Buzzi Unicem

PRESS RELEASE

Approval of the 2021 financial statements

- **Cement sales up (+6.7%), thanks to the progress achieved in Italy, the United States and Eastern Europe. Slightly negative change in Central Europe. Ready-mix concrete output on the rise, too (+3.4%)**
- **Ebitda at €795 million and Ebit at €546 million show an improvement of about 4% at constant exchange rates**
- **During the last months of the year the favorable mix of prices and volumes allowed to maintain Ebitda margin of the period almost unchanged, despite the unprecedented increase in production costs (above all electricity and fuels)**
- **Dividend proposal: 40 cents per share (25 cents per share in 2020)**

Consolidated data		**2021**	**2020**	**% 21/20**
Cement and clinker sales	t/000	**31,202**	29,250	+6.7%
Ready-mix sales	m3/000	**12,141**	11,743	+3.4%
Net sales	€/m	**3,446**	3,222	+6.9%
Ebitda	€/m	**795**	781	+1.8%
Ebitda recurring	€/m	**796**	785	+1.4%
Consolidated net profit	€/m	**542**	560	-3.2%

		Dec 21	**Dec 20**	**Change**
Net financial position	€/m	**236**	(242)	477

The Board of Directors of Buzzi Unicem SpA met today to examine the statutory and consolidated financial statements for the year ended 31 December 2021.

In the year under review, the group sold 31.2 million tons of cement, up 6.7% compared to 2020 and 12.1 million cubic meters of ready-mix concrete, improving 3.4%.

During the last quarter of 2021 the Italian economy showed moderate development (+0.6%), following the most evident increases recorded in the second and third quarters (respectively +2.6% and +2.7%), supported mainly by the recovery in consumption and the strengthening of industrial production. The slowdown observed at the end of the year was influenced by the new wave of infections, resulting from the spread of the Omicron variant in the country, and by the further acceleration of inflation (+3.9% in December), caused by the surge in energy prices and persistent disruptions to supply chains. Exports, thanks to the soundness of international demand, showed clear progress (+18.2% for the whole of the year), which was more marked towards EU countries than the non-EU area. The expansion of industrial production, widespread in all the main sectors but more marked for intermediate and capital goods, was equal to 11.8% in 2021, compared with a decline of 11.4% in 2020. The employment rate, on the other hand, which has been growing since February, slightly decreased in the fourth quarter, closing 2021 in any case at pre-pandemic levels (59.0%). In this context, GDP in 2021 rose by 6.5%, while inflation, referred to the entire period, reached +1.9%, driven upwards by the increase in energy prices. The recovery in economic activity was also reflected in public accounts, with public debt/GDP ratio at around 150%, improving on the 2020 figure (155%).

As for Central European countries, after a contraction of 4.6% recorded last year, the German economy grew by 2.8% in 2021, i.e. at a less brilliant pace than its main European partners. In the second and third quarters, the easing of restrictions linked to the pandemic and the increase in private consumption supported the economy, which was however slowed down by the weakness of exports and investments. During the fourth quarter, a further contraction in investments associated with a slowdown in domestic consumption, caused by the new increase in infections and by the higher inflation, once again hindered the economy. Although orders reached high levels, driven by the strong recovery in global demand, industrial production, particularly in the automotive sector, is expected to slightly decline in 2021, penalized by the shortage of raw materials and semiconductors. The inflation rate, which rose sharply in the fourth quarter, stood at 3.2%, mainly due to the increase in energy factors and raw materials. In a context characterized by a slowdown in capital spending by businesses, a direct consequence of the weakness of industrial production, construction investments showed a stable trend, supported by good activity in the residential sector.
In Luxembourg, after a limited contraction in 2020 (-1.8%), during 2021 GDP progressed significantly (+7%), mainly thanks to the expansion of private consumption, which returned to pre-pandemic levels already in the third quarter, and to the soundness of the service sector. During the first half of the year, investments also showed a positive trend, and then slowed down in the second half of the year. Despite the high vaccination rate, during the fourth quarter a new worsening of the epidemiological picture led to the return to new restrictions and, consequently, to a slowdown in the expansionary dynamics of consumption which, however, should not have had a particularly unfavorable impact on growth. Inflation rate increased significantly in the year, reaching 3.5%, driven upwards by the surge in energy prices, as well as by the rise in the prices of various goods and services.

Looking at the Eastern European markets, in Russia, the economic recovery, after a robust first half supported by the favorable trend in industrial production and mining, as well as by the strengthening of domestic consumption, was also confirmed in the second half of 2021, despite some signs of slowdown starting from the third quarter due to uncertainties about the epidemiological picture and the low vaccination rate. The recovery of activity on a global scale, in addition to the increase in the prices of hydrocarbons and raw materials, had a positive impact on exports and investments. At the sector level, the expansion was driven by services, while government programs to support credit and modernize the infrastructure network sustained the construction industry. The increase in demand and in energy prices pushed inflation upwards, leading to a tightening of monetary policy by the Central Bank. For the entire year 2021, GDP is expected to grow by 4.5%, while inflation should be 5.9%.

In Poland, the economy, after a positive first half, was confirmed as such also during the second half of 2021, despite a still very uncertain epidemiological picture and interruptions in supply chains. In the third quarter, GDP grew (+2.1% on a quarterly basis), mainly driven by the gradual easing of the restrictions linked to the pandemic which supported the recovery in domestic consumption. At the end of the year, despite the slowdowns of logistics on a global scale, investments and inventories maintained an expansionary trend, supporting the recovery of manufacturing activity. In this context, therefore, GDP grew by 5.7% in 2021, while inflation increased significantly in the second half of the year, due to the trend in commodity prices and supply bottlenecks, reaching 5.2%.

In the Czech Republic, the relaxation of the restrictive measures during the second and third quarters allowed a revival of economic activity, favoring the expansion of domestic consumption. The resurgence of infections during the final part of the year and the consequent introduction of new restrictions, aimed primarily at the hospitality sector, should not have affected the positive development of the economic situation. Despite strong global demand, industrial production and exports, particularly in the automotive sector, slowed down due to the continuing shortage of semiconductors. Based on these dynamics, GDP for 2021 is estimated to grow by 3.3% while inflation, which increased significantly at the end of the year, reached 3.3%, driven by the increase in prices of production goods and factors.

In Ukraine, after the recovery of economic activity during the second quarter, thanks to the positive trend of domestic demand, industrial production and exports, in the third quarter GDP grew at a slower pace, in a context of general slowdown. In the last quarter, in a scenario of clear uncertainty, largely due to the growing tensions on the border with Russia and to the delays in the vaccination campaign, consumer confidence worsened while the agricultural and mining sector maintained an expansionary trend. For the whole of 2021, GDP should grow by 3.5% and inflation, fueled both by the dynamics of global trade and by the recovery of domestic demand, is expected to reach a high level (+9.5%).

In the United States of America, the growth in economic activity recorded in the first half, favored by the positive dynamics of consumption and by the contribution of the America Rescue Plan, was followed by a slowdown in the third quarter, due to the worsening of the epidemiological situation, with the spread of the Delta variant, and supply chain disruptions. In the fourth quarter, however, the US economy registered a strong acceleration (+7.0%), thanks to the replenishment of inventories and the positive dynamics of exports, being much higher than imports. Furthermore, private consumption and investments offset the decline in public spending. Due to the increases in energy factors and components related to cars and rents, inflation increased significantly in the second half of 2021, reaching the maximum level since the 1980s. The most recent estimates indicate that GDP growth will be 5.7% in 2021, while inflation should be 4.3%.

Construction investments, whose level is closely related to the evolution of the demand for cement and ready-mix concrete, showed a positive trend in the United States of America, basically thanks to the soundness of the residential sector. In Italy, the increase in investments was driven by residential renovation and the positive contribution of new public works. In Central and Eastern Europe, investment initiatives mainly concerned the residential sector. In Russia and Ukraine, on the other hand, construction activity showed a positive trend, supported by the increase in public works.

Consolidated net sales increased from €3,222.4 to €3,445.6 million. During the year no changes in scope were recorded, while the exchange rate effect was unfavorable for €62.7 million. Like for like net sales would have improved by 8.9%.

The consolidated Ebitda stood at €794.6 million, up 1.8% compared to €780.8 million of the previous year. The exchange rate effect was negative for €19.2 million. The figure of the year under review includes non-recurring costs of €1.3 million, attributable to provisions for liabilities and charges. In 2020 non-recurring expenses incurred were equal to €4.2 million.
Excluding non-recurring items Ebitda rose from €785.0 to €795.9 million (+1.4%), with Ebitda to sales margin standing at 23.1% (24.4% in 2020). The strengthening of operating results in the United States of America and Russia, despite the unfavorable exchange rate effect, in addition to Italy and the Czech Republic, more than offset the slowdown recorded in Central Europe, Poland and Ukraine.
Amortization and depreciation amounted to €249.0 million, versus €256.9 million of the previous year. Ebit came in at €545.6 million, up compared to €523.9 million in 2020. Net finance costs increased from €0.3 to €34.4 million, mainly due to the variance of the net balance of non-cash items, in particular gains/losses on foreign exchange. Gains on sale of investments contributed positively for €18.0 million, thanks to the disposal of building land in Luxembourg, while equity in earnings of associates decreased from €173.1 to €106.1 million. It should be pointed out that in 2020 an amount of €103.6 million, referring to the assets disposal carried out by the subsidiary Kosmos Cement, contributed to the balance. As a consequence of the above, profit before tax amounted to €635.3 million, down compared to €700.3 million of the previous year. The tax

burden for the year was €93.0 million, versus €139.8 million in 2020. The lower tax rate of 2021, equal to 15% of profit before tax (20% in 2020), was affected by the component referring to previous years, which incorporates a benefit for greater accelerated depreciation in the United States, and by a lower taxable income produced in the geographical areas of activity where the tax imposition is higher. Therefore, the income statement for 2021 closed with a net profit of €542.3 million (€560.5 million in 2020). Net profit attributable to the owners of the company amounts to €541.9 million in the year under review (-3.3% on 2020).

Consolidated net financial position as at 31 December 2021 was positive and stood at €235.5 million, compared to €241.6 million of net debt at year-end 2020. The improvement was achieved thanks to the favorable trend in cash generated from operations and from some slowdown of capital expenditures projects caused by interruptions in the supply chains of materials and difficulties in carrying out orders, following the persistence of the Covid-19 pandemic. In 2021 the group distributed dividends of €191.2 million and paid total capital expenditures of €217.7 million, €33.2 million thereof dedicated to improving environmental performance and decarbonizing the production process, among which the capital expenditures to increase the production of cements with a lower clinker content, the greater use of alternative fuels and the in-house production of electricity. An amount of €16.7 million was allocated to capacity expansion projects, among which the erection of the new cement grinding department in Korkino, Russia (€4.3 million), the construction of a new clinker storage in San Antonio, Texas (€2.1 million) and a new natural aggregates quarry in Austin, Texas (€4.3 million).

As at 31 December 2021, total equity, inclusive of non-controlling interests, stood at €4,375.2 million versus €3,603.0 million at 2020 year-end. Consequently, the debt/equity ratio decreased to 58% from 77% in the previous year.
In 2021 the parent company Buzzi Unicem SpA reported a net profit of €223.2 million (€293.4 million in 2020) and a cash flow of €257.7 million.

Italy

Our hydraulic binders and clinker volumes, after clearly progressing in the first six months of the year, maintained a positive trend also in the second half, thanks to the soundness of domestic demand and the mild climate; referring to the whole of the year, they increased by 15.9%. Average selling prices, in the same period, showed a positive trend. The ready-mix concrete sector closed the year markedly progressing (+17.4%), with better prices, too.
Such trend in volumes and prices led to net sales of €604.7 million, up 20.7% (€501.1 million in 2020). The unit production costs showed a clear worsening due to the significant increase in fuel and power costs, despite a marginal improvement of the fixed component. Ebitda achieved €40.8 million, up 20.7% compared to €33.8 million of last year. The recurring Ebitda, equal to the

reported one, increased by 15.2% compared to €35.5 million in 2020 (which included non-recurring charges of €1.6 million). During the financial year the company did not realize other operating revenues from the intercompany sale of CO_2 emission rights.

Central Europe

In **Germany**, our deliveries of hydraulic binders, after a slight decline in the first part of 2021, closed the year down (-3.8%), confirming a weak trend also during the second half, being penalized by unfavorable weather conditions and by the uncertainties associated with the increase in Covid-19 infections. Average selling prices, on the other hand, showed a satisfactory positive change. In this context, also the ready-mix concrete sector closed with a decrease in production compared to 2020 (-4.9%) and prices slightly strengthening.
Overall net sales thus decreased from €717.0 to €708.1 million (-1.2%) while Ebitda in any case improved from €123.8 to €127.5 million (+2.9%). Unit production costs recorded a net unfavorable change due to the increase in fuel and electricity items, as well as to the surge in the price of CO_2 emission rights. In 2021 the business incurred operating costs of €23.6 million for the purchase of CO_2 emission rights (€16.5 million in 2020).

In **Luxembourg** and the **Netherlands**, our cement shipments, after a robust first half, showed a slight slowdown during the second half of the year, closing 2021 with a fair progression anyway (+5.8%), and with increasing selling prices. The ready-mix concrete sector, despite a recovering fourth quarter, recorded a slightly negative trend (-0.2%), associated with improving selling prices.
Net sales came in at €201.1 million, up 4.9% compared to the previous year (€191.7 million). Ebitda stood at €16.5 million, decreasing compared to €21.7 million in 2020. Unit production costs showed a clear rise, mainly due to the increase in energy factors and CO_2 emission rights, while fixed costs were lower. During the year the business incurred operating costs of €2.4 million for the purchase of CO_2 emission rights (€2.1 million in 2020).

Eastern Europe

In **Poland**, our cement sales volumes, after the difficulties that emerged in the first semester, showed good results in the second half of 2021, closing the year progressing (+5.3%). The average level of selling prices, in local currency, was also improving. The ready-mix concrete production recorded even more evident progress (+24.4%), but with selling prices, in local currency, decreasing.
Net sales increased from €117.8 to €126.4 million (+7.3%) while Ebitda fell from €35.3 to €31.3 million (-11.3%). However, it should be remembered that the depreciation of the local currency (-2.8%) impacted the translation of the results into euro: at constant exchange rates net sales would have been up 10.3% and Ebitda down 8.9%. The unit production costs in local currency

showed an unfavorable change, penalized by the higher costs of fuels, power and CO_2 emission rights. During 2021 the business incurred operating costs of €8.7 million for the purchase of CO_2 emission rights (€6.5 million in 2020).

In the **Czech Republic**, cement sales, after a favorable first half, confirmed a good trend also in the second part of the year, closing 2021 markedly advancing compared to 2020 (+10.8%). Average selling prices, in local currency, increased. The ready-mix concrete sector, including **Slovakia**, recorded slightly higher production levels (+1.5%); the price variance was also favorable.
Consolidated net sales amounted to €177.5 million (€159.5 million in 2020, +11.3%) and Ebitda increased from €46.8 to €51.3 million (+9.7%). The appreciation of the Czech koruna (3.1%) had a positive impact on the translation of the results into euro: at constant exchange rates, the variance of net sales would have been +8.3%, while the one of Ebitda +6.3%. The improvement in fuel and electricity costs was offset by the increase in the fixed component and, more evidently, in CO_2 emission rights: unit production costs therefore showed an unfavorable variance. During the year the business incurred operating charges of €6.6 million for the purchase of CO_2 emission rights (€1.7 million in 2020).

In **Ukraine**, the recovery in the construction sector, favored by government stimuli, and the imposition of duties on imports from Turkey, pushed our cement sales upwards for the whole of 2021 (+10.4%). Selling prices, in local currency, which were weaker in the first six months of the year, increased during the second half, driven by inflation. Ready-mix concrete output showed even more evident growth (+32.7%), with selling prices also increasing.
Net sales stood at €127.0 million, up compared to €116.1 million achieved in 2020 (+9.4%), while Ebitda, however, decreased from €21.9 to €13.3 million (-39.1%). The depreciation of the local currency (-4.6%) negatively influenced the translation of the results into euro: at constant exchange rates the turnover would have been up 14.4% and Ebitda down 36.3%. Despite the significant savings in fixed costs, unit production costs in local currency worsened, mainly due to the considerable increase in fuel and electrical power costs.

In **Russia**, cement sales, after a clear increase in the first half of the year, continued somehow steadily in the second one, thanks to the soundness of demand and the still favorable weather conditions, closing 2021 clearly improving compared to the previous year (+7.1%). Unit selling prices, in local currency, showed a positive change. The growing demand for hydrocarbons on a global scale had a favorable impact on the production of special oil-well cements, which significantly exceeded the level reached at the end of 2020.
Net sales amounted to €207.4 million, up compared to €195.8 million of the previous year (+5.9%) and Ebitda increased from €52.9 to €58.6 million (+10.7%). The weakening of the ruble (-5.4%)

unfavorably influenced the translation of the results into euro: at constant exchange rates, net sales and Ebitda would have been up 11.6% and 16.6% respectively. Ebitda to sales margin, increasing compared to the previous year, remained on levels higher than the group average (28.2%). Unit production costs in local currency were almost stable, thanks to the favorable trend of electric power and fuel costs.

In the **United States of America**, our hydraulic binders sales, thanks to the solidity of demand and to generally favorable weather conditions, especially during the last three months of the year, confirmed the progress already recorded in the first half, closing 2021 up (+7.5%). Ready-mix concrete output, mainly present in Texas, despite a partial recovery during the third quarter, showed some weakness closing below the level reached the previous year (-2.8%). Selling prices, in local currency, performed well in the cement sector, while in the concrete one the increase was less evident.
Overall net sales amounted to €1,329.6 million, up 5.5% compared to €1,260.6 million of 2020, while Ebitda increased from €444.2 to €455.1 million (+2.4%). The depreciation of the dollar (-3.5%), which was particularly evident in the first part of the year, had a negative impact on the translation of the results into euro: at constant exchange rates net sales and Ebitda would have increased by 9.2% and 6.1% respectively. It should be remembered that the figure for the year under review includes a non-recurring addition of €1.3 million to provisions for risks; net of non-recurring items, Ebitda was up 2.7%. Ebitda to sales margin still represents the top level of the group (34.3%), albeit declining, due to the increase in unit production costs, which were negatively impacted by the very unfavorable dynamics of energy factors, particularly fuels.

Mexico (valued by the equity method)
The sales of the associate Corporación Moctezuma, after a particularly sound first half of the year, recorded a marginal weakness in the second one, due to a slowdown in the construction sector, closing 2021 considerably progressing compared to the previous year (+8.4%). Price variance, in local currency, continued to be positive. Ready-mix concrete sales showed a favorable trend (+8.1%), with stable prices in local currency. Net sales stood at €661.6 million, up 15.3% on the previous year, while Ebitda came in at €282.7 up compared to €265.0 million of 2020. The Mexican peso showed an appreciation of 2.2%. At constant exchange rates net sales and Ebitda would have been up 12.8% and 4.3% respectively. The sharp increase in fuel and electricity items led to a worsening of unit production costs.
The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €63.9 million (€58.1 million in 2020).

Brazil (valued by the equity method)

The brilliant trend of cement shipments carried out by our joint venture in the first part of 2021 continued in the second half, and the year closed markedly progressing (+53.6%) compared to 2020. A decisive factor was the additional contribution referred to the companies of the CRH group operating in Brazil, acquired in April. Selling prices, in local currency, also showed a considerable improvement.

Net sales stood at €253.4 million, equal to +82.2% compared to €139.1 million of the previous year, while Ebitda reached €80.9 million, markedly up compared to €48.0 million of 2020. The depreciation of the Brazilian real penalized the translation of the results into euro (-8.2%): like for like, net sales and Ebitda would have been up 32.4% and 33.6% respectively. The unfavorable dynamic of unit production costs was due to the worsening of both fixed items and the variable cost components, particularly the energy factors.

The equity earning referring to Brazil, included in the line item that encompasses the investments valued by the equity method, amount to €31.8 million (0.4 million in 2020).

Outlook

The estimates developed during the budget process outlined for 2022 moderate growth in operating results, thanks to generally optimistic forecasts regarding construction investments, both in Europe and the United States, driven by a robust demand in the residential sector, albeit attenuating compared to 2021, and by higher spending on public works, supported by the initial effects of infrastructure development plans (Next Generation EU, Infrastructure Investment and Jobs Act, etc.). In a context characterized by a high inflation rate of raw materials and energy, we set ourselves the goal of possibly transferring on selling prices the increase in production costs, thus reaching a substantial stability of operating results in the United States and Central Europe, as well as some improvement in Eastern Europe and Italy. Furthermore, we expected a positive contribution from the improvement in the dollar and ruble exchange rate.

The recent developments regarding the armed conflict between Russia and Ukraine obviously added a significant element of uncertainty to the macroeconomic and operating scenario initially outlined for 2022. Above all in Europe, the prices of raw materials and energy factors, instead of stabilizing on (very high) levels achieved in the latter part of 2021, continued to grow exponentially, in particular starting from the second half of February. In this regard, we are concerned not only with the out-of-control dynamics of production costs but also with the scarcity of some basic raw materials for our production process.

In Ukraine, after the outbreak of war, with the consequent and necessary suspension of production and trade in both plants, we assume that the operating results for the current year will probably be negative.

In Russia, on the other hand, the international sanctions established by the United States and the European Union in response to the invasion of Ukraine led to a significant depreciation of the ruble and a strongly negative revision of the country’s growth prospects. We believe that macroeconomic indicators will rapidly deteriorate, also affecting the demand for building materials. We therefore expect that the impact of currency devaluation and that of the probable economic recession will lead to a very sharp decrease in operating results, which could indicatively halve.

The effects of the war that started in Eastern Europe are having particularly negative repercussions in Italy. As well known, our country has few energy sources of its own (or does not use them properly), has abandoned the nuclear option, is suffering severe delays in increasing the share of electricity produced from renewable sources and hinders the use of alternative fuels derived from waste to replace fossil fuels. The extreme dependence on foreign gas, especially that from Russia, has made our economy very vulnerable in this phase of extreme tension with the supplier country. The high inflation rate and the difficulties in the procurement of raw materials are threatening to discontinue last year's economic recovery and causing us to fall back into a slowdown phase. The operating results of our operations are currently below budget. An improvement compared to 2021 would only be possible through a cooling of costs or a sequential increase in prices, which, moreover, could have a boomerang effect on the demand for cement and concrete.

In Central Europe, as well as in the Czech Republic and Poland, we assume that the trading conditions will develop in a more predictable way. The political and economic context is very challenging and complicated even in these markets, however, the lower dependence on traditional sources in the production of electricity and the extensive use of alternative fuels in the production of cement allow to mitigate the cost increases and therefore offer greater possibilities of passing on the burdens downstream, through an increase in selling prices.

Compared to Europe, the United States started the year in a very different situation, both because they are geographically distant from the conflict and because they are completely self-sufficient from an energy standpoint. The industry is not exempt from rather important cost increases, but the demand for cement is confirmed to be high and the main challenges rather concern the ability to achieve a maximum level of productivity and reliability in our plants. In addition, we have to better cope with a widespread lack of specialized personnel and concrete mixer drivers. Therefore, assuming that demand remains buoyant, the market should be able to accept generally higher prices, a pattern that would allow us to maintain profitability at excellent levels. The strength of the dollar, if confirmed, would contribute to the solidity of the expected results.

In conclusion, assuming that the military conflict in Ukraine will be continuing for a few months, at a consolidated level we expect for 2022 a decrease in recurring Ebitda of approximately 10% versus the record results achieved in the 2021 financial year. We shall take care of providing the market with more precise indications when we have better visibility on the unfolding of energy costs, on the shortage of raw materials and on the normalization of the supply chain.

As for our joint ventures, we expect further progress in operating results in Brazil, while in Mexico, despite a positive price effect, the increase in energy costs, fuel in particular, could penalize the operating profitability.

As regards the investment plan approved for 2022, we expect it to be more significant than in the previous year. Several projects are included, aimed at continually improving operational efficiency and reducing CO_2 emissions, in line with the decarbonization targets set out in the strategic Roadmap which will be disclosed in May.

Russia-Ukraine conflict

Buzzi Unicem has 2 full-cycle cement plants in Ukraine, one located near Rivne (north-west region) and the other in Nikolayev (south region, west of the Southern Bug river). The group also operates in the ready-mix concrete sector, mainly in Kiev. After stopping the production activities, we have implemented an emergency plan having as a priority the safety of our staff, their families and, as far as possible, the physical integrity of the plants, waiting for the conditions to mature as soon as possible to resume the business in the country. We specify that at the balance sheet date the book value of net assets in Ukraine amounted to €39 million.

In Russia, the group operates with 2 cement plants, in the area east of the Ural mountains. The international sanctions resulting from the invasion of Ukraine, in addition to negatively impacting the value of the ruble and the country's growth prospects, are significantly reducing trade with Western economies, thus entailing considerable difficulties in finding various spare parts and/or technical assistance services locally, which are essential for the maintenance and proper operation of the factories. At the balance sheet date, the book value of net assets in Russia amounted to €450 million (of which €101 million referring to goodwill).

As for crisis management, the group has raised its level of attention on the subject of cyber security, adopting mitigation actions based on the best protection methods in such domain.
The company is in close contact with local management and constantly monitors the evolution of the crisis, also in view of the investment plans envisaged in the two countries.

Based on the currently available information, it is not possible to precisely forecast about the effects of the conflict on the economic situation and the financial position of the group. In an extreme case, deemed unlikely, the impairment loss could reach about 10% of equity. This would mean an important impact but not such as to change the opinion on the financial soundness of the group.

Consolidated non-financial statement 2021

The Board of Directors approved the consolidated non-financial statement, which is included in the Sustainability Report 2021, in compliance with the provisions of Legislative Decree no. 254/2016.

The consolidated non-financial statement is a distinct and separate report with respect to the business review. It will be made available to the public at the same time as the publication of the draft annual financial statements and the consolidated financial statements for the year ended on 31 December 2021.

Appropriation of net income

The Board of Directors will propose to the Annual General Meeting of Buzzi Unicem SpA, convened in a single call for 12 May 2022 a dividend of 40 cents per share. The dividend payment, if approved by the Shareholders' Meeting, will be executed as from 25 May 2022 (with coupon detachment on 23 May 2022 and record date on 24 May 2022).

The company, in order to minimize the risks related to the Covid-19 pandemic and considering the provisions relating to the conduct of shareholders' meetings pursuant to art. 106, paragraph 4, of the Decree Law. 17 March 2020, no. 18 and subsequent amendments, decided to make use of the option to provide that the participation and exercise of the right to vote in the Shareholders' Meeting may take place exclusively through the representative designated by the company pursuant to art. 135-undecies of Legislative Decree no. 58/1998.

Renewal of authorization for the purchase/disposal of treasury shares

The Board of Directors resolved to ask the Shareholders' Meeting to authorize (and thus revoke the unused portion of the authorization adopted on 7 May 2021) the buy-back of a maximum of #12,000,000 ordinary shares. The authorization is asked also for the selling of the treasury shares held by the company.

The above authorization to the purchase, as well as to the disposal of treasury shares is required to allow the company to intervene in case of fluctuation of the share price beyond the normal market volatility, within the extent allowed by the law and the market rules, as well as to give the company an instrument for liquidity investment. A further reason to purchase treasury shares may be using them as a payment in extraordinary transactions, also of equity interest swap, exchange, contribution or of conversion of bonds of possible future issuance, or for distribution,

for a consideration or without consideration, to directors and employees of the company or its subsidiaries as well as for allocation to shareholders without consideration.
The authorization is asked for a length of 18 months as from the Shareholders' Meeting approval.
The proposed purchase price ranges from a minimum and a maximum of respectively no less and no more than 10% compared to the reference price of the ordinary share recorded in the stock market session of the day before the completion of each individual transaction.
The maximum possible purchase amount is equal to €200 million.
The treasury shares shall be purchased on the market, according to Borsa Italiana rules, pursuant to art. 144 bis, paragraph 1, lett. b), c) and d) ter of Consob Regulation no. 11971/99 and subsequent amendments. Moreover, the company can also avail itself of the procedure provided by the market rules approved by Consob, where applicable, as well as those pursuant to art. 5 of EU Regulation no. 596/2014.
Treasury shares selling transactions can be effected at any time, wholly or partly, in one or several transactions, through sale with cash compensation or as a payment in extraordinary transactions, also of equity interest swap, or of exchange, transfer or conversion of bonds of possible future issuance, or for distribution to directors and employees of the company or its subsidiaries ex art. 2359 of the civil code as well as for allocation to shareholders also in the form of dividends.
Based on the previous authorization issued by the ordinary Shareholders' Meeting of 7 May 2021, the company purchased no. 6,437,415 ordinary treasury shares.
As a consequence of the above and taking into account the treasury shares already held, as of today the company owns #6,931,731 ordinary treasury shares equal to 3.599% of capital stock.

Other shareholders' meeting resolutions

The Shareholders' Meeting has also been convened to take the required resolutions:
in ordinary session:

- on the approval of Section I of the Report on remuneration policy and the remuneration paid, ex per article 123 ter, paragraphs 3 bis and 3 ter, of Legislative Decree n. 58/1998;
- on the non-binding voting on Section II of the Report on remuneration policy and the remuneration paid, ex per article 123 ter, paragraph 6, of Legislative Decree no. 58/1998;
- on the engagement of the independent auditing firm for the years 2023-2031

in extraordinary session:

- on the renewal for 5 years of the directors' power to:
  - increase capital up to a maximum amount of €26 million in addition to the premium with the issue of maximum #40,000,000 ordinary shares, also making an exception to the pre-emption right;
  - issue convertible bonds and/or warrants for a maximum amount of €300 million, also making an exception to the pre-emption right;

- increase capital for a further maximum amount of €13 million, also to be used for the issue of convertible bonds and/or warrants excluding the pre-emption right within the limit of 10% of the share capital.

Corporate Governance

The Board of Directors approved the annual report on the company's corporate governance system, which will be made available at the same time as the draft of the draft statutory financial statements and the consolidated financial statements for the year 2021.

The Board of Directors has also assessed that Directors Elsa Fornero, Aldo Fumagalli Romario, Antonella Musy, Linda Orsola Gilli, Mario Paterlini, Gianfelice Rocca and Giovanna Vitelli meet the criteria of independence as per Code of Conduct approved by Borsa.

The Statutory Auditors' Committee reported to the Board of Directors that it was able to verify the independence criterion of its members.

Senior Notes and Bonds

In the period from 1 January to 31 December 2021 no new bonds were issued.

In the 18 months subsequent to 31 December 2021, on 28 April 2023 a principal repayment of €500 million referring to the Eurobond "Buzzi Unicem €500,000,000 2.125% Notes due 2023", issued by the parent company Buzzi Unicem SpA in 2016, shall be effected.

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The manager responsible for preparing the company's financial reports, Elisa Bressan, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Casale Monferrato, 25 March 2022

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The Buzzi Unicem 2020 financial statements will be illustrated during a **conference call** to be held on Friday, 25 March, at 4:30 pm CET. To join the conference, please dial +39 02 802 09 11, from UK +44 1212 818 004, from USA +1 718 7058 796.

Consolidated Income Statement

(thousands of euro)	2021	2020
Net sales	**3,445,551**	**3,222,411**
Changes in inventories of finished goods and work in progress	(21,137)	(18,868)
Other operating income	73,647	50,189
Raw materials, supplies and consumables	(1,334,977)	(1,154,951)
Services	(781,666)	(736,190)
Staff costs	(513,335)	(508,785)
Other operating expenses	(73,439)	(73,005)
EBITDA	**794,644**	**780,801**
Depreciation, amortization and impairment charges	(249,048)	(256,911)
Operating profit	**545,596**	**523,890**
Equity in earnings of associates and joint ventures	106,056	173,080
Gains (losses) on disposal of investments	18,000	3,602
Finance revenues	63,440	106,742
Finance costs	(97,840)	(107,055)
Profit before tax	**635,252**	**700,259**
Income tax expense	(92,952)	(139,787)
Profit for the year	**542,300**	**560,472**
Attributable to:		
Owners of the company	541,903	560,246
Non-controlling interests	397	226

(euro)		
Earnings per share		
basic		
ordinary	2.820	2.719
savings	-	2.743

Consolidated Statement of Comprehensive Income

(thousands of euro)	2021	2020
Profit for the year	**542,300**	**560,472**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	49,289	(26,745)
Fair value changes of equity investments	216	470
Income tax relating to items that will not be reclassified	(14,841)	10,645
Total items that will not be reclassified to profit or loss	**34,664**	**(15,630)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	242,065	(352,605)
Share of currency translation differences of associates and joint ventures valued by the equity method	11,998	(81,133)
Total items that may be reclassified subsequently to profit or loss	**254,063**	**(433,738)**
Other comprehensive income for the year, net of tax	**288,727**	**(449,368)**
Total comprehensive income for the year	**831,027**	**111,104**
Attributable to:		
Owners of the company	830,618	110,886
Non-controlling interests	409	218

Consolidated Balance Sheet

(thousands of euro)	31/12/2021	31/12/2020
Assets		
Non-current assets		
Goodwill	608,789	603,603
Other intangible assets	59,419	60,718
Right-of-use assets	78,627	87,725
Property, plant and equipment	3,076,662	2,909,405
Investment property	17,697	18,762
Investments in associates and joint ventures	462,404	409,210
Equity investments at fair value	12,222	11,402
Deferred income tax assets	81,967	81,961
Defined benefit plan assets	6,905	-
Derivative financial instruments	6,948	-
Other non-current assets	270,305	31,019
	4,681,945	**4,213,805**
Current assets		
Inventories	500,010	469,360
Trade receivables	455,735	399,222
Other receivables	74,593	72,204
Cash and cash equivalents	1,203,611	1,218,279
	2,233,949	**2,159,065**
Assets held for sale	5,889	13,890
Total Assets	**6,921,783**	**6,386,760**

(thousands of euro)	31/12/2021	31/12/2020
Equity		
Equity attributable to owners of the company		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	(59,094)	(314,922)
Retained earnings	3,853,886	3,337,796
Treasury shares	(7,699)	(7,699)
	4,369,426	**3,597,508**
Non-controlling interests	5,778	5,499
Total Equity	**4,375,204**	**3,603,007**
Liabilities		
Non-current liabilities		
Long-term debt	987,951	1,166,309
Lease liabilities	55,815	64,554
Derivative financial instruments	-	4,060
Employee benefits	364,845	445,140
Provisions for liabilities and charges	86,416	87,800
Deferred income tax liabilities	371,131	334,016
Other non-current liabilities	6,952	9,469
	1,873,110	**2,111,348**
Current liabilities		
Current portion of long-term debt	136,635	52,958
Short-term debt	12,476	12,901
Current portion of lease liabilities	22,450	21,443
Trade payables	294,043	229,247
Income tax payables	32,072	56,056
Provisions for liabilities and charges	64,626	47,986
Other payables	111,167	251,814
	673,469	**672,405**
Total Liabilities	**2,546,579**	**2,783,753**
Total Equity and Liabilities	**6,921,783**	**6,386,760**

Consolidated Statement of Cash Flows

(thousands of euro)	2021	2020
Cash flows from operating activities		
Cash generated from operations	752,376	743,874
Interest paid	(26,345)	(29,196)
Income tax paid	(134,374)	(125,868)
Net cash generated from operating activities	**591,657**	**588,810**
Cash flows from investing activities		
Purchase of intangible assets	(3,124)	(5,239)
Purchase of property, plant and equipment	(211,323)	(222,900)
Acquisition of subsidiaries, net of cash acquired	(639)	-
Purchase of other equity investments	(2,605)	(167)
Proceeds from sale of property, plant and equipment	21,561	8,112
Proceeds from sale of equity investments	18,001	5,982
Changes in financial receivables	(226,519)	(3,042)
Dividends received from equity investments	59,823	198,161
Interest received	10,789	10,454
Net cash generated from (used in) investing activities	**(334,036)**	**(8,639)**
Cash flows from financing activities		
Repayment of long-term debt	(111,985)	(26,414)
Net change in short-term debt	(425)	(836)
Repayment of lease liabilities	(23,283)	(24,707)
Changes in other financial payables	(3,938)	(13,133)
Changes in ownership interests without loss of control	(1)	(29,222)
Purchase of treasury shares	-	(7,326)
Dividends paid to owners of the company	(191,880)	(31,802)
Dividends paid to non-controlling interests	(59)	(190)
Net cash generated from (used in) financing activities	**(331,571)**	**(133,630)**
Increase (decrease) in cash and cash equivalents	**(73,950)**	**446,541**
Cash and cash equivalents at beginning of year	1,218,279	837,403
Currency translation differences	59,282	(65,641)
Change in scope of consolidation	-	(24)
Cash and cash equivalents at end of year	**1,203,611**	**1,218,279**

Figures as at December 31, 2021 have been approved by the Board of Directors but they have not been examined by the Statutory Auditors and the Independent Auditors have not issued their opinion yet.

Buzzi Unicem SpA

Income Statement

(thousands of euro)	2021	2020
Net sales	**431,088**	**360,278**
Changes in inventories of finished goods and work in progress	467	(1,754)
Other operating incomes	6,776	6,426
Raw materials, supplies and consumables	(216,200)	(152,722)
Services	(100,429)	(86,024)
Staff costs	(73,120)	(71,983)
Other operating expenses	(12,213)	(8,354)
Operating cash flow (EBITDA)	**36,369**	**45,867**
Depreciation, amortization and impairment charges	(34,487)	(38,452)
Operating profit (EBIT)	**1,882**	**7,415**
Gains (losses) on disposal of investments	-	314
Finance revenues	297,638	367,130
Finance costs	(81,989)	(82,802)
Profit before tax	**217,531**	**292,057**
Income tax expense	5,658	1,336
Profit for the year	**223,189**	**293,393**

Statement of comprehensive income

	2021	2020
Profit for the year	**223,189**	**293,393**
Items that will not be reclassified to profit or loss		**-**
Actuarial gains (losses) on post-employment benefits	(132)	(235)
Income tax relating to items that will not be reclassified	32	56
Total items that will not be reclassified to profit or loss	**(100)**	**(179)**
Total items that may be reclassified subsequently to profit or loss	**-**	**-**
Other comprehensive income for the year, net of tax	**(100)**	**(179)**
Total comprehensive income for the year	**223,089**	**293,214**

Balance Sheet

(thousands of euro)	31.12.2021	31.12.2020
ASSETS		
Non-current assets		
Goodwill	40,500	40,500
Other intangible assets	2,085	2,284
Right of use assets	5,552	3,487
Property, plant and equipment	242,810	252,855
Investment property	8,310	8,229
Investments in subsidiaries, associates and joint ventures	2,440,848	2,440,298
Other equity investments	6,328	6,205
Deferred income tax assets	27,601	35,213
Derivative financial instruments	6,948	-
Other non-current assets	237,141	7,838
	3,018,123	**2,796,909**
Current assets		
Inventories	96,499	87,920
Trade receivables	132,716	114,563
Other receivables	36,206	32,142
Cash and cash equivalents	254,300	557,015
	519,721	**791,640**
Assets held for sale	1,277	2,990

Total Assets	**3,539,121**	**3,591,539**

(thousands of euro)	31.12.2021	31.12.2020
EQUITY		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	457,764	420,117
Retained earnings	678,958	469,753
Profit for the year	223,189	293,393
Treasury shares	(7,700)	(7,699)
Total Equity	**1,934,544**	**1,757,897**

LIABILITIES		
Non-current liabilities		
Long-term debt	978,226	1,367,309
Lease liabilities	4,089	2,529
Derivative financial instruments	-	4,060
Employee benefits	12,063	13,166
Provisions for liabilities and charges	9,988	8,654
Deferred income tax liabilities	1,710	20,045
Other non-current liabilities	56	75
	1,006,132	**1,415,838**
Current liabilities		
Current portion of long-term debt	372,830	39,991
Short term debt	100,288	141,948
Current portion of lease liabilities	1,439	991
Trade payables	93,102	66,247
Income tax payables	4,037	326
Provisions for liabilities and charges	1,116	1,298
Other payables	25,633	167,003
	598,445	**417,804**
Total Liabilities	**1,604,577**	**1,833,642**
Total Equity and Liabilities	**3,539,121**	**3,591,539**

Financial statement

(thousands of euro)	2021	2020
Cash flows from operating activities		
Cash generated from operations	46,738	17,860
Interest paid	(25,691)	(31,009)
Income tax paid	(4,950)	(5,652)
Net cash generated from operating activities	**16,097**	**(18,801)**
Cash flows from investing activities		
Purchase of intangible assets	(297)	(216)
Purchase of property, plant and equipment	(20,938)	(20,809)
Acquisition of subsidiaries, net of cash acquired	(650)	-
Purchase of other equity investments	(2,003)	113
Proceeds from sale of property, plant and equipment	1,114	1,564
Proceeds from sale of equity investments	-	2,047
Change in other financial receivables	(219,058)	(204)
Dividends received from equity investments	262,407	319,738
Interest received	2,284	852
Net cash generated from (used in) investing activities	**22,859**	**303,085**
Cash flows from financing activities		
Repayment of long term debt	(99,000)	-
Net change in short-term debt	(360)	(423)
Repayment of lease liabilities	(1,639)	(1,244)
Changes in other financial payables	(38,250)	112,296
Changes in ownership interests without loss of control	(10,600)	(42,053)
Purchase of treasury shares	-	(7,326)
Dividends paid to owners of the company	(191,880)	(31,802)
Net cash generated from (used in) financing activities	**(341,729)**	**29,448**
Increase (decrease) in cash and cash equivalents	**(302,773)**	**313,732**
Cash and cash equivalents at beginning of year of merged companies	58	-
Cash and cash equivalents at beginning of year	557,015	243,283
Cash and cash equivalents at the end of year	**254,300**	**557,015**

Figures as at December 31, 2021 have been approved by the Board of Directors but they have not been examined by the Statutory Auditors and the Independent Auditors have not issued their opinion yet.

Alternative performance measures

Buzzi Unicem uses in its financial disclosure some alternative performance measures that, although widespread, are not defined or specified by the accounting standards that are applicable to the preparation of the annual financial statements or interim consolidated reports.
Pursuant to Consob Communication no. 92543/2015 and the guidelines ESMA/2015/1415 set out below are the definitions of such measures.

- **EBITDA:** subtotal presented in the financial statements; please refer to the consolidated income statement for the calculation.

- **EBITDA recurring**: it is calculated starting from the subtotal presented in the financial statements named EBITDA and applying to it the following adjustments (non-recurring income/expense):
- restructuring costs, in relation to defined and significant plans
- write downs/ups of current assets except trade receivables greater than €1 million
- addition to/release of provisions for legal, fiscal or environmental risks greater than €1 million
- dismantling costs greater than €1 million
- gains/losses from the sales of fixed assets and non-instrumental real estate greater than €3 million
- other sizeable non-recurring income or expenses (greater than €3 million), or rather attributable to significant events unrelated to the usual business.

The reconciliation between EBITDA and EBITDA recurring for the two comparative periods is as follows:

(millions of euro)	2021	2020
Ebitda	794.6	**780.8**
Restructuring costs	-	2.4
Additions to provisions for risks	1.3	1.1
Other expenses	-	0.7
EBITDA recurring	795.9	**785.0**

- **Operating profit (EBIT)**: subtotal presented in the financial statements; please refer to the consolidated income statement for the calculation.

- **Net financial position**: it is a measure of the capital structure and corresponds to the difference between financial liabilities and financial assets, both short and long term. Therefore, it includes all interest-bearing liabilities or assets and those connected to them, such as derivative financial instruments and accruals.

- **Net debt**: it is a measure of the capital structure corresponding to the difference between financial liabilities, both short and long term, and short term financial assets. Therefore, it includes all liabilities, a part of the interest-bearing assets and related items, such as derivative financial instruments and accruals. The measure complies with the guidelines ESMA32-382-1138.