)</p> <p>Wage Gap Spain: Min 14.765 €; Max 95.257 € € ; Portugal: Min 10.754 €; Max 171.694 € ;</p> <p>In those under 30, there is practically no gap between men and women, between 30 and 50 years there is a slight gap, it is in those over 50 where there is a more relevant gap. This can help us conclude that it is a more cultural issue and that the recent incorporations help us to solve it. Let us remember that our sector historically is a sector where the presence of women was very low. In recent years, women have been joining the world of work within the logistics sector. This means that men of a similar age to women, having spent more years in the company, receive more salary for the seniority concept. This is reducing considerably among the youngest people in the company.</p> <p>Of the departures of workers in Spain in 2021, 27 have been disciplinary dismissals: Assistant - between 30 and 50 Years (- men, 1 woman) Coordinador - between 30 and 50 Years (2men, - women) Operacional - under 30 years (1 men, - women) Operacional - between 30 and 50 Years (11 men, 3 women) Operacional - over 50 years (7 men, - women) Técnico - between 30 and 50 Years (2 men, - women)</p>	<p>GRI 102-7; GRI 102-8; GRI 401-1; GRI 401-3;</p>

Non-financial information (Ley 11/2018 EINF)	OBS	GRI Standard
<p>Organization of work: organization of working time; number of hours of absenteeism; measures aimed at facilitating the enjoyment of conciliation and promoting the co-responsible exercise of these by both parents.</p>	<p>Since 2007, there has been an automatic control system for the entry and exit of personnel (Millennium), which allows to know the working hours of each person. This system allows to register your work schedule using a company card for exclusively personal use, or through the fingerprint of each worker, or even through the online version from your laptop. Since mid-March, due to the COVID-19 pandemic, around 500 people in positions that are not purely operational (warehouse operators and drivers) have been working from their homes.</p> <p>There are two systems to know and limit their working hours. The Millennium online system and the activity and task record of each employee through a functionality located in the LS intranet and in an application called Softexpert. These methodologies allow us to know day by day the work days of each employee, to what they dedicate their day and enables make decisions to limit it if this were the case.</p> <p>Operational positions (except motorists) typically work continuous shifts depending on the operations that reside in the center. For this reason, not all centers have three shifts (morning/afternoon/night). Most administrative staff work split shifts. This is modulated by the service needs or by the specifics/hour reductions requested by the employees.</p> <p>Conciliation: Remote work/telecommuting allows for a better reconciliation of work and family life. In 2021, Luis Simões has decided to maintain the non-operational functions in teleworking, publishing the teleworking rules in November, in a mixed model to safeguard everyone. Christmas waiver: the company voluntarily allows all employees to enjoy 1 day or 2 afternoons, on 12/24 and/or 12/31, with the aim that employees can enjoy their families, or move to other locations with their families.</p>	<p>GRI 401-3;</p>
<p>Health and safety: health and safety conditions at work; accidents at work, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender.</p>	<p>Chapter "Work and Road Safety" Detail on the year 2021 - GRI Index;</p>	<p>GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4; GRI 403-6; GRI 403-7; GRI 403-8; GRI 403-9</p>
<p>Social relations: organization of social dialogue, including procedures for informing and consulting staff and negotiating with them; percentage of employees covered by collective agreement by country; the balance of collective agreements, particularly in the field of health and safety at work.</p>	<p>Not all Luís Simões centres have a legal workers' representation. This initiative depends entirely on them. Periodic meetings are held where decisions are made that affect employees, the monitoring of accident prevention actions and measures, the monitoring of agreements, training plans or variable remuneration. As well as all the questions they are legally entitled to raise, information to request, proposals for improving the organization of work that may interest and affect them.</p>	<p>GRI 102-40; GRI 102-41; GRI 102-43; GRI 102-44; GRI 403-4; GRI 403-7; GRI 413-1</p>
<p>Training: the policies implemented in the field of training; the total amount of training hours by professional categories.</p>	<p>Chapter "LS Persons"</p>	
<p>People with disabilities.</p>	<p>26 people with disabilities work at Luis Simões (15 in Portugal and 11 in Spain)</p>	

Non-financial information (Ley 11/2018 EINF)	OBS	GRI Standard
<p>Equality: measures taken to promote equal treatment and opportunities between women and men; equality plans (Chapter III of the Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and the universal accessibility of people with disabilities; the policy against all types of discrimination and, where appropriate, management of diversity.</p>	<p>LS has an ethical code that regulates the relations between the company and its employees, as well as the relations between the employees themselves, guided by the terms included in the Declaration of Human Rights, the norms and suggestions of the ILO, and the legislation in force in the countries where we are present. This code of ethics is communicated to 100% of the new employees of LS, it is available to all members of the organization through Softexpert and periodic training is carried out for their knowledge. Ethics line, where through an email, or a telephone number, all employees can report situations of abuse, harassment, discrimination or fraudulent or unethical behavior of any nature, carried out by any person in the organization. They are strictly anonymous. All of them are treated, investigated and concluded by communicating their resolution to the complainant. The Compliance and Risk Management Department carries out the recolection of all of them and makes a follow-up of how they are treated and what measure is taken to correct each complaint and that it does not happen again. To do this, there is a specific procedure that includes how these situations should be treated, investigated, what measures should be applied, guaranteeing at all times the rights of the complainant and the accused. This includes sexual or sex-based harassment.</p> <p>In LS historically, diversity has been a differential value in the composition of our workforce. This is reflected in the diversity of people based on their nationality, sex, religion, personal orientation, disability, etc ... Everyone has something to contribute to the project. All our centers are adapted to allow accessibility and full functionality for disabled people. We even promote the outsourcing of services to "special employment centers" whose staff are people with a certain degree of physical, mental or functional disability (Spain).</p>	<p>GRI 401-1; GRI 401-3; GRI 405-1; GRI 406-1; GRI 102-16; GRI 102-17;</p>
Human Rights		
<p>Application of due diligence procedures in the field of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses; complaints about cases of violation of human rights; promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.</p>	<p>Chapter "LS Persons" and "GRI Index"</p> <p>Within the scope of the Employee Reception and Integration Plan, training related to respect for human rights (Code of Ethics and Conduct) is guaranteed. As part of our corporate culture, all of our internal and external relationships are based on mutual respect. Respecting human rights, as established in the Universal Declaration of Human Rights and International Human Rights Law, is a principle that we do not renounce.</p> <p>Discriminatory behaviors, whether of a religious nature, sexual orientation, gender, ethnic or social origin, age, marital status, physical, sensory and mental health and condition, political orientation or trade union membership, that affect the individual dignity of each person are not tolerated. individual."</p>	<p>GRI 412-2</p>
Anti-corruption and Bribery		
<p>Measures taken to prevent corruption and bribery; measures to combat money laundering, contributions to foundations and non-profit entities.</p>	<p>The Compliance area was created in Luis Simões, and the Zero Tolerance Policy was implemented, as well as the LS Code of Ethics and Conduct, both available on the site: www.luis-simoes.com</p> <p>In 2021, the Compliance area has carried out an awareness campaign on ETHICS (The use of the Ethics line for everyone, and on Ethics and Anti-corruption addressed to the Management team).</p>	<p>GRI 102-16; GRI 102-17; GRI 102-18; GRI 205-1; GRI 205-2; GRI 205-3; GRI 207-2;</p>

Non-financial information (Ley 11/2018 EINF)	OBS	GRI Standard
Organizational Profile		
<p>Commitments of the company with sustainable development: the impact of society's activity on employment and local development; the impact of society's activity on local populations and territory; the relationships maintained with the actors of the local communities and the modalities of dialogue with them; the association or sponsorship actions.</p>	<p>Luis Simões guides its behavior, based on its values, policy and sustainability strategy. Luis Simões also participates in online platforms: Ecovadis (Gold Medal 2021), SEDEX.</p>	<p>GRI 102-12;GRI 102-13; GRI 413-1</p>
<p>Subcontracting and suppliers: the inclusion in the purchasing policy of social issues, gender equality and environmental issues; consideration in relations with suppliers and subcontractors of their social and environmental responsibility; supervision systems and audits and their results.</p>	<p>Chapter "Quality Service and Innovation" and GRI Table Luís Simões, in its more than 70 years of activity, interacts daily with customers, suppliers, and several other entities. Its sustainability, in the economic, social and environmental aspects, is only possible with the commitment of an ethical and transparent management. Guaranteed by https://www.luis-simoes.com/a-empresa/politicas/</p> <p>#Transport Commitment Letter - Principles of ethics and conduct for a responsible and sustainable value chain</p> <p>It is planned to include social and environmental criteria in the definition of requirements in the most relevant queries (>€100K/year), in order to gradually apply them to all queries. The definition of requirements is always carried out in conjunction with the business (the most relevant environmental ones are currently being implemented). Supervision is carried out in accordance with current Supplier Evaluation standards published in SE - DOC0000435 - Corporate Purchasing Department - Supplier Evaluation. Validation at the time of approval of debts with Social Security.</p>	<p>GRI 414-1</p>
<p>Consumers: measures for the health and safety of consumers; complaint systems, complaints received and resolution of them.</p>	<p>More than 70% of the services performed are related to food consumption or personal hygiene and health care products. In these operations, there are controls inherent to specific legal requirements (INFARMED licensing; Sanitary Register; Storage of Medicines; etc.) and risk analysis to detect critical points and establish controls over them to prevent an eventual impact on consumer health.</p>	<p>GRI 416-1; GRI 416-2</p>
<p>Tax information: the benefits obtained country by country; the taxes on benefits paid and the public subsidies received.</p>	<p>The management approach to this topic is described in the GRI table GRI 207 -1 and GRI 207-2 indicators.</p> <p>Sales: GRI 102-7 iii. LS Group 241 826 146 € LSLI ES 116 997 069 €</p> <p>Benefits obtained by country: LS Group - PT 4.480.086 € LSLI ES -1 726 716 €</p> <p>Taxes on profits paid: LS Group - PT 1.422.532 € LSLI ES 0 €</p> <p>Financial assistance received from government: GRI 201-4 i. tax relief and tax credits: LS Group 501 492 € LSLI ES 0 € ii. Subsidies: Consolidated Information 2021: LS Group 227 361 € LSLI ES 46 873 € - Training iii. Investment grants: LS Group 312 451 € LSLI ES* 312 451 € (* Amounts not received. Proportional part of the depreciations of the investment with approved subsidy - COL Guadalajara.)</p>	<p>GRI 207-1; GRI 207-2; GRI 201-4;</p>

ON THE WAY TO TRANSFORMATION

Accounts



Luis Simões



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CONSOLIDATED MANAGEMENT REPORT

1. MACROECONOMIC CONTEXT

1.1. WORLD AND EUROPEAN FRAMEWORK

The year 2021 began with the worldwide spread of the new Delta variant of the Covid-19 virus, which led many countries to declare new lockdowns, and to the downturn in the economy in the 1st quarter of the year. The year 2020 had seen a sharp economic downturn, in the Eurozone of -6.4%, and after a slowdown in the economic downturn in the 2nd half of 2020, the world economy would again enter into recession.

But early 2021 also saw the start of the global vaccination campaign that brought hope in the fight against the Covid-19 virus. With the deceleration of the Delta variant due to the containment measures and the impact of the vaccination campaign, it was possible for economic activity to reopen from the 2nd quarter onwards, contributing to economic growth in 2021 and offsetting part of the decline in 2020. The Eurozone may have recorded GDP growth close to 5% in 2021. The United States, on the other hand, may have overcome the -3.4% economic downturn in 2020 with growth of 5.7% in 2021.

The effects of the pandemic on economic activity remain asymmetric depending on the sector of activity. In general, the sectors most exposed to the difficulty of complying with social distancing continue to be those most negatively impacted, namely accommodation and catering, entertainment activities, non-food retail, and passenger transport, especially air and sea transportation. On the other hand, e-commerce and contactless payment systems experienced abrupt growth.

In addition, the pandemic also had a significant impact on supply chains, leading to strong imbalances between supply and demand for some raw materials. Some sectors came to a complete halt during the most contagious phase, and their start-up also caused some disruption in those supply chains. The labour market was also severely affected, with significant disruption of supply as a result of the policy of prophylactic isolation. For their part, Governments were forced to increase spending in order to mitigate the impact of the pandemic, and Central Banks reinforced expansionary monetary policy in order to support the significant increase in public spending. All these effects pushed the inflation rate up considerably over 2021. If in January 2021 the inflation rate in the Eurozone was only 0.9% in year-on-year terms, in December 2021 it was already 5.0% (2.8% excluding energy costs). The price of a barrel of oil (crude) started the year at 47.05 USD and ended 2021 at 75.21 USD. Geopolitical tension in Eastern Europe could also add to inflationary pressure.

Considering the inflation registered especially in the last quarter of 2021, it's expected that Central Banks will reverse the recent monetary policy, suspending purchases of government bonds and initiating a policy of rising interest rates. While the United Kingdom began raising interest rates in December 2021 from 0.1% to 0.25% and in February 2022 increased them again to 0.5%, in the United States of America several interest rate increases are expected throughout 2022 and may reach 0.5% to 0.75% by the end of the year. The outlook for interest rate

increases by the European Central Bank is more conservative, even so, and based on the information available to date, two increases can be expected by the end of the year up to a maximum Euribor of 0.5%.

The markets rallied strongly again in 2021. The S&P, the benchmark index for the capital markets in the United States, appreciated by 27% over the year.

For 2022, GDP growth in the Eurozone and the United States is expected to be around 4.0%. In Europe the 750 billion euros Redemption Fund (NextGenerationEU) is due to start being granted in 2022 as a measure to support economic recovery.

However, economic developments will depend greatly on the evolution of the pandemic in 2022 and, above all, on the capacity to mediate and resolve geopolitical tensions, greatly aggravated by the beginning of the war between Russia and Ukraine in February 2022, whose unfavourable impacts are still unpredictable. In effect, 2022 begins with enormous instability, characterised by growing inflation, a tendency to increase interest rates, upward pressure on energy prices (oil, gas and electricity), aggravated by the Russia-Ukraine conflict, and possible loss of family purchasing power.

1.2. PORTUGAL

The year 2021, in Portugal, began with a new confinement that lasted until March, and with a significant impact on the economic downturn with a -4.1% deceleration of GDP in the 1st quarter. Even so, in 2021, GDP growth in Portugal should be close to 5%, with acceleration in all expenditure components from the 2nd quarter onwards, mainly private consumption, investment and foreign trade. The unemployment rate has fallen to 6.6% and is already at the 2019 level. The convergence objectives for the budget deficit and public debt remain on standby, in order to mitigate the impacts of the pandemic. Portugal should record a budget deficit close to -3% with public debt reaching 127.5% with a downward trend taking into account that in December 2020 it was at 133.7%.

Inflation in Portugal will have reached 1.3% in 2021, and in the last quarter of the year it was 2.4%. While this is high, it is well below inflation growth in other European countries.

As a result, not only of the inflation growth trend and consequent policy of monetary contraction by the European Central Bank, but also of some deterioration in macroeconomic indicators, the interest rate on Portuguese Treasury Bonds (OT)

with 10-year maturities rose to 0.5% on 31 December 2021 and will continue to rise at the beginning of 2022.

The outlook for 2022 is for GDP growth of 5.5%, but this will depend on the evolution of the pandemic, the successful implementation of public and community support and the evolution of the world economy. The forecast for 2022 is for the budget deficit to remain at around 3% and public debt to fall to 122%, with both indicators remaining at sharply unbalanced levels.

Macroeconomic Indicators Portugal	2015	2016	2017	2018	2019	2020F	2021				2021F	2022F
							mar	jun	sep	dec		
Real GDP Growth ⁽¹⁾	1,5%	1,4%	2,7%	2,2%	2,2%	-7,6%	-4,1%	15,2%	4,9%	n.d.	n.d.	5,5%
Inflation Rate ⁽²⁾	0,5%	0,6%	1,4%	1,0%	0,3%	0,0%	0,4%	0,8%	1,5%	2,4%	1,3%	n.d.
Interest Rate (10 years) ⁽³⁾	2,5%	3,7%	1,9%	1,7%	0,5%	0,1%	0,2%	0,4%	0,4%	0,5%	0,5%	n.d.
Unemployment Rate ⁽⁴⁾	12,7%	11,2%	8,9%	7,1%	6,6%	6,5%	6,8%	6,9%	6,4%	6,2%	6,6%	n.d.
Corrent Account ⁽¹⁾	0,1%	0,6%	0,4%	0,4%	-0,1%	n.d.	-1,0%	-0,7%	-2,7%	n.d.	n.d.	n.d.
Budget Deficit ⁽¹⁾	-4,4%	-2,0%	-3,0%	-0,6%	0,3%	-6,3%	-5,8%	-5,5%	3,6%	n.d.	n.d.	-3,2%
Public Debt ⁽⁴⁾	128,8%	130,1%	126,2%	122,2%	117,7%	133,7%	139,1%	135,4%	130,5%	127,5%	127,5%	122,0%

Sources: OCDE, Portugal National Bank, INE, Portuguese government

Notes:

(1) Quarterly values correspond to the monthly average of the quarter and annual values correspond to the average of the quarters; (2) Quarterly year-on-year variation rate;

(3) Spot rate of the last day of each quarter; (4) Accumulated at the end of each quarter as a % of GDP

1.3. SPAIN

The year 2021 in Spain began with a new confinement that lasted until March, and with a significant impact on the economic downturn with a -4.3% deceleration of GDP in the 1st quarter. Even so, in 2021, GDP in Spain should grow by 5%, with acceleration in all expenditure components starting in the 2nd quarter, mainly private consumption, investment and foreign trade. The unemployment rate remains high and is close to 14%.

The inflation rate is expected to reach 3.1% in 2021, but in the last quarter of the year it reached 5.8%, so a continued high inflation rate is expected at least into early 2022.

The budget deficit remains negative but improved relative to 2020. Public debt continues its very significant upward trend, having reached 120% of GDP for the second consecutive year. The yields of the 10-year Treasury Bonds are on an upward trend and have already reached 0.8% at the start of 2022.

For 2022 a GDP growth of 5.8%, the highest in the Eurozone, and a reduction in public debt to 115% of GDP are expected.

Macroeconomic Indicators SPAIN	2015	2016	2017F	2018F	2019	2020	2021				2021F	2022F
							mar	jun	sep	dec		
Real GDP Growth ⁽¹⁾	3,2%	3,2%	3,1%	2,6%	2,0%	-11,0%	-4,3%	17,7%	3,4%	5,2%	5,0%	5,8%
Inflation Rate ⁽²⁾	-0,5%	-0,2%	2,0%	1,7%	0,7%	-0,3%	0,6%	2,6%	3,4%	5,8%	3,1%	n.d.
Interest Rate (10 years) ⁽³⁾	1,8%	1,4%	1,5%	1,4%	0,5%	0,1%	0,3%	0,4%	0,5%	0,6%	0,6%	n.d.
Unemployment Rate ⁽⁴⁾	22,1%	19,6%	17,2%	15,3%	14,1%	16,1%	15,6%	15,4%	14,7%	13,4%	14,8%	n.d.
Corrent Account ⁽¹⁾	1,4%	2,0%	1,8%	1,9%	2,1%	0,8%	0,6%	0,3%	0,5%	n.d.	n.d.	n.d.
Budget Deficit ⁽¹⁾	-5,1%	-4,5%	-3,1%	-2,5%	-2,8%	-11,0%	-1,4%	-4,1%	-4,0%	n.d.	n.d.	n.d.
Public Debt ⁽⁴⁾	99,4%	99,0%	98,3%	97,1%	95,5%	120,0%	125,3%	122,8%	121,8%	n.d.	n.d.	115,1%

Sources: OCDE, Spain National Bank, FMI

Notes:

(1) Quarterly values correspond to the monthly average of the quarter and annual values correspond to the average of the quarters; (2) Quarterly year-on-year variation rate;

(3) Spot rate of the last day of each quarter; (4) Accumulated at the end of each quarter as a % of GDP

2. SECTORIAL ANALYSIS

2.1. ROAD FREIGHT TRANSPORT AND LOGISTICS SECTORS

2.1.1. PORTUGAL

According to DBK, the business of providing road freight transport services in Portugal grew by 7.6% in 2021 to a value of 3.1 billion euros, recovering from the fall in 2020 caused by the Covid-19 pandemic and surpassing the 2019 figures. The outsourcing of Logistics services is worth over 600 million euros and will also have seen a recovery in comparison to 2020.

According to Eurostat, the amount of tonnes of freight transported in Portugal in every mode of transport registered a decrease of -12.6% in 2020 (latest available year), having registered a drop due to the Covid-19 pandemic in all modes of transport. Although no data is available for the year 2021, a considerable recovery in the tonnes transported can be expected.

The road mode of transport remains the most common form of freight in the country (60% of tonnes of freight transported). Maritime transport increased its proportion representing 36% of the transported tonnes (in 2004 it represented 14%). Rail transport continues to represent only 4.0% of the tonnes transported and air transport has a residual weight, having fallen by 31% in 2020. Regarding road freight transport, the recovery of construction-related transport continues, but is still far from the 2007-2008 levels.

There is still no data available on the evolution of the financial indicators in 2021 of the Road Freight Transport and Logistics companies in Portugal, even so a considerable recovery in sales can be expected, which may result in an increase in profitability by diluting fixed costs. As for the 2020 data, the latest year with available data, a significantly atomised business landscape remains. In terms of company concentration, the five largest companies in the Road Freight Transport and Logistics sector in Portugal will account for less than 30% of the total market.

Focusing on the 60 largest companies in the Road Freight Transport and Logistics market, they registered a decrease in turnover of -3.8% in 2020, but this should have recovered by 2021.

Notwithstanding the impact of the pandemic in reducing turnover, industry margins rose in 2020, with the top 60 companies recording an average operating profit (EBIT) of 3.4% of turnover (in 2019 they had recorded 3.0%). In 2021 there was a 17% increase in the number of heavy vehicles registered, thus compensating for the reduction of more than 20% that occurred in 2020.

In 2022, a consolidation of sales recovery is expected, and operators will need to reflect in their tariffs to customers the significant increase in costs, mainly fuel and HR. The role of community support in the modernisation of the sector is also eagerly awaited.

2.1.2. SPAIN

According to DBK, the business of providing Road Freight Transport services in Spain increased by 7.0% in 2021 to a value of 15.7 billion euros, as a result of the recovery in economic activity compared to 2020 which was heavily impacted by the Covid-19 pandemic. The outsourcing of logistic services has a value close to 5 billion euros and has seen some recovery.

According to Eurostat, the number of tonnes of freight transported in Spain in every mode of transport registered a decrease of -5,8% in 2020 (latest year available), having decreased in all modes of transport. Although no data is available for the year 2021, a strong recovery in tonnes transported can be expected.

The road mode of transport remains the most common form of freight in the country (75% of tonnes of freight transported). Sea transport, which had been increasing its importance until 2014, fell again for the sixth consecutive year representing 23.4% of the tonnes transported (in 2004 it represented 16%). Rail transport still represents only 1.1% of the tonnes transported.

No data is yet available on the evolution of the financial indicators in 2021 of the Road Freight Transport and Logistics companies in Spain, even so a recovery in sales is expected, of around 10%, which could result in an increase in profitability. Relative to 2020 data, the latest year with available data, a significantly atomised business landscape remains. In terms of business concentration, the five largest companies in the Road Freight Transport and Logistics sector in Spain will have a 25% share of the total market.

Focusing on the 60 largest companies in the Road Freight Transport and Logistics market, they registered a decrease of -3.5% in 2020, but this will have recovered in 2021.

Notwithstanding the impact of the pandemic in reducing turnover, industry margins rose in 2020, with the top 60 companies recording an average operating profit (EBIT) of 4.2% of turnover (in 2019 they had recorded 3.0%).

In 2022, a consolidation of sales recovery is expected, and operators will need to reflect in their tariffs to customers the significant increase in costs, mainly fuel and HR. The role of community support in the modernisation of the sector is also eagerly awaited.

2.1.3. CUSTOMS-RELATED LOGISTICS

Customs-related logistics consists mainly of providing services such as customs warehousing in customs or export warehouses, container consolidation and deconsolidation, transport services for the collection and delivery of containers and advisory and consulting services throughout the entire process of import and export of goods from and to locations outside the European Union.

Customs warehouses are tools for facilitating and streamlining customs procedures and they can be divided, at a first level, into public and private. Public customs warehouses can be used by any private entity for the storage of third-party goods, while private customs warehouses can only be used by the custodian for the same purposes.

The customs logistics business recorded a significant recovery in 2021, reversing the impact of the 2020 Covid-19 pandemic. Exports grew by 18.0% in 2021 compared to 2020. Exports increased more to non-EU countries (20% vs 17%) and considering that the United Kingdom becomes non-EU from 2021 onwards, growth was 46.7%. Exports to the European Union will thus become less important than in the past, which now represent 71.5% in 2021. Among the European Union countries, the main export destinations are Spain (26.7%), France (13.1%), and Germany (11.0%).

Imports also recorded a strong increase in 2021, up 21.7%. Imports from EU countries decreased their weight to 73.6%, due to Brexit and the UK's exit from the EU. Spain represents 32.8% of total imports, Germany remained at 12.5%, and France fell to 6.7%. UK imports have reduced significantly, even with the 2021 economic recovery, from 2.7% to 1.1% of total imports.

ATM's latest data (January to November 2021) show a year-on-year increase of 5.0% in the volume of tonnes transported in the mainland ports. The main increases were registered in the ports of Aveiro and Sines with increases of 17.3% and 12.3% respectively. On the other hand, the port of Leixões registered a reduction of -12.4%,

even with the recovery in economic activity in 2021. In terms of goods, the greatest increase was recorded in break-bulk cargo (+23.9%), Ro-Ro (+12.5%), petroleum products (+11.3%) and containerised cargo (+9.6%). In this regard, containerised cargo reached an all-time high, considering only the period from January to November, surpassing 32 million tonnes. On the other hand, all solid bulks registered a reduction, and coal fell by 82% and is almost non-existent (the reduction in coal handling as of 2020 was due to the reduction in activity at the Sines and Pego thermoelectric power plants).

The Container segment, where Espaçotrans operates, thus returned to growth in 2021 (until November). The increase in the movement of containerised cargo was mainly due to the growth of +11.1% in the port of Sines (largely due to the transshipment movement) and +24.7% in the port of Lisbon. On the other hand, the port of Leixões remained unchanged in relation to 2020. The containerised cargo handled at the ports in Portugal is already highly concentrated at the Port of Sines, which accounts for 63.4%, with the Port of Leixões accounting for 20.4% and the Port of Lisbon for 10.5%. It should be noted that the movement in Sines is very high due to its transshipment nature.

2.2. LEASING/RENTAL, SALE AND MAINTENANCE OF HEAVY-DUTY VEHICLES

The freight transport and logistics operators sector, of capital importance for the Company's activity and what the Company depends on, is characterised for being highly atomised, being based on many small companies, which are economically and financially vulnerable.

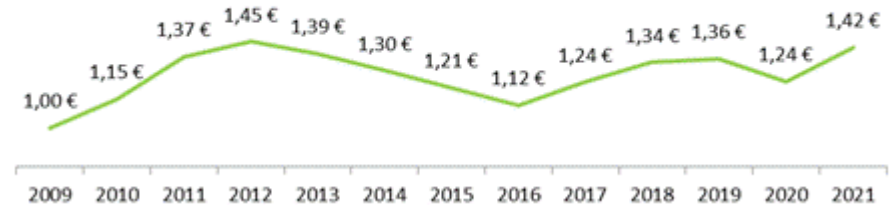
According to DBK, the business of providing road freight transport services in Portugal will grow by 7.6% in 2021 to a value of 3.1 billion euros, making up for the fall recorded in 2020, to which the growth of the economy contributed. The outsourcing of logistics services has a value of more than 600 million euros, having also registered a recovery compared to the previous year.

Unfavourably, and contrary to 2020, where the reduction in fuel prices helped road haulage companies to reduce their main cost component, which can represent around 40%/45% of operating costs, in 2021 prices increased significantly, in a progressive manner, contributing to the reduction of operating margins. On the other hand, the support granted within the scope of the pandemic, such as moratoria granted by financial entities, layoff measures, and temporary measures in terms of insurance, both in the reduction of premiums due to the fleet being immobilised and in facilitating the payment of premiums, have also ended.

In addition to the increase in fuel costs, there was (and still is) great pressure on the other components of operating costs, such as the acquisition value of vehicles (new and used), drivers' salaries and tolls. In the case of vehicle purchases, the lack of components and the increased cost of raw materials (such as steel), led to a lack of supply of vehicles (with

very long delivery times, up to 6 months) and an increase in the sale price of new and used vehicles.

Annual Average Price per Liter of Road Diesel



Sources:

Period 2009-2015: <https://www.pordata.pt> | Entities: DGEG/Mec, Pordata

Period 2016-2021 (average simple diesel price): <http://www.precoscombustiveis.dgeg.pt>

In 2021, the number of registered heavy goods vehicles (lorries and tractors) was 4,849 units, compared to 3,991 registered in 2020, which is equivalent to a growth of 21.5%, having reversed the downward trend observed in the period between the years 2018 and 2020. In the semi-trailer segment, 2,379 new vehicles were registered in 2021, against 1,782 vehicles in 2020, which represents a significant growth of 33.5% (+597 new semi-trailers). Although there are no reliable statistical data available, we believe that the sale of used cars also recorded an interesting growth, given the increase in demand felt by Reta, motivated by the need to purchase vehicles on the part of transport companies, the extended delivery periods for new vehicles and the increase in the price of these vehicles.

Evolution of heavy vehicles sales

Units

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Heavy goods vehicles	3.167	3.130	2.664	1.892	2.388	3.126	4.039	4.824	5.372	5.133	4.974	3.991	4.849
<i>Variation</i>	-42,8%	-1,2%	-14,9%	-29,0%	26,2%	30,9%	29,2%	19,4%	11,4%	-4,4%	-3,1%	-19,8%	21,5%
Trailers and Semi-Trailers	1.556	1.908	1.275	844	1.189	1.889	2.295	3.018	2.575	2.740	2.056	1.782	2.379
<i>Variation</i>	-50,3%	22,6%	-33,2%	-33,8%	40,9%	58,9%	21,5%	31,5%	-14,7%	6,4%	-25,0%	-13,3%	33,5%

Sources: ACAP and ARAN

In our opinion, the transport sector was resilient enough to overcome the difficulties in 2020 and 2021 caused by the pandemic and the gradual increase in fuel prices. However, the pressure of increased operating costs felt during 2021, which should continue during 2022, aggravated by the beginning of the Russia-Ukraine conflict, combined with the predictable rise in interest rates to stem inflation and the difficulty of transposing these increases to the customer, could lead to economic and financial difficulties in the sector.

In recent years Reta has also invested in the bus maintenance and repair segment. However, due to the pandemic, most of the passenger bus companies were severely affected, with their activity drastically reduced in the years 2020-2021, especially those linked to tourism. Therefore, many were forced to stop their fleets, disinvest and face economic and financial difficulties. Consequently, the need for maintenance and repair services also reduced drastically. A significant recovery of this sector is expected for 2022, despite the uncertainties related to the increase in energy costs, inflation, the rise in interest rates and the effects of the Russia-Ukraine conflict.

Despite the year having been penalised by the consequences of the pandemic, especially in some business segments, such as maintenance and repair, Reta continues to be characterised by successfully overcoming difficulties, adapting to new realities, and taking advantage of the opportunities that arise, maintaining the following guiding principles as a basis:

- Focus on customers, i.e., seeking and offering structured solutions which add value to customers and that they can understand;
- Focus on shareholders, i.e., adding value in such a way that ensures the profitability of investments and the future sustainability of the business; I
- Focus on solutions, as they are what allow us to make the most out of opportunities, overcome obstacles and constraints caused by the market and by unfavourable environments, and assuring our future in a competitive, constantly developing market.
- Internally, Reta recorded a positive performance in 2021, significantly improving results compared to the previous year, in an uncertain context, marked by economic growth in Portugal and above the European average, the pandemic and the ability of its employees to ensure the full operation of the organisation, in safe conditions and in accordance with the legislation and recommendations of the authorities, whether in a face-to-face or teleworking context.

2.3. INSURANCE MARKET

The positive evolution of the national insurance sector reflects the gradual recovery of the economy, since the subscription of insurance, personal and/or corporate, is highly dependent on the growth of business activity in general and the continued improvement in the disposable income of families. In the case of life insurance, where Retirement Savings Plans (PPR's) and capitalisation products are included, their subscription also depends on the attractiveness of the interest rates practised by markets.

Provisional data from the Insurance and Pension Funds Supervisory Authority (ASF) point to a 34.1% growth of the insurance market in 2021, compared to 2020, with an overall value of 13.3 billion euros, the second highest value of the last 1 year, only surpassed in 2014. However, the insurance market has developed differently, according to whether you consider life insurance or non-life insurance activities. The Life insurance branch is expected to grow by 68.5%, reversing the decrease of the last two years, with emphasis on 2020 whose decrease came to 34.4%, having reached a historically low value, and the Non-Life insurance branch is expected to register a growth of 4.7% and, consequently, the highest value ever.

Life insurance is a branch that has shown itself to be very volatile over time, registering accentuated positive or negative variations. In 2021, despite the sharp growth, the achieved figure of 7.7 billion euros ended up being in line with the annual average premiums of the last 10 years, which were around 7.6 billion euros. This growth reflects the investment that insurers have made in the marketing of structured financial products linked to investment funds, with capital risk, but with attractive returns for savers/investors.

In the Non-Life insurance branch, Diagonal's preferred area of business and that of most intermediaries, the market evolved favourably, forecasting growth of 4.7% in 2021, compared with the previous year, thus registering the highest premiums ever. The years between 2006 and 2014 were characterised by a decrease in this segment, with the lowest recorded value in 2014. However, since 2015, the non-life insurance branch has been growing at an interesting and consistent rate, which is of extreme importance to the sector and to Diagonal.

The growth in 2021 of the Non-Life insurance branch was driven by growth in most of the business lines that comprise it, with the exception of Aviation (-2.2%), which represents only 0.2% of the premiums in this segment. The fastest growing and with a

relevant weight in the Non-Life insurance branch were Accidents and Sickness (+7.6%), Fire and Other (+5.7%) and General Liability. The Motor branch, which represents 33.8% of Non-Life insurance, grew by only 1.8%.

In the insurance sector, we have observed, since 2014, capital movements, with insurance companies such as Macif (now Caravela), Fidelidade, Multicare, Tranquilidade, Axa (now AGEAS), Ocidental, Médis and Açoreana being sold. In the case of Tranquilidade and Açoreana, both acquired by Group Apollo, they gave rise to Seguradoras Unidas, a result of the merger of both companies at the end of 2019, Seguradoras Unidas was acquired by Generali, and their merger was finalised at the end of 2020.

In 2017, the Chinese Group Tianying acquired 100% of Groupama's operations in Portugal (life and non-life insurance branches), currently known as UNA Seguras, and the Montepio Group was not able to conclude the sale of 55% of Montepio Seguros (owner of the shares of the Lusitânia and N Seguros insurance companies) to the Chinese Group CEFC, due to a rejection by ASF in 2018.

Hence, we have witnessed a market concentration, with the previous largest national companies from the insurance industry now being held by foreign capital. The last two years (2020 / 2021) have not seen this type of acquisition movement in Portugal.

The mediation segment, and according to ASF data, referring to the year 2020, is characterised by a strong atomisation of the market, developed by about 15,831 individual or corporate agents, but with a trend towards progressive reduction. In recent years there has been a similar process to that of insurance companies, with the acquisition of several brokers and intermediaries by others of a larger size or related to international transactions. On the other hand, there is an increasing tendency to develop agent networks, due to the strategy adopted by most insurers (reduction in the number of smaller agents) and the recent law on insurance distribution that introduces more requirements for operators in the sector.

For 2022, it is our conviction that the Non-Life insurance branch will continue to grow at a similar rate to that of the last two years, taking into account the prospect of continued economic recovery referred to in the previous point. A positive evolution is expected in the Life insurance branch, based on structured financial products with different levels of risk and more or less conservative.

Evolution of direct insurance production in Portugal by lines of business

Thousands of Euros

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
Life Insurance	7.536.092	6.922.395	9.248.442	10.439.186	8.670.933	6.677.410	7.088.577	8.122.717	6.993.576	4.585.346	7.726.404
Variation	-38,1%	-8,1%	33,6%	12,9%	-16,9%	-23,0%	6,2%	14,6%	-13,9%	-34,4%	68,5%
Non-Life Insurance	4.109.652	3.982.769	3.855.467	3.848.657	3.993.198	4.194.197	4.493.705	4.825.262	5.209.426	5.365.574	5.619.021
Variation	-1,4%	-3,1%	-3,2%	-0,2%	3,8%	5,0%	7,1%	7,4%	8,0%	3,0%	4,7%
Total Market	11.645.744	10.905.164	13.103.909	14.287.843	12.664.131	10.871.607	11.582.282	12.947.979	12.203.002	9.950.920	13.345.425
Variation	-28,7%	-6,4%	20,2%	9,0%	-11,4%	-14,2%	6,5%	11,8%	-5,8%	-18,5%	34,1%

** Provisional values

Source: ASF

3. BUSINESS DESCRIPTION

3.1. LUÍS SIMÕES GROUP

The activity of LS - Luís Simões, SGPS, S.A. ("LS-SGPS" and together with its "Luís Simões" subsidiaries) began in 1948, at first providing transport services mostly focused on agricultural products and civil construction materials. In 1968, Transportes Luís Simões, Lda. was founded in Loures.

In the 1970s, the company further specialized in the business segment of transport of construction materials and expanded its geographical area of operation to Porto.

The 1980s, the Company invested in training their management team and in the expansion of their road freight transport towards other activity sectors, particularly consumer goods, with their position in the area of transport of agricultural and construction materials decreasing significantly. In 1986, Luís Simões expanded their services to Spain and in 1989 it further diversified its businesses, setting up a company specialised in the maintenance of heavy-duty vehicles and another company specialised in insurance mediation.

The decade thereafter recorded an exponential growth following the establishment in 1990 of Distribuição Luis Simões, S.A., a company specialised in logistics services, and of a company in Spain based in Madrid. The year of 1991 saw the setting-up of Reta - Serviços Técnicos e Rent-A-Cargo, S.A. ("Reta"), a company specialised in the sale and leasing of heavy-duty vehicles which currently also envisages maintenance and repair operations in heavy-duty vehicles, and of LS- Gestão Empresarial e Imobiliária, S.A. ("LSG"), the object of which was initially the management of the real estate of Luís Simões but gradually integrated the services of support to the operating business. In 1993, Luís Simões expanded its activities to Spain by opening a delegation in Barcelona and in Sevilla, in the following year. The year of 1995 saw the inauguration of the

facilities in Vila Nova de Gaia, with the first warehouse in Carregado, of an area over 30.000 SQM, being inaugurated in 1997.

In 2001, it acquired a logistics company in Spain. In 2002, it entered the positive cold logistics market in Portugal. In 2004, it merged the two companies it held in Spain, giving rise to Luís Simões Logística Integrada, S.A. The year of 2008 marks the opening of the automated warehouse of Carregado, with an area over 20.000 SQM and a storage capacity of over 50.000 pallets, which continues to be a business benchmark on an Iberian level for innovation in the area of automation and processes.

In 2010, the road freight transport and logistics companies in Portugal were integrated, giving rise to Luís Simões Logística Integrada, S.A. In 2013 and 2014, Luís Simões purchased Diagonal Corretores de Seguros, S.A., in the insurance mediation sector and Espaçotrans - Gestão de Entrepósitos Aduaneiros, Lda., respectively, where the main activity being customs-related logistics through the management of customs warehouses and export warehouses. In 2015, the new Logistics Operation Centre in Leixões became operational and, thanks to its proximity to the Port of Leixões, it helped to highlight Luís Simões' commitment towards import and export activities, which are of critical importance to the Portuguese economy. Also in 2015, the Logistics Operation Centre in Gaia was requalified. In 2017, operations began at the new Cabanillas del Campo plant, aggregating the activity that was previously scattered in 4 smaller warehouses around Madrid and incorporating differentiation factors by automating the process of preparing and shipping goods.

In the first quarter of 2021 Luís Simões started up operations at the largest and most modern Logistical Centre situated in Guadalajara, with an area of 89,000 SQM and a capacity for 178,000 pallets, comprising two conventional warehouses whose activity began in 2020, and an automated warehouse with a start-up date in 2021, which serve

important Clients in the Consumer Goods area with long-term relationships.

In the road freight transport sector, Luís Simões currently manages an approved fleet of approximately 1.621 trucks, of which the start in the use of Gigaliners in Portugal and Spain stands out, whilst in the logistics sector, a storage space of approximately 350,000 SQM gives Luís Simões the status of integrated logistics operator with full coverage of the Iberian Peninsula with over 125 million kilometres travelled per year and 1.445 distribution routes per day.

ECONOMIC AND FINANCIAL ANALYSIS

ECONOMIC AND FINANCIAL INDICATORS

LS-LUÍS SIMÕES, SGPS, S.A. (CONSOLIDATED)

	2021	2020	2019	2018
Turnover	241.826.146	226.438.305	245.113.893	244.013.317
Sale of Goods	2.493.726	4.910.341	4.707.720	8.000.024
Services Provision	239.332.421	221.527.964	240.406.173	236.013.293
% Growth (Turnover)	6,8%	(7,6%)	0,5%	2,0%
EBITDA	17.377.325	18.629.844	10.932.317	8.827.283
% Turnover	7,2%	8,2%	4,5%	3,6%
EBIT	7.081.129	9.161.766	144.702	(1.491.959)
% Turnover	2,9%	4,0%	0,1%	(0,6%)
RAI	5.972.850	8.276.272	(900.124)	(2.456.126)
% Turnover	2,5%	3,7%	(0,4%)	(1,0%)
Net income for the financial year (1)	4.480.086	6.245.845	(1.452.142)	(1.591.003)
% Turnover	1,9%	2,8%	(0,6%)	(0,7%)
Total Asset Value	160.233.122	173.022.917	171.360.494	168.660.891
Equity Capital	52.182.048	48.858.499	42.631.902	40.380.596
Net Financial Debt (2)	27.618.883	34.941.706	54.357.409	51.074.077
Net Debt/EBITDA	1,6 x	1,9 x	5,0 x	5,8 x
Net Financial Debt (with shareholder loans)	41.282.610	48.605.433	68.021.136	64.137.805
Net Debt/EBITDA	2,4 x	2,6 x	6,2 x	7,3 x

(1) Excludes minority interests; (2) Includes bank loans and asset suppliers, less cash and cash equivalents.

In 2019, Luís Simões reached a consolidated turnover of 242 million euros, which represents an increase of 6.8% in relation to 2020. Although the economic context in 2021 still occurred in a pandemic situation, there was a resumption of activity with a growth in activity but still not recovering to pre-pandemic levels.

In 2021, Luís Simões presented an EBIT of 7.1 million euros, justified by the excellent recovery in the operating results of the various Group Companies.

Luis Simões has made structural investments in Logistics in 10-year cycles: conventional warehouse with 30 thousand SQM in 1997, automated warehouse with capacity for 55 thousand pallets in 2008, both in Carregado; Warehouses in the New Centrality of Cabanillas and Guadalajara in the period 2017-2019. If in the past the investments of 1997 and 2008 boosted growth and the dominance of the market in Portugal by Luís Simões in the following decades, we believe that these new investments in modern and innovative logistics platforms for the Madrid region will place the logistics of Luís Simões at the head of the logistics market for consumer goods in Spain over the next decade.

LSLI Portugal and LSLI Spain, which includes the Transport and Logistics businesses (except for Espaçotrans), registered very positive evolutions: LSLI Spain recorded an EBITDA recovery to 2.7 million euros as a result of the growing maturity of strong investments in the Madrid region and which reflects a reversal of the negative results of recent years, while LSLI Portugal registered an EBITDA of 8 million euros.

At Reta, turnover in 2021 grew 3.1% compared to 2020, through the sale of used vehicles, which offset the 8.9% decrease in sales, compared to the previous year, of the vehicle maintenance and repair and rental segments. In 2021, EBITDA registered a reduction of 5.9% in relation to the previous year, as a result of the reduction in capital gains from the sale of vehicles from the rental fleet. However, as a result of the fleet disinvestment in the 2019-2021 period, in order to bring our rental offer in line with demand, EBIT (405 thousand euros) was improved, thus making a very positive contribution to the net result for 2021.

Espaçotrans, specialised in customs logistics, recorded in 2021 a sales growth of 18% and obtained an EBITDA of 740 thousand euros, which corresponds to an excellent profitability of 16% of sales, in a year still strongly marked by the Covid 19 pandemic, which significantly conditioned exporting and importing activities.

In 2021, Diagonal recorded commissions of 2 million euros, and an EBITDA of 538 thousand euros, maintaining the growth trend initiated in previous years, based on the high level of commercial activity that made it possible to retain the loyalty of the client portfolio and attract new clients.

Due to the excellent operational results and the conclusion of the cycle of strong investment in the logistics complexes in Guadalajara, the debt started a downward path reaching a value of 41 million Euros by the end of 2021, a reduction of 15.3% compared to 2020.

As regards working capital, the effort and commitment of Luís Simões was maintained in seeking to reduce the average receivables which tend to be somewhat high in the sector where it carries out its activities.

4. OUTLOOK FOR 2022

For 2022, the Portuguese and world economy is expected to continue to grow, following the expected resolution of the Covid-19 pandemic through the vaccination process and group immunity, even though it is expected that we will have to continue to live with this virus.

However, despite the optimistic expectations, we view with concern the effects that may result from the conflict between Russia and Ukraine, the escalating prices of energy factors, the effects of the drought in Portugal and Spain, the upward trend in inflation and the foreseeable rise in interest rates in Europe, bearing in mind that in the USA they have already begun to increase to curb price increases.

4.1. TRANSPORT AND LOGISTICS ACTIVITIES:

Main initiatives to be highlighted for 2022:

- Consolidation and reduction of the average collection period with customers through new agreements and detailed follow-up of current conditions with customers;
- The main focus for 2022 will be to increase turnover and profit by improving the profitability of current operations and winning new business and new operations with current customers. The level of customer service will continue to be the fundamental pillar on which this growth is based;
- Maintenance of the profitability of logistics operations, through the efficient use of resources, as well as the improvement of the implemented processes. Continued commitment to the level of customer service;
- Introduction of new operations with Gigaliners in the national and Iberian distribution activity, making routes more efficient and profitable;
- Focus on growth in the Iberian transport operation;
- Consolidation of centralised management of the operation of the Iberian interregional corridor;

- Implementation of centralised management of the operation of the ES interregional corridor;
- Growth of the industrial groupage business; and
- Growth of the Guadalajara LOC welcoming new businesses and activities. The objective will be to increase productivity, optimise the cost structure, improve processes, and increase the level of customer service. Continue to welcome important FMCG clients, establishing long-term relationships that ensure a high level of occupancy in all facilities.
- Cost control will be a key pillar for the year 2022, in a context where the price of raw materials, electricity, and fuel have grown exponentially.

4.2. CUSTOMS LOGISTICS ACTIVITY

Main initiatives to be highlighted for 2022:

- Brexit will continue to influence sales in a positive way, highlighting an important new customer;
- Continued improvement of internal processes in the digital component to improve interactivity with customers;
- Requalification of HR to maintain knowledge and experience in the business;
- Concern about the evolution of the Far East market (shipping prices); and

4.3. LEASING, SALE AND MAINTENANCE ACTIVITIES OF HEAVY-DUTY VEHICLES

Initiatives to be highlighted for 2022:

- Continue to materialise the strategy as a reinforcement of our position in our preferred markets, where we are leaders or have a relevant position, or in markets where we have recently entered, such as the bus and parts segment, and to enter new market segments and attract new types of customers, with the double objective of recovering sales and improving results;
- Be attentive to technological innovations and developments, in order to adapt to market demands in a timely manner;
- Continue to innovate and format products and services that meet customer needs;
- Continue to be attentive to opportunities that arise, with the objective of increasing business and value for the organisation; and
- Continually invest in human resources, both through training and by reinforcing the operational and business support team, which is indispensable for the expected growth of the organisation.

4.4. INSURANCE MEDITATION ACTIVITIES

In 2022, a growth of 5% to 8% in commissions is expected as a result of the commercial activity carried out, despite the uncertainty caused by the constraints mentioned above. This growth will have a very positive impact on the operational result of this activity.

The Group will also continue to invest in its network of agents, considered strategic for the development and growth of its activity, through the usual technical support and by providing the network with technological means to manage its portfolios.

4.5. REAL ESTATE ACTIVITY

Initiatives to be highlighted for 2022:

- Continue to develop support work for the various Group companies, with regard to new facilities for developing activities in the regions where they are located;
- Active participation in the Detailed Plan of the Azambuja Urban Front that allows the development of projects planned for the site;
- Development of maintenance management in owned and rented centres through an IT tool;
- Auditing and inspecting facilities/spaces for developing the activities of the Group's companies.

4.6. CORPORATE SUPPORT ACTIVITIES

Initiatives to be highlighted for 2022:

- Continued investment in innovation and digitalisation projects that add value to our customers and help us improve processes internally to continue to improve profitability. These are cross-cutting projects that will have a direct impact on all the Group's businesses.
- Implementation of the digitalisation strategy (paperless process) for the main processes;
- Continue to optimise processes related to the new Treasury Management software; and
- "Go live" of the new Financial ERP.

5. RISK MANAGEMENT POLICY

Within the scope of the strategy plan of the companies of the Luís Simões Group, and considering the good national and international practices, the Compliance and Risk Management area is responsible for fulfilling the Risk Management Policy of Luís Simões that establishes a specific methodology ensuring that the risks LS faces are known and assessed and determines the need for an adequate response to those risks.

In 2021, we highlight the positive measures implemented in order to: a) Mitigate the risk of the existence of conflicts of interest in the outsourcing of Transport services, having implemented a process of Digitalisation of Relationships with Eventual Carriers, with a view to systematising the process of allocating loads to carriers according to some defined criteria; b) Mitigate the risk of undue debits to Carriers, through the approval and implementation of a procedure that defines the rules of action when the civil liability of a Process for the Loss of Goods is attributed to a Carrier outsourced by LS; c) Mitigate the risk of LS' strong dependency in terms of outsourced services to third parties, whether in compliance with legislative requirements or due to possible impacts on LS' image, with the Corporate Purchasing area of LS having strengthened the rules for the LS Purchasing process; d) Ensure that there are no awards to third parties outside approved internal processes; and e) Mitigate the risk of undue access to LS' applications and systems by defining and controlling different functional profiles.

In 2021, the risk inherent to the constant legislative changes was controlled, as proven by the results obtained in the Legal Compliance Audits. To maintain the supervision of this risk, the LS Group relies on the collaboration of an external partnership which provides alerts about legislative changes with an impact on the support and business areas and the various geographic locations where they operate.

In 2021, it is also important to highlight the audit carried out on the Customer debit process in the Logistics and Transport areas, which allowed us to update our knowledge on the state of the process, identify the potential associated risks, and strengthen the controls needed to keep the process under control.

The management of financial risks, including credit, interest rate and treasury risks, is the responsibility of the Corporate Finance Department, which maintains action plans to mitigate them. The Compliance and Risk Management Department monitors the effectiveness of the implemented actions and additionally prepares and submits to the Board of Directors a semi-annual report including:

- a) The status of implementation of the annual Compliance Programme, which includes all relevant risk mitigation initiatives;
- b) The result of the Internal Process Audits, which aim to verify the conformity of the processes and the effectiveness of the controls; and
- c) Compliance Incidents, which include points where processes and controls failed, and an incident occurred contrary to the interests of LS.

6. SOCIAL ENTITIES

Board of directors

José Luís Soares Simões	Chairman / Delegated administrator
Leonel Fernando Soares Simões	Member of the board of directors
Jorge Manuel Soares Simões	Member of the board of directors
Fernanda Maria Oliveira Simões	Member of the board of directors
Daniela Alexandra Lopes Simões	Member of the board of directors
Rui Miguel Marcos Simões	Member of the board of directors
Miguel Roquette Rocha Martins	Member of the board of directors

General Meeting Board

Clara Maria Campos Monteiro Ribeiro	Chairman
Isabel Maria Blazquez Pereira Silva	Office Clerk

Fiscal Único

Deloitte & Associados, SROC S.A.	Effetive
João Carlos Henriques Gomes Ferreira	Alternate

Moninhos, March 31, 2022

Company's Board of Directors:	Signature
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member of the board of directors	
Jorge Manuel Soares Simões - Member of the board of directors	
Fernanda Maria Oliveira Simões - Member of the board of directors	
Daniela Alexandra Lopes Simões - Member of the board of directors	
Rui Miguel Marcos Simões - Member of the board of directors	
Miguel Roquette Rocha Martins - Member of the board of directors	

FINANCIAL STATEMENTS

BALANCE SHEETS

LS-LUÍS SIMÕES, SGPS, S.A. (CONSOLIDATED)

CONSOLIDATED BALANCE SHEETS ON DECEMBER 31 OF 2021 AND 2020

ITEMS	NOTES	DATES	
		31/12/2021	31/12/2020
ASSET:			
NON-CURRENT ASSETS			
Tangible fixed assets	8	82.503.534,59	84.968.064,93
Investment properties	10	1.015.466,35	1.182.488,67
Intangible assets	7	2.133.375,66	3.145.375,90
Other financial Investments	18.1	737.584,58	194.470,29
Receivable Credits	18.1	7.030.239,64	6.913.604,10
Assets by deferred taxes	17	2.267.017,95	2.567.822,86
		95.687.218,77	98.971.826,75
CURRENT ASSETS			
Inventories	11	1.884.485,33	1.209.096,19
Customers	18.1	52.662.591,84	54.321.112,49
State & Other public entities	21.4	1.391.672,20	1.121.325,46
Other receivable Credits	18.1	4.180.490,19	3.226.382,90
Deferrals	21.1	1.425.840,53	1.487.707,53
Cash and Bank deposits	4 e 18.1	3.000.823,57	12.685.465,92
		64.545.903,66	74.051.090,49
Total assets		160.233.122,43	173.022.917,24
EQUITY AND LIABILITIES			
EQUITY CAPITAL			
Subscribed Capital	18.4	30.000.000,00	30.000.000,00
Legal reserve	21.2	638.059,75	325.925,59
Other reserves	21.2	4.110.692,37	4.107.530,46
Retained earnings	21.2	8.842.083,90	4.094.378,17
Ajustments / other variations in equity capital	21.2	3.804.906,04	3.877.968,29
		47.395.742,06	42.405.802,51
Net income for the period		4.480.086,49	6.245.845,00
Non-controlling Interests	21.3	306.219,49	206.851,27
Total equity capital		52.182.048,04	48.858.498,78
LIABILITY:			
NON-CURRENT LIABILITY			
Provisions	13	448.939,51	715.161,83
Obtained financing	18.2	37.024.219,31	50.729.798,64
Liability by deferred taxes	17	2.213.219,91	2.356.389,03
Other payable debts	18.2	7.944.934,69	7.560.807,11
		47.631.313,42	61.362.156,61
CURRENT LIABILITIES			
Suppliers	18.2	32.603.034,45	29.291.696,96
State & Other public entities	21.4	4.148.261,02	5.536.411,52
Obtained financing	18.2	6.988.858,05	10.209.888,41
Other payable debts	18.2	16.270.698,11	17.222.438,98
Deferrals	21.1	408.909,34	541.825,98
		60.419.760,97	62.802.261,85
TOTAL LIABILITY		108.051.074,39	124.164.418,46
Total of equity capital and liability		160.233.122,43	173.022.917,24

The attachment is an integral part of the consolidated financial statements

Certified accountant:	Signature
Vítor José Caetano de Sousa	
Company's Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member of the board of directors	
Jorge Manuel Soares Simões - Member of the board of directors	
Fernanda Maria Oliveira Simões - Member of the board of directors	
Daniela Alexandra Lopes Simões - Member of the board of directors	
Rui Miguel Marcos Simões - Member of the board of directors	
Miguel Roquette Rocha Martins - Member of the board of directors	

CONSOLIDATED INCOME STATEMENTS BY NATURE

LS-LUÍS SIMÕES, SGPS, S.A. (CONSOLIDATED)

CONSOLIDATED INCOME STATEMENTS BY NATURE

PERIODS ENDED DECEMBER 31, 2021 AND 2020

ITEMS	NOTES	PERIODS	
		2021	2020
Sales and Services rendered	12	241.826.146,13	226.438.304,61
Operating Subsidies granted	14	250.044,57	405.610,39
Work capitalised for the entity itself	21.5	116.647,67	304.364,84
Cost of solded goods and consumed materials	11	(8.418.717,05)	(6.555.714,81)
Supplies and external services	21.6	(152.167.837,26)	(142.246.486,72)
Human resources / Staff Costs	19	(67.098.277,75)	(64.533.662,13)
Inventory impairment (losses / reversals)	11	(103.308,99)	(57.489,90)
Impairment of receivable debts (losses / reversals)	18.1	82.668,96	(314.950,14)
Provisions (increases / reductions)	13	(17.904,17)	(322.859,94)
Other income	21.7	4.610.005,77	7.690.075,52
Other costs	21.8	(1.702.142,46)	(2.177.347,35)
Earnings before depreciations, financing costs and taxes		17.377.325,42	18.629.844,37
Spending / Depreciations and amortization reversals	21.9	(10.203.330,88)	(9.469.686,96)
Impairment of depreciable / amortisable investments (losses / reversals)	10	(92.865,22)	1.608,80
Operational Income (before financial expenses and taxes)		7.081.129,32	9.161.766,21
Interest and similar expenses incurred	21.10	(1.108.279,58)	(885.493,82)
Net income for the period		5.972.849,74	8.276.272,39
Tax over the period's income	17	(1.345.882,92)	(1.935.403,17)
Net income for the period		4.626.966,82	6.340.869,22
Net income for the period attributable to:			
Capital holders of the mother's company		4.480.086,49	6.245.845,00
Non-controlling interests	21.3	146.880,33	95.024,22
Earnings per consolidated basic share	21.12	0,75	1,04

The attachment is an integral part of the consolidated financial statements

Certified accountant:	Signature
Vítor José Caetano de Sousa	
Company's Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member of the board of directors	
Jorge Manuel Soares Simões - Member of the board of directors	
Fernanda Maria Oliveira Simões - Member of the board of directors	
Daniela Alexandra Lopes Simões - Member of the board of directors	
Rui Miguel Marcos Simões - Member of the board of directors	
Miguel Roquette Rocha Martins - Member of the board of directors	

CONSOLIDATED STATEMENTS OF CASH FLOWS

LS-LUIS SIMÕES, SGPS, S.A. (Consolidated)

CONSOLIDATED CASH FLOW STATEMENTS

PERÍODS ENDED DECEMBER 31, 2021 AND 2020

ITEMS	NOTES	Periods	
		2021	2020
<u>Cash flows of operational activities</u>			
Receipts from customers		295.975.504,05	290.749.504,83
Payments to suppliers		(197.983.748,89)	(186.157.172,41)
Payments to staff		(42.338.998,80)	(40.052.654,88)
Cash generated by operations		55.652.756,36	64.539.677,54
Payments / Receipts of income tax		(3.124.095,42)	(400.264,18)
Other Payments / Receipts		(39.304.805,86)	(41.711.933,76)
Cash flow generated by operational activities (1)		13.223.855,08	22.427.479,60
<u>Cash flows of investment activities</u>			
Payments relating to:			
Tangible fixed assets		(7.508.062,44)	(10.994.585,80)
Intangible assets		(228.861,81)	(30.077,13)
Financial investments	18.1	(500.000,00)	-
Receipts from:			
Tangible fixed assets		4.832.416,54	8.597.993,38
Financial investments		7.562,83	18.115,50
Investments granted		70.500,00	-
Cash flows from investment activities (2)		(3.326.444,88)	(2.408.554,05)
<u>Cash flows from financing activities</u>			
Receipts relating to:			
Financing obtained		980.000,00	20.016.320,96
Payments relating to:			
Financing obtained		(18.063.648,42)	(26.535.910,83)
Interest and similar expenses		(1.281.502,20)	(1.618.069,76)
Dividends	21.2	(1.217.051,93)	(82.276,26)
Cash flows from financing activities (3)		(19.582.202,55)	(8.219.935,89)
Variation in cash and cash equivalents (1)+(2)+(3)			
		(9.684.792,35)	11.798.989,66
Cash and cash equivalents at the beginning of the period	4	12.685.465,92	886.476,26
Cash and cash equivalents at the end of the period	4	3.000.673,57	12.685.465,92

The attachment is an integral part of the consolidated financial statements

Certified accountant:	Signature
Vítor José Caetano de Sousa	
Company's Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member of the board of directors	
Jorge Manuel Soares Simões - Member of the board of directors	
Fernanda Maria Oliveira Simões - Member of the board of directors	
Daniela Alexandra Lopes Simões - Member of the board of directors	
Rui Miguel Marcos Simões - Member of the board of directors	
Miguel Roquette Rocha Martins - Member of the board of directors	

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CAPITAL

LS-LUIS SIMÕES SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY CAPITAL

IN THE FINANCIAL YEAR OF 2020

Euros

	Notes	Equity attributable to equity holders of the mother company						Total	Non-controlling Interests	Total of Equity Capital
		Subscribed Capital	Legal Reserve	Other reserves	Transited results	Adjustments in financial assets	Net income for the period			
Position at the beginning of the 2020 period		30.000.000,00	325.925,59	4.104.368,57	5.549.682,05	3.877.968,29	(1.452.141,99)	42.405.802,51	226.099,63	42.631.902,14
Changes in the period:										
Other changes recognized in equity capital:										
Results application										
Transfer to Reserves and Retained Earnings	21.2	-	-	3.161,89	(1.455.303,88)	-	1.452.141,99	-	-	-
Dividend Distribution	21.2	-	-	-	-	-	-	-	(114.272,58)	(114.272,58)
		<u>30.000.000,00</u>	<u>325.925,59</u>	<u>4.107.530,46</u>	<u>4.094.378,17</u>	<u>3.877.968,29</u>	<u>-</u>	<u>42.405.802,51</u>	<u>111.827,05</u>	<u>42.517.629,56</u>
Net Income of the period							6.245.845,00	6.245.845,00	95.024,22	6.340.869,22
Integral result							<u>6.245.845,00</u>	<u>6.245.845,00</u>	<u>95.024,22</u>	<u>6.340.869,22</u>
Position at the end of the 2020 period		<u>30.000.000,00</u>	<u>325.925,59</u>	<u>4.107.530,46</u>	<u>4.094.378,17</u>	<u>3.877.968,29</u>	<u>6.245.845,00</u>	<u>48.651.647,51</u>	<u>206.851,27</u>	<u>48.858.498,78</u>

LS-LUIS SIMÕES SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY CAPITAL

IN THE FINANCIAL YEAR OF 2021

Euros

	Nota	Equity attributable to equity holders of the mother company						Non-controlling Interests	Total of Equity Capital	
		Subscribed Capital	Legal Reserve	Other reserves	Transited results	Adjustments in financial assets	Net income for the period			Total
Position at the beginning of the 2021 period		30.000.000,00	325.925,59	4.107.530,46	4.094.378,17	3.877.968,29	6.245.845,00	48.651.647,51	206.851,27	48.858.498,78
Changes in the period:										
Other changes recognized in equity capital:										
Results application										
Transferência para Reservas e Resultados transitados	21.2	-	312.134,16	3.161,91	4.747.705,73	-	(5.063.001,80)	-	-	-
Transfer to Reserves and Retained Earnings	21.2	-	-	-	-	-	(1.182.843,20)	(1.182.843,20)	(47.512,11)	(1.230.355,31)
Dividend Distribution		-	-	-	-	(73.062,25)	-	(73.062,25)	-	(73.062,25)
		<u>30.000.000,00</u>	<u>638.059,75</u>	<u>4.110.692,37</u>	<u>8.842.083,90</u>	<u>3.804.906,04</u>	<u>-</u>	<u>47.395.742,06</u>	<u>159.339,16</u>	<u>47.555.081,22</u>
Net Income of the period							4.480.086,49	4.480.086,49	146.880,33	4.626.966,82
Integral result							<u>4.480.086,49</u>	<u>4.480.086,49</u>	<u>146.880,33</u>	<u>4.626.966,82</u>
Position at the end of the 2021 period		<u>30.000.000,00</u>	<u>638.059,75</u>	<u>4.110.692,37</u>	<u>8.842.083,90</u>	<u>3.804.906,04</u>	<u>4.480.086,49</u>	<u>51.875.828,55</u>	<u>306.219,49</u>	<u>52.182.048,04</u>

The attachment is an integral part of the consolidated financial statements.

Certified accountant:	Signature
Vitor José Caetano de Sousa	
Company's Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member of the board of directors	
Jorge Manuel Soares Simões - Member of the board of directors	
Fernanda Maria Oliveira Simões - Member of the board of directors	
Daniela Alexandra Lopes Simões - Member of the board of directors	
Rui Miguel Marcos Simões - Member of the board of directors	
Miguel Roquette Rocha Martins - Member of the board of directors	

ANNEX

(Amounts in Euros)

1. ENTITY IDENTIFICATION

The Luis Simões Group (“Group”) is composed of LS - Luis Simões, SGPS, S.A., and its subsidiaries (Nota 6.1).

LS - Luis Simões, SGPS, S.A. (“Company”), a anonymous society company with head office in Moninhos, Loures, was constituted on 5 August 1996 and its social object is the management of shareholdings in other companies, as an indirect form of exercising economic activities.

The Company’s head office is in Rua Fernando Namora, in Moninhos, municipality of Loures.

The Group operates in the following business areas:

- 1- The activity of carriage of goods by road, which represents about 37% of the Group’s turnover, leads the market of national carriage and the road flow market in Iberian Peninsula.
- 2- The logistics activity, which represents about 57% of the Group’s turnover, leads in the Logistics and Distribution of consumer products in Portugal, providing integrated transport, storage, order preparation, control of inventories and distribution services, apart from other value added services. In Spain, this activity is also specialised in the Logistics and Distribution of consumer products.
- 3- The other activities representing about 6% of the overall turnover of the Group fulfil two crucial goals: to support the main activities of the Group and to carry out autonomous businesses in its specific markets.

The Mother-company is designated LS - Luís Simões, SGPS, S.A..

The company is held by the entities described in the following table:

Shareholders	Nº Shares held	% Voting rights	% shareholding
Leonel Simões & Filhas, SGPS,S.A.	1.999.700	33,33%	33,33%
Varanda do Vale, SGPS, S.A.	1.999.700	33,33%	33,33%
Mira Serra, SGPS, S.A.	1.999.700	33,33%	33,33%
José Luís Simões	300	0,01%	0,01%
Leonel Fernando Simões	300	0,01%	0,01%
Jorge Manuel Simões	300	0,01%	0,01%
	6.000.000	100,00%	100,00%

These consolidated financial statements were approved by the Board of Directors at the meeting of 31 March 2022. The Board of Directors believes that these financial statements truthfully and appropriately reflect the Group's operations, as well as its consolidated financial position, financial performance and cash-flows.

These consolidated financial statements shall be submitted to approval at the General Meeting of Shareholders.

2. ACCOUNTING REFERENCES FOR FINANCIAL STATEMENTS PREPARATION

2.1. PREPARATION BASE

These consolidated financial statements were prepared according to the Accounting and Financial Reporting Standards (Accounting and Financial Reporting Standards - "NCRF") in force at the present date.

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

Even though these estimates are based on the Board of Directors' best experience and on its best estimates regarding the events and current and future actions, the current and future results may be different from those estimates. The areas involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant to the financial statements are presented in Note 3.22.

The Board of Directors assessed the capacity of the Group as regards operating continuously, based on all relevant information, facts, and circumstances of financial, commercial, or other nature, including events after the date of reference of financial statements, available on the future. As a result of the assessment made, the Management concluded that the Group has appropriate resources to keep business and has no intention to cease them in the short term, wherefore it found the going concern assumption behind the preparation the consolidated financial statements to be appropriate.

3. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the attached consolidated financial statements are described below. These policies were consistently applied to all financial years presented, unless otherwise indicated.

3.1. BASIS OF CONSOLIDATION

The company composition of the Group comprises the subsidiaries described in Note 6.

In accordance with article 6 of Decree-Law no. 158/2009, of 15 July, republished by Decree-Law no. 98/2105 of 2 July, which approved the SNC (Sistema de Normalização Contabilística - SNC), the Company presents consolidated accounts of the Group which is composed of the company itself and all the subsidiaries in which:

- Regardless of whoever holds the share capital, one the following situations takes place:
 - It can exercise, or it exercises, dominant influence or control; and
 - It performs the management duties as if the two would be one single entity.
- If it holds share capital:
 - It has the majority of the voting rights, except if it is proven that those rights do not grant control;
 - It is entitled to appoint or remove the majority of the persons holding positions of management in an entity with powers for managing the financial and operating policies of that entity;
 - It exercises a dominant influence over an entity, on account of a contract entered into with said entity or of another clause of the memorandum of association of said entity;
 - It holds at least 20% of the voting rights and the majority of the holders of the managing bodies of an entity, with powers for managing the financial and operating policies of that entity, who were in office during the financial year to which the consolidated financial statements report as well as in the previous financial year and up to the moment in which said statements were produced, have been exclusively appointed as a result of the exercise of their voting rights; and
 - It has, on its own or on account of agreement entered into with other holders of this entity's share capital, the majority of the voting rights of the holders of the entity's share capital.

The existence and the effect of the potential voting rights which are currently exercisable or convertible are taken into consideration at the assessment of whether or not there is control.

The subsidiaries are consolidated using the full consolidation method from the date on which the control is transferred to the Group, being excluded from the consolidation from the date on which the control ends.

The purchase method is used for recording the acquisition of the subsidiaries. The cost of an acquisition is measured at the fair value of the goods delivered, the equity instruments issued and the liabilities incurred, or assumed on the date of the acquisition, plus costs directly attributable to the acquisition.

The surplus of the acquisition cost over the fair value of the part of the Group of acquired identifiable Assets and Liabilities is recognised as Goodwill.

If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiaries, the difference is directly recognised in the consolidated income statement in the financial year in which it's ascertained.

In the consolidation process, the transactions, the balance sheets and the unrealised gains in intragroup transactions and dividends distributed among group companies are eliminated. The unrealised losses are also eliminated, unless the transaction shows evidence of the existence of impairment in the transferred assets not yet disposed of.

The accounting policies used by the Subsidiaries in the preparation of their individual financial statements were altered, whenever necessary, so as to ensure consistency with the policies adopted by the Group.

The provisions of NCRF 25 – Income Tax were applied to the temporary differences resulting from the elimination of the results arising from the intragroup transactions.

The Equity Capital and the Net Income of the Subsidiaries which are held by third parties unrelated to the Group are presented in the Non-controlling interests headings in the Consolidated balance sheet (autonomously within the Equity Capital) and in the Consolidated Income Statement, respectively.

3.2. CURRENCY CONVERSION

The financial statements of the Group and respective notes in this Attachment are presented in Euros, the Group's functional currency, unless explicitly stated otherwise.

3.3. TANGIBLE FIXED ASSETS

The tangible fixed assets are valued at cost or at deemed cost (for assets acquired prior to the date of transition to the NCRFs), minus depreciation accumulated and possible impairment losses.

The acquisition cost includes the price of purchase of the asset, the expenses directly attributable to its acquisition and the charges supported with the preparation of the asset so that it can be used.

The costs with replacements and major repairs are capitalised whenever they increase the useful life of the fixed asset they concern and are amortised in the remaining period of that fixed asset's useful life or in their own useful life period, if lower.

The maintenance and repair expenses (subsequence expenditure) which are not liable to generate future economic benefits are recorded as costs in the period in which they incur.

The costs to be supported with the decommissioning or removal of assets installed in third parties properties are considered part of the initial cost of the respective assets when they constitute significant amounts.

The depreciation rates in percentage resulting from the determination of the estimated useful lives for the tangible fixed assets are as follows:

Goods/Assets	2021	2020
	(%)	(%)
Buildings and other constructions	2,00 - 33,33	2,00 - 33,33
Basic equipment	5,00 - 33,33	5,00 - 33,33
Transport equipment	10,00 - 33,00	10,00 - 33,00
Administrative equipment	8,33 - 33,33	8,33 - 33,33
Other tangible fixed assets	10,00 - 33,00	10,00 - 33,00

Depreciations are calculated on a duodecimal base, after the moment in which the asset can be used, in accordance with the useful life estimated for each group of goods/assets.

The expenditure with depreciations is recognised in the income statement under the heading “Expenses/Reversals of Depreciation and Amortisation”.

Whenever there is indication of the loss in value of the tangible fixed assets, impairment tests are carried out in order to estimate the recoverable value of the asset and, where necessary, record an impairment loss. The recoverable value is determined as the highest of the net price of the sale and the value in use of the asset, the latter being calculated based on the current value of the estimated future cash-flows, resulting from the ongoing use and the disposal of the asset at the end of its useful life.

The useful lives of the assets are revised at each financial reporting period so that the depreciations practised are in compliance with the consumption patterns of the assets. Changes to the useful lives are handled as a change of accounting estimate and are prospectively applied, affecting the income for the period.

The gain (or loss) resulting from the disposal or write-off of a tangible fixed asset is determined as the difference between the proceeds from the transaction and the book value of the asset, that gain (or loss) being recognised under income in the year in which the disposal takes place.

The tangible fixed assets in progress concern goods/assets which are still under construction or development and are measured at acquisition cost, and are only depreciated when they become available for use.

3.4. LEASES/RENTALS

The financial leases/rentals are capitalised at the start of the lease by the least of the fair value of the leased asset and the present value of the minimum lease payments, each one determined at the starting date of the contract. The debt resulting from a financial lease contract is recorded net of financial charges under the “Financing/Loans obtained” heading. The financial charges included in the lease payment and the depreciation of the leased assets is recognised in the income statement for the period they concern, under the interest and similar expenses incurred heading.

The tangible fixed assets acquired through financial leases are depreciated by the least of the asset’s useful life period and the lease period (when the Group has no sales option at the end of the contract) or by the estimated useful life period when the Group intends to acquire the assets at the end of the contract.

In those leases considered operating leases, lease payments owed are recognised as a cost in the income statement on a linear basis during the period of lease.

3.5. INVESTMENT PROPERTIES

Investment properties are real estate properties (land, buildings or parts of buildings) held with the purpose of appreciation of capital, obtaining rents or both. The investment properties were valued at cost or at deemed cost (corresponding to the fair value at the date of transition to the SNC), minus accumulated depreciations and impairment losses.

The determination of useful lives of investment properties, as well as the depreciation method to be applied is essential to determine the amount of depreciation to be recognised in the income statement of each year.

These two parameters are defined according to the Board’s best judgement regarding the assets in question, taking into consideration, where possible, the practices adopted by companies in the sector.

The calculation of the fair value of investment properties is made in accordance with the nature of each asset. In determining the fair value, the highest between the sale value and the value in use of the asset was considered, corresponding to the Board of Directors’ best estimate for those assets.

The fair value of the other land and financial years is determined based on assessments made by external assessors, taking into account the conditions of their use or their best use, according to whether or not such land are leased.

3.6. INTANGIBLE ASSETS

Initial recognition

The cost of the intangible assets acquired separately essentially reflects the expected future economic benefits and envisages:

- The price of purchase, including costs with intellectual rights and non-refundable purchase taxes, after deduction of commercial discounts and rebates; and
- Any cost directly attributable to the preparation of the asset, for its intended use.

The Group values its intangible assets, following their initial recognition, by the Cost Model, as defined by NCRF 6 - Intangible Assets, which established that an intangible asset must be carried by its cost deducted from the accumulated amortisation and any accumulated impairment losses.

The Group determines the useful life and the method of amortisation of the intangible assets based on the estimated consumption of the future economic benefits associated with the asset.

The intangible assets are amortised on a systematic basis from the date on which they become available for use, during the estimated useful life

Amortization expense is recognized in the income statement under the heading “Expenses/Reversals of Depreciation and Amortisation”.

The useful lives and the amortisation method of the various intangible assets are revised on an annual basis.

The effect of any change to these estimates is prospectively recognised in the consolidated income statement.

The depreciation rates resulting from the determination of the estimated useful lives for the intangible fixed assets are as follows:

Good/Asset	2021	2020
	(%)	(%)
Computer Software	16,66 - 33,33	16,66 - 33,33
Other Intangible Assets	10,00 - 20,00	10,00 - 20,00

3.7. IMPAIRMENT OF ASSETS

On each reporting date, a revision of the book values of the Group's assets is carried out in order to determine whether there is any indication that they might be impaired.

Whenever the book value of the asset or cash generating unit is higher than its recoverable amount, an impairment loss is recognised. The impairment loss is immediately recorded in the consolidated income statement under the "Impairment of depreciable/redeemable investments (losses/reversals)" heading, unless such loss sets off a revaluation surplus recorded in equity capital. In this case, said loss will be treated as a decrease in revaluation.

The recoverable amount is the highest value of the fair value of the asset minus the costs of sale and its value in use. For purposes of determining the existence of impairment, the assets are allocated at the lowest values for which there are identifiable separate cash-flows (cash generating units).

The non-financial assets other than goodwill, for which impairment losses have been recognised, are assessed on each reporting date regarding the possible reversal of impairment losses.

The reversal of impairment losses recognised in previous financial years is recorded when there is evidence that the impairment losses recognised no longer exist or decreased. The reversal of impairment losses is recognised in the income statement under the heading "Impairment of depreciable/amortizable investments (losses/reversals)". The reversal of impairment losses is undertaken up to the limit of the amount that would have been recognised (net of depreciation) if the loss had not been recorded.

When the recording or reversal of impairment takes place, the amortisation and depreciation of the assets are prospectively recalculated according to the recoverable value.

3.8. FINANCIAL HOLDINGS – OTHER METHODS

The Group uses the cost model for the initial recognition of financial holdings in entities in which the use of the equity equivalence method is not mandatory and in which there are no conditions for the use of the fair value, namely financial holdings in unlisted companies.

According to the cost model, the financial holdings are initially recognised at their acquisition cost, which includes transaction costs, their value subsequently being diminished by impairment losses, whenever these occur.

3.9. INCOME TAX

Income tax corresponds to the sum of current taxes and deferred taxes. Current taxes and deferred taxes are recorded in income, except when they are related to items directly recorded in equity CAPITAL. In these cases, the current tax and the deferred tax are also recorded in the equity capital.

Current tax: the current tax to be paid is based on the taxable profit of the financial year of the various entities included in the consolidation perimeter. The taxable profit differs from the accounting result, since it excludes several costs and earnings which are only deductible or taxable in other financial years. The taxable profit also excludes costs and earnings which will never be deductible or taxable.

Deferred taxes: the deferred taxes are referred to temporary differences between the amounts of the assets and liabilities for purposes of accounting reporting and the respective amounts for tax purposes.

The deferred tax assets and liabilities are measured using the tax rates expected to be in force as at the date of the reversal of the corresponding temporary differences, based on the tax rates (and tax legislation) that are formally and substantially issued on the reporting date.

The deferred tax assets are recognised according as future taxable profit is probable to be available for the use of the temporary difference. The deferred tax liabilities are recognised over all taxable temporary differences.

The deferred tax assets are revised on an annual basis and reduced whenever its use is no longer probable.

3.10. INVENTORIES

The inventories are recorded at acquisition cost, with the weighted average cost being adopted as the costing method for inventory outputs.

Whenever the net realisable value is lower than the acquisition or production cost, the inventories value is reduced through the recognition of an impairment loss, which is reverted when the causes that gave rise to it no longer exist.

To that effect, the net realisable value is the estimated price of sale during the regular course of the business activity minus the estimated costs of completion and costs necessary for carrying out the sale. The estimates take into account the variations related to events taken place after the end of the period insofar those events confirm the existence of conditions at the end of the period.

3.11. FINANCIAL ASSETS AND LIABILITIES

The Board of Directors determines the classification of the financial assets and liabilities on the date of the initial recognition, according to NCRD 27 - Financial instruments.

The financial assets and liabilities may be classified /measured:

- (a) At the amortised cost minus any impairment loss; or
- (b) At fair value with the changes in fair value being recognised in the income statement.

The Group classifies and measures at amortised cost the financial assets and liabilities:

- i) That, as regards time limit, are on demand or have a defined maturity;
- ii) The return of which is of a fixed amount, a fixed interest rate or a variable rate corresponding to a market reference rate; and
- iii) That have no contract clause that might give rise to the loss of the nominal value and of the accumulated interest (in the case of assets) or change to the responsibility for the reimbursement of the nominal value and the accumulated interest payable (in the case of liabilities).

For assets and liabilities recorded at amortised cost, the interest to be recognised in each period is determined in accordance with the effective interest rate method, which corresponds to the rate that thoroughly discounts the receipts and future cash payments estimated during the expected lifetime of the financial instrument.

The following is recorded at amortised cost:

- i) the financial assets constituting loans granted, accounts receivable (clients, other debtors, etc.) and equity capital instruments, as well as any other derivative contracts associated that are not traded in an active market or whose fair value may not be reliably determined and
- ii) The financial liabilities constituting loans obtained, accounts payable (suppliers, other creditors, etc.) and equity capital instruments, as well as any other derivative contracts associated that are not traded in an active market or whose fair value may not be reliably determined.

The Group classifies and measures at fair value those financial assets that do not meet the conditions to be measured at amortized cost, as established above. The financial assets constituting equity capital instruments listed in an active market, the derivative contracts and the financial assets held for trading are also recorded

at fair value. The variations in fair value are recorded in profit and loss for the financial year, except with regards to derivative financial instruments which are qualified as a cash flow hedging relationship.

The Group, on each date of financial report, assesses the existence of indication of loss in value for financial assets which are not measured at fair value through the results of profit and loss. If there is objective evidence of impairment, the Group recognises an impairment loss in the income statement.

The financial assets are derecognised when the right to receive the currency flows originated by those investments expires or is transferred, as well as all risks and benefits associated with their ownership. An entity must derecognise a financial liability (or part of a financial liability) only when such liability ceases to exist, i.e., when the obligation established in the contract is settled, cancelled or expires.

3.12. CASH AND CASH EQUIVALENTS

The amounts included under the cash and bank deposits heading correspond to the amounts of bank deposits which mature in less than three months, and which can be immediately mobilised with insignificant risk of change in value.

For the purposes of the cash flow statement, the item "Cash and cash equivalents" includes, in addition to "Cash and bank deposits", any bank overdrafts included in the item "Loans obtained" on the Balance Sheet.

3.13. FINANCING OBTAINED

The loans obtained are initially recognised at fair value, net of transaction costs and assembly incurred. The loans are subsequently presented at amortised cost, with the difference between the nominal value and the initial fair value being recognised in the consolidated income statement throughout the period of the loan, using the effective interest rate method.

The loans obtained are classified under current liabilities, except if the Group has the unconditional right of deferring payment of the liability for at least 12 months from the date of the balance sheet, in which case they are classified under non-current liabilities.

The costs with interest concerning loans obtained are recorded under the financing costs and losses in results of profit and loss for the financial year heading, with the exception of interest on financing related to investments in existing tangible fixed assets which are capitalized during the construction period.

3.14. GRANT OF GOVERNMENT SUBSIDIES

Government grants are only recognised when there is a reasonable certainty that the Group will meet the conditions for the award of said grants and that these grants will be received.

The Government grants associated with the acquisition or production of non-current assets (Investment Subsidies) are initially recognised in equity capital, deducted from the associated deferred tax liability, and are subsequently allocated on a systematic basis (in proportion to the amortisations of the underlying assets) as income for the financial year during the useful lives of the assets to which they are related.

Other Government grants (Operating Subsidies) are generally recognised as income, on a systematic basis, during the periods necessary to balance them against the costs which they are supposed to offset. Government grants which are intended to offset losses already incurred in or which do not have future costs associated are recognised as income for the period in which they become receivable.

The Government grants in the form of award of reimbursable financing at preferential rate must be discounted on the date of the initial recognition, with the value of the discount constituting the value of the grant to be amortised during the financing period.

3.15. PROVISIONS

Provisions are only recognised when the Group has a current obligation (legal or constructive) resulting from a past event, and it is likely than not that for the liquidation of said obligation there is an outflow of resources and the amount of the obligation can be reasonably estimated.

The recognised amount of the provisions consists of the present value of the best estimate, on the reporting date, of the resources necessary to liquidate the obligation. Said estimate is determined taking into account the risks and uncertainties associated to the obligation that are known and assessed by the Management as at the reporting date.

3.16. ACCRUALS ACCOUNTING PRINCIPLES / EXERCISE SPECIALIZATION

The costs and income are recorded in the period to which they refer, regardless of their payment or receipt, in accordance with the accounting accruals principle. The differences between the amounts received and paid and the corresponding revenues and costs are recognised as assets or liabilities, if they qualify as such, under the Balance Sheet headings “Other credits receivable”, “Other debts payable” and “Deferrals”.

3.17. REVENUE

The revenue is measured by the fair value of the counter benefit received or receivable. The revenue to be recognised is deducted from the estimated amount of returns, discounts and other rebates. The recognised revenue does not include VAT and other settled taxes related to the sale.

The revenue resulting from the sale of goods is recognised when all the following requirements are met:

- All significant risks and advantages of the ownership of the goods were transferred to the buyer;
- The Group holds no control over the goods sold;
- The amount of the revenue can be measured reliably;
- It is likely that the Group will receive future economic benefits associated with the transaction;
- The costs incurred or to be incurred with the transaction may be reliably measured.

The revenue arising from the provision of services is recognised with reference to the completion stage of the transaction as at the reporting date, provided that all of the following conditions are met:

- The amount of revenue can be reliably measured;
- It is likely that the Group will receive future economic benefits associated with the transaction;
- The costs incurred or to be incurred with the transaction can be reliably measured;
- The completion stage of the transaction as at the reporting date can be reliably measured.

3.18. FINANCIAL CHARGES WITH OBTAINED LOANS

Financial charges related to obtained loans are generally recognised as costs as they are incurred under the “Interest and similar expenses incurred” heading of the Income Statement, or are capitalized in the Balance Sheet’s in the “Tangible fixed assets” heading when they refer to financing related to investments in tangible fixed assets.

3.19. CONTINGENT ASSETS AND LIABILITIES

A contingent asset is a possible asset arising from past events and the existence of which will only be confirmed by the occurrence, or lack thereof, of one or more uncertain future events which are not fully under the control of the entity.

The contingent assets are not recognised in the financial statements so as not to result in the recognition of income that may never be realised. However, they are disclosed when the existence of a future influx is probable.

A contingent liability is:

- A possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence, or lack thereof, of one or more uncertain future events which are not fully under the control of the entity;

or

- A present obligation which results from past events but which is not recognised since:
 - It is not probable that an outflow of resources is required for settling the obligation; and
 - The amount of the obligation may not be measured with sufficient reliability.

The contingent liabilities are not recognised in the financial statements so as not to result in the recognition of costs that may never become effective. However, they are disclosed whenever there is a non-remote probability of future outflows.

3.20. EQUITY CAPITAL

The ordinary shares are classified in equity capital. The costs directly attributable to the issue of new shares or options are presented in equity capital as a deduction, net of taxes, from the amount issued.

Own shares acquired through contract are recognised in equity capital, under a heading of its own. According to the Portuguese Commercial Companies Code, the Company must at all times guarantee the existence of reserves in equity capital for hedging the value of own shares, thus limiting the value of the reserves available for distribution.

Own shares are recorded at acquisition cost, in the case of spot purchase, or at the estimated fair value, in the case of deferred purchase.

The distribution of dividends to shareholders is recognised as a liability, against a reduction in equity on the date the resolution is approved by said shareholders.

3.21. ENVIRONMENTAL MATTERS

The provisions are only recognised for environmental matters when the Group has a legal or constructive obligation, as a result of past events, regarding which it is probable that an outflow of resources becomes necessary for liquidating such obligation and a reliable estimate of the amount of that obligation can be made.

The Group incurs in costs of an environmental nature which, depending on their characteristics, are being capitalised or recognised as a cost in the operating result for the period.

Therefore, the costs with equipment and operating techniques that ensure that the applicable legislation and regulations are complied with, as well as the reduction of environmental impacts to levels which do not surpass those corresponding to a viable application of the best technologies available regarding the minimisation of energy consumption, of atmospheric emissions and of waste production and noise generation, are capitalised when they are intended to serve, on the long term, the Group's activity and relate to future economic benefits. This makes it possible to extend the useful life, increase the capacity or improve the safety or efficiency of other assets held by the Group.

3.22. MAIN ESTIMATES AND PRESENTED JUDGMENTS

The estimates and judgments with impact on the consolidated financial statements of the Luís Simões Group are continuously assessed and represent, on each reporting date, the Board's estimate, taking into account the historic performance, the accumulated experience and the expectations regarding future events which, under the circumstances in question, are believed to be reasonable.

The intrinsic nature of the estimates may cause that the real effects of the situation which had been subject to an estimate differ, for purposes of financial report, from the estimated amounts. The estimates and judgments which exhibit a significant risk of originating a material adjustment in the accounting value of assets and liabilities in the course of the subsequent financial year are as follows:

3.22.1. TANGIBLE AND INTANGIBLE FIXED ASSETS AND INVESTMENT PROPERTIES

The determination of the assets useful lives, as well as the depreciation/amortisation method to be applied is essential in order to determine the amount of the depreciations/amortisations to be recognised in the consolidated income statements of each financial year.

These two parameters are defined according to the Board's best judgment regarding the assets in question, taking into consideration, where possible, the practices adopted by companies in the sector.

3.22.2. IMPAIRMENT LOSSES OF CLIENTS AND DEBTORS

The determination of a possible impairment loss might be triggered by the occurrence of various events, many of which outside the Group's sphere of influence, such as: the future availability of financing, the cost of capital or any other changes, both internal and external to the Company.

The identification of the impairment indicators, the estimate of future cash flows and the determination of the fair value of assets entail an advanced level of judgment on part of the Board of Directors with regards to the identification and assessment of the different impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Particularly, the need to record impairment losses may result from the analysis carried out periodically to the receivable balances, those losses being determined based on the information available and on estimates made by the Group regarding the cash flows expected to be received.

3.22.3. PROVISIONS

The Group analyses, on a periodic basis, possible obligations resulting from past events and which must be subject to recognition or disclosure.

The subjective nature inherent to the determination of the probability and amount of resources necessary to the payment of obligations may lead to adjustments of the recorded values, namely with regards to the processes in course and contingencies.

3.22.4. RECOVERY OF DEFERRED TAXES

Assets are only recognised by deferred taxes when there is a strong assurance that there might be future taxable profit available for the use of the temporary differences or when there are deferred tax liabilities the reversal of which is expectable in the same period in which the deferred tax assets are reverted. The assessment of the deferred tax assets is made by the Board at the end of each financial year, taking into consideration the expectation of future performance.

3.23. SUBSEQUENT EVENTS

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date ("adjusting events") are reflected in the financial statements. Events after the balance sheet date that provide information on conditions that occur after the balance sheet date ("non-adjusting events") are disclosed in the financial statements if they are considered material.

3.24. FINANCIAL RISK MANAGEMENT

The Company is exposed, essentially, to the following financial risks:

(a) Interest rate risk

The Company is exposed to interest rate risk, essentially related to interest paid on loans obtained from shareholders and financial institutions, which are exposed to changes in market interest rates.

(b) Liquidity Risk

Liquidity risk may occur if the sources of financing, such as operating cash flows and cash flows obtained from financing operations, do not meet the financing needs, such as debt repayment.

(c) Credit Risk

The Company is exposed to credit risk, essentially related to accounts receivable arising from operations. This risk is monitored regularly with the aim of:

- limiting the credit granted to customers considering their profiles and seniority of accounts receivable;
- monitoring the evolution of the level of credit granted;
- analysing the recoverability of accounts receivable on a regular basis.

Impairment losses of accounts receivable are calculated considering:

- an analysis of the seniority of accounts receivable;
- risk profile of the client;
- the client's financial condition.

4. CASH AND IT'S EQUIVALENTS

At December, 2021 and 2020, the Cash and cash equivalents heading was detailed as follows:

	2021	2020
Cash	12.778,88	20.996,38
Order Deposits	2.988.044,69	12.664.469,54
Total in Cash and Bank Deposits	3.000.823,57	12.685.465,92
Bank Overdrafts (Note 18.2)	150,00	-
Total in Cash and Cash Equivalents	3.000.673,57	12.685.465,92

The total balance of Order Deposits represents cash and cash equivalents since there are no deposits with movement restrictions.

5. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

During the year ended 31 December 2021, the Group did not identify material errors, changed accounting policies or made significant changes to the estimates used in the preparation of the consolidated financial information as at 31 December 2020.

6. RELATED PARTIES

For purposes of the presentation of these financial statements, all subsidiaries of LS - Luís Simões, SGPS, S.A. and key figures in their management are considered to be related parties and key elements in their management.

6.1. GROUP ENTITIES

The Group Companies included in the consolidation at december 31, 2021 and 2020 are as follows:

Subsidiaries	Head office	Business	% Shareholding 2021	% Shareholding 2020	Effective Control 2021	Effective Control 2020	RETGS (*)
LS - Luís Simões, SGPS, S.A. (Holding)	Moninhos - Loures	Management of shareholdings	mother company	mother company	n.a.	n.a.	Yes
Luís Simões Logística Integrada, S.A. (Portugal)	Moninhos - Loures	Logistics and transport	100%	100%	100%	100%	Yes
Luís Simões Logística Integrada, S.A. (Espanha)	Madrid - Espanha	Logistics and transport	100%	100%	100%	100%	No
LS Frota, Lda.	Carregado - Alenquer	Transport	100%	100%	100%	100%	Yes
Reta - Serviços Técnicos e Rent-a-Cargo, S.A.	Moninhos - Loures	Leasing, sale and maintenance of vehicles	100%	100%	100%	100%	Yes
Diagonal - Corretores de Seguros, S.A.	Moninhos - Loures	Insurance mediation	100%	100%	100%	100%	Yes
LS - Gestão Empresarial e Imobiliária, S.A.	Moninhos - Loures	Group support Services	100%	100%	100%	100%	Yes
Patrimundus - Investimentos Imobiliários, S.A.	Carregado - Alenquer	Real Estate	100%	100%	100%	100%	Yes
Solmoninhos - Consultoria, Gestão e Execução Imobiliária, S.A.	Moninhos - Loures	Real Estate	100%	100%	100%	100%	Yes
Espaçotrans - Gestão Entrepostos Aduaneiros, Lda.	Quebradas de Cima - Póvoa Santa Iria	Management of customs warehouses	70,00%	70,00%	70%	70%	No

(*) RETGS - Special Taxation Regime for Company Groups

There are no subsidiaries excluded from the consolidation process by the full consolidation method.

6.2. REMUNERATION OF KEY MANAGING STAFF

During the financial years ended on december 31, 2021 and 2020, the following remunerations were attributed to the key managing staff members:

Remuneration	2021	2020
Employees short term benefits	594.207,18	741.735,23
	<u>594.207,18</u>	<u>741.735,23</u>

The Board of Directors was considered, according to NCRF 5, the single “key” management element

6.3. TRANSACTIONS WITH RELATED PARTIES

a) Nature of relationship with related parties

	Nature of relationship (Services provided)	Nature of relationship (Services received)
Other related parties:		
Leonel Simões & Filhas, SGPS, S.A.	Supplies	Dividends
Varanda do Vale, SGPS, S.A.	Supplies	Dividends
Mira Serra, SGPS, S.A.	Supplies	Dividends
Other shareholders	Supplies	Dividends

b) Amount of transactions and outstanding balances with related parties

	Year 2021			Year 2020		
	Obtained Supplies (Note 18.2)	Paid Interest (Note 21.10)	Other payable debts (Note 18.2)	Obtained Supplies (Note 18.2)	Paid Interest (Note 21.10)	Other payable debts (Note 18.2)
Shareholders:						
Leonel Simões & Filhas, SGPS, S.A.	780.800,00	20.291,06	20.291,06	395.800,00	13.853,04	13.853,04
Varanda do Vale, SGPS, S.A.	777.800,00	17.379,21	17.379,21	402.800,00	14.097,96	14.097,96
Mira Serra, SGPS, S.A.	403.800,00	14.133,00	14.133,00	403.800,00	14.133,00	14.133,00
Individual shareholders	12.681.327,04	441.750,39	-	12.461.327,04	436.146,48	-
Total	14.643.727,04	493.553,66	51.803,27	13.663.727,04	478.230,48	42.084,00

7. INTANGIBLE ASSETS

During the financial years ended on December 31, 2021 and 2020, the movement occurred in the carrying amount of the intangible assets, as well as in the respective accumulated amortisations and impairment losses, was as follows:

	Computer Software	Other intangible assets	Intangible assets in progress	Total
Values at 01.01.2020				
Gross carrying amounts	9.596.803,22	2.688.222,00	-	12.285.025,22
Amortisations and accumulated impairment losses	(6.441.252,98)	(1.658.964,94)	-	(8.100.217,92)
Net carrying amounts	3.155.550,24	1.029.257,06	-	4.184.807,30
Values at 31.12.2020				
Additions	89.612,97	-	67.000,00	156.612,97
Disposals, claims and write-offs				
Gross carrying amounts	(2.550,00)	-	-	(2.550,00)
Amortisations and accumulated impairment losses	1.633,26	-	-	1.633,26
Year's amortizations (Nota 21.9)	(726.530,87)	(468.596,76)	-	(1.195.127,63)
Gross carrying amounts	9.683.866,19	2.688.222,00	67.000,00	12.439.088,19
Amortisations and accumulated impairment losses	(7.166.150,59)	(2.127.561,70)	-	(9.293.712,29)
Net carrying amounts	2.517.715,60	560.660,30	67.000,00	3.145.375,90
Values at 31.12.2021				
Additions	172.887,68	-	28.975,00	201.862,68
Year's amortizations (Nota 21.9)	(745.265,88)	(468.597,04)	-	(1.213.862,92)
Gross carrying amounts	9.856.753,87	2.688.222,00	95.975,00	12.640.950,87
Amortisations and accumulated impairment losses	(7.911.416,47)	(2.596.158,74)	-	(10.507.575,21)
Net carrying amounts	1.945.337,40	92.063,26	95.975,00	2.133.375,66

The main additions in 2021 are related to the acquisition of the M3 software and in 2020 to the acquisition of a new software for certification of fiscally relevant documents

The “Other intangible assets” heading also includes an insurance portfolio, which was acquired in the financial year of 2013. This intangible asset is being amortised during a 10-year period, which corresponds to the useful life estimated by the Board of Directors.

The computer software is not owned by the Group, which is limited of having the respective rights of use as per the contract entered into with the supplier.

There are no intangible assets given as guarantees for liabilities.

There are no future commitments for the acquisition of intangible assets.

8. TANGIBLE FIXED ASSETS

The financial years ended on December 31, 2021 and 2020, the movement occurred in the carrying amount of the tangible fixed assets, as well as in the respective accumulated depreciations and impairment losses, was as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other tangible fixed assets	tangible fixed assets in progress	Totals
Values at 01.01.2020								
Gross carrying amounts	12.239.216,51	46.409.000,67	60.605.019,81	418.855,39	11.276.469,78	3.164.156,69	24.848.417,16	158.961.136,01
Depreciations and accumulated impairment losses	-	(30.633.203,41)	(29.475.000,44)	(234.961,92)	(9.816.711,56)	(2.231.107,66)	-	(72.390.984,98)
Net carrying amounts	12.239.216,51	15.775.797,26	31.130.019,37	183.893,47	1.459.758,22	933.049,04	24.848.417,16	86.570.151,03
Additions	-	59.896,66	2.425.075,57	-	331.141,93	85.930,77	8.788.670,74	11.690.715,67
Transfers	-	118.752,81	207.216,53	-	111.580,00	93.398,55	(530.947,89)	-
Disposals, claims and write-offs								
Gross carrying amounts	-	(3.181,51)	(10.730.905,12)	-	(67.176,86)	(4.817,99)	(6.637,10)	(10.812.718,58)
Depreciations and accumulated impairment losses	-	954,28	6.092.835,94	-	40.913,22	3.297,97	-	6.138.001,41
Year's Depreciations (Nota 21.9)	-	(1.737.598,47)	(5.657.213,88)	(19.776,28)	(529.721,57)	(315.856,04)	-	(8.260.166,24)
Other regularizations	-	-	(446,99)	-	-	-	(357.471,37)	(357.918,36)
Values at 31.12.2020								
Gross carrying amounts	12.239.216,51	46.584.468,63	52.505.959,80	418.855,39	11.652.014,85	3.338.668,02	32.742.031,54	159.481.214,74
Depreciations and accumulated impairment losses	-	(32.369.847,60)	(29.039.378,38)	(254.738,20)	(10.305.519,91)	(2.543.665,73)	-	(74.513.149,81)
Net carrying amounts	12.239.216,51	14.214.621,03	23.466.581,42	164.117,19	1.346.494,94	795.002,29	32.742.031,54	84.968.064,93
Additions	-	3.024,00	6.900.824,09	-	607.676,36	97.514,69	779.601,57	8.388.640,71
Transfers	-	-	30.248.220,00	-	43.691,66	12.402,04	(30.304.313,70)	-
Disposals, claims and write-offs								
Gross carrying amounts	-	-	(4.634.921,22)	(44.679,00)	(9.421,80)	(1.730,94)	-	(4.690.752,96)
Depreciations and accumulated impairment losses	-	-	3.272.905,01	44.679,00	9.421,80	1.730,94	-	3.328.736,75
Year's Depreciations (Nota 21.9)	-	(1.733.965,88)	(6.438.177,45)	(19.641,48)	(479.071,92)	(304.812,38)	-	(8.975.669,11)
Other regularizations	-	-	-	-	-	-	(515.485,73)	(515.485,73)
Values at 31.12.2021								
Gross carrying amounts	12.239.216,51	46.587.492,63	85.020.082,67	374.176,39	12.293.961,07	3.446.853,81	2.701.833,68	162.663.616,76
Depreciations and accumulated impairment losses	-	(34.103.813,48)	(32.204.650,82)	(229.700,68)	(10.775.170,03)	(2.846.747,17)	-	(80.160.082,17)
Net carrying amounts	12.239.216,51	12.483.679,15	52.815.431,85	144.475,71	1.518.791,04	600.106,65	2.701.833,68	82.503.534,59

The mains additions which occurred in 2021 and 2020 concern the acquisition of shelves, vehicles, as well as the whole investment in the new logistics centre in Guadalajara.

The main transfers in 2021 are related to the new automated warehouse in the Guadalajara logistics centre that started operating in April, and in 2020 to the new cold storage chamber in the Gaia centre.

The disposals that occurred in 2021 and 2020 relate essentially to the sale of vehicles.

On 31 December 2021, the Carregado property was given as a guarantee to third parties. No other tangible fixed assets are provided as security for liabilities, the same applying to mortgages on properties and the buildings which are owned by the Group in the financial years ended on 31 December 2021 and 2020.

The amount of costs recognised in the tangible fixed asset underway is composed as shown in the following table:

	31-12-2021	31-12-2020
Azambuja Terminal	1.922.232,10	2.267.261,82
New Logistics Centre of Guadalajara	60.564,88	30.258.056,58
Works in facilities	35.057,10	-
Others	125.081,39	181.549,89
Vehicles under Preparation	558.898,21	35.163,25
	<u>2.701.833,68</u>	<u>32.742.031,54</u>

The fixed tangible asset referring to the Azambuja terminal concerns two portions of land, which will be used in the near future by the Group within the scope of its activity.

In the course of the financial year of 2021, an appraisal was obtained for the lands, being higher than its accounting value. The appraisal is based on licensing projects, which are pending final approval of the City Council of Azambuja, and which will be obtained in the near future according to the commitments made between the Council and the Group's Board of Directors. These licenses are aimed at the development of a logistics project, which will be carried out by the Company in due course. The Board of Directors considers that there were no changes to the real estate market that affect the market value, wherefore as of today there are no indications of impairment to the property.

During the year 2020, the Detailed Plan of the Urban Front of Azambuja (PPFUA) was published in Diário da República.

It was noted that, during the financial years ended on 31 December 2021 and 2020, some sub-projects that were underway and whose value amounted to 515,485.73 euros and 357,471.37 euros would not be implemented and so were recognised as costs for the year.

During the financial years of 2021 and 2020, no amounts related to compensation receivable from insurers relative to claims for total loss of vehicles were recognised in the income statement.

9. LEASES / RENTALS

Operating Leases/Rentals

The future minimum non-cancellable payments for operating leases/rentals, at December 31, 2021 and 2020, are detailed as follows:

	31-12-2021			
	Exercise expense	Future minimum payments		
		Up to 1 year	1 to 5 years	Up to 5 years
Real estate leases	13.476.240,05	13.515.036,0	42.700.189,17	39.653.733,17
Leasing of light vehicles	682.662,37	680.444,16	217.216,67	-
Leasing of heavy-duty vehicles	5.056.022,13	4.236.319,67	5.959.396,98	-
Leasing of forklift trucks	3.145.621,76	3.832.327,30	4.107.276,21	-
	22.360.546,31	22.264.127,1	52.984.079,04	39.653.733,17

	31-12-2020			
	Exercise expense	Future minimum payments		
		Up to 1 year	1 to 5 years	Up to 5 years
Real estate leases	13.216.199,45	12.300.889,5	35.603.296,91	31.489.375,26
Leasing of light vehicles	669.824,97	461.706,10	242.204,50	-
Leasing of heavy-duty vehicles	4.591.984,67	4.251.120,97	6.387.998,70	-
Leasing of forklift trucks	2.834.939,61	2.633.296,10	4.834.834,51	-
	21.312.948,70	19.647.012,69	47.068.334,62	31.489.375,26

10. INVESTMENT PROPERTIES

The investment properties are composed by land and buildings not allocated to the Group's activity and exhibit the following evolution:

	31-12-2021	31-12-2020
At January 1st		
Gross value	1.509.253,89	1.509.253,89
Depreciations and accumulated impairment losses	(326.765,21)	(313.980,92)
Accumulated depreciations	(151.881,78)	(137.488,69)
Losses by accumulated impairment	(174.883,43)	(176.492,23)
Net value	1.182.488,67	1.195.272,96
Disposals		
Gross value	(67.913,59)	-
Accumulated depreciations	7.555,34	-
Year's Depreciations (Nota 21.9)	(13.798,85)	(14.393,09)
Increases of impairment losses	(146.385,52)	-
Reversion of impairment losses	53.520,30	1.608,80
At december 31th		
Gross value	1.441.340,30	1.509.253,89
Depreciations and accumulated impairment losses	(425.873,94)	(326.765,21)
Accumulated depreciations	(158.125,29)	(151.881,78)
Losses by accumulated impairment	(267.748,65)	(174.883,43)
Net value	1.015.466,35	1.182.488,67

Investment properties have the purpose of giving up exploitation to external entities.

The fair value of the assets at the balance sheet date is higher than the amounts presented in the Group's financial statements on the date to which the financial statements refers to.

In the financial years ended on December 31, 2021 and 2020, the movement in accumulated impairment losses is detailed as follows:

	2021	2020
Inicial Balance	174.883,43	176.492,23
Increases	146.385,52	-
Reversions	(53.520,30)	(1.608,80)
Final Balance	267.748,65	174.883,43

During the financial year 2021, the Group proceeded with the evaluation of the investment properties and updated accordingly the accumulated impairment losses recorded.

At December 31, 2021 there were no investment properties given as security to third parties.

At December 31, 2021 there were no significant contractual conditions of purchase, construction or development of investment properties.

The Group recognised, in the consolidated statement of income by nature, under the heading "Other income", the amount of 41.314,49 Euros (39.548,72 Euros in 2020) regarding lease payments of Investment Properties (Nota 21.7).

11. INVENTORIES

At December 31, 2021 and 2020, the Group's inventories were detailed as follows:

	2021	2020
Goods		
Gross amounts	1.938.786,38	1.218.733,65
Impairment losses	(422.990,54)	(371.681,55)
	<u>1.515.795,84</u>	<u>847.052,10</u>
Raw materials, subsidiaries and consumables		
Gross amounts	428.657,44	370.012,04
Impairment losses	(59.967,95)	(7.967,95)
	<u>368.689,49</u>	<u>362.044,09</u>
	<u>1.884.485,33</u>	<u>1.209.096,19</u>

The inventories given in the table above correspond to lands, parts purchased for vehicle repair and maintenance purposes, semi-trailers for sale and fuel to be used in own vehicles and to be assigned to subcontractors.

During the financial years ended on 31 December 2021 and 2020, the amounts of inventories recognized as expenses were as follows:

	Goods	Raw materials, subsidiaries and consumables	Total
Inventories at January 1 st , 2020	1.239.775,15	402.547,17	1.642.322,32
Purchases	3.071.756,34	3.848.732,91	6.920.489,25
Inventory Regularisations	-	(418.351,07)	(418.351,07)
Inventories at December 31 th , de 2021	1.218.733,65	370.012,04	1.588.745,69
Cost of sold goods and consumed materials	3.092.797,84	3.462.916,97	6.555.714,81
Inventories at January 1 st , 2021	1.218.733,65	370.012,04	1.588.745,69
Purchases	4.043.129,92	5.847.219,45	9.890.349,37
Inventory Regularisations	-	(692.934,19)	(692.934,19)
Inventories at December 31 th , de 2021	1.938.786,38	428.657,44	2.367.443,82
Cost of sold goods and consumed materials	3.323.077,19	5.095.639,86	8.418.717,05

The amounts shown above, relating to Cost of goods sold, include 1,962,563.67 euros (1,961,133.75 euros in 2020) relating to the cost of fuel sold to subcontractors.

The heading "Inventory adjustments" includes, respectively as at 31 December 2021 and 2020, the amounts of 669,987.68 euros and 378,305.14 euros regarding the reimbursement of professional diesel.

During the financial years ended on 31 December 2021 and 2020, the amounts recognised as impairment losses were as follows:

	2021			2020		
	Goods	MP, subsid. Consumption	Total	Goods	MP, subsid. Consumption	Total
Initial Balance	371.681,55	7.967,95	379.649,50	314.191,65	7.967,95	322.159,60
Increases/ Reinforcement	87.376,42	52.000,00	139.376,42	62.835,72	-	62.835,72
Reversal	(36.067,43)	-	(36.067,43)	(5.345,82)	-	(5.345,82)
Final Balance	422.990,54	59.967,95	482.958,49	371.681,55	7.967,95	379.649,50

During the financial years ended on 31 December 2021 and 2020, impairment losses in the amount of 103,308.99 euros and 57,489.90 euros, respectively, were recorded within the scope of a critical analysis of obsolescence and turnover of goods, as well as arising from real estate valuations of land classified as inventories.

12. REVENUE

The Credit recognized by the Group, in 2021 and 2020, is detailed as follows

	2021	2020
Sale of goods		
Goods	5.574.382,15	4.922.715,92
Sales return	(11.711,80)	(7.060,15)
Discounts and rebates	(1.179,01)	(5.315,02)
	<u>5.561.491,34</u>	<u>4.910.340,75</u>
Services rendered		
Services	236.272.924,10	221.546.454,25
Discounts and rebates	(8.269,31)	(18.490,39)
	<u>236.264.654,79</u>	<u>221.527.963,86</u>
	<u>241.826.146,13</u>	<u>226.438.304,61</u>

The distribution of the calculated revenue by business and by geographic markets is as follows:

	2021	2020
Logistics	138.678.468,71	126.883.958,74
Transports	89.322.756,15	86.132.036,06
Fuel	1.682.419,00	1.787.696,17
Others	12.142.502,27	11.634.613,64
	<u>241.826.146,13</u>	<u>226.438.304,61</u>
	2021	2020
Internal Market	232.379.102,45	216.129.482,70
External Market	9.447.043,68	10.308.821,91
	<u>241.826.146,13</u>	<u>226.438.304,61</u>

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1. PROVISIONS

The amounts recorded in the provisions item refers to the Board of Directors' best estimate to cover losses estimated as probable in relation to ongoing legal proceedings.

The movement occurred in the provisions item, during the financial years ended on December 31, 2021 and 2020 is shown in the following table:

	Provisions for legal proceedings underway
At January 1 st , 2020	754.332,89
Uses per year	(362.031,00)
Reversals per year	(75.184,02)
Reinforcements per year	398.043,96
At December 31 th , 2020	715.161,83
At January 1 st , 2021	715.161,83
Uses per year	(284.126,49)
Reversals per year	(220.420,55)
Reinforcements per year	238.324,72
At December 31 th , 2021	448.939,51

During the financial years ended on December 31, 2021 and 2020, the Group recorded costs in the amount of 17.904,17 Euros and 322.859,94 Euros, respectively.

13.2. CONTINGENT LIABILITIES

There is a legal proceeding against the Group underway claiming for a compensation on account of an accident taken place within the Group's facilities, regarding which the amount of the charge to be possibly incurred was not possible to estimate. The maximum contingency of this proceeding rises to 150.000 Euros, which corresponds to the amount of the compensation filed.

The Board of Directors, based on the opinion of its legal consultants, considers that the risk of loss is low, and has not recorded any provision to that effect.

13.3. CONTINGENT ASSETS

The subsidiaries Luís Simões Logística Integrada, S.A. (Portugal) and Luís Simões Logística Integrada, S.A. (Spain) proceeded to claim the "Impuesto sobre las Ventas Minoristas de Determinados Hidrocarburos" (IVMDH), both from the Autonomous Communities and from the Tax Administration State Agency (AEAT), referring the financial years of 2002 to 2012.

The IVMDH infringes the harmonising community regulation of Excise Duties/Special Taxes, particularly, article 3, paragraph 2, of Directive 92/12/EEC of the Council, of 25 February 1992, regarding the general scheme, term, movement and control of products subject to Excise Duties. On 27 February 2014, the Court of Justice of the European Union stated that the IVMDH is contrary to the Directive on Excise Duties/ of Special Taxes, which enables the companies to claim the amount from the respective public authorities.

During 2021, no amount was returned. In 2020 the amount of 521.303.55 euros was returned plus default interest of 151.178.04 euros, shown in the Cash Flow Statement as "Other Receipts". As such, are not recorded for accounting purposes on the closing date, the amount claimed, which total 908,631.94 Euros plus the respective default interest, which will be recorded to the extent of the confirmation by the Spanish Tax Authorities that the amounts will be returned.

The amount indicated in the previous paragraph includes an amount of 907.101 Euro, claimed through the "Responsabilidad Patrimonial del Estado (Español)", in February 2018, regarding the periods which were already prescribed (First quarter of 2002 to third quarter of 2004 and first quarter to third quarter of 2009).

14. SUPPORT AND GOVERNMENT SUBSIDIES

The nature and extent of the government subsidies recognised in the consolidated financial statements are broken down in the following table:

	2021	2020
State subsidies		
Internships	10.169,72	7.759,28
Employment incentives	19.068,21	28.448,00
Gas Vehicle Incentive	2.773,75	-
Social Security Covid19 Incentive	11.272,91	93.307,97
Converte+ incentive	158.408,18	200.814,94
FUNDAE incentive	46.873,05	75.280,20
Others	1.478,75	-
	<u>250.044,57</u>	<u>405.610,39</u>

The Group, in 2021 and 2020, did not directly benefit from any other forms of government assistance

15. CHANGES TO EXCHANGE RATES

During the financial years ended on 31 December 2021 and 2020, no income and costs regarding favourable and unfavourable exchange rates were recognised.

16. EVENTS AFTER THE BALANCE SHEET DATE

On 24 February 2022, military action began to invade Ukraine by the Russian federation. Since that date, the military attack continues while at the international level various sanctions and actions have been taken to weaken the Russian economy, including, among others, financial sanctions, sanctions on trade and transport of goods or interdiction of airspace. This situation has led to relevant commercial and economic impacts, namely an increase in inflation and bank interest rates, as well as an increase in fuel prices. In this sense, the Board of Directors is analysing the possible impacts, and does not estimate that they will be significant, nor that they will place in question the going concern basis used in the preparation of the consolidated financial statements.

There were no other events subsequent to 31 December 2021 which, due to their relevance and materiality, require adjustment or disclosure, as described in Note 3.21.

17. INCOME TAX

The Group, in Portugal, is subjected to the Corporate Tax Income (Imposto sobre o Rendimento das Pessoas Coletivas - “IRC”) at the rate of 21% of the taxable amount. A Municipal Surcharge is added to the taxation up to the maximum limit of 1.5% of the taxable profit, resulting in an aggregate tax rate of no more than 22.5%. In Spain, the Group is subjected to corporate tax at a rate of 25%.

In addition, during the financial year ended on 31 December 2021, the taxable profit exceeding the amount of 1.500.000 Euros is subjected to a state tax, under article 87-A of the Corporate Income Tax Code, at the following rates:

- 3% for taxable profit between 1.500.000 a 7.500.000 Euro;
- 5% for taxable profit between 7.500.000 a 35.000.000 Euro;
- 9% for taxable profit over 35.000.000.

Pursuant to article 88 of the Corporate Income Tax Code, the Company is subjected to autonomous taxation over a set of expenses at the rates stipulated in the aforementioned article.

Group Companies, subsidiaries in Portugal, are envisaged by the Special Regime for the Taxation of Groups of Companies (“RETGS”), as per article 69 and following articles of the Corporate Income Tax Code, led by the LS - Luís Simões, SGPS, S.A. shareholder, wherefore the taxes individually ascertained are reflected in the shareholder’s balance included under the Shareholders/Partners heading. The foreign subsidiary is taxed according to the tax rules in force in the respective country of origin.

The companies included in the “RETGS” are presented in the following table:

Company	Starting Date
LS - Luís Simões, SGPS, S.A.	01/01/2007
Luís Simões Logística Integrada, S.A. - Portugal	01/01/2007
Reta - Serviços Técnicos e Rent-a-Cargo, S.A.	01/01/2007
Diagonal - Corretores de Seguros, S.A.	01/01/2007
LS - Gestão Empresarial e Imobiliária, S.A.	01/01/2011
LS Frota, Lda.	01/01/2016
Patrimundus - Investimentos Imobiliários, S.A.	01/01/2017
Solmoninhos - Consultoria, Gestão e Execução Imobiliária, S.A.	01/01/2019

A LS - Luís Simões, SGPS, S.A., as the dominant company, is responsible for calculating the taxable profit of the group, through the algebraic sum of the taxable profit and tax losses ascertained in the income statements of each of the companies controlled belonging to the “RETGS”.

The charge for the year with payable tax is accounted for in each of the companies belonging to the Group according to the respective taxable profit. The possible gain or loss resulting from the “RETGS” is recognised in each of the companies belonging to the Tax Group.

In accordance with the legislation in force, the tax returns are subjected to revision and correction by the tax authorities during a four-year period (five years for Social Security), except in the case of tax losses or when inspections, complaints or oppositions are underway, in which case the time limits are extended or suspended, depending on the circumstances. This way, the Company's tax returns regarding the financial years of 2017 to 2020 may still be subject to revision and correction. The Board of Directors considers that possible corrections resulting from revisions/inspections on part of the tax authorities to those tax returns will not produce a constraining effect on the financial statements under analysis.

The reporting period for reporting tax losses “PFR” in Portugal is shown in the following table:

Reporting time period	Taxation periods
12 years	2020 e 2021
5+2 years	2017 up until 2019
12+2 years	2014 up until 2016

In Spain, the deduction of the “PFR” has no time limits, however, it is limited to 25% of the taxable profit from the minimum established amount of one million Euros.

The deduction of the tax losses carried forward (“PFR”) is limited to 70% of the taxable profit, this rule being applicable to the deductions made in the taxation periods starting on or after 1 January 2014, except in the case of tax losses recorded in the 2020 tax period, in which case the limit is raised to 80% of taxable income.

17.1. SEPARATE DISCLOSURE OF THE FOLLOWING MAIN COMPONENTS OF TAX EXPENDITURES (INCOME)

The tax expense (income) is indicated in the following table:

	2021	2020
Current tax		
Corporate tax of the year (Year's IRC)	1.383.052,79	1.954.038,11
Deferred tax		
Originated by taxable temporary differences	(37.169,87)	(18.634,94)
	<u>1.345.882,92</u>	<u>1.935.403,17</u>

The amount of expense (income) by deferred taxes related to the origin and reversal of temporary differences is exhibited in the following table:

Assets by deferred taxes

	Basis			31-12-2021
	31-12-2020	Increases	Decreases	
Impairment of assets:				
Impairment losses on inventories	57.489,90	46.476,42	(15.194,04)	88.772,28
Impairment losses on receivables debts	411.525,15	197.012,06	(453.820,69)	154.716,52
Limitation on deduction of depreciation and amortization 2013 e 2014	449.595,41	-	(112.398,86)	337.196,56
Impairment losses on investment properties (Note 6)	174.883,43	146.385,52	(53.520,30)	267.748,65
Other adjustments:				
Other temporary differences	114.270,00	22.500,00	(114.270,00)	22.500,00
Tax losses	7.793.255,95	-	-	7.793.255,95
	9.001.019,84	412.374,00	(749.203,89)	8.664.189,96
Consolidation adjustments	333.867,72	-	-	333.867,72
Total basis	9.334.887,56	412.374,00	(749.203,89)	8.998.057,67
Tax benefits	219.159,75	-	(219.159,75)	-
Assets by deferred taxes	2.567.822,86	202.256,16	(503.061,07)	2.267.017,95

Liabilities by deferred taxes

	Basis			31-12-2021
	31-12-2020	Increases	Decreases	
Differences between the accounting basis and the tax basis of tangible fixed assets:				
Revaluation of assets	5.177.042,29	-	(529.822,59)	4.647.219,70
	5.177.042,29	-	(529.822,59)	4.647.219,70
Differences between the accounting base and the tax base of equity capital:				
Grants awarded by the Public Administration (Note 21.2)	4.812.738,51	215.034,80	(312.451,14)	4.715.322,17
	4.812.738,51	215.034,80	(312.451,14)	4.715.322,17
Deferred tax liabilities	2.356.389,03	53.758,70	(196.927,82)	2.213.219,91

Assets by deferred taxes

	Basis			31-12-2020
	31-12-2019	Increases	Decreases	
Impairment of assets:				
Impairment losses on receivables debts	858.623,86	435.014,75	(824.623,56)	469.015,05
Limitation on deduction of depreciation and amortization 2013 e 2014	561.994,27	-	(112.398,86)	449.595,41
Impairment losses on investment properties (Note 10)	176.492,23	-	(1.608,80)	174.883,43
Other adjustments:				
Other temporary differences	-	114.270,00	-	114.270,00
Tax losses	7.793.255,95	-	-	7.793.255,95
	9.390.366,31	549.284,75	(938.631,22)	9.001.019,84
Consolidation adjustments	333.867,72	-	-	333.867,72
Total basis	9.724.234,03	549.284,75	(938.631,22)	9.334.887,56
Tax benefits	219.159,75	-	-	219.159,75
Assets by deferred taxes	2.668.002,96	124.376,93	(224.557,03)	2.567.822,86

Liabilities by deferred taxes

	Basis			31-12-2020
	31-12-2019	Increases	Decreases	
Differences between the accounting basis and the tax basis of tangible fixed assets:				
Revaluation of assets	5.706.864,88	-	(529.822,59)	5.177.042,29
	5.706.864,88	-	(529.822,59)	5.177.042,29
Differences between the accounting base and the tax base of equity capital:				
Grants awarded by the Public Administration (Note 21.2)	4.812.738,51	-	-	4.812.738,51
	4.812.738,51	-	-	4.812.738,51
Liabilities by deferred taxes	2.475.204,07	-	(118.815,04)	2.356.389,03

The tax losses for which deferred tax assets were recognized are detailed according to the following table:

	Value	AID	Deadline
Luís Simoes Logística Integrada, S.A. (Spain)			
Tax losses 2017	2.366.940,07	591.735,02	Unlimited
Tax losses 2018	5.422.483,18	1.355.620,80	Unlimited
	<u>7.789.423,25</u>	<u>1.947.355,81</u>	
Solmoninhos-Consultoria, Gestão e Execução Imobiliária, S.A.			
Tax losses 2014	3.832,70	804,87	2028
	<u>3.832,70</u>	<u>804,87</u>	
Total	7.793.255,95	1.948.160,68	

Deferred tax assets, related to tax benefits, are detailed according to the following table:

	2021	2020	Limited for use
Luís Simoes Logística Integrada, S.A. (Spain):			
Technological Innovation (IT) 2011	-	66.936,40	2029
Technological Innovation (IT) 2012	-	43.804,92	2030
Technological Innovation (IT) 2013	-	64.134,54	2031
Technological Innovation (IT) 2015	-	44.283,89	2032
		<u>219.159,75</u>	

During the financial year ended on 31 December 2021, the tax benefits of Technological Innovation (IT) were reimbursed by the Spanish Tax Agency and, consequently, the respective deferred tax asset was derecognised.

In Spain, the recoverability of tax losses carried forward has no time limit. These tax losses cannot be used by the Fiscal Group, in the "RETGS", since this company is not included in it, having the Group prepared projections that support its expectation and recovery of those amounts.

In the financial year of 2020, there was no change in taxation rate, wherefore no amount related to such event was recorded.

17.2. RELATIONSHIP BETWEEN TAX EXPENSE (INCOME) AND ACCOUNTING PROFIT

The numeric reconciliation between the average effective tax rate and the applicable tax rate is indicated in the following table:

	Tax Basis		Tax Basis	
	2021	2020	2021	2020
Income before taxes	5.972.849,74	8.276.272,39		
Non-taxable income				
Reversal of impairment losses taxed in previous years	609.898,17	609.898,17		
More accounting gains	1.424.998,25	1.779.667,85		
Tax benefits (a)	437.064,16	354.463,32		
Other non-taxable income	280.986,29	592.065,97		
	<u>2.752.946,87</u>	<u>3.426.913,13</u>		
Non-deductible expenses for tax purposes				
Depreciation and amortization not accepted	864.863,14	772.242,35		
More tax gains	719.250,77	885.276,65		
Record of impairment losses (Nota 17.1)	243.488,48	435.014,73		
Other non-deductible expenses for tax purposes	217.735,71	286.079,83		
	<u>2.045.338,10</u>	<u>2.378.613,56</u>		
Fiscal losses for the year not offset in the Group	<u>(1.922.596,02)</u>	<u>(672.115,81)</u>		
Taxable profit	<u>7.187.837,00</u>	<u>7.900.088,63</u>		
Income tax rate	21,00%	21,00%		
Municipal Spill Rate	1,50%	1,50%		
Calculated Corporate Income Tax	1.509.445,77	1.659.018,62	25,45%	20,05%
Municipal Spill	106.795,19	127.901,71		
State Spill	109.709,83	149.401,15		
Autonomous taxation	114.206,39	107.204,88		
Tax benefits used (b)	<u>(457.104,39)</u>	<u>(89.488,25)</u>		
Exercise tax	<u>1.383.052,79</u>	<u>1.954.038,11</u>	23,32%	23,61%
Deferred taxes (Nota 17.1)	<u>(37.169,87)</u>	<u>(18.634,94)</u>		
Income tax for the period	<u>1.345.882,92</u>	<u>1.935.403,17</u>	22,69%	23,38%

- (a) The tax benefits relate essentially to: i) Net job creation; ii) Increase in donations; iii) Increase in contributions; iv) Increase in professional diesel; and v) Conventional Remuneration of Share Capital.

In the year under review the Company is using the tax incentive of the Conventional Remuneration of the Share Capital foreseen in Article 41-A of the Tax Benefits Statute. This benefit consists of deducting from the taxable profit a portion of the capital contributions made by shareholders to the companies, which will be made through capital contributions to be made until 31 May 2022 through profits for the year. Thus, the Company may enjoy a total additional tax benefit of 454,020 euros, with the amount of 75,670 euros having been considered in the calculation of the income tax for the year 2021, with the amount of 378,350 euros being carried forward to the following years.

- (b) The tax benefits used in the financial year ended on 31 December 2021 relate to the benefit associated with the contribution to the GED Tech Seed Fund investment fund (Note 18.1) aimed at financing companies dedicated mainly to R&D, within the scope of the Tax Incentives Scheme for Business Research and Development II (SIFIDE II). This tax benefit falls under Articles 35 to 42 of the Investment Tax Code (412,500 euros) and Technological Innovation Expenses made in Spain. This tax benefit is included in Article 35.2 of Spain's "Impuesto de Sociedades" Code (44,604 Euros).

17.3. EXPLANATION OF CHANGES TO THE APPLICABLE TAX RATE IN COMPARISON WITH THE PREVIOUS ACCOUNTING PERIOD

Between the financial years of 2021 and 2020 no changes to the Corporate Income Tax rate (IRC) was recorded.

18. FINANCIAL INSTRUMENTS

18.1. FINANCIAL ASSETS

The financial assets measured at amortised cost are indicated in the following table:

	31-12-2021	31-12-2020
Non-Current		
Other financial investments		
Equity holdings in unlisted companies	3.795,86	3.794,91
Work Compensation Fund (FCT)	233.788,72	190.675,38
Up's in the GED Tech Seed Fund	500.000,00	-
	<u>737.584,58</u>	<u>194.470,29</u>
Receivable Credits		
Other debtors (a)	5.027.773,32	4.812.738,51
Deposits	2.002.466,32	2.100.865,59
	<u>7.030.239,64</u>	<u>6.913.604,10</u>
Current		
Clients c/c	52.662.591,84	54.321.112,49
Other Receivable Credits		
Debtors for accrued income	2.395.157,17	629.763,05
Advances to suppliers	139.071,46	153.664,52
Human resources / Staff	20.063,67	24.086,54
Other debtors - insurance mediation activity	64.707,13	218.616,35
Other debtors - sale of tangible fixed assets	308.831,14	1.131.575,18
Other debtors	1.252.659,62	1.068.677,26
	<u>4.180.490,19</u>	<u>3.226.382,90</u>
Cash and bank deposits (Nota 4)		
Cash in hand	12.778,88	20.996,38
Other bank deposits	2.988.044,69	12.664.469,54
	<u>3.000.823,57</u>	<u>12.685.465,92</u>
	<u>67.611.729,82</u>	<u>77.341.035,70</u>

(a) On December 31, 2021 and 2020, the balance relative to a non-refundable investment subsidy granted by the Board of Castilla la Mancha (Note 21.2)

Financial assets measured at amortized cost for which impairment was recognized are described in the following table:

	31-12-2021	31-12-2020
Clients		
Gross amount	55.582.685,07	58.091.735,79
Accumulated impairment	(2.920.093,23)	(3.770.623,30)
Net carrying amount	52.662.591,84	54.321.112,49
Other debtors - insurance mediation activity		
Gross amount	69.487,52	244.747,85
Accumulated impairment	(4.780,39)	(26.131,50)
Net carrying amount	64.707,13	218.616,35
	52.727.298,97	54.539.728,84

The amount of impairment losses recognized in each of the financial asset classes is shown in the following tables:

Year of 2021	Inicial balance	Reinforcement	Use	Reversal	Final balance
Financial assets measured at amortized cost and less impairment					
Clients c/c	3.770.623,30	126.006,98	(767.861,11)	(208.675,94)	2.920.093,23
Other debtors	26.131,50	-	(21.351,11)	-	4.780,39
	3.796.754,79	126.006,98	(789.212,22)	(208.675,94)	2.924.873,61
Year of 2020	Inicial balance	Reinforcement	Use	Reversal	Final balance
Financial assets measured at amortized cost and less impairment					
Clients c/c	3.462.727,38	530.727,99	(2.967,60)	(219.864,48)	3.770.623,30
Other debtors	24.354,73	4.620,31	(2.309,86)	(533,68)	26.131,50
	3.487.082,11	535.348,30	(5.277,46)	(220.398,16)	3.796.754,79

The effect on results of the net reversals in the year 2021 was 82.668,96 Euros (net reinforcements of 314.950,14 Euros in 2020).

18.2. FINANCIAL LIABILITIES

Financial liabilities measured at amortized cost are those indicated in the following table:

	31-12-2021	31-12-2020
Non-Current		
Financing		
Bank Loans	22.380.492,27	37.066.071,60
Capital participants (Note 6.3)	14.643.727,04	13.663.727,04
	<u>37.024.219,31</u>	<u>50.729.798,64</u>
Other payable debts		
Suppliers Investment	-	30.000,00
Other cost increases (a)	7.944.934,69	7.530.807,11
	<u>7.944.934,69</u>	<u>7.560.807,11</u>
Current		
Suppliers	32.603.034,45	29.291.696,96
Obtained financing		
Bank Loans	6.988.708,05	10.209.888,41
Bank overdrafts (Note 4)	150,00	-
	<u>6.988.858,05</u>	<u>10.209.888,41</u>
Other payable debts		
Suppliers Investment	511.489,58	1.080.566,82
Advances from customers	20.876,02	37.352,99
Creditors for accrued expenses		
Addition for holidays and vacation sub.	4.334.823,96	4.449.256,76
Awards and subsistence allowances	432.520,68	608.547,33
Accruals of Subcontracting	4.352.970,59	4.221.625,64
Other increases in expenses - related parts (Nota 6.3)	51.803,27	42.084,00
Other accruals	5.517.913,26	6.090.516,93
Human resources / Staff	391.571,70	126.473,70
Other creditors - insurance mediation activity	353.578,13	239.467,60
Other creditors	303.150,92	326.547,21
	<u>16.270.698,11</u>	<u>17.222.438,98</u>
	<u>100.831.744,61</u>	<u>122.238.769,05</u>

- (a) On December 31, 2020 and 2019, the non-current component of the item of other accrued expenses refers to the linearization of the recognition of the expenses of long-term operating lease contracts

The maturity of the non-current component of the financing obtained is as follows:

a) Bank Loans:

	2021	2020
Bank Loans		
Between 1 year and 5 years	13.385.928,58	25.664.321,91
Over 5 years	8.994.563,69	11.401.749,68
	22.380.492,27	37.066.071,60

In the first quarter of 2020, the group obtained a loan from Novo Bank in the amount of 20.000.000,00 Euro with a maturity date until 21 February 2033, which is subject to the fulfilment of certain financial ratios that are being complied with as at 31 December 2021. The classification of financing is made according to the degree of fulfilment of said ratios.

In the financial year ended on 31 December 2021 and 2020, the identification of the Financing obtained, and the respective maturities is as follows:

Subscriber	Issue date	Maturity	Nominal value 2021		Balance sheet value 2021	
			Non-current	Current	Non-current	Current
ABanca	16/07/2018	13/07/2023	526.813,27	903.108,47	526.813,27	903.108,47
BPI	17/12/2018	17/12/2023	1.657.878,58	802.336,66	1.657.878,58	802.336,66
BPI	16/07/2019	16/07/2024	2.045.709,47	1.003.112,86	2.045.709,47	1.003.112,86
BPI	30/12/2019	30/12/2023	1.279.696,81	2.533.711,01	1.279.696,81	2.533.711,01
Novo Bank	21/02/2020	21/02/2033	17.316.685,18	1.433.668,52	16.870.394,14	1.746.439,05
Total			22.826.783,31	6.675.937,52	22.380.492,27	6.988.708,05

Subscriber	Issue date	Maturity	Nominal value 2020		Balance sheet value 2020	
			Non-current	Current	Não corrente	Corrente
ABanca	25/05/2018	09/06/2023	210.811,68	100.000,08	210.811,68	100.000,08
ABanca	16/07/2018	13/07/2022	1.429.921,75	903.411,58	1.429.921,75	903.411,58
Novo Banco	30/07/2018	30/07/2023	4.743.713,65	1.989.299,08	4.743.713,65	1.989.299,08
Bankia	31/07/2018	15/09/2025	1.071.428,46	285.714,32	1.071.428,46	285.714,32
BPI	17/12/2018	17/12/2023	2.445.045,13	815.015,04	2.445.045,13	815.015,04
Millennium BCP	03/01/2019	03/01/2024	2.226.201,30	809.527,80	2.226.201,30	809.527,80
BPI	16/07/2019	16/07/2024	3.048.822,14	990.177,86	3.048.822,14	990.177,86
BPI	30/12/2019	30/12/2022	3.813.407,83	2.499.849,14	3.813.407,83	2.499.849,14
Novo Bank	21/02/2020	21/02/2033	18.688.020,28	1.496.001,94	18.076.719,66	1.816.893,51
Total			37.677.372,22	9.888.996,84	37.066.071,60	10.209.888,41

b) Capital holders:

	Undefined	2045	2047	Total
Capital holders	4.916.137,67	9.000.000,00	727.589,37	14.643.727,04

At the end of 2021, the value of the credit lines contracted was 39,800,000.00 euros (39,600,000.00 euros in 2020), being fully available.

The credit lines with movements up to 1 year are automatically renewable as contractually defined with the credit entities.

The interest paid by the Group in the financial years of 2021 and 2020, referring to loans and credit lines contracted and approved with credit institutions, are first and foremost referred to Euribor, plus market differential.

18.3. RECOGNISED NET GAINS AND NET LOSSES

In the financial years ended on December 31st, 2021 and 2020, The income, costs, gains and losses related to financial instruments are detailed as follows:

	2021		2020	
	Income	Costs	Income	Costs
Financial assets at amortised cost:				
Impairment losses (Nota 18.1)	208.675,94	126.006,98	220.398,16	535.348,30
	<u>208.675,94</u>	<u>126.006,98</u>	<u>220.398,16</u>	<u>535.348,30</u>
Financial liability at amortised cost:				
Interest paid (Note 21.11)	-	1.108.279,57	-	885.493,82
Discount prompt payment obtained (Note 21.7)	785.931,87	-	801.075,67	-
	<u>785.931,87</u>	<u>1.108.279,57</u>	<u>801.075,67</u>	<u>885.493,82</u>
	<u>994.607,81</u>	<u>1.234.286,55</u>	<u>1.021.473,83</u>	<u>1.420.842,12</u>

18.4. INSTRUMENTS OF EQUITY CAPITAL

The carrying amount of the share capital issued by the Group, at December 31st, 2021 and 2020, is detailed as follows:

	31-12-2021	31-12-2020
Capital		
Nominal value	30.000.000,00	30.000.000,00
	<u>30.000.000,00</u>	<u>30.000.000,00</u>

The number of shares representing the share social capital are those indicated in the following table:

	Value	Quantity
Shares issued		
Ordinary shares at 5 Euros each	30.000.000,00	6.000.000
	30.000.000,00	6.000.000

19. HUMAN RESOURCES / STAFF EXPENSES

The Human Resources/Staff Costs are detailed in the following table:

	2021	2020
Human Resources/Staff Remuneration	51.848.367,68	49.897.008,62
Compensations	490.280,25	840.791,13
Charges on remuneration	13.549.624,54	12.749.247,96
Insurance against work-related accidents and professional diseases	465.554,80	433.486,95
Social action expenses	64.976,50	65.583,23
Other	679.473,98	547.544,24
	67.098.277,75	64.533.662,13

The average number of employees working for the Group company in the year of 2021 was 2.339 (in 2020 was 2.321).

20. INFORMATION REQUIRED BY LEGAL DIPLOMAS

Of the information legally required in other diplomas, namely in articles 66, 324, 397, 447 and 448 of the Commercial Companies Code (CSC), of the legal provisions resulting from Decree-Law no. 328 / 95, of December 9th and the provisions referred to in Decree-Law no. 411/91, of October 17th, it should be noted that:

- I. In compliance with the provisions of paragraph 2 of article 324 of the CSC, it should be informed that the Group has no shares of its own nor did it carry out any business to date that involved securities of this nature;
- II. In compliance with the provisions of paragraph 4 of article 397 of the CSC, it should be informed that, throughout 2021, no business was carried out between the Group and members of its governing bodies;
- III. In compliance with the provisions of no. 1 of article 21 of Decree-Law no. 411/91, of October 17th, it should be informed that the Group has no outstanding debts to any welfare fund, resulting in the balances accounted for at December 31st, 2021 from the withholding of the discounts and contributions concerning the month of December, whose payment was made in January 2022, within the legal deadlines.

IV. The following members of the Board of Directors hold the following Company shares:

José Luís Soares Simões:	300
Jorge Manuel Soares Simões:	300
Leonel Fernando Soares Simões:	300

As required by law, the Board of Directors states that the Group has no outstanding debts to the State in arrears and that the Group's situation as regards the Social Security Administration is regularised, within the times limits defined by law.

21. OTHER INFORMATION

21.1. DEFERRALS

On December 31st, 2021 and 2020, the items of current assets and current liabilities “Deferrals” presented the following composition:

	2021	2020
Active deferrals		
Deferred costs - insurance	370.427,17	196.509,81
Deferred costs - Supplies and external services	1.055.413,36	1.291.197,72
	<u>1.425.840,53</u>	<u>1.487.707,53</u>
Passive deferrals		
Fleet management protocol	17.028,69	27.789,69
Other deferred income	391.880,65	514.036,29
	<u>408.909,34</u>	<u>541.825,98</u>

21.2. RESERVES, INCOME AND OTHER CHANGES IN EQUITY CAPITAL

Application of results

The movements in reserves and other equity items at 31 December 2021 and 2020 resulting from the application of results were:

Financial Year of 2021

As per resolution of the General Meeting of 15 April 2021, the net income for the period ended on 31 December 2020, in the amount of 6.245.845,00 Euro, was applied as follows:

- Other reserves:	3.161,91
- Legal reserve:	312.134,16
- Distribution of Dividends:	1.182.843,20
- Retained Earnings:	4.747.705,73

Financial Year of 2020

As per resolution of the General Meeting of 17 April 2020, the negative net income for the period ended on 31 December 2019, in the amount of 1.452.141,99 Euro, was applied as follows:

- Other reserves:	3.161,89
- Retained Earnings:	(1.455.303,88)

Legal reserve

The legal reserve is not available for distribution and may only be used to increase the share capital or set off losses. In accordance with the law, the legal reserve is reinforced, on an annual basis, at least in 5% of the net income, until no less than 20% of share capital is reached. This reserve is non-distributable, except in the event of company liquidation, but may be used to absorb losses after all other reserves have been depleted or incorporated into the share capital.

As at 31 December 2021 and 2020, the legal reserve amounted to 638.059,75 euros and 325.925,59 euros, respectively.

Adjustments/Other changes in equity

In the financial years 2021 and 2020, the balance of adjustments in financial assets developed as follows:

Project	Balance at 31.12.2020	Subsidy Reinforcement	Earnings recognition (Note 21.7)	Implementation of deferred taxes	Balance at 31.12.2021
Guadalajara	3.877.968,29	161.276,11	-312.451,14	78.112,78	3.804.906,04

Project	Balance at 31.12.2019	Subsidy Reinforcement	Earnings recognition (Note 21.7)	Implementation of deferred taxes	Balance at 31.12.2020
Guadalajara	3.877.968,29	-	-	-	3.877.968,29

During the year ended December 31st, 2019, the Junta de Castilla la Mancha granted an investment grant to the Group company Luís Simões Logística Integrada, S.A. (Spain) in the amount of 5.580.892,90 euros, subject to compliance with several conditions, namely a total investment of 32.828.777 euros in the new logistics centre and the creation of 120 jobs.

According to the Board's assessment, the total eligible investment will be lower. Therefore, the grant was proportionally recognised (Note 18.1).

Other reserves

The item "Other Reserves" corresponds to free reserves.

As at 31 December 2021 and 2020, the item "Other Reserves" amounted to 4.110.692,37 euros and 4.107.530,46 euros, respectively.

21.3. NON-CONTROLLING INTERESTS

In the years 2021 and 2020, the balance of non-controlling interests registered the following evolution:

	2021	2020
Balance on January, 1st	206.851,27	226.099,63
Profit for the period	146.880,33	95.024,22
Dividends assigned	(47.512,11)	(114.272,58)
Balance on December, 31	306.219,49	206.851,27

The non-controlling interests item, at December 31, 2021 and 2020, is detailed according to the following:

	2021	2020
Espaçotrans - Gestão Entrepostos Aduaneiros, Lda.	306.219,49	206.851,27
	306.219,49	206.851,27

21.4. STATE AND OTHER PUBLIC ENTITIES

At December 31, 2021 e 2020, the “State and other public entities” items were broken down as follows:

	31-12-2021		31-12-2020	
	Assets	Liabilities	Assets	Liabilities
Tax on Corporate Income				
Payments on account	1.570.190,05	(83.349,00)	-	(154.207,74)
Tax Estimate	(1.222.925,04)	152.259,82	97.356,86	2.043.526,36
Withholding tax	26.823,36	-	49.776,34	(2.296,56)
Income Tax on singular people	-	652.383,20	-	533.680,50
Value Added Tax				
Recoverable VAT- Portugal	448.920,38	-	4.900,79	-
Recoverable VAT- Spain	116.973,45	-	143.230,02	-
Recoverable VAT - other countries	1.841,10	-	1.020,43	-
VAT refunds - Spain	260.703,44	-	635.083,67	-
VAT refunds - other countries	4.113,35	-	4.965,37	-
VAT payable - Portugal	-	855.100,86	-	1.131.753,53
Social Security Contributions	-	1.416.764,03	-	1.329.183,02
Special Consumption Tax	-	1.139.733,90	-	647.574,32
Refund of professional diesel - Portugal	150.602,60	-	127.614,11	-
Refund of professional diesel - Spain	34.429,51	-	57.377,87	-
Other taxes	-	15.368,21	-	7.198,09
	1.391.672,20	4.148.261,02	1.121.325,46	5.536.411,52

21.5. OWN WORK CAPITALISED

This item is broken down as shown in the following table:

	2020	2019
Work done for the entity itself		
Tangible fixed assets	304.364,84	685.475,28
Intangible assets	-	63.417,40
	<u>304.364,84</u>	<u>748.892,68</u>

The values recorded in this heading are concerning to repairs on vehicles acquired by the Group and carried out in the company's own workshops, at the moment of their purchase and preparation for use, and also works carried out at the new automated warehouse of the logistics centre of Guadalajara and services rendered by the Group in the development of transport management software "TMS".

	2021	2020
Work done for the entity itself		
Tangible fixed assets	116.647,67	304.364,84
	<u>116.647,67</u>	<u>304.364,84</u>

The values recorded under this item refer to repairs of vehicles purchased by the Group in their state of use in their own workshops, at the time of their purchase and preparation for use, and the work carried out in the installation of the new automatic warehouse of the Guadalajara logistics centre.

21.6. SUPPLIES AND EXTERNAL SERVICES

The item “Supplies and External services”, for the years ended December 31, 2021 and 2020, is detailed as follows:

	2021	2020
Subcontracts	100.542.583,49	95.050.911,72
Rents and Rentals	23.411.671,96	22.596.204,71
Maintenance and Repairs	5.409.420,02	4.387.008,16
Fuel	5.278.197,92	5.552.233,45
Specialized work	3.963.483,32	2.908.045,96
Warehouse consumables	2.717.740,56	1.446.043,00
Electricity	2.019.320,28	1.527.733,99
Cleaning, hygiene and comfort	1.932.681,54	2.067.512,84
Insurances	1.310.104,84	1.335.516,11
Surveillance and Security	1.220.657,53	1.157.610,91
Tolls	1.029.114,18	1.099.150,54
Commissions	719.894,46	672.298,41
Communication	433.683,15	512.887,96
Travelling, Board and Lodging	229.144,08	224.388,88
Advertising and Marketing	37.180,12	47.314,49
Others	1.912.959,82	1.661.625,59
	<u>152.167.837,26</u>	<u>142.246.486,72</u>

The costs recognised as costs of an environmental nature are included under the item “Cleaning, hygiene and comfort” and rose to 451.781,29 Euros in 2021 (467.373,62 Euros in 2020).

21.7. OTHER INCOME

The item “Other income” for the years ended December 31, 2021 and 2020 are detailed as follows:

	2021	2020
Additional income:		
Car maintenance and repair	307.563,24	410.254,48
Valued waste	258.415,68	70.332,84
Fuel sales	145.852,82	162.519,34
Provision of equipment	100.242,89	180.159,76
Security and surveillance services	91.377,73	98.236,83
Condominium services	49.073,84	54.329,98
Exploration transfer	38.852,10	39.495,60
Insurances	10.684,39	12.852,85
Rental of vehicles	150,00	2.705,00
Technical management services	-	426,00
Documentation Services	-	63,78
Contractual penalties	-	2.400.000,00
Other additional income	380.362,44	305.767,31
Gains on tangible fixed assets	1.427.998,25	1.810.241,82
Cash discounts obtained (Note 18.3)	785.931,87	801.075,67
Investment grants (Note 21.2)	312.451,14	-
Entry fee for tyres contracts	187.866,47	113.607,16
Leftovers	120.620,89	76.696,30
Claims compensation	111.123,16	141.628,13
Gains in other financial instruments	61.600,56	-
Excess estimate for taxes	50.333,39	177.507,35
Investment property rentals (Note 10)	41.314,49	39.548,72
Other interest earned	37.072,65	155.052,24
Income from renting contracts	10.761,01	10.760,98
Recovery of receivables	51,98	2,22
Tax refund (Note 13.3)	-	521.303,55
Others	80.304,78	105.507,61
	<u>4.610.005,77</u>	<u>7.690.075,52</u>

Contractual penalties in the year ended 31 December 2020 were related to the delayed delivery of the new logistics centre in Guadalajara.

The item "Other interest received" mainly refers to the interest on late payment related to the amounts returned of the "Cêntimo Sanitário- Sanitary Penny", whose tax refund originated from claims filed by the Group, as mentioned in Note 13.3.

21.8. OTHER COSTS

The item "Other costs" for the years ended December 31, 2021 and 2020 is detailed as follows:

	2021	2020
Taxes and fees	728.905,02	684.039,52
Claims	516.055,93	1.015.321,15
Donations	142.898,44	83.040,57
Inventory losses	91.500,29	37.763,02
Fines	57.678,70	50.887,32
Losses on tangible fixed assets	19.980,37	202.132,67
Membership Fees	18.856,90	26.917,87
Cash discounts granted	8.220,22	5.491,54
Insufficient tax estimate	3.663,94	1.672,86
Uncollectible debts	136,14	-
Other	114.246,51	70.080,83
	<u>1.702.142,46</u>	<u>2.177.347,35</u>

21.9. DEPRECIATIONS / AMORTIZATIONS

The item “Costs/Reversals of depreciations and amortisation” for the years ended December 31, 2021 and 2020 is broken down as follows:

	2021	2020
Intangible assets (Note 7)	1.213.862,92	1.195.127,63
Tangible fixed assets (Note 8)	8.975.669,11	8.260.166,24
Investment properties (Note 10)	13.798,85	14.393,09
	<u>10.203.330,88</u>	<u>9.469.686,96</u>

21.10. INTERESTS AND SIMILAR COSTS PAID

The item “Interests and Similar Costs Paid” in the years ended December 31, 2021 and 2020, is detailed as follows:

	2021	2020
Interest paid		
From Financing obtained	465.704,47	333.201,93
From Financing obtained - Other Related Entities (Note 6.3)	493.553,66	478.230,48
From Bank overdrafts	4.973,35	8.008,29
From confirming	143.590,00	63.637,83
Others	458,09	2.415,29
	<u>1.108.279,57</u>	<u>885.493,82</u>

21.11. GUARANTEES PROVIDED

The liability for guarantees provided of the companies included in the consolidation is of 7.584.827,92 Euros (7.045.529,52 Euros in 2020) and essentially refers to bank guarantees.

In addition, the Group presented promissory notes to third parties as collateral for payment of debts which as, at 31 December 2021, amounting to 29.505.212,58 Euro (47.562.245,15 Euro as of 31 December 2020).

Some loans obtained are subjected to the fulfilment of certain “*covenants*”, which are classified as current or non-current, according to their fulfilment. As at 31 December 2021 all “*covenants*” were being met.

21.12. EARNINGS PER SHARE

The earnings per share, for the financial years ended December 31, 2021 and 2020, were determined as follows:

	2021	2020
Results / Earnings:		
Net income of the period	4.480.086,52	6.245.845,00
Number of shares:		
Weighted average number of shares (Note 18.4)	6.000.000,00	6.000.000,00
Results / Earnings per basic share	<u>0,75</u>	<u>1,04</u>

Certified accountant:	Signature
Vítor José Caetano de Sousa	
Company's Board of Directors:	
José Luís Soares Simões - Chairman	
Leonel Fernando Soares Simões - Member of the board of directors	
Jorge Manuel Soares Simões - Member of the board of directors	
Fernanda Maria Oliveira Simões - Member of the board of directors	
Daniela Alexandra Lopes Simões - Member of the board of director:	
Rui Miguel Marcos Simões - Member of the board of directors	
Miguel Roquette Rocha Martins - Member of the board of directors	

Ir mais longe -- até onde for o futuro!

 *Luis Simões*

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