Today
Tomorrow
Together

2022

MARTIFER GROUP

ANNUAL REPORT

Management Report
Consolidated Financial Statements
Separate Financial Statements

MARTIFER
GROUP

MARTIFER
GROUP

MANAGEMENT REPORT

Note: For all intents and purposes, the Portuguese version shall prevail.

MANAGEMENT REPORT

MANAGEMENT REPORT

Martifer Group

01 | GRUPO MARTIFER

MESSAGE FROM THE BOARD

Dear Shareholders,

The 24 February invasion of Ukraine by Russia, and its huge humanitarian consequences, are the main mark of 2022. The consequences of this war and its outcome are still impossible to calculate, but will have an impact in the coming years, both in economic terms and, above all, in world geopolitics.

The war consolidated an inflationary spiral that was already evident before its implosion. Due to the growth of the monetary mass resulting from the economic and social policies to combat the pandemic, inflation reached an unexpected level, which in the last months of the year exceeded 10 %, standing, in annual average terms, at 7.8 %, a maximum of 30 years. The consequences on the price of energy were immediately felt and affected, albeit episodically, mobility.

In the tourism sector, an important sector with an impact on the shipbuilding industry, there has been a slower than expected recovery. Uncertainty is, today, a permanent challenge for agents in the tourism sector. This continuous disruption scenario brings with it important challenges and long-term implications for the sector.

Despite the adversities, 2022 was a very positive year for the Martifer Group. We achieved a net profit attributable to the Group of 13.3 million Euros, reached an EBITDA similar to that of the year 2021, of 25.8 million Euros, increased GVA to Euros 66 million Euros, continued to reduce financial debt and maintained the order book close to 500 million Euros. These figures reflect the current strength and resilience of the Martifer Group.

In the ‘Metallic Constructions’ area, we concluded relevant projects, namely in the new headquarters of L’Oreal, in Madrid, Spain and the assembly of the Félix Houphouët Boigny Stadium, in Abidjan, Ivory Coast.

After the successful completion of a life-size prototype of the roof, we won the contract for the execution and assembly of the south and west roof of the future Santiago Bernabéu Stadium, in Madrid. We are part of the Synavia consortium, to which the Service d’Infrastructure de la Défense (ESID), of the French Ministry of the Armed Forces awarded the contract for the adaptation of the MY03 basin and the construction of new buildings for a nuclear base, in Missiessy, Toulon. We signed the contract for the supply and assembly of railway viaducts in metallic structure, in Birmingham, included in the High Speed Two (HS2) project.

The Naval Industry strengthens its position within the Group with the ship repair segment continuing its trajectory and winning, more and more, the trust of shipowners. The construction of the new dock will increase West Sea's production capacity, allowing it to receive larger ships, continuing the excellence of the service it has been providing in terms of quality, speed of execution and incorporation of engineering solutions.

In the Renewables and Energy area, in line with the goals established for the energy transition, we consolidated our presence in the Green.H2.Atlantic consortium and invested in the creation of partnerships for the development of Renewable Energy and Self-consumption Communities, which will be fully operational next year.

We signed a partnership agreement with the Municipality of Oliveira de Frades, for the creation of the Renewable Energy Community (REC) in the Oliveira de Frades Industrial Zone, and the implementation of two projects for electricity production from renewable sources.

In the Energy, Operation and Maintenance Infrastructure segment, we maintain a path consistent with client loyalty and long-term contracts. In 2023, we will build the first ethane refrigerated tank, in Belgium.

In 2023, we will focus strongly on sustainable value creation.

Martifer Group is becoming stronger, more dynamic and better prepared for the future. This is only possible because we have highly competent people, ready to learn and highly adaptable.

We know that only with everyone's commitment will we be able to improve efficiency and reinforce resilience, performance and well-being in the long term.

Our thanks go to all stakeholders for the trust they have shown in the past and continue to show every day in the Martifer Group.

01

MARTIFER GROUP

HIGHLIGHTS

211.5 M€

Operating income reached 211.5 M€ of which 122.0 M€ in Metallic Constructions, 69.6 M€ in the Naval Industry and 21.5 M€ in Renewables

78%

Turnover generated outside Portugal and exports amounted to 78% of the Total Group Turnover

13.3 M€

Net profit attributable to the Group of 13.3 M€

460 M€

Order book of 460 M€ in Metallic Constructions and the Naval Industry

25.8 M€

EBITDA of 25.8 M€ (margin of 13.6% on Turnover)

35.1 M€

Positive equity of 35.1 M€, with Equity attributable to the Group of 35.0 M€

66 M€

Gross Value Added amounted to around 66 M€, 35% of Turnover

97 M€

Gross debt with a reduction of 14 M€ in relation to December 2021, to 97 M€. Net debt was reduced by 29 M€, to 41 M€

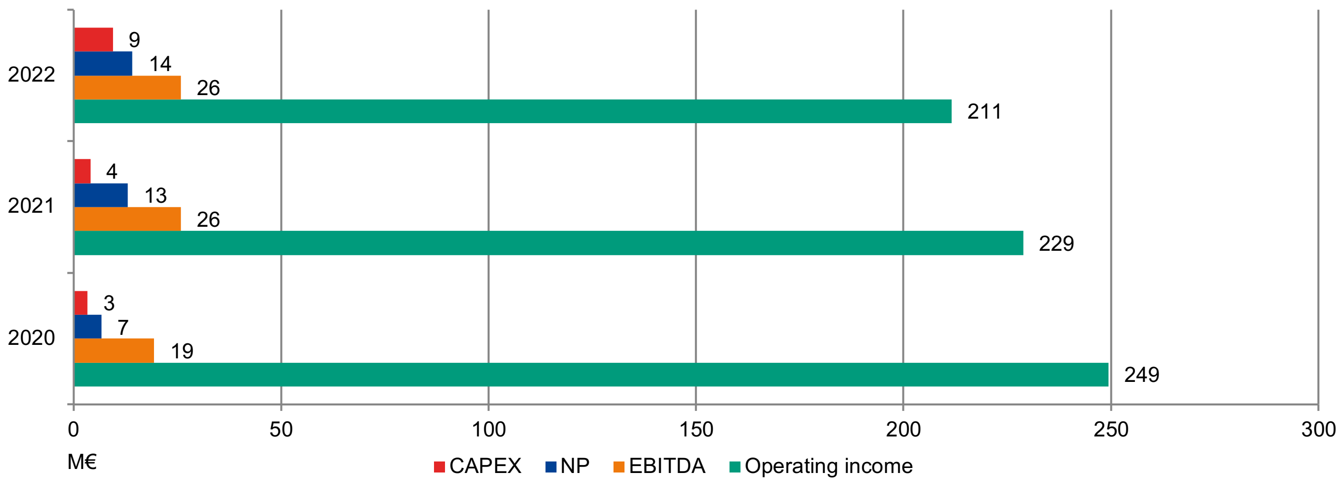
1.6 x

Net debt / EBITDA 1.6x

KEY FINANCIAL INDICATORS

M€	DEC - 22	DEC - 21	VAR. (%)
Operating income	211.5	228.7	-8%
EBITDA	**25.8**	**25.8**	**0%**
EBITDA margin	13.6%	12.3%	1.2 pp
Depreciation & Amortisation	-5.7	-5.5	-4%
Provisions & Impairment losses	0.1	-2.0	n.m.
EBIT	**20.1**	**18.2**	**10%**
EBIT margin	10.6%	8.7%	1.9 pp
Financial results	-4.7	-3.8	-23%
Profit before tax	15.4	14.4	7%
Income tax	-1.3	-1.8	27%
Net profit	**14.2**	**12.7**	**12%**
Attributable to non-controlling interests	0.8	1.4	-42%
Attributable to shareholders	13.3	11.3	18%
Earnings per share (€)	0.136	0.115	18%

(a) EBITDA = Sales and services rendered + Other operating income – Cost of goods sold and materials consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses
(b) EBITDA Margin = EBITDA / Turnover



MAIN EVENTS

01 2022

New Project | Santiago Bernabéu Stadium - South and West roof

After the successful completion of a life-size prototype of the roof, Martifer Metallic Constructions won the contract for the execution and assembly of 2 200 modules for the south and west roof of the future Santiago Bernabéu Stadium, in Madrid.

The modules, in blade form, are composed of a structure of aluminium profiles, anchored to the Kalzip roof, which in turn support the stainless-steel sheet cladding - the final metallic look designed by the architect.

Besides the works on the roof, Martifer is responsible for the internal ring in honeycomb panels and also for the cladding in composite panel of the Skywalk.

The project brings together the most prestigious entities in the Spanish construction sector: our client is FCC, ARUP is the façade consultant, and BOVIS is the project manager. Ayesa, together with ENAR, is responsible for the construction management. The architecture project was done by GMP, with which we worked on the Amazon Arena, in Brazil, with local support from L35 and Ribas & Ribas.

New Projects | Ship Repair

RAQUEL S
The Raquel S is a general cargo vessel belonging to Steermar Lda.. The ship is 172 metres in length and has a beam of 28 metres. West Sea was responsible for the normal docking work, for removing the pontoons from the holds for repair and steel treatment, and for the upgrading and painting of the ship's three cranes.

ELISABETH SCHULTE
The Elisabeth Schulte is a chemical vessel belonging to Bernhard Schulte Shipmanagement Cyprus. The ship is 145 metres in length and has a beam of 23.3 metres. West Sea's main work consisted of replacing the steel on the forecastle deck.

02 2022

MNews 12

Martifer Group published issue number 12 of the MNews magazine.

With the cover highlight dedicated to the projects in the three business areas, the MNews edition brings together Martifer Group's most important news of the last year.

In an interview, Pedro Moreira, the Group's CFO, shows us his vision and strategy for the Group given the unpredictability and demands of today's world. It also has the messages of the President, Carlos Martins, and the CEO, Pedro Duarte, as well as the most important developments in 2021 in the areas of 'Metallic Constructions', 'Naval Industry' and 'Renewables & Energy'.

New Projects | Ship Repair

LAURA S
The Laura S is a general cargo vessel belonging to Steermar Lda.. The ship is 102 metres in length and has a beam of 20 metres. West Sea was responsible for the normal docking work, for repairing the hatches, for removing the rudder and shaft for repair in the workshop, for replacing various steel fractions inside the fuel tanks, for changing cables on the two cranes, for repairing the crane cabins, replacing the hydraulic tubes of the water ballast system valves and other diverse jobs of all specialties.

WEC BRUEGHEL
The Wec Brueghel is a container vessel belonging to K&K Schiffahrts. The ship is 121.7 metres in length and has a beam of 18.5 metres. West Sea was responsible for the normal docking work, replacing 10 tonnes of steel, installing the ballast water treatment system, and various mechanical works.

VIKING R
The Viking R is a dredge belonging to Rohde Nielsen. The ship is 66.8 metres in length and has a beam of 11.85 metres. West Sea was responsible for the normal docking work, the modification of the overflow system and the replacement of pipes in the dredging system.

03 2022

New Project | BARRACUDA, in Toulon, France

Martifer Metallic Constructions is part of the Synavia consortium, to which the Service d'Infrastructure de la Défense (ESID) of the French Ministry of Armed Forces awarded the contract for the adaptation of the MY03 basin and the construction of new buildings for a nuclear base in Missiessy, Toulon.

Synavia is responsible for executing the buildings' structures, finishes, exterior improvements, and the respective camouflage to adapt the existing basin to its new function (stonework from the late 19th Century) and the construction of new buildings for INBS.

Led by GTM SUD - Vinci Construction France, this consortium includes, besides the Vinci subsidiaries (Vinci Construction Grands Projets, Botte Fondations and Soletanche Bachy), Martifer, and Razel-BEC and Castel et Fromaget, of the Fayat Group.

The project will last 62 months and will include around 300 people at the project's peak.

The conversion of Hedy Lamarr was completed!

The conversion of the vessel Hedy Lamarr belonging to the Spanish maritime transport company Baleària, was completed. The ship, measuring 186 metres in length and capable of carrying 600 passengers and around 650 vehicles, spent circa six months at the West Sea docks, in Viana do Castelo.

The main works carried out were the adaptation of the two main engines to run on diesel and LNG (liquefied natural gas), the installation of two storage tanks for liquefied natural gas with a total capacity of 565 m³ and the installation of smart-ship functionalities for the ship's customers. In addition to these works, around 80 tonnes of steel were installed to create new spaces, as were equipment for the new natural gas system and various plumbing and electricity systems.

After carrying out all these works, the ship left for diesel and LNG sea trials. Subsequently, the stability test was carried out, and the ship was delivered to the client on 1 March. This conversion project was successfully completed and reaffirms West Sea's ability and experience to carry out this type of project.

New Projects | Ship Repair

PEGASUS J
The Pegasus J is a container vessel belonging to Jüngerhans Maritime Services. The ship is 139.6 metres in length and has a beam of 22.4 metres. West Sea was responsible for normal docking work and the installation of the ballast water treatment system (BWTS).

MORITZ SCHULTE
The Moritz Schulte is a gas vessel belonging to Bernhard Schulte Shipmanagement India. The ship is 128.7 metres in length and has a beam of 18.6 metres. West Sea was responsible for the normal docking work (treatment and painting of the hull, the clearances, the shafts, the rudder and the seacocks), for the assembly of the ballast water treatment system (BWTS) and for the stripping and painting of the cargo tanks.

BG IRELAND
The BG Ireland is a container vessel belonging to Jüngerhans Maritime Services. The ship is 139.6 meters long and has a beam of 22.4 metres. West Sea was responsible for normal docking work and the installation of the ballast water treatment system (BWTS).

EMILY KOSAN
The Emily Kosan is a gas vessel belonging to BW Epic Kosan. The ship is 100 meters long and has a beam of 16.6 metres. West Sea was responsible for normal docking work, upgrading the windlasses, repairing the gearbox, carrying out various metal and plumbing works and installing the ballast water treatment system (BWTS).

New Project | CASTELLANA 83-85, in Madrid, Spain

The company San Jose Constructora awarded Martifer Metallic Constructions the execution of the rehabilitation of the façades of the lower floors of the building Castellana 83-85.

A few meters from AM Growth, a project recently completed by Martifer, and the Santiago Bernabéu Stadium, Martifer completes the triangle in the AZCA financial district with this intervention.

The owner of the works is Monthisa, and the project has the architecture of CBRE with the support of the consultant ENAR.

The intervention by Martifer consists of the execution of the main façade (4 000 sqm), in double skin, consisting of an inverted interior curtain façade and large-format exterior glass (8 by 2.7 metres). Both skins are joined and supported by tie rods that create a gap for maintenance work.

Martifer is also responsible for covering the pillars with glass, for the false ceilings in mirrored composite panel and for an external structure in "trees", made of stainless-steel tubes that gives the façade a unique aesthetic.

The ground floor, on the inside and at the back of the building, will consist of a curtain façade that shapes the windows of the different commercial spaces, including automatic sliding doors and aesthetic blades.

04 2022

New Projects | Ship Repair

PEGASUS J
The Pegasus J is a container vessel belonging to Jüngerhans Maritime Services. The ship docked to continue with the replacement of around 150 tonnes of steel and the treatment of 9 ballast tanks.

CLAMOR SCHULTE
The Clamor Schulte is a gas vessel belonging to Bernhard Schulte Shipmanagement India. The ship is 128.7 metres long and has a beam of 18.6 metres. West Sea was responsible for normal docking work (treatment and painting of the hull, shaft and rudder clearances and seacocks), for the assembly of the ballast water treatment system (BWTS) and for the stripping and painting of the cargo tanks.

Martifer in the first place of the H&S League of Midlands Metropolitan University Hospital

In April, Martifer was ranked first (on par with the second place) in the list of subcontractors working on Midland Metropolitan University Hospital's project, in the United Kingdom.

The H&S League is a common procedure of the largest construction companies operating in the United Kingdom such as Balfour Beatty, Berkeley and ISG.

In this league, the monthly performance of each of the subcontracted companies is evaluated according to criteria of safety, quality, progress, labour, among others. Efficiency of documentation, training, information transmitted to employees and presence in the various project actions (such as coordination meetings, progress, etc.) is also evaluated.

In recent months, Martifer has always been at the top of the league (of those considered “large contractors”) and reached the top of the table in the last evaluation.

05 2022

West Sea receives the visit of the Secretary of State for Infrastructure

Hugo Mendes, Secretary of State for Infrastructure, visited the Port of Viana do Castelo. The visit took place as part of a cycle of visits to the Country's commercial ports and included a brief visit to the West Sea shipyard.

Accompanying this visit was Pedro Duarte, CEO of the Martifer Group and Nuno Araújo, president of APDL. The visit allowed viewing the entire construction and repair productive part of the shipyard, as well as ongoing projects at the shipyard.

New Projects | Ship Repair

ZITA SCHULTE
The Zita Schulte is a gas vessel belonging to Bernhard Schulte Shipmanagement UK. The ship is 146 metres long and has a beam of 22.66 metres. West Sea was responsible for normal docking work (hull treatment and painting, shaft and rudder clearances and seacocks) and for stripping and painting the cargo tanks.

PONTA DO SOL
The Ponta do Sol is a general cargo vessel belonging to S & C Lda.. The ship is 100 metres long and has a beam of 16 metres. West Sea was responsible for normal docking work, improvement of pumps and electric motors, replacement of 6 tonnes of steel and various works of all specialties.

West Sea participates in the Atlantic Polex exercise

On 4 and 5 May, in Viana do Castelo, another edition of the exercise to combat pollution in the Atlantic Polex marine environment took place, organised by the Directorate for Combating Sea Pollution, of the National Maritime Authority.

This exercise was based on a simulation of an explosion aboard a container vessel about 20 nautical miles (approximately 37 kilometres), southwest of Viana do Castelo. This explosion resulted in a large hole in the ship's hull, causing a spill of large amounts of hydrocarbons and the fall of several containers overboard. The pollution slick will affect an area on the high seas, as well as in the coastal zone of Viana do Castelo, namely in the estuary of the river Lima, in the port, in the urban ecological park, in nursery areas and in beach areas.

About 128 people were involved in this exercise with different means, in different scenarios, on land and at sea. West Sea took an active part in the initiatives, with the main emphasis on the third scenario, where the existence of a pollution slick in the supply basin and at the seaman’s wharf and pier was simulated. In this scenario, the internal emergency plan was activated, using the containment barriers, the skimmer and the intervention brigades.

The Atlantic Polex is an annual exercise in response to pollution incidents in the marine environment, which aims to test the national contingency plan against pollution incidents in the different types of scenarios where these are likely to occur: at sea (offshore), in the port, in marinas and on the beach.

West Sea signs contract to build a River Hotel-Ship

West Sea signed a contract to build a River Hotel-Ship, the Avalon Douro, for Douro Maritime Operations / United Rivers. The signing of the contract took place at West Sea and was attended by Pedro Duarte, Group CEO, Vitor Figueiredo, Director of the naval area, Renato Amorim, Sales Manager of West Sea and Oliver Sassen, the client’s representative.

The monitoring of the construction of the ship and its operation will be carried out by Douro Maritime Operations, with the tour operator being Avalon Waterways.

West Sea celebrates its 8th anniversary!

West Sea began its activity in the Viana do Castelo shipyards on 27 May 2014 and since then has carried out a total of 17 shipbuilding’s (10 river cruise ships, 2 military ships, 3 polar expedition ships, a dredger and a dock door), four conversions and 320 ships repaired. “Over eight years, we have been able to learn from mistakes, improve performance, innovate and evolve. Each passing year the challenge is greater, and the team has managed to overcome the obstacles. Today we are better, but we know that there is still a lot to improve upon and a lot to develop”, says Vitor Figueiredo, Director of West Sea.

Disposal of wind project in Poland

Martifer Renewables disposed of the entire shareholding it held in the Polish company Wind Farm Lada Sp Z.o.o.. This company owns a wind project that is under construction with a minimum capacity of 20 MW.

06 2022

New Projects | Ship Repair

CHRISTOPH SCHULTE
The Christoph Schulte is a chemical vessel belonging to Bernhard Schulte Shipmanagement Singapore. The ship is 119 metres long and has a beam of 20 metres. West Sea was responsible for normal docking work (treatment and painting of the hull, clearances of the shaft and rudder and seacocks), for the assembly of the ballast water treatment system (BWTS), for the stripping and painting of the cargo tanks and for various plumbing, mechanical and electrical works.

Disposal of interest in Ventinveste

Martifer sold to Galp the 48 % interest it held in the Portuguese company Ventinveste, S.A.. This company holds a stake in the company Parque Eólico de Vale Grande, S.A. which owns a wind farm in Arganil with an installed capacity of 12.3 MW.

Martifer and the Oliveira de Frades Municipality sign a renewable energy protocol

Martifer and the Oliveira de Frades Municipality signed a partnership protocol for the creation of the Renewable Energy Community (REC) of the Oliveira de Frades Industrial Zone and the implementation of two projects for electricity production from renewable sources: an energy production unit for self-consumption composed by a 2.1 MW wind farm with the installation of a tower and a 1 MWp photovoltaic plant that includes 1 755 photovoltaic modules, 4 inverters and occupies an area of 1.4 hectares.

This partnership also includes the implementation of a PUSC (Production Unit for Self-Consumption) to be installed at the Oliveira de Frades WTS - Water Treatment Station, with a view to reducing energy costs.

The signing of the protocol was attended by the Mayor of the Oliveira de Frades City Council, João Valério and two Martifer Group directors, Pedro Moreira and António Castro.

07 2022

New Projects | Ship Repair

DORIS SCHEPERS
The Doris Schepers is a container vessel belonging to HS Schiffahrts GmbH. The ship is 141 metres long and has a beam of 21.8 metres. West Sea was responsible for the painting and finishing work (application, from scratch, of a silicone paint on the ship's hull) and for the installation of the ballast water treatment system.

SPICA J
The Spica J is a container vessel belonging to Jüngerhans Maritime Services GmbH. The ship is 140 metres long and has a beam of 22.4 metres. West Sea was responsible for the normal docking work.

08 2022

New Projects | Ship Repair

HERCULES J
The Hercules J is a container vessel belonging to Jüngerhans Maritime Services GmbH with 151.7 metres in length and a beam of 23.4 metres. West Sea was responsible for carrying out some repair work and installing the ballast water treatment system.

Martifer installs lighting towers at the Abidjan Stadium

At the end of August, the Martifer Metallic Constructions team, in the Ivory Coast, hoisted the two lighting towers at the Abidjan Stadium.

They were installed at a height of about 40 metres and required blocking the road next to the stadium, one of the main connections to the city centre. The two structures were pre-assembled on the ground and each tower weighs 10.5 tonnes and is 14 meters in height and almost 7 in width.

09 2022

New Projects | Ship Repair

AVILA
The Avila is a container vessel belonging to Tom Woerden GmbH with 141 metres in length and has a beam of 23.2 metres. West Sea was responsible for carrying out various repair works: normal docking work; diverse works of all specialties; installation of the ballast water treatment system and tank conversion from HFO (Heavy Fuel Oil) to MGO (Marine Gasoil).

ROIBEIRA
The Roibeira is a general cargo vessel belonging to Navigasa SL with 118 meters in length and a beam of 15 metres. West Sea was responsible for carrying out the following works: treatment of the hatches; cargo hold treatment; treatment of ballast tanks; installation of the ballast water treatment system (BWTS) and normal docking work.

LOBA B
The Loba B is a container vessel belonging to Boluda Shipping with 155 metres in length and a beam of 21.7 metres. West Sea was responsible for carrying out the following works: treatment and painting of the silicone hull; shaft and rudder removal; removal of all hatches; verification of hatch alignment and installation of the ballast water treatment system (BWTS).

We are assembling the Dôme at Gare de Noisy-Champs

Martifer Metallic Constructions moves on to the second phase of the works – the assembly of the double helix dome, which rises in the skies of Noisy-Champs.

This is a moment of great expectation since we first saw an image of this project.

The team on site shows the reason for the trust placed. The hard work of all the departments involved since the beginning of the project is now put to the test, in the execution. The experience, resilience and capacity that are characteristic of us, being tested in a structure – the Dôme.

With the first module pre-assembled on the ground, the first towers are being assembled and the pillars are being welded at the shipyard.

West Sea delivers World Traveller to Mystic Cruises

The World Traveller was delivered to Mystic Cruises, in September. It is the fourth Polar Expedition ship to be built at West Sea.

The ship's interiors were designed by Portuguese architects and the materials were produced by national companies, always coordinated by the West Sea team.

10 2022

Martifer Visabeira celebrates its 10th anniversary!

10 years ago, on 9 October 2012, Martifer started its journey in Mozambique, through Martifer Amal.

Now, the Martifer Visabeira partnership celebrates these 10 years with its activity focused on industrial maintenance, Oil & Gas equipment production and metalworking.

Ginga.com, a turnkey project

Ginga.Com - Comunicação, Multimédia e Telecomunicações awarded Martifer Angola, in January 2020, the construction of its new premises in Luanda.

A turnkey project for the construction of a development that includes studios for television, radio, an online newspaper, offices, shared services and entertainment.

This complex is intended for audiovisual production and has around 7 025 sqm of gross construction area.

Martifer was the general contractor for the project (design and execution) and raised the Rede Girassol complex, a unique audio-visual development in Angola.

Gare de Mons wins Construsoft Bim Awards 2022, in the infrastructure projects category

Martifer Metallic Constructions' work, at Gare de Mons, as a BIM project, was recognised at the Construsoft BIM Awards. Gare de Mons was the winner, from Portugal, in the infrastructure projects category. Martifer has already been distinguished in these awards with La MECA and with the Geneva Airport, in 2019.

AM Growth wins the Metra award, in the rehabilitation category

The AM Growth building won the Metra Award in the Rehabilitation category, at the International Author Competition, promoted by Metra. The awards' hand-out ceremony took place in Brescia, Italy, on 3 October. Receiving the award were Martifer, the owner of the works Mutua Madrileña, represented by Marta Guillén, the architect Antonio Ruiz Barbarin and Xavi Ferrés, façade consultant.

New Project | Oriente Green Campus

Martifer Metallic Constructions was awarded, for the façade segment, the Oriente Green Campus, the first LEED Platinum building in the Greater Lisbon market.

The project consists of the rehabilitation of an office building with 3 floors, with an architectural project by KPF-Kohn Pederson Fox in partnership with Saraiva & Associados (with whom we recently worked on the Infinity Tower) and supervision by Engexpor.

The owner of the works is Orion European Real Estate, managed by Norfin through Fundo Multiusos Oriente FEIIF, our client.

Named “the office of the future”, in addition to the LEED Platinum certification, which guarantees the highest level of sustainable construction, with a focus on reducing the carbon footprint, it will also have the WELL Gold seal, which is concerned with the health, safety and well-being of its users. The balance between green practices and local tradition will be reflected in the building's façade, which incorporates terracotta pieces, favouring the blue and white colour palette typical of the city of Lisbon, says the architecture office.

A new opportunity to demonstrate Martifer's ability to develop innovative technical solutions, composed of different materials, and execute them in accordance with the architect's demanding quality requirements.

The works awarded to Martifer include 14 800 sqm of curtain façade, including doors and windows, 8 200 sqm of cladding (composite and terracotta panel), 113 LM of glass railings, 1 622 LM of steel railings, 2 237 sqm of Kalzip system roofing.

Martifer, today, tomorrow, together – Staff Meeting 2022

On 21 October, the Martifer Group brought together about 450 people for the 2022 Staff Meeting, which took place at Europarque, in Santa Maria da Feira. A long-awaited meeting which, in addition to promoting ties between people, served to disclose the Group's strategic alignment. Due to pandemic restrictions this meeting had not been held since 2018.

Throughout the day, different speakers addressed the different areas of the Group, with an analysis of the last few years and future prospects and objectives. Closing the morning, Daniel Bessa, who had been invited, spoke about “Managing in times of greater uncertainty”.

11 2022

Martifer completes L'Oréal's new Headquarters, in Madrid

Martifer Metallic Constructions completed its work on L'Oréal's new headquarters, close to the centre of Madrid, in Spain. The intervention by Martifer lasted approximately 14 months and, at the peak of the work, it had 60 workers on site.

In this project we highlight: the unique façade that borders the building, the honeycomb cladding that highlights the structure, the surrounding glass guardrails, the skylights that naturally illuminate the two interior courtyards and the stone cladding are a source of pride for the whole team involved in the project.

This state-of-the-art building meets strict environmental and sustainability criteria. The use of honeycomb panel (alternative to composite panel), which Martifer is responsible for, responds to some of these requirements as it is a lighter material, 100 % recyclable, which allows for an excellent planimetry, considering the size of the panels that can reach 8 meters.
The building will have one of the most important international certifications relating to construction processes, the LEED Platinum certification, which recognises that the building meets the highest standards of eco-efficiency and that it has used sustainable strategies in all construction processes.

Martifer completes the Abidjan Stadium, in the Ivory Coast

Martifer has finished the assembly of the Félix Houphouët Boigny Stadium, in Abidjan. It is our second stadium in the Ivory Coast, for Mota-Engil. It has in its DNA a demanding work, right from the initial phase of the project.

“The experience that the Martifer team acquired with Bouaké Stadium was very important, regarding the specific conditions of the local market, as well as the framework conditions between our work and the evolution of Mota-Engil's work.

The harmony between the phasing of the demolitions and the reconstruction of the reinforced concrete structure, as well as the subsequent works: covering the roof, general infrastructure and the construction of the pitch areas, and Martifer’s work was fundamental. Part of the Mota-Engil team was already known to us, which facilitated all this interaction.”, said Carlos Pinto Serra, Production Manager.

12 2022

New Projects | Ship Repair

SIX RIVER SHIPS FILL THE DOCKS OF WEST SEA
Six river cruise ships fill the West Sea docks for repair and maintenance work. They are the Douro Serenity, the Douro Spirit, the Viking Osfrid, the Viking Torgil, the Viking Hemming and the Viking Helgrim.

The Douro Serenity and the Douro Spirit are river cruise ships of Douro Azul. These ships are 80 metres long and have a beam of 11 metres. In addition to repairing the port side propeller on the Douro Serenity, normal docking work on the ships is ongoing.

The Viking ships belong to Viking Cruises and are 80 metres long with a beam of 11 metres. The ships docked for normal docking work and special ship certification work.

MAIN SUBSEQUENT EVENTS

New Project | HS2 – HIGH SPEED 2

Martifer Metallic Constructions won the contract for the supply and assembly of metallic structure railway viaducts, in Birmingham, integrated in the High Speed Two (HS2) project – a new high-speed railway line that will connect London to the north of England. High Speed Two is the largest infrastructure construction project in the United Kingdom and across Europe and the most important economic and social regeneration project in recent decades, with a unique contribution towards carbon neutrality.

The contract has an estimated value of 68 million Euros and the estimated period for carrying out the work is 47 months.

The manufacture of the metallic structure will be carried out mainly in Martifer Group's industrial centre, in Oliveira de Frades, allowing Martifer Group to reinforce its export side, which currently represents more than 85 % of the turnover of the 'Metallic Constructions' segment in Portugal.

The award of this contract is a demonstration of confidence in national engineering and in the technical capacity of the Martifer Group.

New Projects | Ship Repair

BEATRIZ B
The Beatriz B is a container vessel belonging to Jüngerhans Maritime Services GmbH. Measuring 158 metres in length and with a beam of 23.5 metres, the ship docked at the Supply Basin on 26 December.

The main work was the installation of the Ballast Water Treatment System.

DREDGER PINTA
The dredger Pinta, belonging to Jan de Nul, 90 metres long and with a beam of 19.5 metres, docked to have repair work done.

The repair includes the following works: normal docking works; several works in the dredging system; replacement of the opening hydraulic jack; and diverse works of all specialties.

Martifer starts assembling the wind tower for the PUSC

Martifer started work on assembling the 2.1 MW wind tower. This is a collective self-consumption project for the Martifer industrial park located in the Oliveira de Frades industrial zone, which consists of the implementation of a Suzlon S88 2.1 MW wind turbine, which will produce energy for the Group's units.

The wind tower will produce energy for Martifer Group's factories and offices, in Oliveira de Frades, satisfying 37 % of the annual consumption of all installations.

IMPACTS OF THE COVID-19 PANDEMIC AND THE WAR IN UKRAINE

After 2 years strongly marked by the spread of the coronavirus SARS-COV-2 and the disease caused by its infection ("COVID-19"), 2022 saw the fading of the impact of the coronavirus, which spurred the resumption of normality in operational terms for the Group's companies, with no record of major impacts at the work level, allowing for a recovery in the level of productivity with a reduction in absenteeism and a return to normality in terms of travel.

In the tourism sector, an important sector with an impact on the shipbuilding industry, there has been a slower-than-expected recovery, and it follows that clients that are strongly exposed to tourist activities remain uncertain about the future and have suspended their investment plans.

The rapid change in the European macroeconomic and geopolitical framework triggered by the Russian invasion of Ukraine increased uncertainty and insecurity in global terms, throughout 2022. The costs of energy, logistics and raw materials, which were already at historically high levels at the beginning of the year, given the cost inflation that has been occurring since the second half of 2021, rose substantially.

The impact for the Group has been felt in the degradation of margins in contracts without price revision, due to the increase in costs. However, at the present time, it is not possible for us to fully assess the effects and duration of the current crisis, namely of the conflict in Ukraine and of the inflationary pressures.

SUBSEQUENT EVENTS

Since the date of the financial statements there have been no other events that affect the disclosed financial information.

CONSOLIDATED NON-FINANCIAL INFORMATION

Martifer chose to disclose the information on the consolidated non-financial statement, as required by Article no. 508-G of the Portuguese Commercial Companies Code (“CCC”), in Martifer Group's Sustainability Report, which is available in the Group’s website, at www.martifer.com, and was disclosed simultaneously with this Annual Report.

MANAGEMENT REPORT

Guidelines

02 | GUIDELINES

ACTIVITY

Martifer began its activity in 1990, in the steel structures sector. In 2014, following the strategic decisions defined, Martifer focused its activity on the Metallic Constructions sector. Subsequently, the Naval Industry, through the building and repair of vessels, also became a strategic business segment with great prominence for the Group.

The Group's holding, Martifer, SGPS, S.A., also develops other activities and manages financial shareholdings, namely in the 'Renewables' segment, through the promotion and development of wind and solar projects, and in the Oil & Gas and industrial maintenance sector.

In commercial and business management terms, the Renewables, the Oil & Gas and the industrial maintenance segments are grouped under the brand Martifer Renewables & Energy; however, in terms of economic and financial reporting, the information related to Oil & Gas and industrial maintenance is included in the 'Metallic Constructions' segment.

HOLDING

Martifer SGPS, S.A. is the Holding company of the Group. With the changes in the governance model implemented in 2012, Martifer SGPS, S.A. positions itself as a Financial Holdings, establishing and defining rules and policies for the Group and monitoring the activity of the business areas, to which a greater degree of independence and decision-making power has been attributed.

The business areas act independently, following the strategic guidelines approved by the Holding, based on annual budgets and business plans approved by Martifer SGPS, S.A.'s executive directors.

METALLIC CONSTRUCTIONS

Martifer Metallic Constructions, SGPS, S.A., sub-holding for the 'Metallic Constructions' business segment and 100 % owned by Martifer, SGPS, S.A., is a globally recognised player in the sector. The company (and its subsidiaries) is focused on two major geographical areas: Europe and the Middle East and Africa, and has industrial units in Portugal, Romania, Angola and Mozambique (in partnership), which allow it, from these countries, to build the most complex projects in locations as diverse as, for example, Luanda in Angola, Kigali in Rwanda, Riyadh in Saudi Arabia, Mons in Belgium, Abidjan in the Ivory Coast, Paris in France, in Monaco, or London and Birmingham in the United Kingdom.

This business area focuses its development strategy on differentiation through engineering quality and innovation, maintaining its vocation for highly complex projects and ensuring the best solutions for its clients. Martifer Metallic Constructions follows a directed strategy resorting to partnerships with companies in complementary segments, which allow it not only to offer more complete solutions but also to gain a greater dimension, mainly on the international scene.

The 'Metallic Constructions' business area maintains its focus on the Group's identity activity in the segments of metal-mechanical constructions, aluminium and glass façades, infrastructures for oil & gas and industrial maintenance, standing out for the skills of its teams which are spread out in several continents. It counted on 941 employees at the end of 2022.

NAVAL INDUSTRY

The companies which activity focuses on the naval industry are West Sea - Estaleiros Navais Unipessoal, Lda and Navalria-Docas, Construções e Reparações Navais SA..

Resulting from the tender for the sub-concession of the old facilities of the Estaleiros Navais de Viana do Castelo (Shipyards), West Sea was established in this city in 2014 and has been engaged in shipbuilding and ship repair.

West Sea has had the opportunity to bring together the professional skills appropriate to the activity by hiring highly qualified employees with a history of accumulated experience from the old shipyards.

Currently, West Sea has 299 employees, of which more than 40 % were workers of the old shipyard. It is with this team that West Sea handles the main shipbuilding and ship repair activities, relying on the subcontractor market for accessory specialities.

After more than 8 years of activity after the shipyard's sub-concession started, West Sea already has a portfolio of experience that places it as a reference in the market of its sector of activity, which consists of:

- **Shipbuilding** – with a well-defined strategy, the company specialises in quality products and high technological incorporation. The segment of tourism vessels such as River Cruise and Ocean Expedition Cruise vessels are two examples that the company has built, as well as Military Vessels which, due to their technological level, standards of quality and versatility, are another side of the experience already gained, and the company is considered a shipbuilding reference in Europe, thus contributing with a relevant weight to exports in this activity;

- **Ship Repair** – it has had a strong exporting propensity with a capacity for medium and large vessels. The excellent location with proximity to international routes of cargo ships has contributed to this success. The proximity of the North Atlantic hubs allows it to attract internationally renowned clients. This, combined with high-quality service and a quick response, has allowed the West Sea shipyard to be among the best and most competitive in Western Europe. Always focused on client satisfaction, West Sea has been able to consolidate a relationship of trust, creating client loyalty. It should be noted that since 2020, West Sea has made an effort to diversify by also investing in the conversion of vessels to LNG (liquefied natural gas), having intervened in three projects of a Spanish shipowner, thus projecting itself in the market as a crucial infrastructure for energy transition, so sought for nowadays.

In Aveiro, there is another operational unit, Navalria, with more than 40 years of experience, of which more than 10 of them while part of Martifer Group. Its activity is focused on repairs of small- and medium-sized vessels. It is also always available to complement West Sea, in partnership, in carrying out some shipbuilding. Even so, ship repair is the historical activity of the company, and this is the only company to operate around Aveiro. Navalria has maintained and stimulated this segment by attracting new clients outside this region, especially fishing vessels from Northern Spain, tugboats and tourism vessels. Navalria had 49 employees at the end of 2022.

In terms of organisation, the companies are focused on and oriented towards the good management of human resources, allowing the necessary cohesion and the attraction of the best human resources, taking advantage of the availability of specialised labour and also of undifferentiated labour to undergo professional training programmes and, in that way, acquire the appropriate skills.

RENEWABLES

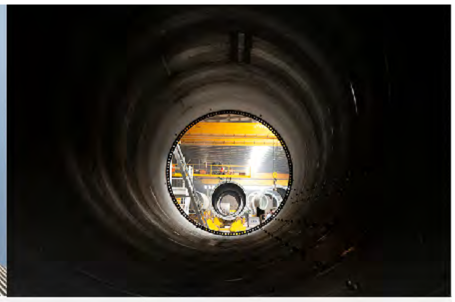
Martifer Renewables, SGPS, S.A, the sub-holding of the ‘Renewables’ business segment and 100 % held by Martifer, SGPS, S.A. acts as a developer of renewable energy, mainly in the development of wind and PV projects. More than accumulating power in operation, Martifer Renewables’ strategy is focused on the rigorous use of capital in the development and construction of projects, having implemented an asset rotation policy in projects under development, construction management, asset management and operation and maintenance (O&M). This policy is based on the principle that the development of renewable projects is financed with funds generated from the sale of other assets in its portfolio, in particular ready-to-build assets, at the end of construction or already in operation.

This business area, which had 37 employees at the end of the year, has wide experience in the development and management of wind farms and solar parks, being present in the Iberian Peninsula and in Central Europe. With a portfolio of over 46 MW in operation in Central Europe, 100% owned by Martifer Renewables, these contribute directly to Operating income.

Martifer Renewables has already developed and/or built more than 1 500 MW in different countries, having had as partners in the latest projects that were sold, relevant companies such as IKEA, Galp, Ferrostaal, SPEE, Bank Santander, CPFL, Tractebel, EDP, Solaire Direct and Finerge.

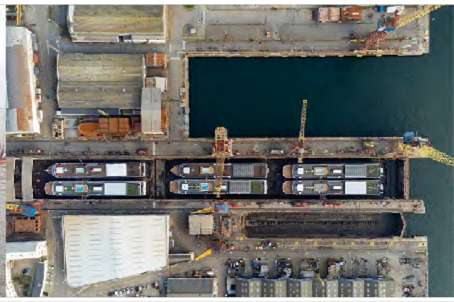
The Group is currently organised as follows:





MARTIFER
METALLIC CONSTRUCTIONS

METAL-MECHANICAL CONSTRUCTIONS
ALUMINIUM AND GLASS FAÇADES


WestSEA
VIANA SHIPYARD

SHIPBUILDING
SHIP REPAIR
RETROFIT


MARTIFER
RENEWABLES & ENERGY

DEVELOPMENT OF WIND ENERGY ASSETS
CONSTRUCTION MANAGEMENT
TECHNICAL AND OPERATION MANAGEMENT
ENERGY INFRASTRUCTURES

INTERNATIONAL PRESENCE

HISTORY

1990

In February 1990, Martifer is incorporated as a proprietary limited company, with a quota capital of approximately 22 500 Euros (at the time: Escudos 4 500 thousand) and registered office in the Oliveira de Frades Industrial Zone, where it continues today.

At the end of its first year of activity, Martifer has 18 employees and a turnover of 240 000 Euros.

1998

On 26 May, the company, with 100 employees, is transformed into a Public Limited Company and changes its shareholder structure. The company's share capital is held by MTO SGPS, S.A. (currently I'M SGPS, S.A.) and by ENGIL SGPS, S.A.(currently MOTA-ENGIL SGPS, S.A.). In Portugal, Expo 98 takes place with Martifer participating in several projects, such as the Vasco da Gama Tower.

1999

In November, Martifer begins its internationalisation process in Spain with the objective of becoming one of the reference companies in metallic constructions in that country.

2002

Martifer builds its second industrial unit in Portugal, located in Benavente, to meet construction needs for the Euro 2004 stadiums.

2003

In February 2003, Martifer continues with the internationalisation process by building an industrial unit in Gliwice, in Poland. It starts operating in the second half of 2004.

2004

In February, Martifer begins activity in the renewable energy equipment sector, through Martifer Energia. This company is dedicated to the manufacture of metallic towers for wind turbines and is based in the Oliveira de Frades Industrial Zone.

In November, Martifer, SGPS, S.A. is incorporated with the objective of managing the financial holdings of all Martifer Group companies.

2005

The metallic structures activity widens its market to Central Europe, opening branches in Romania, in Czechia, in Slovakia and in Germany.

Investments are initiated in the area of Agriculture and Biofuels in Romania.

Martifer becomes one of the reference shareholders of the German company REpower Systems AG, one of the largest worldwide producers of wind power equipment, ending the year with a financial shareholding of 25.4 %. In June, REpower Portugal is incorporated, geared to the market of building and providing assistance to wind farms and assembling wind turbines.

In August, Martifer Group incorporates yet another company called M Energy (today, Martifer Renewables) with the main purpose of centralising the management of all the activities in the promotion of renewable energy area.

2006

In March, through the Ventinveste Consortium, Martifer submits its application to the tender for the attribution of licences for the production of wind power in Portugal.

In May, Martifer Solar is incorporated with the corporate object of projecting, designing, manufacturing and installing solar panels.

At the end of the year, Martifer is awarded the 1st prize of excellence for the promotion of new areas of investment and business, awarded by the Chamber of Commerce and Industry of Romania.

2007

In February, Martifer, together with the Indian Group Suzlon, launches a takeover bid on REpower. The consortium takes control of 56.93 % of the company, and, thanks to an agreement between Areva and Suzlon, the consortium took control of 87.1 % of the voting rights of REpower. Martifer agrees to sell its shareholding in REpower to Suzlon in 2009 for 270 million Euros.

The Ventinveste consortium - formed by Martifer, Galp Energia, Enersis, Efacec and REpower Systems AG – takes first place in “Phase B” of the public tender launched by the Portuguese government for the attribution of 400 MW of injection capacity and the respective reception points associated with the production of electricity in wind power plants.

In June, the Initial Public Offer (IPO) for the Company is concluded. The Company receives 199 million Euros in funds through the offer of 25 million shares which were placed at the peak of the price range, 8 Euros per share. After the IPO, the Company has 65 thousand new shareholders.

Martifer Solar formalises the contract with Spire Corporation for the turnkey supply of the automated photovoltaic module production line with an annual capacity of 50 MW.

The Group is also awarded “Organic Grower of the Year 2007” by A.T. Kearney’s “Global Growth Assessment”.

2008

Martifer Energy Systems acquires Navalria. The acquisition price reached 4.7 million Euros.

The President and the Vice President of Martifer, Carlos Martins and Jorge Martins, respectively, win the second edition of the national award attributed by Ernst & Young, Entrepreneur of the Year 2007.

The industrial units for the assembly of wind turbines, components for wind farms and PV modules start producing.

2009

Martifer and Hirschfeld create a Joint Venture for the production of wind energy components in the USA.

The Metallic Construction’s plant in Angola (15 000 tonnes of capacity) begins production in the second half of the year.

Martifer Renewables surpasses 100 MW of installed capacity in May and, at the end of the year, is awarded 217.8 MW in the first wind power auction held in Brazil.

In October, the Group adopts a new governance model: Carlos Martins takes on the role of President, Jorge Martins becomes CEO and Mário Couto is appointed CFO.

2010

In March, Martifer sells 11 % of Prio Foods and Prio Energy for 13.75 million Euros, thereby reducing its shareholding from 60 % to 49 % in these companies and in their respective subsidiaries.

Also in March, the subsidiary Martifer Metallic Constructions acquires 45 % of the share capital of Martifer Alumínios from HSF SGPS, coming to hold the company's entire share capital.

In April, Martifer Solar increases its capital to 50 million Euros to meet the company's investment needs, strengthening its capital structure.

In September and in October, Martifer Solar finalises the construction of the two largest photovoltaic solar plants in the African Continent, in the islands of Sal and Santiago, in Cape Verde.

At the end of the year and following the implemented asset rotation policy of Martifer Renewables, the Group sells the wind farms held in Germany, Bippen and Holleben, with 53.1 MW of installed capacity.

Also in December, Martifer Solar signs an agreement with EDP to sell 60 % of the company Home Energy.

MARTIFER GROUP

2011

Martifer becomes a multinational company with over 3 000 employees worldwide, focused essentially on two business areas: Metallic Constructions and Solar.

The Group increases its exposure to markets outside Europe with its entry into promising markets. In the 'Metallic Constructions' area, the first half year highlights the start of the construction of a metallic structures plant in one of the markets with the biggest growth potential for the following years: Brazil. In Solar, we witness the award of the first photovoltaic solar energy project in India, in June.

In February, and following the Group's strategic guideline to focus on its core activities, Martifer sells its 50 % shareholding in REpower Portugal to REpower Systems AG.

2012

2012 is the year of full operation of the Martifer Metallic Constructions plant in Brazil. With the capacity to produce 12 000 tonnes of steel structures per year, this plant aims to respond to the big projects of the company in Brazil.

Martifer Solar is awarded its first contract in Brazil: a PV installation with 300 kW in a General Motors plant in Joinville, State of Santa Catarina. The company also continues its internationalisation process entering Ukraine, Romania and Mexico.

2013

In 2013, Martifer Solar builds Latin America's largest PV plant in Mexico (30 MW). The company oversaw the Engineering, Procurement and Construction of the plant and was also responsible for the subsequent O&M services.

Martifer Renewables concludes the third wind farm in Poland (Rymanów) for Ikea Group. The farm, with 26 MWp, is inaugurated in June.

In November, following an international public tender, Martifer Energy Systems and Navalria, both Martifer Group subsidiaries, are awarded the sub-concession of the lands and the infrastructure of the Viana do Castelo Shipyard (ENVC).

2014

At the beginning of the year, Martifer signs the contract for the sub-concession of the lands and infrastructure of the old Viana do Castelo Shipyard (ENVC - Estaleiros Navais de Viana do Castelo). It is in May that West Sea, the company created by Martifer to operate the sub-concession, starts operating in Viana do Castelo. At the end of the year, West Sea signs the first shipbuilding contract.

Also in 2014, Brazil hosts the FIFA World Cup. Martifer Metallic Constructions participates in the construction of three stadiums: Arena Fonte Nova (Salvador da Bahía), Arena Castelão (Fortaleza) and Arena da Amazônia (Manaus). Martifer Solar is also present in this event, with the installation of the PV roof of the Mineirão Stadium, in Belo Horizonte.

2015

It is in 2015 that West Sea signs a contract with the Portuguese Navy for the construction of two Ocean Patrol Vessels.

In the Renewables sector, the Group concludes and sells its fourth wind power project in Poland, Gizalki, to Ikea Group, and signs an agreement for the sale of a 216.4 MW portfolio to EDP Renováveis.

2016

In 2016, the production of wind towers for the Âncora project was completed. This project began in 2014 and involved more than 100 employees entirely dedicated to the production of 84 wind towers.

The Âncora project has four wind farms in operation (171.6 MW). This project includes two wind towers coated with elements projected and designed by two internationally renowned artists, Vhils and Joana Vasconcelos, in what is considered the largest contemporary art project in height.

In the naval sector, the first ship built by West Sea in Viana do Castelo is delivered to Douro Azul. Viking Osfrid is a vessel very similar to the two hotel-ships built in 2014 by Navalria (Viking Hemming and Viking Torgil). It is 79 metres long and accommodates 106 passengers.

2017

In 2017, Martifer Metallic Constructions is awarded the supply and assembly of the metallic structure for the expansion of the Geneva International Airport - East Wing, which consists of the construction of a new building, 520 metres long and 20 metres wide.

In the ‘Naval Industry’ area, West Sea begins the construction of NRP Setúbal and NRP Sines, the two Ocean Patrol Vessels for the Portuguese Navy. Mystic Cruises awards West Sea the construction of a luxury cruise ship to navigate in Antarctica. With 126 metres in length and a beam of 19 metres, it will have the capacity for 176 guests and 125 crew members.

Martifer Renewables wins a bid in Argentina for a 100 MW solar energy project located in the municipality of Iglesia, in the province of San Juan, approximately 1 000 km from the capital, Buenos Aires. This is the first big step in the development of its activity in Argentina.

2018

Martifer Metallic Constructions is awarded the global contract for the maintenance of the Sines refinery for a period of three years, this being Martifer's first contract in the Oil & Gas sector. The Sines Refinery is one of the largest in Europe, with a distillation capacity of 10.9 million tonnes per year, i.e., 220 thousand barrels per day.

In the ‘Naval Industry’ area, the World Explorer, the first polar expedition vessel to be built in Portugal, was one of the major shipbuilding projects at West Sea. The World Explorer is a luxury cruise ship that will navigate in Antarctica. The vessel is 126 metres long and has a beam of 19 metres. The year ends with the award of another two polar expedition vessels: the World Voyager and the World Navigator.

In the ‘Renewables’ area, in Poland, the milestone of 440 MW of wind power assets in operation for third parties is achieved.

2019

The christening of the Portuguese Republic Ship Setúbal - the NRP Setúbal - is held at West Sea. This is the second military ship built by the consortium West Sea and Edisoft for the Portuguese Navy.

The christening ceremony of the polar vessel World Explorer, the first oceanic vessel fully designed and produced in Portugal, is held at the West Sea shipyard. The World Explorer is 126 metres long and has a beam of 16 metres and, although not a very large cruise ship, it is unique in its purpose - luxury travel to extreme weather locations.

In Mozambique, Martifer-Visabeira is awarded the construction of the liquid bulk storage terminal for Galp, in Beira. An important step in the Oil & Gas industry.

Following the Group's asset rotation strategy, the wind farms Vila Franca de Xira and Baião, which together have an installed capacity of 18.9 MW and 6 PV solar parks in Spain, with an installed capacity of 8.1 MWp, are sold.

2020

The Martifer Group celebrates its 30th anniversary on 21 February. It was on this day that, in 1990, the company was founded in the metallic constructions area, materialising the dream of two brothers.

At West Sea, the year begins with the award of four more Polar Expedition “Ice” Class vessels of the Explorer series, for Mystic Cruises. The World Traveller, the World Seeker, the World Adventurer and the World Discoverer will come to fill the construction areas so that, in 2023, West Sea will have 7 polar vessels sailing.

Martifer Metallic Constructions consolidates its position as a service provider in the area of Operation and Maintenance (O&M) with the award of several projects.

Also, in the area of ‘Metallic Constructions’, Martifer wins and is responsible for the completion of the Gare de Mons project in Belgium, with architecture by Santiago Calatrava.

At Martifer Renewables, a Ready-to-Built Wind Farm in Poland is sold, and the Babadag wind farm in Romania has its best year ever in terms of operating results.

2021

The Group restructures the business areas with the integration of the energy and industrial maintenance segments in Martifer Renewables & Energy, previously Martifer Renewables. In this way, it seeks to be at the forefront of new energy challenges, already forming part of the GreenH2Atlantic consortium, created for the production of renewable hydrogen in Sines. Also in this area, in the wind and solar segment, a memorandum is signed for the creation of a Renewable Energy Community, the first in Portugal at the industrial level, in Viana do Castelo. In Poland, the company wins an auction guaranteeing a tariff of 229 zł / MWh, valid for 15 years.

Martifer Metallic Constructions is chosen to participate in the construction of two reference projects: the Marseille-Provence Airport in Marseille with Foster+Partners' architecture, which includes the construction of a new building and the rehabilitation of Terminal 1; and Mareterra with Renzo Piano's architecture, currently one of the boldest and most innovative projects in Europe, in Monaco.

In the Naval Industry, the World Traveller floats, this being the fourth ocean vessel to be built by West Sea. The World Voyager also makes its maiden voyage, to the Portuguese islands. In the ship repair segment, there are several projects that fill the company's portfolio. In ship conversion, 4 vessels have already been transformed by West Sea, following the natural trend in the industry for decarbonisation and for the change to more efficient and sustainable fuels.

2022

The Naval Industry strengthens its position within the Group with the ship repair segment continuing its path and gaining ever more trust from shipowners. The construction of the new dock will increase West Sea's production capacity, allowing it to receive larger ships and continue the excellence of the service it has been providing in terms of quality, speed of execution and incorporation of engineering solutions. In shipbuilding, the World Traveller, the fourth ocean vessel built by West Sea, is delivered to the client.

In the Renewables & Energy area, in line with the goals established for the energy transition, we consolidate our presence in the Green.H2.Atlantic consortium and invest in the creation of partnerships for the development of Renewable Energy and Self-consumption Communities, which will be fully operational next year. In the energy infrastructure and operation and maintenance segment, we maintain a path consistent with client loyalty and long-term contracts.

Martifer Metallic Constructions maintains its focus on markets and strategic projects and wins the contract for the execution and assembly of 2 200 modules for the south and west roof of the future Santiago Bernabéu Stadium, in Madrid; carries out the rehabilitation of the façades on the lower floors of the building Castellana 83-85, in Madrid; the rehabilitation of Oriente Green Campus, an office building with 3 floors, in Lisbon; and is part of the consortium Synavia, to which the Service d'Infrastructure de la Défense (ESID), of the French Ministry of the Armed Forces, awarded the contract for the adaptation of the MY03 basin and the construction of new buildings for a nuclear base, in Missiessy, Toulon.

MARKET ENVIRONMENT

GLOBAL ECONOMY

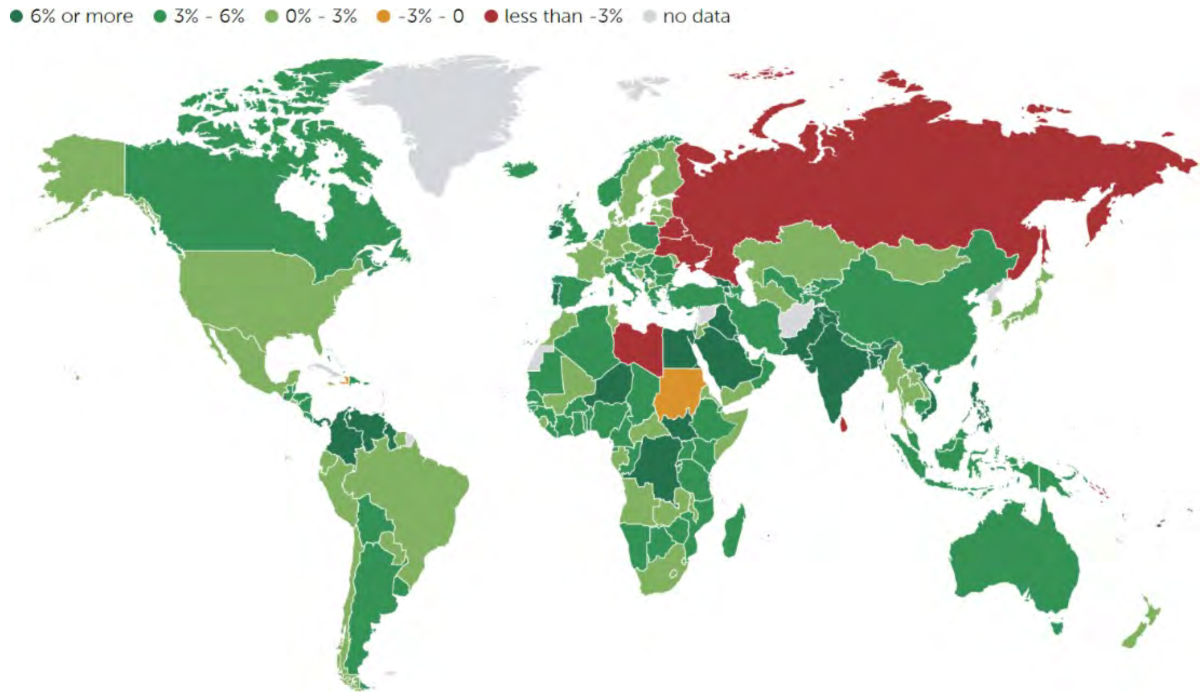
According to the World Economic Forum, the Russian invasion of Ukraine, the persistent and growing consequences of inflationary pressures and the slowdown in China marked the year 2022 and continue to pose significant challenges to the world economy. According to the report published by BNP Paribas, global commodity prices were significantly affected by the situation in Ukraine, exacerbating inflation and forcing Europe to reconsider its energy plans. Financial stability conditions in the Eurozone worsened, as a result of rising interest rates, worse economic prospects, higher inflation and the reassessment of prices in the financial market.

Despite incidences appearing to be decreasing in many regions of the world, there are nevertheless ongoing issues with the supply chain and vaccination mandates, and China's "zero COVID" health regulations pose a serious constraint to energy consumption growth, according to the report published by KPMG. Also, according to KPMG and going in the opposite direction, with the growing pressure from environmental activists, there has been a promotion of global initiatives that reinforce decarbonisation efforts.

ECONOMIC GROWTH

According to the report prepared by the World Economic Forum in October 2022, global growth is expected to decline from 6% in 2021 to 3.2% in 2022 and is forecast for 2023 at 2.7%. Of note, in the map below, is Russia, with an annual change of less than 3% (-3.4%) and Libya (-18.5%). On the other hand, it is also possible to verify in the same map, prominent countries with annual changes in excess of 6%, for example India (6.8%) and Saudi Arabia (7.6%).

GDP Growth | Annual change (%)



Source: World Economic Forum

With the exception of the global financial crisis in 2008 and the COVID-19 pandemic in 2020, it can be understood from the same report that this is the weakest growth profile since 2001, reflecting significant slowdowns for the largest economies, including a contraction in the GDP of the US in the first half of 2022, as well as in the Eurozone in the second half of 2022, and prolonged COVID-19 lockdowns in China, with a growing real estate crisis.

Marex Solutions, in November 2022, presented an inverse relationship between global GDP growth and the evolution of commodity prices. Due to supply-side constraints during the pandemic period and the war-risk premium due to the Russian invasion of Ukraine, the prices of several commodities continue in a steep inflation spiral.

Source: Marex Solutions

According to data provided by the World Economic Forum, global real GDP declined slightly (-0.1%, measured by an annualised quarterly rate) in the second quarter of 2022, with negative growth in China, Russia and the US, as well as significant slowdowns in Eastern Europe, most directly affected by the conflict in Ukraine and international sanctions aimed at putting pressure on Russia. According to Deutsche Bank, both Europe and the US are torn between an expansive fiscal policy aimed at bolstering the economy and mitigating the consequences of the current energy crisis and a strict monetary policy that controls both inflation and the economy.

EMERGING ECONOMIES

The European Central Bank stated that the effects of inflation on commodities and the energy sector and the subsequent normalisation of monetary policy made financial conditions more restrictive worldwide and increased risks for developing economies, as shown in the graph. For many emerging economies, the continued normalisation of accommodating domestic monetary policies in the face of a shared inflation shock has tightened financial conditions and resulted in capital outflows of foreign investment.

Emerging market capital flows vs financial conditions

Sources: IMF, Goldman Sachs, Bloomberg Finance L.P., Bank for International Settlements and ECB calculations.
Notes: Panel a: capital flows show the sum of equity and debt capital to Turkey, South Africa, Brazil, Chile, Mexico, Lebanon, Sri Lanka, India, Malaysia, Pakistan, the Philippines, Thailand, Bulgaria, China, Ukraine, Czech Republic, Slovakia, Estonia, Latvia, Hungary, Lithuania, Mongolia, Slovenia, North Macedonia, Poland and Romania*. The financial conditions index is shown as the six-month moving average. Panel b: debt service ratio as a percentage of GDP for the private non-financial sector, see the Bank for International Settlements database for the debt service ratios of the private non-financial sector. Orange bubbles reflect changes in financial conditions or debt service ratio above the median, red bubbles reflect both changes in financial conditions and debt service ratio above the median. Change in financial conditions reflect yearly change.
*) see Koepke, R. and Paetzold, S., "Capital Flow Data – A Guide for Empirical Analysis and Real-time Tracking", IMF, 2020.

USD vs EM FX & Commodities

Source: Bloomberg Analysis: Haitong Bank SA

Due to the worst global GDP growth forecast and higher interest rates in developed countries, emerging market currencies face further depreciation risk against the USD, strengthened by a faster response from the US Federal Reserve, in the fourth quarter of 2022 and the first half of 2023, says the Haitong company (graph above).

WORLD AND EUROPEAN ECONOMY

The world economy is currently facing several obstacles, as has been expounded upon above, with the persistent COVID-19 pandemic, inflation which is higher than it has been in recent decades and tighter financial conditions in much of the world, as was reflected by the Word Economic Forum.

The same source indicates that, while measures are advanced to bring inflation back to its target, an increasing number of economies are experiencing a slowdown in growth or even, in some cases, perhaps a contraction. That said, it is important to be aware of and attentive to the development of the war in Ukraine, to possible disruptions on the supply side due to the sanctions applied to Russia, the health policies applied by China and the position of OPEC+, with decisions regarding the applied production, as reported by Focus Economics.

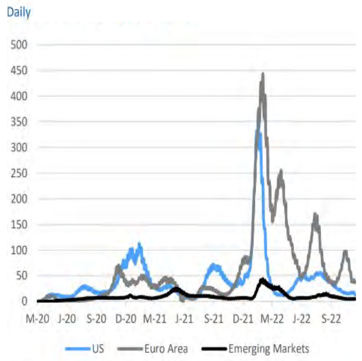
EVOLUTION OF COVID-19

According to Haitong, the number of COVID-19 cases declined globally in October 2022. The EU's COVID-19-related death rates are at their lowest points since the beginning of the pandemic, due to a high vaccination rate. The need for the social segregation policies of the previous two years in western economies is expected to be eliminated by the new generation of drugs and vaccinations.

CHINESE DILEMMA

However, from J.P.Morgan's outlook, there are exceptions: ongoing problems with the supply chain, vaccination and China's “zero COVID” health regulations pose a serious threat. If the Chinese government decides to continue to restrict its activity due to the continued increase in COVID cases in China, the market will suffer more disturbances, which could reduce the demand for energy, metals and some foodstuffs, as was presented by KPMG.

New COVID-19 Cases



Source: Bloomberg and Bank of Portugal | Analysis: Haitong Bank SA

It should be reinforced that, per the World Economic Forum, the global economy depends heavily on how monetary policy is calibrated, how the war in Ukraine unfolds, and whether there can be more supply-side disruptions caused by pandemics, such as in China. All these factors will have a significant impact on global activity and trade, given the size of the Chinese economy and its importance to global supply chains.

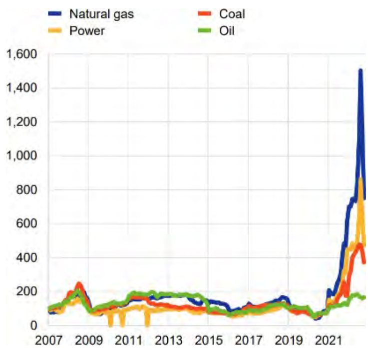
WAR BETWEEN RUSSIA AND UKRAINE

As presented by J.P.Morgan, the unforeseen occurred: the Russian invasion of Ukraine has been the main driver of the increase in commodity prices in 2022.

As presented by the European Central Bank, all major commodity prices rose in March 2022 as a result of the Russian invasion of Ukraine, with European energy goods standing out, ultimately suffering major consequences. As the economy recovered from the pandemic, energy-related commodity prices and the associated volatility had already started to rise since mid-2021. During the month of March and the Summer of 2022, they reached values never seen before.

According to this source, on 7 March 2022, one week after the start of the conflict, the reference price of natural gas futures (based on the Dutch index) was already quoted at 227 EUR/MWh, an increase of approximately 155%. By the end of August, it had risen to 339 EUR/MWh, around triple the level recorded before the Russian invasion of Ukraine.

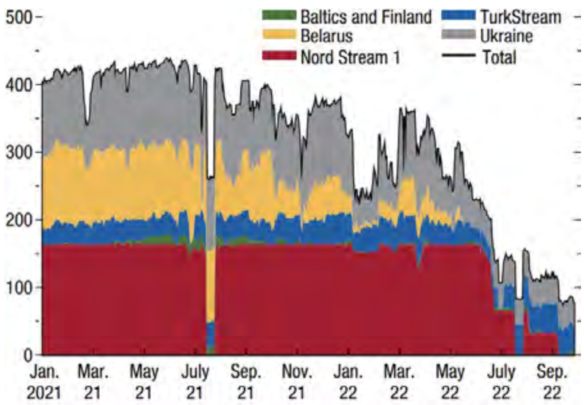
European energy prices



Source: European Central Bank

MARTIFER GROUP

Russian pipeline gas supplies to EU by Route (million cubic metres a day)



Sources: European Network of Transmission System Operators for Gas; Gas Transmission System Operator of Ukraine; and IMF staff calculations.
Note: Latest data available are for September 18, 2022. Recent data are provisional. Gas flow volumes are measured at EU border crossing points; Belarus excludes flows to Kaliningrad (Russia). EU = European Union.

JOINT EU RESPONSE

The European Union has declared a ban on marine insurance and a restriction on the maritime import of oil from the end of 2022. The fuel trade has also been affected by the reduction in Russian exports, particularly of gas, with the flow of gas through Russian gas pipelines to Europe reduced to around 20% of what it was a year earlier. The price of natural gas rose sharply as a result.

The conflict is having a significant negative impact on the European economy, with rising energy costs, declining consumer confidence, and slower production growth, as a result of continued supply-chain disruptions and the rising costs of production factors.

If this conflict continues, according to the source indicated, the supply of agricultural goods will continue to be controlled and there will be upward pressure on the price of these products, particularly in 2023.

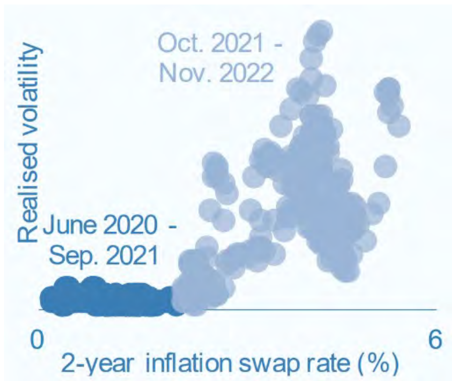
INFLATION AND INTEREST RATES

According to the World Economic Forum, the global inflation rate is forecast to increase from 4.7% in 2021 to 8.8% in 2022, before falling to 6.5% in 2023 and 4.1% in 2024.

Interest rates were associated with increasing volatility as a result of constant market adaptations. There were cases where negative market movements were a consequence of central bank announcements and also important economic and inflation data releases, according to the European Central Bank.

Interest rates were raised by central banks in an effort to prevent inflation from “taking root”. Since the beginning of 2022, the Federal Reserve and the European Central Bank have raised rates and have signalled that further increases are expected for 2023. Due to disparities in underlying inflation dynamics and current economic conditions, the Federal Reserve has raised interest rates more aggressively than the European Central Bank.

2-year interest rate swap volatility



Source: European Central Bank

CRISIS IN THE EUROZONE

According to the European Central Bank, in 2022 there was a decline in the value of the Euro in relation to several other currencies, with an emphasis on the increase in energy costs in the Eurozone, in addition to the factors that were previously indicated throughout this report. It should be noted that all these events led the Euro, against the US dollar, to reach a trading value below parity, for the first time since 2003.

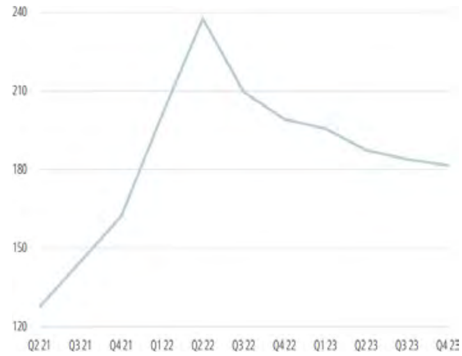
However, it is important to add that, according to the Strategy and Studies Office, in the Quarterly Bulletin of the Portuguese Economy, in the Eurozone, the economic sentiment indicator increased in December 2022 for the second consecutive month as a result of the improvement of all confidence indicators, which reversed the trend of consecutive declines since July 2022.

OUTLOOK FOR THE ENERGY SECTOR

According to data collected from NatWest, approximately one third of inflation is directly associated with energy prices. The severity of the energy crisis in the Eurozone has negative consequences, reducing expectations of economic growth, as stated by the European Central Bank. However, according to Focus Economics, the perspective is presented that despite having decreased in relation to their most recent heights, raw material prices continue to be high, namely for natural gas. After the start of the war in Ukraine, energy costs reached the highest value in over a decade in the second quarter of 2022. Russian product volumes, which accounted for more than 40% of Europe's natural gas imports and more than 10% of the world’s oil imports last year, were affected by the situation lived.

Due to the deteriorating economic outlook, energy costs have since declined.

Energy prices | Historic and forecast



Source: Focus Economics

It should be added that both the defined exchanges between energy producers and distributors as well as the margin requirements doubled in 2022, as energy prices rose, according to data from the European Central Bank. Basically, according to it, the main objective of these increases ends up being the protection of the market participants from high counterparty risk. Every day brings surprises and dangers due to changing consumer demand, price fluctuations and, more now than ever, geopolitical concerns, as presented in the KPMG report.

S&P Global Commodity Insights anticipates that if the forecast cuts in Russian energy exports are more severe than expected, it will likely take several years of greater supply growth than demand growth for inventory values to return to acceptable levels. Due to further decreases by Russia and a limited increase from OPEC+, world oil supplies will expand at a slower pace in 2023 than in 2022, according to information given in S&P Global Commodity Insights. According to the same source, despite very high prices, there will be no major expansion in the global supply of natural gas, particularly LNG, in 2023, as there will not be many new facilities coming into production. Regarding overall commodity demand, China's COVID policy will be the most crucial key element as demand has been affected by lockdowns while Europe is grappling with the substitution of Russian goods.

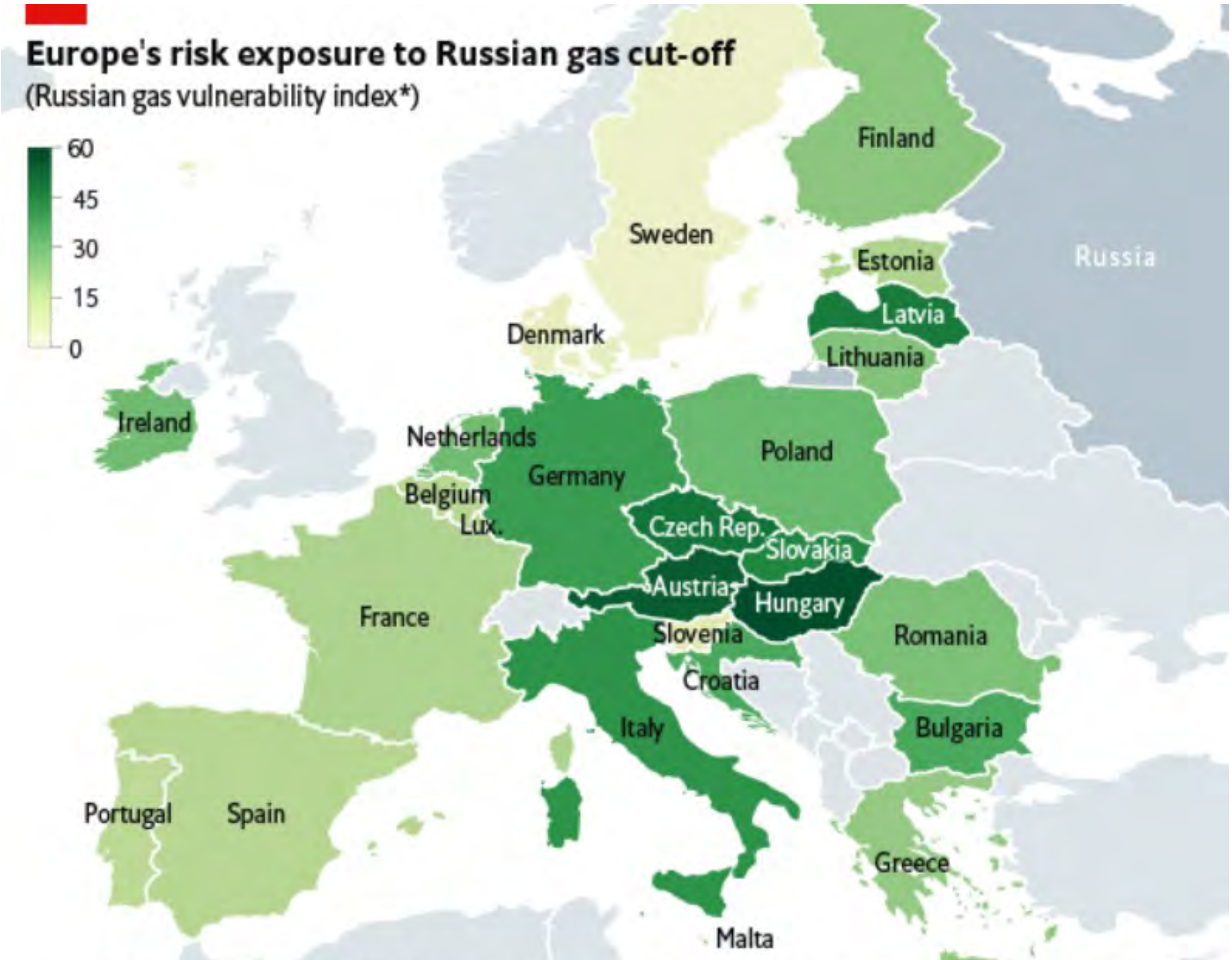
	2017	2018	2019	2020	2021	2022e	2023f
GDP, annual var. %							
USA	2.3	3	2.3	.2.8	6	1.9	0.5
Eurozone	2.8	1.8	1.6	-6.3	5.3	1.9	0.6
Germany	2.9	1.1	1.1	-4.1	2.6	1.8	-0.3
Portugal	3.5	2.9	2.7	-8.3	5.5	6.7	1
Inflation, annual var. %							
USA	2.1	2.4	1.8	1.3	4.7	8	3.9
Eurozone	1.5	1.8	1.2	0.3	2.6	8.3	6.8
Germany	1.7	2	1.3	0.4	3.2	8.5	8
Portugal	1.6	1.2	0.3	-0.1	0.9	8.3	6.6
Unemployment Rate, annual var. %							
USA	4.3	3.9	3.7	8.1	5.4	3.7	4.2
Eurozone	9.1	8.2	7.6	7.9	7.7	6.8	7.1
Germany	3.6	3.2	3	3.7	3.6	3.1	3.5
Portugal	9.2	7.2	6.6	7	6.6	6.1	6.4
Weight of Deficit, % GDP							
USA	-4.5	-6.2	-6.7	-14.9	-12.1	-4.1	-3.7
Eurozone	-1	-0.4	-0.6	-7.1	-5.1	-3.7	-3.8
Germany	1.3	1.9	1.5	-4.3	-3.9	-2.7	-3.2
Portugal	-3	-0.4	0.1	-5.8	-2.9	-1.8	-0.6
Price of Crude							
USD per Barrel	66.9	53.8	66	51.8	77.78	85.91	84.76
Interest Rates, end of year (%)							
Interest Rates							
- Fed (Fed Funds)	1.70%	2.60%	1.60%	0.10%	0.40%	4.70%	5.00%
- ECB	-0.70%	-0.60%	-0.60%	-0.70%	-0.60%	2.60%	3.00%
- BoE	0.40%	0.80%	0.60%	0.10%	0.50%	3.90%	3.80%
Long-term Interest Rates (10Y Bonds)							
USA	2.40%	2.70%	1.90%	0.90%	1.50%	3.80%	3.70%
Eurozone	0.40%	0.20%	-0.20%	-0.60%	-0.20%	2.60%	2.40%
United Kingdom	1.20%	1.30%	0.80%	0.20%	1.00%	3.70%	3.40%
Exchange Rates, end of year							
EUR/USD	1.05	1.2	1.15	1.12	1.22	1.14	1.07

Source: (Reuters, 2023), (OECD,2023), (IMF, 2023)

PORTUGUESE ECONOMY

The Portuguese economy slowed down but continued to expand faster than the Eurozone in the first three quarters of the year. In annual terms, according to the Bank of Portugal, the Portuguese economy grew by 6.8%. All aspects of domestic demand during this period slowed down, with the decline in the services sector causing a slowdown in external trade flows. This GDP slowdown affected all economic sectors.

It should be noted that in this point is reflected the fact that the Portuguese economy is less affected by the energy crisis than other nations in the Eurozone, since it is less dependent on Russian supplies, as shown in the map below, being presented together with Spain, for example, as having a lower risk of exposure to the Russian gas cut, as indicated in the quarterly bulletin of the Bank of Portugal. On the other hand, according to the Economist Intelligence Unit (EIU) publication, Czechia, Hungary and Latvia in Central and Eastern Europe, as well as Austria, Germany and Italy, are more exposed to the consequences of this cut, as a result of energy-related sanctions imposed by the EU or retaliatory sanctions by Russia, according to the EIU's Russian Gas Vulnerability Index.



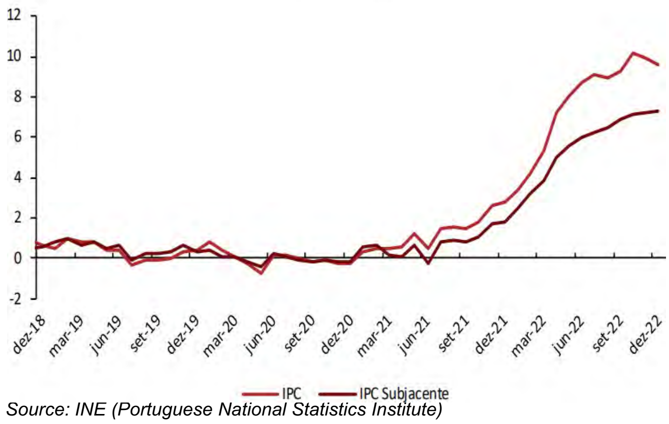
*Average of gas imports as a share of total imports, gas energy supply as a share of total energy supply and the share of gas imports from Russia.
Note. Data is for 2020.
Sources: Eurostat; EIU calculations.

Regarding Portuguese inflation, it reached a peak in October – 10.1%, the highest value since 1992 – but ended up slowing down in the last two months of the year, reaching 9.6% in December, according to the Bank of Portugal.

According to the same source, based on an overall view of the year 2022, the inflation rate was 8.1%, with a very significant increase in relation to the value for 2021 (1.3%).

During 2022, the values of Portuguese exports presented by the Bank of Portugal continue to grow significantly in an adverse economic and geopolitical context, approaching the target of 50% of GDP, established in 2018. The result is mainly associated with the behaviour of exports of services, sustained by the strong recovery of tourism, as stated by the same source.

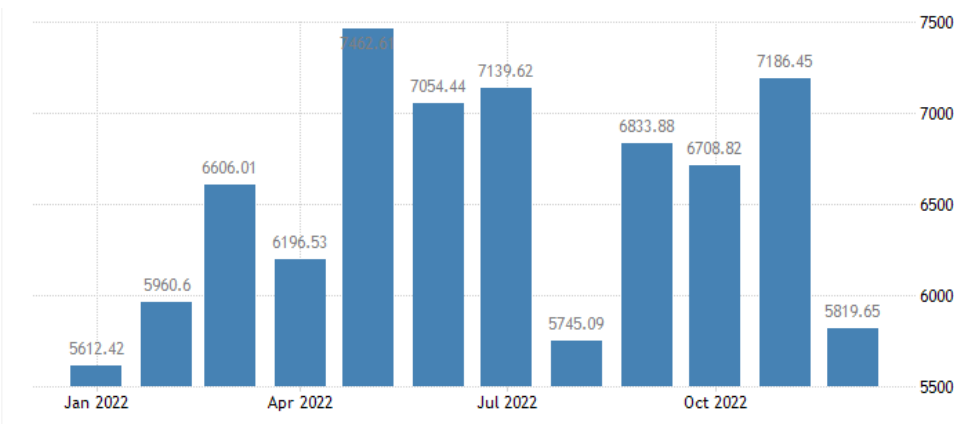
Inflation (%)



Source: INE (Portuguese National Statistics Institute)

From the chart below, it is possible to identify the month of May as the annual maximum with a value greater than 7 400 million Euros and, on the other hand, the minimum in January with 5 612.42 million Euros and August with 5 745.09 million Euros.

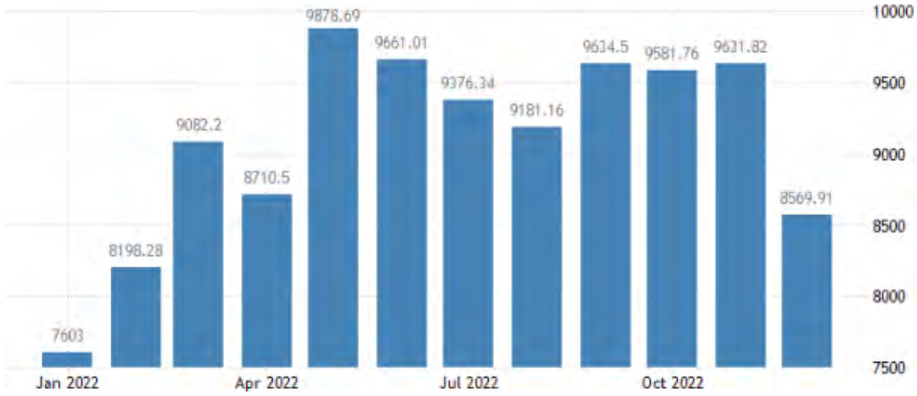
Portuguese exports | 2022



Source: Trading Economics

Portuguese imports point to increasingly modest growth going forward, following an 11.1% increase in 2022. Services are expected to increase faster, especially in 2022, reflecting the pronounced shift in tourism resident abroad. According to the source Trading Economics, imports decreased from May until August 2022, reaching a value of 9181.16 million Euros; from September to November the total amounts remained very similar, and then decreased in December to 8 569.91 million Euros.

Portuguese imports | 2022



Source: Trading Economics

That said, the chart below shows the trade balance. Overall, it appears that there was always a higher value of imports than exports, with emphasis on the months of January and July, with very similar values presented.

From the information already indicated, August has the lowest value of the year, having also associated with it one of the lowest values of exports, while imports maintained a value above the annual average, contrary to what happened in the month of July, which came in the top 3 countries with the highest associated export values.

Portuguese trade balance | 2022

Source: Trading Economics

Every day brings surprises and dangers due to changing consumer demand, price fluctuations and, more now than ever, geopolitical concerns, as presented in the KPMG report.

S&P Global Commodity Insights anticipates that if the forecast cuts in Russian energy exports are more severe than expected, it will likely take several years of greater supply growth than demand growth for inventory values to return to acceptable levels. Due to further decreases by Russia and a limited increase from OPEC+, world oil supplies will expand at a slower pace in 2023 than in 2022, according to information given in S&P Global Commodity Insights. According to the same source, despite very high prices, there will be no major expansion in the global supply of natural gas, particularly LNG, in 2023, as there will not be many new facilities coming into production. Regarding overall commodity demand, China's COVID policy will be the most crucial key element as demand has been affected by lockdowns while Europe is grappling with the substitution of Russian goods.

► MAIN RISKS FOR 2023

Risks related to the pandemic have not disappeared, but have diminished, while the war in Ukraine continues to represent a significant risk on the downside for economic activity and on the upside for inflation, with a particular focus on the Eurozone.

The forecasts of the Government and of the main national and international institutions place the Gross Domestic Product (GDP) to grow between 0.7% and 1.5% in 2023, but the context of international uncertainty poses increased challenges to the macroeconomic scenario.

COVID-19 Pandemic

The evolution of the pandemic is one of the great uncertainties for 2023, meaning that health risks are still important and real, preventing a complete return to normality. New, more aggressive variants of SARS-Cov-2 continue to be a source of concern for countries, even those with a high vaccination rate, as is the case of the most recent XBB.1.5 in the United States of America (USA) and the United Kingdom with a propagation capacity far superior to the other variants identified to date.

Geopolitical tensions

The Russian invasion of Ukraine, in February 2022, became a factor of enormous destabilisation in the global economy, generating a climate of uncertainty and volatility. In addition to the increasing destruction of Ukrainian lives and infrastructure, this conflict has led to rising prices for raw materials, the imposition of unprecedented and far-reaching financial sanctions, the amplification of the global food crisis, the disruption of distribution and transport chains, as well as the abrupt interruption of Russian gas supplies to Europe, which resulted in a serious energy crisis and a sharp increase in the cost of living, translated by unprecedented levels of inflation in the last 40 years and a restrictive monetary policy, conducted by most Central Banks, which induced the contraction of economic activity in the goods and services, capital and labour markets.

Fiscal and economic policies

Global economic activity is experiencing a broader and more pronounced slowdown than expected, as well as higher inflation than has been seen for decades. On the other hand, the cost of living, the tightening of financial conditions in most regions, the Russian invasion of Ukraine, and the persistent Covid-19 pandemic weigh heavily on economic and financial prospects and on the outlook for the future. Thus, global growth is forecast to slow from 3.2% in 2022 to 2.7% in 2023. This is the weakest growth profile since 2001, except for the global financial crisis and the acute phase of the Covid-19 pandemic.

Natural disasters

Natural disasters continue to be a strong threat to economies and, knowing that the number of occurrences has increased over the last decade, they are an unavoidable risk factor. The recession observed with the interruption of trade or movement of goods and capital revealed the effects of the stoppages that can be caused by these highly unpredictable events.

MANAGEMENT REPORT

Financial Performance

03 | FINANCIAL PERFORMANCE

ANALYSIS OF THE CONSOLIDATED RESULTS

M€	DEC - 22	DEC - 21	VAR. (%)
Operating income	211.5	228.7	-8%
EBITDA	**25.8**	**25.8**	**0%**
EBITDA margin	13.6%	12.3%	1.2 pp
Depreciation & Amortisation	-5.7	-5.5	-4%
Provisions & Impairment losses	0.1	-2.0	n.m.
EBIT	**20.1**	**18.2**	**10%**
EBIT margin	10.6%	8.7%	1.9 pp
Financial results	-4.7	-3.8	-23%
Profit before tax	15.4	14.4	7%
Income tax	-1.3	-1.8	27%
Net profit	**14.2**	**12.7**	**12%**
Attributable to non-controlling interests	0.8	1.4	-42%
Attributable to shareholders	13.3	11.3	18%
Earnings per share (€)	0.136	0.115	18%

(a) EBITDA = Sales and services rendered + Other operating income – Cost of goods sold and materials consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA / Turnover

OPERATING INCOME

OPERATING INCOME	DEC -22		DEC -21		VAR. (%)
	M€	WEIGHT	M€	WEIGHT	
Martifer Consolidated	**211.5**	100%	**228.7**	100%	**-8%**
Metallic Constructions	122.0	58%	125.2	55%	-3%
Naval	69.6	33%	91.7	40%	-24%
Renewables	21.5	10%	13.4	6%	61%
Others	-1.7	-1%	-1.5	-1%	-10%

In 2022, total Operating income was 211.5 million Euros (228.7 million Euros in 2021), 58% of which in the ‘Metallic Constructions’ segment, 33% in the ‘Naval Industry’ segment and 10% in the ‘Renewables’ segment. ‘Other’ refers to intersegment transactions.

The Metallic Constructions’ Operating income reached 122 million Euros, a 3% decrease versus the same period last year, due to the slowdown in some geographies, essentially the United Kingdom, Belgium and Saudi Arabia, which more than offset the increase in activity in France, Spain, Portugal and Angola.

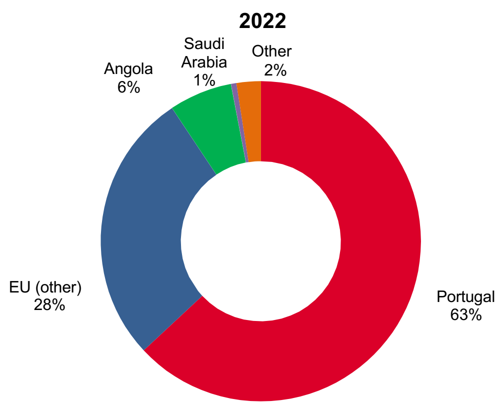
The ‘Naval Industry’ segment presents a value of 69.6 million Euros in 2022 (a 24% decrease compared to 2021), which results from the slowdown of activity in this segment in this year.

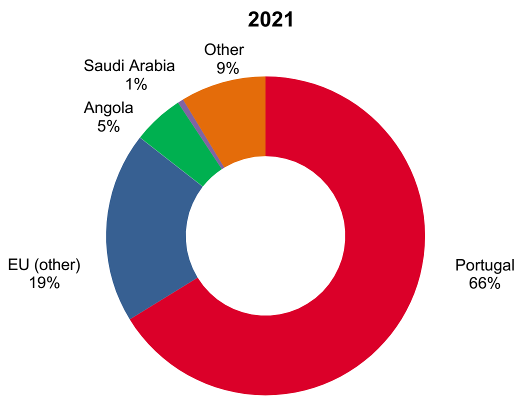
In the ‘Renewables’ segment, it amounts to 21.5 million Euros, in 2022, representing an increase of 61% over 2021, essentially due to the impact of the disposal of Wind Farm Lada Sp. Z o.o., in the amount of 9 million Euros.

As regards turnover (sales and services rendered), in 2022, same amounted to 190.4 million Euros compared to 209.3 million Euros in 2021.

Analysing the turnover by geography - considering the location of the Group **companies** that generated the turnover – in 2022, Portugal accounts for 63% of total sales and services rendered and the remaining 37% are divided as follows: European Union (excluding Portugal) – 28%, Angola – 6%, Saudi Arabia – 1% and others (mainly the United Kingdom) – 2%.

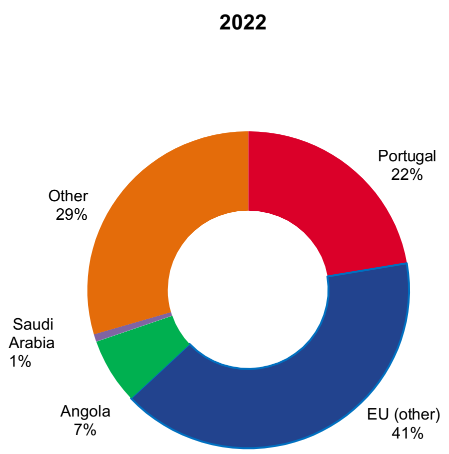
BREAKDOWN OF SALES AND SERVICES RENDERED BY ORIGIN – 2022 VERSUS 2021

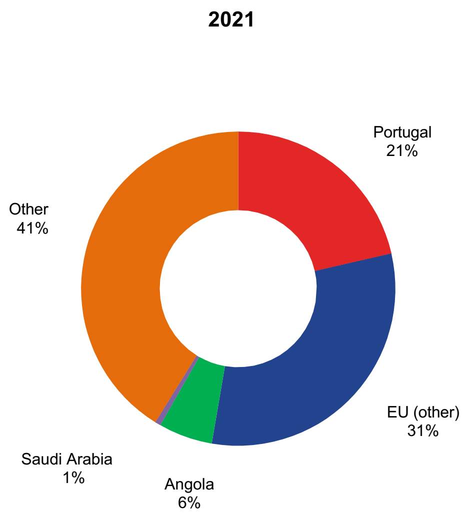




Analysing the turnover by geography - considering the location of the **clients** and the destination of the sales and services rendered - in 2022, Portugal accounts for only 22% of the total sales and services rendered (mainly in Naval Industry and Metallic Constructions) and the international market 78%, divided as follows: European Union (excluding Portugal) – 41%, Angola – 7%, Saudi Arabia – 1% and others (essentially the turnover associated with the construction of cruise ships for polar exploration in the Arctic and Antarctica) – 29%.

BREAKDOWN OF SALES AND SERVICES RENDERED BY DESTINATION – 2022 VERSUS 2021





EBITDA AND NET PROFIT

EBITDA	DEC - 22		DEC - 21		
	M€	MARG.	M€	MARG.	VAR. (%)
Martifer Consolidated	**25.8**	**14%**	**25.8**	**12%**	**0%**
Metallic Constructions	7.2	6%	11.1	10%	-36%
Naval	6.6	10%	13.6	15%	-51%
Renewables	12.2	115%	1.9	19%	>100%
Others	-0.1		-0.8		81%

In 2022, consolidated EBITDA registered a value of 25.8 million Euros, practically unchanged from 2021, with positive contributions from the three operating segments. The ‘Metallic Constructions’ segment contributed with 7.2 million Euros, the ‘Renewables’ segment with 12.2 million Euros and the ‘Naval Industry’ segment with 6.6 million Euros.

In the ‘Metallic Constructions’ segment, EBITDA, in 2022, was 7.2 million Euros, showing a decrease of around 4 million Euros compared to 2021. This drop was mainly due to the decrease in the realisation of projects in Portugal (manufacturing for export), the decrease in activity in the United Kingdom and in the operational exchange rate differences in Angola.

In the ‘Naval Industry’ segment, the decrease in EBITDA was due to the decrease in the shipbuilding activity, justified by the slowdown in the shipbuilding works, due to the existing pandemic, which affected not only 2020 but also the following years, namely in terms of the activity in which the ships were going to operate.

In the ‘Renewables’ segment, there was an improvement in EBITDA of 10.3 million Euros, mainly due to the capital gain on the disposal of the Wind Farm Lada project, in Poland.

In 2022, impairment losses for Clients in the amount of 13 million Euros were recorded, essentially relating to the recognition of impairment for the main client in the shipbuilding area, as well as the recognition of impairment of clients within the scope of IFRS 9. This derives from a significant delay by said client and its non-compliance in 2022 with the previously agreed payment plan, which has increased by the amount of the work in progress.

Depreciation and Amortisation recorded a slight increase in 2022, reaching 5.7 million Euros compared to 5.5 million Euros in 2021, while the net amount of Provisions and Impairment losses on non-financial assets decreased from 2 million Euros in 2021 to 0.1 million Euros in 2022.

EBIT was positive in 20.1 million Euros in 2022, compared to 18.2 million Euros in 2021, thus registering an increase of 1.9 million Euros compared with the same period of the previous year.

The consolidated Financial results were negative at 7.7 million Euros, and the gains / (losses) in associated companies and joint ventures amounted to 3.0 million Euros.

The financial period’s consolidated Net profit amounted to 14.2 million Euros in 2022 (13.3 million Euros attributable to the Group), showing a significant increase of 12%, compared to 2021 (12.7 million Euros, of which 11.3 million Euros attributable to the Group).

NET PROFIT	DEC - 22		DEC - 21		
	M€	WEIGHT	M€	WEIGHT	VAR. (%)
Martifer Consolidated	**14.2**	**100%**	**12.7**	**100%**	**11%**
Metallic Constructions	-1.5	-10%	4.4	35%	n.m.
Naval	2.7	19%	9.1	72%	-71%
Renewables	11.6	82%	-2.4	-19%	n.m.
Others, Holding and Adjust.	1.4	10%	1.5	12%	-7%

CONSOLIDATED CAPEX

Capex on tangible fixed assets, intangible assets and right-of-use assets, in 2022, was 9.4 million Euros and mainly derives from the 'Naval Industry' segment (4.0 million Euros).

CAPEX	DEC - 22		DEC - 21		
	M€	WEIGHT	M€	WEIGHT	VAR. (%)
Martifer Consolidated	**9.4**	**100%**	**4.3**	**100%**	**>100%**
Metallic Constructions	2.9	31%	1.2	27%	>100%
Naval	4.0	43%	0.8	19%	>100%
Renewables	2.4	26%	2.3	54%	4%
Others	0.0	0%	0.0	0%	n.m.

Excluding the right-of-use assets relating to lease contracts accounted for under IFRS 16 - Leases, Capex in tangible fixed assets and intangible assets, in 2022, was 2.9 million Euros, mostly applied in the 'Renewables' segment (1.5 million Euros), essentially on the wind and solar projects in Central Europe, and in the 'Metallic Constructions' segment (1.3 million Euros), on the acquisition of equipment.

CAPEX	DEC - 22		DEC - 21		
	M€	WEIGHT	M€	WEIGHT	VAR. (%)
Martifer Consolidated	**2.9**	**100%**	**3.8**	**100%**	**-24%**
Metallic Constructions	1.3	45%	0.8	22%	57%
Naval	0.1	4%	0.6	17%	-81%
Renewables	1.5	51%	2.3	61%	-37%
Others	0.0	0%	0.0	0%	n.m.

ANALYSIS OF THE CONSOLIDATED CAPITAL STRUCTURE

FINANCIAL POSITION

M€	DEC - 22	DEC - 21	VAR. %
Fixed Assets (including Goodwill and Right-of-use assets)	79.1	80.7	-2%
Other non-current assets	34.4	41.2	-17%
Inventory and current debtors	75.9	97.0	-22%
Cash and cash equivalents	56.3	41.0	37%
Total Assets	**245.7**	**259.9**	**-5%**
Shareholders' Equity	35.0	18.7	88%
Non-controlling interests	0.0	-0.3	n.m.
Total Equity	**35.1**	**18.3**	**92%**
Non-current debt and lease liabilities	118.4	127.3	-7%
Other non-current liabilities	9.3	10.3	-10%
Current debt and lease liabilities	5.0	4.4	14%
Other current liabilities	77.9	99.6	-22%
Total Liabilities	**210.6**	**241.6**	**-13%**

On 31 December 2022, total Assets amounted to 245.7 million Euros (259.9 million Euros on 31 December 2021), while the value of non-current assets reached 113.5 million Euros (121.9 million Euros on 31 December 2021).

Total Equity, on 31 December 2022, amounted to 35.1 million Euros, which compares with 18.3 million Euros on 31 December 2021, with 35.0 million Euros attributable to the Group, on 31 December 2022, and 18.7 million Euros in 2021.

On 31 December 2022, general liquidity stood at 159% (133% in 2021) and the solvency ratio at 143% (128% in 2021).

NET DEBT

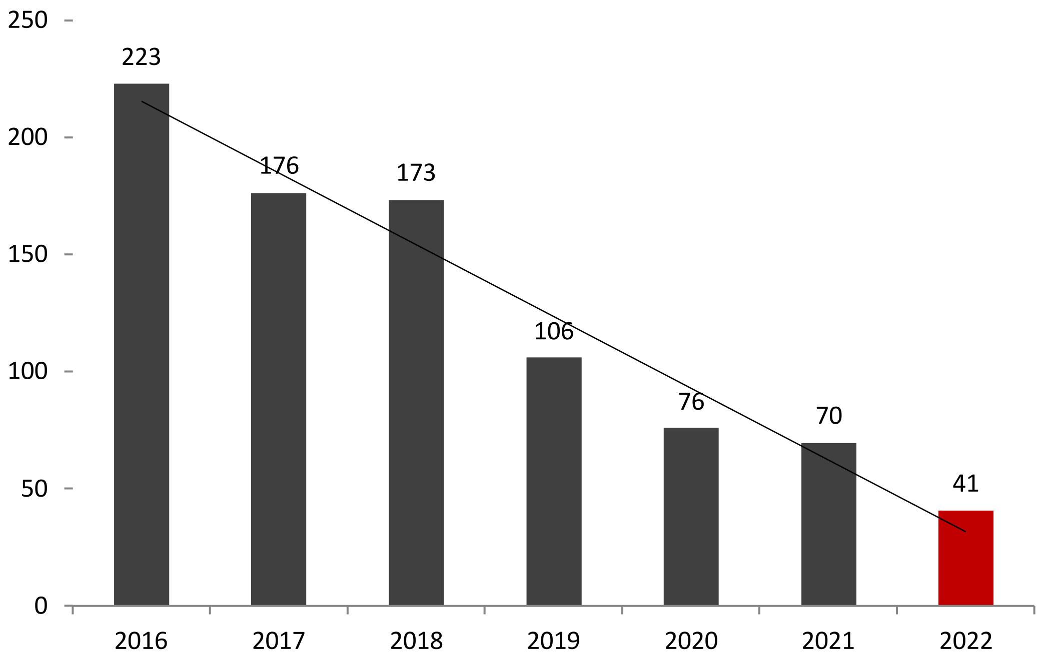
During 2022, the decreasing trend of the Group's Net debt was consolidated, this being the 6th consecutive year in which there was a decrease in the Group's Net debt.

On 31 December 2022, the consolidated Net debt (bank loans + other loans - cash and cash equivalents) reached 40.5 million Euros, reflecting a 29 million Euros decrease when compared to the previous year.

This trajectory, which is in line with the assumptions of the Group's Strategic Plan, results both from compliance with the capital repayment plan for loans in force and from the implementation of the Martifer Group's Disposal of Non-core Assets plan. Mention should also be made of the positive contribution of the Group's cash, which benefited greatly from the amount of advances received that will be used in material purchases in the coming months.

M€	METALLIC CONSTRUCTIONS	NAVAL INDUSTRY	RENEWABLES	HOLDING	MARTIFER CONSOLIDATED
Net debt 2022	64.6	-11.9	-11.0	-1.1	40.5
Net debt 2021	63.9	-7.0	12.8	-0.1	69.6

NET DEBT DECREASING TREND NOT INCLUDING LEASE LIABILITIES (M€)



Note 1: Net debt = Loans (+/-) Derivatives – Cash and Cash equivalents.
Note 2: Until 2018, the Net debt included financial leases, but as of 2019, with the adoption of IFRS 16, these were included in the lease liabilities caption. The above chart was adjusted in the years 2015 to 2018 to be comparable with 2019 and the following years, with the amounts referring to financial leases being excluded.

In 2023, the Group will continue its strategy of consolidating the value of its debt so that both the value of the debt and its maturity remain aligned with operating cash flows in accordance with the strategic guidelines defined in the Strategic Plan. The Group will also continue the fulfilment of the non-core asset disposal plan.

MANAGEMENT REPORT

Analysis by Segment

MARTIFER GROUP

04 | SEGMENT ANALYSIS

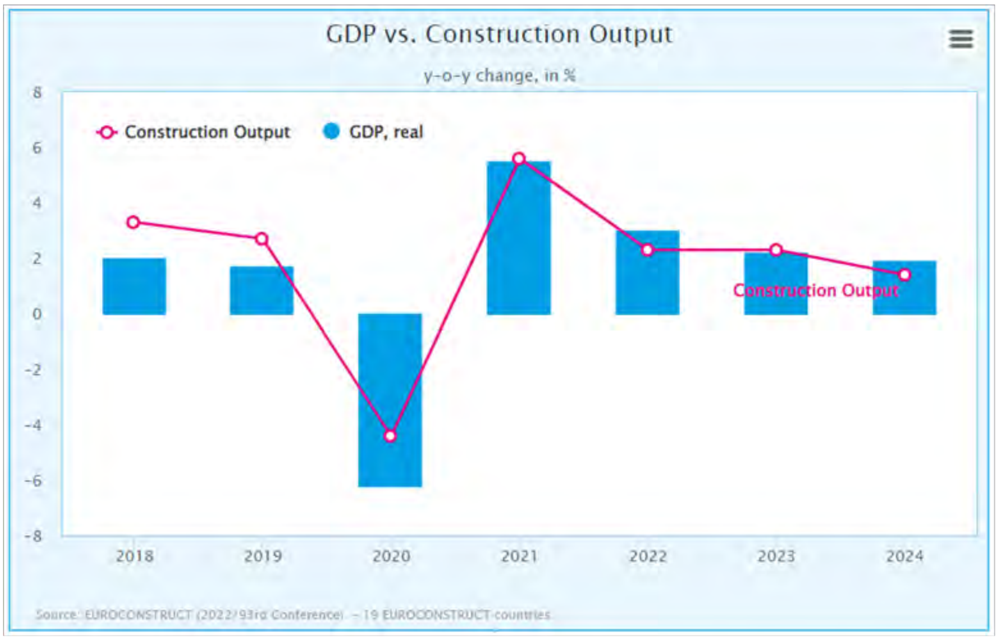
METALLIC CONSTRUCTIONS

SECTORAL ANALYSIS

INTERNATIONAL PANORAMA

- The entire construction industry is expected to increase by 2.3% in 2022 and 2023, following a 5.6% increase in 2021, registered by EUROCONSTRUCT. In parallel with the uncertainty of the pandemic, the duration and consequences of the ongoing conflict in Ukraine increases the possibility of worsening economic trends worldwide and in Europe, having an impact on the construction industry. The growth rate of residential construction is expected to drop significantly to 1.3% in 2024, according to EUROCONSTRUCT.

GDP VS Construction Output



Source: Euroconstruct

- Due to supply concerns related to the Russian invasion, prices for base metals reached all-time highs in 2022. However, as the global demand forecast has deteriorated and the Russian supply of metals has not been adversely affected by sanctions, as the markets initially predicted, prices have now fallen by more than 25%, according to EUROCONSTRUCT.

- According to Jornal Económico, Portuguese exports of metals were 2 342 million Euros in November 2022, an increase of 19.2% compared to the same month in 2021.

- With a representation of 75.2%, exports to the European Union continue to have the largest market share, with notable markets including Germany, Spain, France, United States, Angola, Italy and Ireland, by the same source indicated in the previous topic.

ACTIVITY

The order book at the end of 2022 reached 460 million Euros, spread over several countries.

From the ongoing projects as well as the new ones, we highlight the following:

- In Portugal (and countries with works carried out on a visit basis):
    - Several wind tower projects for various wind farms in France, Spain, Italy, Germany and Iceland
    - Edifício Multiusos do Oriente, Office Block, in Lisbon
    - Edifício Av. República 5-7, Office Block, in Lisbon
    - Maintenance of the Sines Refinery
    - Construction of an 197 300 m^3 Ethane tank in Antwerp

- In Spain:
    - Requalification of the Commercial and Office Block - Castellana 83-85, in Madrid
    - Coating of the Roof of the Santiago Bernabéu Stadium, in Madrid
    - Execution of the façade off the commercial spaces and entrances of the Santiago Bernabéu Stadium, in Madrid

- In the United Kingdom:
    - Railway bridges for the HS2 project, in Birmingham
    - Old Oak Railway Station for the HS2 project, in London
    - Extension of Terminal 2 (Pier 2) of the Manchester Airport, in Manchester

- In France:
    - “Gare de Lyon” Train Station, in Lyon
    - “Gare de Noisy-Champs” Train Station, in Paris
    - Marseille Airport, in Marseille

- In Angola:
    - Supply of auxiliary structures for Terminal Oceânico da Barra do Dande (Oceanic Terminal at the Dande Bar)
    - Residential Condominiums “O nosso Zimbo”, in Angola

- In Saudi Arabia
    - PARK & RIDE car parks to support the Riyadh Metro Stations

- In Mozambique:
    - Various industrial maintenance contracts with railway companies (Corredor Logístico de Nacala - CLN, Corredor de Desenvolvimento do Norte – CDN, Central East African Railways – CEAR, VALE)

ORDER BOOK BY GEOGRAPHY

GEOGRAPHY	TOTAL (M€)	%
Africa	**10**	**4%**
Sub-Saharan Africa	10	4%
Eastern Europe and the Middle East	**10**	**4%**
Western Europe	**226**	**92%**
Metallic Constructions	178	72%
Oil & Gas	48	20%
	246	**100%**

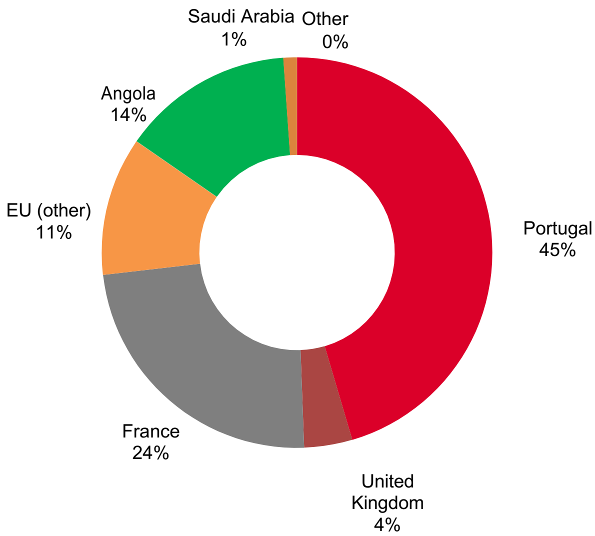
RESULTS

M€	DEC - 22	DEC - 21	VAR. (%)
Operating income	122.0	125.2	-3%
EBITDA	**7.2**	**11.1**	-36%
EBITDA margin	6.4%	10.1%	-3.8 pp
Depreciation & Amortisation	-2.3	-2.2	-2%
Provisions & Impairment losses	0.1	0.2	-65%
EBIT	**4.9**	**9.1**	-46%
EBIT margin	4.4%	8.3%	-3.9 pp
Financial results	-5.7	-3.4	-69%
Profit before tax	-0.8	5.7	n.m.
Income tax	-0.7	-1.3	41%
Net profit	**-1.5**	**4.4**	n.m.
Attributable to non-controlling interests	0.5	1.3	-62%
Attributable to shareholders	-2.0	3.1	n.m.

(a) EBITDA = Sales and services rendered + Other operating income – Cost of goods sold and materials consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA margin = EBITDA / Turnover

Operating income in the 'Metallic Constructions' segment reached 122 million Euros in 2022, which corresponds to a decrease of about 3% compared to 2021, with Portugal representing approximately 45%, France 24%, Angola 14%, the United Kingdom 4% and the remaining 13% distributed among various countries. This decrease is the result of a decrease in activity in the United Kingdom, Belgium and Saudi Arabia, which more than offset the increase in activity in France, Spain, Portugal and Angola.



EBITDA, in 2022, stood at 7.2 million Euros, showing a decrease of around 3.9 million Euros compared to 2021. This decrease was mainly due to a decrease in projects in Portugal (manufacturing for export), the United Kingdom and a decrease in the operational exchange rate differences in Angola.

EBIT was positive at 4.9 million Euros, compared with the value of 9.1 million Euros registered in 2021.

Gains / (losses) in associated companies and jointly controlled companies, in 2022, amounted to 1.2 million Euros, compared to 1.6 million Euros in 2021.

The Net financial debt of the 'Metallic Constructions' area, on 31 December 2022, reached 64.6 million Euros, recording a decrease of about 0.7 million Euros compared to 31 December 2021.

Total CAPEX, excluding Right-of-use assets, at the end of 2022 was 1.3 million Euros.

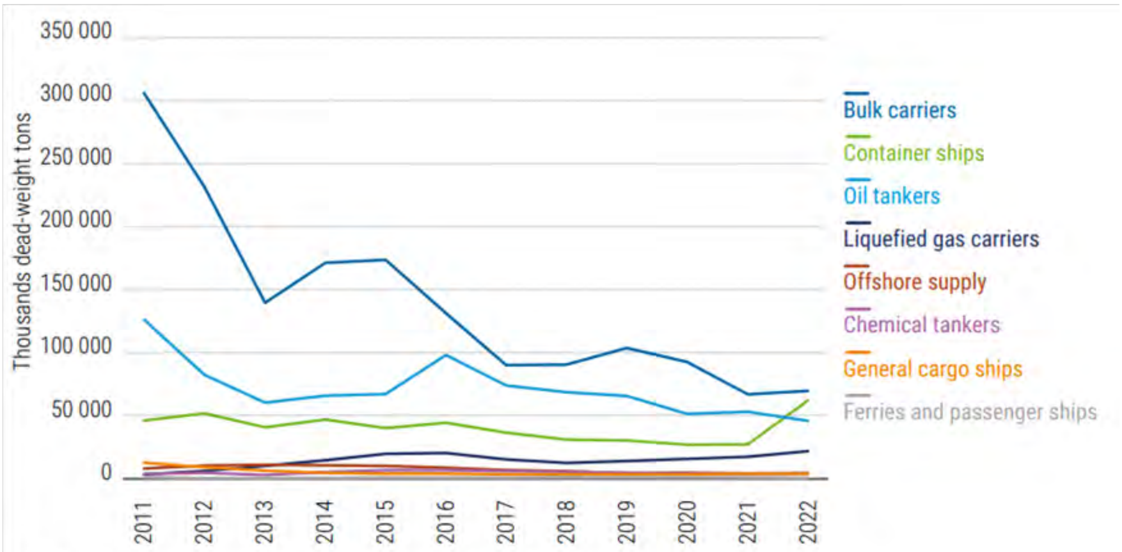
NAVAL INDUSTRY

SECTORAL ANALYSIS

INTERNATIONAL PANORAMA

► Emphasis goes to the countries - China, Republic of Korea and Japan - which, according to the United Nations Conference on Trade and Development (UNCTAD), continue to control most of the supply of maritime vessels. It should be noted that, in 2022, they represented 94% of the market. China and the Republic of Korea saw increases in shipbuilding over the last year of 15.5% and 8.3%, respectively, while Japan saw a decline of 16.4%.

World tonnage on order, selected ship types, 2011 – 2022



Source: UNCTAD calculations, based on data from Clarksons Research.
Notes: Propelled seagoing merchant vessels of 100 gross tons and above; beginning-of-year figures.

► It further states that orders for container vessels grew by 129% in the previous year, setting a new record. The order book for liquefied gas carriers increased by 26% in 2021, while the order book for tankers continued to drop to 13.5%. It should be noted that order levels for oil tankers and bulk carriers in 2021 were the lowest in 25 years and almost an 18-year low, respectively, due to worsening market conditions and rising shipbuilding prices for new vessels.

► According to the report developed by the aforementioned entity, shipowners are delaying the purchase of new ships and maintaining existing fleets, particularly in humid and arid regions, since they are not sure of the most profitable alternative fuels and the best ways to reduce greenhouse gas emissions.

ACTIVITY

This segment is integrated in the Martifer Metallic Constructions sub-holding and includes shipbuilding, ship repair and ship conversion services. The companies which activity is focused on the naval industry are West Sea - Estaleiros Navais, Lda. and Navalria-Docas, Construções e Reparações Navais SA.. Resulting from the tender for the sub-concession of the old facilities of the company Estaleiros Navais de Viana do Castelo, West Sea was incorporated in Viana do Castelo in 2014 and has been engaged in shipbuilding, ship repair and ship conversion.

Navalria, with a shipyard in Aveiro, focuses its activity on the ship repair of small- and medium-sized vessels.

The order book at the end of 2022 amounted to 214 million Euros. The projects that stand out the most are the Polar Expedition vessels of the Explorer series for the main client of the shipbuilding area: the World Adventurer, the World Discoverer, the World Seeker and the river ship AVALON Alegria.

RESULTS

The Operating income of the Naval Industry amounted to 69.6 million Euros in 2022, a decrease of about 24% compared to the same period last year, with shipbuilding accounting for 51% and ship repair about 49%. This negative change was due to a decrease in shipbuilding activity motivated by the slowdown in shipbuilding works due to the existing pandemic that affected not only the year 2020, but also the following ones, namely in the activity for which the ships were going to operate.

EBITDA, in 2022, amounted to a positive 6.6 million Euros, having registered a decrease of 52% compared to the previous year, directly related to the decrease in activity.

M€	DEC - 22	DEC - 21	VAR. (%)
Operating income	69.6	91.7	-24%
EBITDA	**6.6**	**13.6**	**-52%**
EBITDA margin	9.5%	14.9%	-5.4 pp
Depreciation & Amortisation	-1.2	-1.1	-13%
Provisions & Impairment losses	0.0	0.0	n.m.
EBIT	**5.4**	**12.5**	**-57%**
EBIT margin	7.7%	13.7%	-6 pp
Financial results	-0.8	-0.5	-62%
Profit before tax	4.6	12.0	-62%
Income tax	-1.9	-2.9	35%
Net profit	**2.7**	**9.1**	**-71%**
Attributable to non-controlling interests	0.0	0.0	n.m.
Attributable to shareholders	2.7	9.1	-71%

(a) EBITDA = Sales and services rendered + Other operating income – Cost of goods sold and materials consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

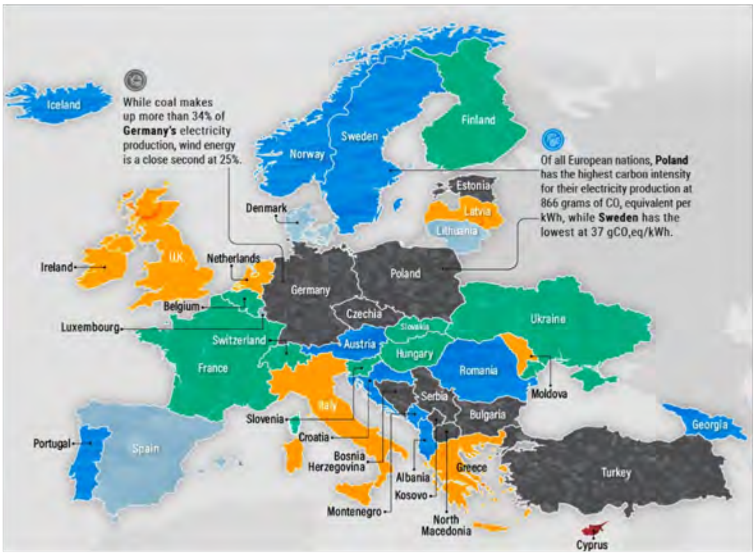
(b) EBITDA margin = EBITDA / Turnover

RENEWABLES

SECTORAL ANALYSIS

- Despite the volatility in the energy market, this year's forecast for the development of renewable energy capacity, according to the IEA, has been revised upwards by around 30 % compared to last year, mainly because China, Europe, the USA and India are adopting new policies, regulatory changes and existing policies faster than anticipated.
- In terms of energy sources, the European Union presents a distribution that is led by nuclear energy (25%), followed by natural gas (20%) and coal (14%). The main source of energy, in the case of Portugal, is water, while in Spain it is wind.

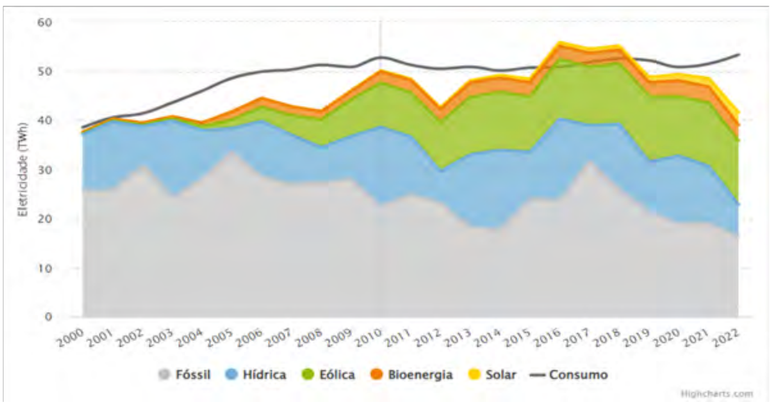
Europe's Biggest Sources of Electricity by Country



Source: (VisualCapitalist.com, 2023)

- Electricity production in Portugal has changed due to the increased use of endogenous and renewable sources in Portugal, according to the Associação de Energias Renováveis ("APREN"). According to the same source, these changes have become more significant in determining the amount of energy needed to satisfy demand, which became particularly clear in 2020 due to the drop in demand caused by the COVID-19 pandemic.

Evolution of Electricity Production in Mainland Portugal



ACTIVITY

Martifer Renewables, SGPS, S.A. (and its subsidiaries) is engaged in the promotion, development and operation of renewable energy sources and is part of Martifer Group in the Renewables & Energy business segment. This business area has wind and solar projects in development and operation in the Iberian Peninsula, in Central Europe and in Latin America.

Martifer Renewables & Energy is currently developing a wind farm in the north of Portugal, with an installed capacity of 21 MW, and is also identifying locations for new wind farms. In addition, it started the construction of the production unit for self-consumption (PUSC) in Oliveira de Frades. It should be pointed out that the aim of this investment is to create conditions for energy independence in Martifer Group's various production units. Besides the expected economic advantage, it is an objective of the Group to contribute to the reduction of the carbon footprint, in line with PNEC 2030 (Plano Nacional de Energia e Clima - National Energy and Climate Plan).

In October 2021, a memorandum of understanding was signed between Martifer Renewables, 3 companies located in the Neiva Industrial Area and the Municipality of Viana do Castelo for the first Industrial Renewable Energy Community (REC) that will be built in the Neiva Industrial Area. This project continues in the development phase.

Martifer Renewables & Energy, through its investee Volume Cintilante, started the construction of the 1 MWp small production unit (SPU) in Oliveira de Frades, which is expected to start operating at the beginning of 2023.

The SPU comprises 1 755 solar panels and an annual production of 1 490 MWh is estimated, with capacity to supply 880 homes. It is the first photovoltaic project developed from the greenfield phase to COD by Martifer Renewables & Energy, in Portugal.

The project Green.H2.Atlantic, a project aimed at producing green hydrogen in Sines, in which Martifer participates, was recognised by the Agência para o Investimento e Comércio Externo de Portugal ("AICEP") (Portuguese Agency for Investment and Foreign Trade), in September 2022, with the status of Potential National Interest ("PNI"), in accordance with Decree-Law No. 154/2013, of 5 November.

Portugal, and in particular Sines, offers unique conditions for the development of a green hydrogen economy, taking advantage of the infrastructure, local synergies and access to the existing electricity grid.

During 2022, three 1 MWp solar parks were built in Poland, in the region of Podkarpacie, with an auction- guaranteed tariff. Currently, they are already in operation, bring to a total of four the solar parks in operation in this geography.

Martifer Renewables & Energy has around 100 MW (wind farms and solar parks) with guaranteed connection to the grid in Poland, which is a relevant advantage at the present stage, opening the way to the development of new wind farms and solar parks.

In May 2022, the Wind Farm Lada project, a wind farm in Poland, was sold to Re Alloys Spolka.

In Romania, to mitigate the variations of wind energy production during the year, Martifer Renewables & Energy started, in 2020, and continued during 2022, the hybridisation of the Babadag wind project, through the development of a 14 MWp solar project on the land of the Babadag I Wind Project.

RESULTS

M€	DEC - 22	DEC - 21	VAR. (%)
Operating income	21.5	13.4	61%
EBITDA	**12.2**	**1.9**	**>100%**
EBITDA margin	115.4%	18.9%	96.5 pp
Depreciation & Amortisation	-2.2	-2.2	1%
Provisions & Impairment losses	0.0	-2.2	99%
EBIT	**10.0**	**-2.6**	**n.m.**
EBIT margin	94.3%	-26.0%	120.3 pp
Financial results	1.7	-0.1	n.m.
Profit before tax	11.6	-2.7	n.m.
Income tax	-0.1	0.2	n.m.
Net profit	**11.6**	**-2.4**	**n.m.**
Attributable to non-controlling interests	0.3	0.1	>100%
Attributable to shareholders	11.3	-2.5	n.m.

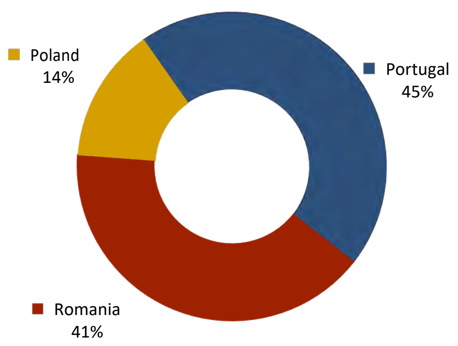
(a) EBITDA = Sales and services rendered + Other operating income – Cost of goods sold and materials consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA margin = EBITDA / Turnover

The total Operating income of the 'Renewables' segment reached 21.5 million Euros and results, essentially, from the sale of electricity and Green Certificates in Romania (8.7 million Euros) and the sale of the Wind Farm Lada project in Poland, with a positive impact of around 9.03 million Euros.

EBITDA reached a positive 12.2 million Euros in 2022, revealing a very significant increase on 2021.

The Operating income of this segment is mostly originated in Romania, with Poland also contributing substantially through the sales and services of Operation and Maintenance and by the impact of the sale of the Wind Farm Lada project.



The Financial results amounted to a negative 1.7 million Euros and result, essentially, from the bank interest incurred on the bank loans contracted during 2020, in Portugal, and the disposal of Ventinveste, with a positive impact of 1.69 million Euros.

Total Capex in the development of wind and solar projects totalled 2.4 million Euros.

The Net debt, in December 2022, amounted to 11 million Euros.

MANAGEMENT REPORT

Separate Financial Statements

05 | SEPARATE FINANCIAL STATEMENTS

During the 2022 financial year, the level of support services that Martifer, SGPS, S.A. (Holding of the Group) provided to the other companies of the Group was similar to that of previous years.

The net profit of Martifer, SGPS, S.A. was a positive 13 million Euros, which compares with the net profit of 0.7 million Euros in 2021.

The amount in provisions / reversals and impairment losses amounts to 10.9 million Euros and is justified by the reversal of impairment on financial investments related to the stake in Martifer Renewables SGPS, mainly motivated by the sale of the subsidiary, Wind Farm Lada, in Poland.

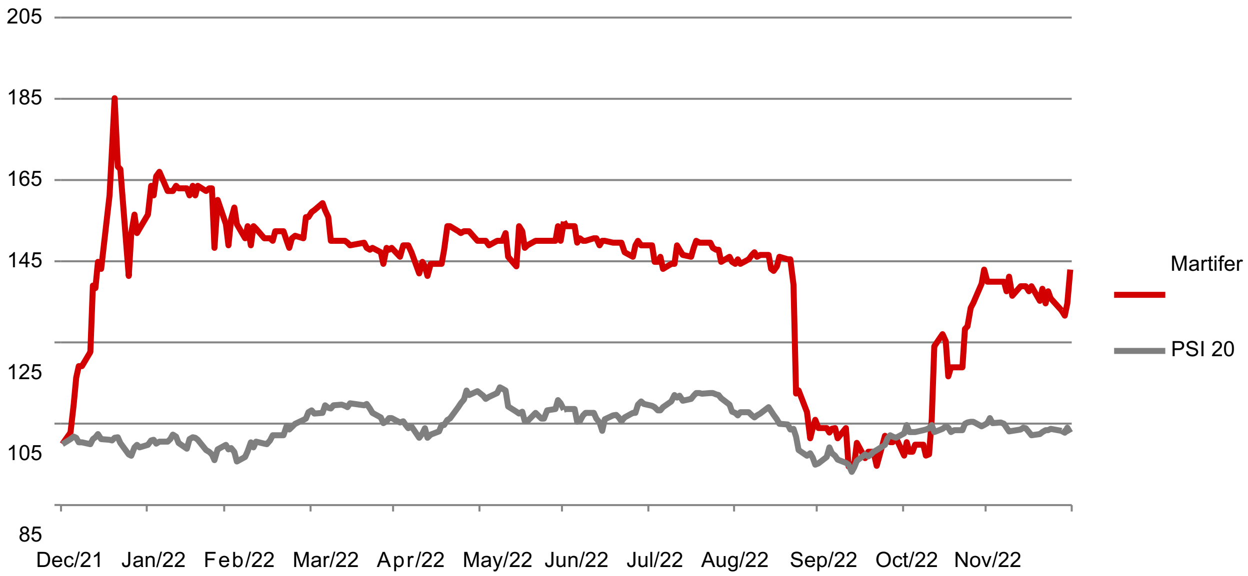
Gains / (losses) imputed to subsidiaries amounted to 0.7 million Euros, resulting from the sale of the stake Martifer S.G.P.S. had in Ventinveste.

The Company's equity, on 31 December 2022, amounts to around 102.0 million Euros, with total assets of 110.9 million Euros and total liabilities of 8.9 million Euros.

MANAGEMENT REPORT

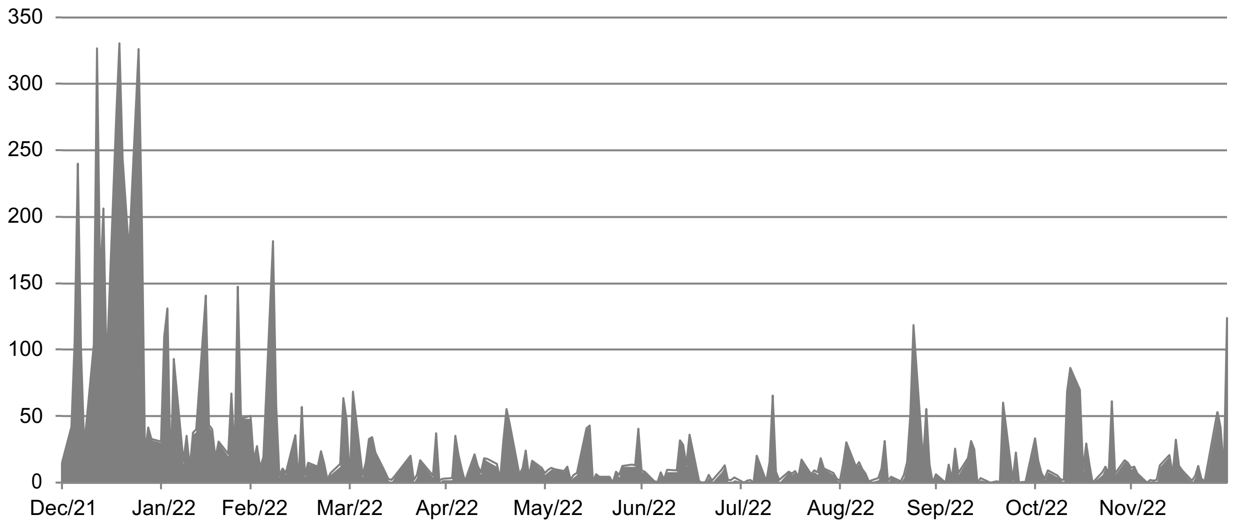
Martifer Share Performance

06 | MARTIFER'S SHARE PERFORMANCE | 2022 – % CHANGE



Source: Reuters

TRADED VOLUME | 2022 – '000 shares



Source: Reuters

The slowdown in global economic growth is an undeniable fact, driven by several factors, including high inflation, continually rising interest rates and dwindling investment as a result of the impact of the war in Ukraine. With the current fragile economic conditions, any new unfavourable development, such as a worsening of the increase in interest rates, a new wave of COVID-19 or the intensification of geopolitical tensions, could significantly worsen the global economic situation, as stated by the World Bank.

The European Stoxx 50 index fell 3.63%, after rising 20.19% the previous year, reflecting strong concerns and instability in equity markets. The two indices, France and Italy, suffered a drop compared to the previous year, with variations of 8.07% and 10.64%, respectively. On the other hand, the UK and Portuguese indices ended up rising by 2.04% and 4.3%, respectively. The DAX index of the largest European economy, Germany, fell by 11.43 %, reflecting the difficulties demonstrated in adapting to the Russian energy supply cuts.

The United States of America also showed declines in its equity markets as reflected by the Down Jones industrial index which fell by more than 8 % while the S&P500 index fell by approximately 20%. The NASDAQ recorded a drop of 33.8%. The Asian markets, with the Shanghai index, ended up falling by 14%, approximately.

The Martifer, SGPS S.A. shares appreciated by approximately 40 %, reaching 1.195 Euros/share on the last day of the year, whereas on the same day of the previous year, they had a price of 0.856 Euros/share. Analysing the extremes obtained, on the one hand, the minimum 0.818 Euros/share was reached in mid-October 2022, while the year's maximum of 1.585 Euros/share was reached even before the start of the war on 19 January from 2022.

As for data on daily traded volumes, the Martifer SGPS S.A. shares reached the year's high on 18 January with 330 539 transactions. In terms of lower volume, only 10 transactions were carried out on 1 August. From an annual perspective, it should be added that the total volume of transactions registered during the year 2022 was 7 884 721, whereas in 2021 a total volume of 8 857 108 transactions were registered, reflecting a drop of 972 287 in the total volume of transactions carried out between the two periods.

PURCHASE AND SALE OF OWN SHARES

Under the terms and for the purposes of the provisions of Regulamento da Comissão de Mercado de Valores Mobiliários ("CMVM") (Securities Market Commission Regulation) no. 5/2008 (amended by CMVM Regulation no. 7/2018), namely of Article no. 11 (1)(2), we confirm that Martifer, SGPS, S.A. neither acquired nor sold own shares during 2022.

Therefore, the position is unchanged, with it holding a total of 2 215 910 own shares, representing 2.22 % of its share capital.

MANAGEMENT REPORT

Future Prospects

07 | FUTURE PROSPECTS

During the 2023 financial year, the Martifer Group will continue to expand the implementation of its strategic axes, based on the pillars that sustained the success of recent years, but with the renewed ambition of sustained and sustainable growth and remains focused on the objectives and on the defined strategy:

- In Metallic Constructions, the focus remains on strengthening the Group's export profile, seeking opportunities in markets and clients that value quality and excellence, on the organisation and training of people and on productivity;

- In the Naval Industry, we intend to increase our ship repair capacity, positioning ourselves as one of the most important shipyards in Europe in this area and making ship repair and shipbuilding activities increasingly balanced in their relative weight to turnover;

- Strengthen the Operation & Maintenance activity, in particular Industrial Maintenance;

- In Renewables and Energy, we want to grow gradually and consistently, increasing the relative weight of this business unit in the Group, taking advantage of opportunities associated with energy transition, the decarbonisation of the economy and hydrogen (through the consortium Green.H2.Atlantic in which we participate);

- Streamlining policies and procedures through the ESG & Sustainability Committee, and above all, allowing the sustainable creation of value to be consolidated as the Group's main strategic purpose.

MANAGEMENT REPORT

Main Risks

08 | MAIN RISKS

FINANCIAL RISKS

A) PRICE RISK

The volatility of the price of raw materials constitutes a risk for the Group in the 'Metallic Constructions' and 'Naval Industry' segments.

In 2022, the evolution of Steel and Aluminium prices was marked by the disruption of the production and logistics supply chains for these raw materials. The conflict in Ukraine further aggravated the problems that were already being felt as a result of the COVID 19 pandemic in previous years, having significantly boosted the prices of these commodities.

At the end of February 2022, with the start of the war in Ukraine, we witnessed a significant increase in the price of these raw materials, particularly Steel. According to the World Steel Association, Russia and Ukraine together constitute the second largest steel exporter in the world.

The interruption in production in Ukraine and the limitations imposed on the purchase of goods from Russia combined with rising energy costs caused the increase in the price of Steel, which has registered increases of around 30 % since the start of the war in Eastern Europe.

HISTORICAL EVOLUTION OF THE PRICE OF STEEL

Source: https://tradingeconomics.com/commodity/steel

Similarly, Aluminium price increases have been recorded since the second half of 2020 as a result of the reduction in Supply caused by the Pandemic, with price growth being accentuated in 2022 with the start of the conflict in Eastern Europe. Even so, it is expected that the impact of the War on the aluminium price may be mitigated by an increase in exports from Australia since Russian exports represent only 6% of the world supply.

As from May 2022, after the initial impact, the prices of these raw materials began a downward trajectory as a result of the slowdown in the European and American economies and the consequent decrease in demand.

At the beginning of 2023, China announced the end of the restrictive policy regarding the Covid 19 pandemic that had lasted for 3 years. Thus, with the recovery of the Chinese economy, an increase in demand for these raw materials, namely Steel, is expected.

HISTORICAL EVOLUTION OF THE PRICE OF ALUMINIUM

Source: https://agmetalminer.com/metal-prices/aluminum/

Martifer has sought to mitigate this risk through rigorous planning of raw material purchases, which enabled the achievement of economies of scale in the purchased quantity, and the consequent price fixing. On the other hand, it has mitigated this risk through contracts with clients that allow changes in the price of raw materials to be reflected in the amount paid by the client, namely through price review mechanisms to cover against the risk of future increases.

The Group is also subject to the risk associated with the variation of energy sales prices through the renewable energies business area.

In 2021, with the resumption of industrial activity that had been heavily affected by the Pandemic, energy costs began an upward trajectory globally, an increase that was highly accentuated by the War in Ukraine, given Europe's heavy dependence on fossil fuels from Russia.

As a way to control the energy sales price risk, the Group has a policy of fixing the sales price of energy on at least an annual basis to mitigate the risk of falling energy sales prices on the profitability of renewable source energy production projects in operation owned by the Group. The upward trend in prices has benefited the price set compared to previous years.

Currently, the energy produced by the wind and solar projects in operation held by Martifer Renewables corresponds to an installed capacity of 46 MWh, with a production that largely exceeds the annual energy consumption of all the Group's facilities, thus allowing the risk associated with the price of energy to have a positive balance for the Group, which through its production can naturally hedge this risk.

At the same time, the Group is implementing a programme to decarbonise its Oliveira de Frades and Viana do Castelo production units, which involves not only the introduction of improvements in terms of structures / equipment, by replacing them with equipment with lower consumption, but also the installation of wind and solar energy self-consumption solutions in a total of 3.5 MW.

The Group is attentive to the evolution of the consequences of the current macroeconomic situation on energy prices so as to be able to adapt its strategy in terms of setting sale and purchase prices in accordance with the expected market evolution, maintaining its focus on the decarbonisation strategy of the Group, whether through renewable source production solutions or through the optimisation of production processes.

B) EXCHANGE RATE RISK

Exchange rate risk has a strong interdependence with the other types of risks, specifically country risks, through the evolution of economies and their impact on inflation and interest rates, and credit risk, due to the possibility of monetary fluctuations which may jeopardise future financial flows, originating the possibility of recording losses or gains as a result of changes in exchange rates among different currencies.

Martifer Group is exposed to exchange rate risk due to its geographical diversification, currently developing its operational activities in subsidiaries that are present in four different continents.

Therefore, there is an exposure to the transaction risk, associated with operating activities (in which expenses, income, assets and liabilities are indicated in currencies other than the reporting currency), of transactions carried out between these subsidiaries and other Group companies and of the existence of transactions carried out by the operating companies in a currency other than the Group's reporting currency.

The exchange rate risk management policy followed by the Group has as its ultimate objective to decrease the maximum sensitivity of its results to exchange rate fluctuations.

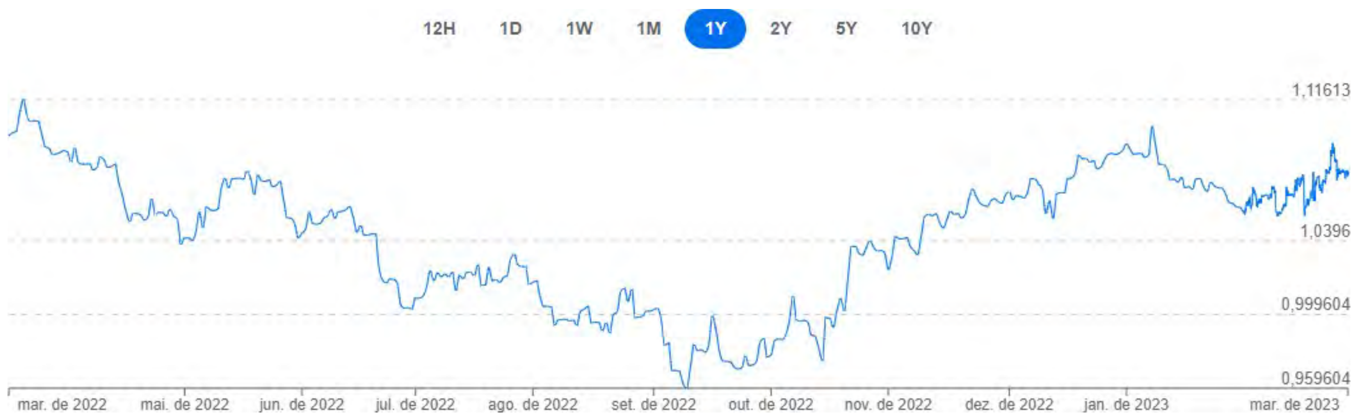
Regarding the operational activity of all subsidiaries, it is sought that transactions be carried out in the respective local currencies. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currencies, thus allowing the matching of the cash flows locally and the consequent annulment of exchange rate risk of an economic nature.

In relation to the coverage of exchange rate risk, hedging operations are sporadic because their cost is sometimes considered excessive compared to the risk level involved. However, whenever considered appropriate, the Group contracts exchange rate hedges to cover the risk.

In 2022, as a reaction to the war in Ukraine, investors increased their search for safe-haven assets, and, as a result, the US dollar appreciated by around 6%, with the appreciation even reaching 16% at times. With the perception of the probability of a more destructive scenario in the war in Ukraine diminishing, the US dollar lost momentum in early 2023.

On the other hand, it is expected that in 2023 monetary policy pressure in Europe will be greater than in the US, which started the process of raising interest rates earlier, and more aggressively, in 2022, so Europe will still have a long way to go with the slowing down of the economies of the Eurozone. Thus, the maintenance of the current levels of the UD dollar is expected, which according to analysts should remain between 1.05/1.15 Euro/UD dollar.

USD EVOLUTION



Source: https://www.xe.com/pt/currencycharts/?from=EUR&to=USD&view=1Y

In England, the GB pound has been suffering the impacts of Brexit and the world situation, namely the pandemic and the conflict in Ukraine. In the last quarter of 2022, as a result of political instability and the announcement of the “Mini-Budget”, there was again strong instability in the pound sterling.

However, in 2023, with the implementation of the new government plan and the rise in interest rates, it is expected that the position of this currency will remain neutral. The solid and sustainable recovery of this currency should only occur if these measures achieve the objectives of moderating inflation and an eventual recession.

Other European currencies to which the Group is exposed, namely the Polish Zloty or the New Romanian Leu, are also currencies that may suffer devaluation pressures. These countries which border Ukraine are currently experiencing high inflationary pressures, because of their strong dependence on Russia for energy, because of the economic effort undertaken with the wave of refugees streaming into these countries and because of other support measures associated with the war in Ukraine. The expectation of support from the European Union could reduce the pressure on these currencies.

In developing economies, such as Angola and Mozambique, the increase in the price of oil and natural gas as a result of the war has been favourable since it makes African fossil fuels more attractive; on the other hand, the increase in the price of cereals could have a negative impact on the economies of these countries.

The year 2023 will be strongly marked by the effects of the war in Ukraine, and the duration and outcome of this conflict may have strong impacts on monetary policies and, consequently, on the evolution of the exchange rates of the currencies to which Martifer Group is exposed.

At the same time, the greater or lesser success of the inflation control plans that are being implemented, both in European countries and in the USA, will also be decisive in the behaviour of these currencies.

In this context, the Group has mitigated this risk, seeking to make natural exchange rate hedging through contracts fixing the payments in tradable currency, with lower volatility and simultaneously used in the payment of raw materials. Currently, the evolution of the various currencies is constantly being monitored to assess the feasibility of using hedging instruments in cases that may justify it.

C) INTEREST RATE RISK

The interest rate risk reflects the possibility of fluctuations in the amount of future financial charges on loans contracted due to the evolution of the market interest rate level.

The cost of the financial debt contracted by the Group is indexed to short-term reference rates, reviewed with a periodicity of less than one year (especially the Euribor 6m) and increased by risk premiums negotiated in a timely manner. Thus, changes in interest rates can affect the results of the Group.

The Group’s exposure to interest rate risk arises from financial liabilities contracted at a variable rate, so changes in the interest rate have a direct impact on the value of the interest, and consequently causing cash variations.

The year 2022 is marked by the decision of the European Central Bank to raise interest rates for the first time in 11 years. This decision aims to control the rising levels of inflation.

Thus, according to the macroeconomic projections of the European Central Bank, of March 2023, interest rates, in the Eurozone, should maintain an increasing trajectory, although some stabilisation is expected in 2024 (March 2023 ECB staff macroeconomic projections). In the first quarter of 2023, the growth of the inflation rate in the Eurozone already showed signs of slowing down, with a significant reduction of this indicator being expected throughout 2023, and which may reach the 2 % target in the second half of the year 2025.

The exposure of the Martifer Group to interest rate risk is currently moderate, which results not only from the maintenance of the spreads negotiated with the banks, at very competitive levels in the long term, as a result of the restructuring agreements signed by the Group in 2015, but also due to the fact that, through the non-core assets programme sales, it was possible to accelerate the debt amortisation plan, making it possible to mitigate the impact of the increase in interest rates on the Group's working capital needs.

D) LIQUIDITY RISK

Liquidity risk reflects the Group's ability to satisfy its financial liabilities with the financial resources available.

The main objective of the liquidity risk management policy is to ensure that the Group has at its disposal, at any time, sufficient financial resources to meet its liabilities and to pursue the outlined strategies, honouring all commitments made to third parties through appropriate management of the cost vs maturity ratio of the financing.

Currently, the Group maintains levels of debt maturity adequate to the degree of permanence of its long-term assets, allowing cash surpluses to be sufficient to meet its liabilities, resulting from the implementation of the Group's Strategic Plan.

Thus, and given the medium- / long-term nature of the investments made, the debt service now matches the maturity of the associated assets, not jeopardising the commitments arising from its short-term operational activity, as the Group pursues its objective of adjusting the maturity of inflows from the operating activity and (dis)investment to the outflows from the financing activity.

The financial management department monitors the implementation of the risk management policies defined by the Board to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

The conflict in Ukraine and the inflationary pressure at the level of the production factors, namely raw materials and companies' energy bills, also pose a risk to companies' liquidity.

European governments have implemented various measures to support companies' liquidity, not only through the Resilience Plans, but also measures to support energy costs. In the Iberian market, less dependent on gas from Russia, the setting of gas prices and a high percentage of energy production from renewable energy sources has allowed companies to contain the impacts of these factors.

It should be noted that the Martifer Group, as previously mentioned, through its 'Renewables' business area, produces more energy than is consumed by its production units, thus achieving a total hedging of its energy bill.

Alongside the measures listed, Martifer has been reinforcing its activity in business segments with recurring cash-flows, such as the industrial maintenance area and the renewable energies area.

Notices have already been launched within the scope of the Recovery and Resilience Plan that will allow the injection of liquidity into the economy and support investments in companies that, among others, will prioritise the decarbonisation and energy dependence of companies and the modernisation / innovation in terms of processes and that may also represent good business opportunities for the Martifer Group.

E) CREDIT RISK

With the reinforcement of banking capital in Portugal, there has been a boost in the level of credit granted by banks. The rising interest rates and the consequent expectation of improved profitability of banks in granting credit may make this activity even more attractive to financial entities. On the other hand, this increase also represents an increase in the banks' obligations in the interbank market and may constitute a greater incentive to save and, consequently, increase the remuneration of deposits.

The spectre of uncertainty caused by the current geopolitical situation and the pressure of the significant increase in interest rates, may lead to a more careful selection by banks when granting credit. However, this situation is not expected to affect Martifer Group since it does not currently resort to short-term lines and which recourse to new credit is currently very occasional.

The Group is subject to credit risk in relation to its operational activity, and the exposure mainly stems from clients and other debtors.

Aware of this reality and of the increase in credit risk in the current context of economic contraction, the Group seeks to assess the credit risk of all its clients as a rationale for establishing the credit to be granted; the ultimate objective being to ensure the effective collection of credits within the established deadlines to minimise its exposure to each of the clients.

With this objective in mind, the Group uses financial information and credit rating agencies and performs regular risk analyses and credit control, as well as the collection and management of processes under litigation. These are essential procedures to manage the credit activity and to minimise the occurrence of irrecoverable amounts.

In the 'Naval Industry' segment, the Group's main client operates in the tourism sector, one of the sectors most affected by the pandemic, a sector that is only now resuming its activity. In 2022, as the client did not fully comply with the payment plan, the Group recognised the due impairment losses; nevertheless, it has maintained regular contact with this client and is monitoring the evolution of the situation to minimise the credit risk.

At the same time, the 'Naval Industry' segment has sought to diversify its client portfolio in the shipbuilding area to further diversify this risk.

OPERATIONAL RISKS

A) METALLIC CONSTRUCTIONS

Operating risks in the 'Metallic Constructions' segment are currently grouped into three types of risks - client risk, supplier risk and external or market risk.

Client risk includes problems that can occur at the contracting level, such as differences in interpretation and application of contractual provisions, dislike or dissatisfaction with the service / product and the risk of significant delays or even default in making agreed payments during projects that may affect Martifer's ability to execute projects within the defined deadlines. Regarding the volatility of demand, it should be noted that the business area depends, in part, on tenders for public infrastructure (e.g., bridges, airports, stations). In the context of public tenders, although in most situations Martifer is a subcontractor for private entities (which assume the role of contractor for public entities), it is subject to complex regulations specific to each country, namely regarding the presentation of proposals and the preparation of complete administrative files, respecting the specifications defined by the contracting entity, which may represent additional costs. It should be noted that, despite the dependence on public tenders, Martifer has had the ability to capture business deals from private entities, reducing its exposure to this risk.

In the supplier risk, it should be noted that Martifer, as an expert in engineering projects, often subcontracts other companies, which in turn may fail in the execution of their contracts and jeopardise compliance with the project delivery deadline in a domino effect. The supply chain and logistics are also a risk to which Martifer is exposed. As a result of dependence on suppliers, as mentioned above, there is a risk of possible delays in the completion of projects with possible contractual penalties.

Finally, in the context of external or market risks, and since the 'Metallic Constructions' area has a strong correlation with the growth of the economy and with the gross fixed capital formation, it is sensitive to the economic situation. In this sense, the conflict in Ukraine and the expected impacts on the growth of the world economy and on the inflation rate, represent another challenge for Martifer. The weak public and private investment and the significant lack of liquidity in the financial system often leads to the fact that despite the existence of attractive projects, there is no corresponding capital to allow their execution, which can also constitute a risk for Martifer. Martifer's attempt to mitigate these external or market risks has been through the dispersion of its businesses in different countries, namely by entering markets with higher growth rates in the construction sector and that value quality at the expense of low prices.

B) NAVAL INDUSTRY

The companies in the 'Naval Industry' segment are exposed to:

- risks related to the innovation capacity to meet market and new and innovative project needs. In this context, the difficulty in capturing highly qualified staff due to foreign competition from Northern European countries must also be pointed out;
- client risk, especially as regards the proper execution of the projects, contractual compliance within the deadlines set, and satisfaction. Based on these issues, there is always the risk of incurring in penalties;
- risk in the fluctuation of the price of raw materials, particularly in the price of Steel, this being one of the main materials in the production of components to be incorporated in the projects to be executed;
- risk related to the level of competitiveness of ship repair vis-à-vis national and foreign competition;
- risk in relation to subcontractors and suppliers that may not fulfil their contractual obligations and can jeopardise the implementation and quality of the projects;
- risk in the labour aspect, since at the moment there is a lack of qualified staff for two major reasons: on one hand, there is an insufficient number of employees being trained to cater for the needs of West Sea, even though the company is making an internal effort in this respect; on the other hand, the competitive pressure from Spain, more specifically from Galicia, and its shipyards that, given the geographical proximity and offering inflated working conditions, are attracting a large number of professionals of the region.

C) RENEWABLES

The productivity indices linked to the renewable energy business depend not only on operational expenses, but also on income (in function of price and the amount of energy produced by the assets). The equipment used and some exogenous factors, such as the wind, which in turn depend on the location of wind farms, influence the production of energy and, consequently, the results. Whenever the wind speed is above or below the limits of the equipment, energy stops being produced. These limits vary from manufacturer to manufacturer and on the type of wind turbines. Additionally, each wind turbine has its power curve that determines the power generated at each wind speed.

The availability of the equipment and the power curve of each wind turbine are contractually guaranteed, and indemnities are payable by suppliers if availability is not met or if the power curve is not reached.

This risk is also mitigated through the geographical distribution of the wind farms, allowing the set-off of wind velocity variations in each area and ensuring the relative stability of the volume of total energy produced.

Regarding solar photovoltaic energy, the exogenous factors are more easily foreseen so income fluctuations end up being minimised.

LICENSING:

Wind farms and solar parks are subject to strict regulations in terms of development, construction, licensing and power plant operation. If the relevant authorities in the jurisdictions in which the Group operates cease to continue to support or reduce their support for the development of wind farms and solar parks, such actions may have a significant impact on the activity. The regulatory risk in markets where the Group has a greater presence in the development of renewable projects is very low, given that this activity is currently carried out essentially in European Union countries with stable regulatory regimes. Currently, due to policies to support the decarbonisation of the economy either due to environmental concerns or more recently, as a way to increase the energy independence of countries, there has been a global trend towards the flexibility and streamlining of processes associated with project licensing of energy production through renewable energy sources.

REGULATION:

Electricity generation from renewable sources has been promoted in Europe through Feed-In Tariff mechanisms (in Portugal, Germany, Denmark and France, for example) or through Green Certificate schemes (in Italy, the United Kingdom, Romania, Poland, etc.). These mechanisms, which were essentially aimed at making investment viable in a technology that was not yet mature in a capital-intensive market, allowed the remuneration of renewable energy producers above wholesale market prices, but resulted, in some countries, in an excessive cost that led to legislative changes in incentive systems for renewable energies. In some cases, such as in Romania, these changes affected not only new projects, but also projects in operation, significantly affecting their profitability.

The technological evolution verified in recent years has allowed a significant reduction in the costs of producing electricity from renewable energy sources and there has been a significant increase in the demand for “green” energy, given the current sustainability demands of consumers, in particular companies. In parallel, many countries have implemented auction systems that cover wind and solar energy, as is the case in Poland or Portugal, thus ensuring that the price to be paid for the electricity generated by new wind or solar farms is in line with the electricity wholesaler market price, or amended legislation so that producers can enter into bilateral power purchase agreements directly with consumers and distributors (PPA – Power Purchase Agreement).

LEGAL RISKS

Martifer is subject to national, community / international and local laws and regulations relating to the multiple geographies and markets where it is present and that seek to ensure, among other things, workers' rights, the protection of the environment and spatial planning, and the maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may affect the conditions of the development of the Group's activities and, consequently, impair or impede the fulfilment of its strategic objectives imply the constant adaptation, by the companies, to the new regulatory reality. In addition, with the growth of Compliance and ESG regulatory requirements, regulations that have not yet been stabilised, any failures by Martifer, its employees, corporate bodies, suppliers / service providers or counterparties, related to compliance with ESG laws and standards, or an inability to respond to ESG themes, could have an adverse effect on the Group's strategic objectives and reputation.

Legal risk management is carried out by the Legal department of the Holding and of each of the Group's business areas, in Portugal and abroad, and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate in the dependence of the Board and management, developing their competencies in articulation with the other tax and financial departments, so as to ensure the protection of the interests of the Group and, ultimately, of the stakeholders, in strict compliance with the fulfilment of their legal duties.

Those persons comprising the abovementioned legal and advisory departments have specialised training and regularly participate in training and update sessions.

Legal and tax advice is also guaranteed, nationally and internationally, by external professionals selected from reputed firms and according to high standards of competence, ethics and experience.

08

MANAGEMENT REPORT

Proposal of Results Allocation

09 | PROPOSAL FOR THE APPROPRIATION OF RESULTS

The Board of Directors proposes to the General Meeting of Shareholders that the net profit determined in the separate financial statements, in the amount of Euros 13 045 983.75, generated in financial year 2022, net of Euros 200 000 in profit-sharing bonuses to be attributed to the members of the Board of Directors and to employees, have the following appropriation:

- To Retained earnings, Euros 13,045,983.75.

Oliveira de Frades, 19 April 2023

The Board of Directors,

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Carlos Alberto Araújo da Costa
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Carla Maria de Araújo Viana Gonçalves Borges Norte
(Member of the Board of Directors)

Clara Sofia Teixeira Gouveia Moura
(Member of the Board of Directors)

MANAGEMENT REPORT

Other Information

10 | OTHER INFORMATION

ACTIVITY DEVELOPED BY NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

Besides integrating the Board of Directors of Martifer, SGPS, S.A., all the non-executive directors, with the exception of the President of the Board of Directors and the member Maria Sílvia da Fonseca Vasconcelos da Mota, sit on at least one of the Committees appointed by the Board of Directors (Corporate Governance Committee, Ethics and Conduct Committee or Risk Committee), which regulations are disclosed in the Group's website and which functions and activities developed during 2022 are described in the Corporate Governance Report.

Throughout the year, the non-executive directors have shared and expressed relevant opinions regarding specific business areas, based on the performance, the risks incurred and the future prospects for these areas, maintaining regular communication with the executive directors, and the directors and managers of the business areas.

AUTHORISATIONS GIVEN TO BUSINESS TRANSACTIONS BETWEEN THE COMPANY AND ITS DIRECTORS, PURSUANT TO ARTICLE NO. 397 OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

In 2022, there were no transactions subject to the regime of Article no. 397 of the Portuguese Commercial Companies Code.

OTHER INFORMATION

Martifer, SGPS, S.A. has no overdue debts to the State or any other public entities, including Social Security.

In addition to auditing services, the Statutory Auditor (or entities of the same Group) provided the following services to the Group permitted by law and regulations in force:

Tax consultancy services to the company Eviva Beteiligungsverwaltungs GmbH (service provided by Deloitte Tax Wirtschaftsprufungs GmbH).

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

In accordance with the October 2015 European Sales and Marketing Association's (ESMA) guidelines on Alternative Performance Measures ('APM'), Martifer Group presents the chart with the definition of APMs that are not directly read / understood in the primary financial statements:

MANAGEMENT REPORT	CONSOLIDATED FINANCIAL INFORMATION
Financial autonomy	Equity / Total assets
CAPEX	Capital expenditure (investment, at full cost, in the acquisition or improvement of tangible, intangible and right-of-use assets)
Net debt	Current and non-current loans, net of cash and cash equivalents
EBITDA	Sales and services rendered + Other operating income - Cost of goods sold and materials consumed - Subcontracts - External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses
EBITDA margin	EBITDA / Turnover
EBIT	Sales and services rendered + Other operating income - Cost of goods sold and materials consumed - Subcontracts - External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses - Depreciation and amortisation - Provisions - Impairment losses on non-financial assets
EBIT margin	EBIT / Turnover
Turnover	Sales and services rendered
Operating income	Sales and services rendered + Other operating income
Gross Value Added (GVA)	Sales and services rendered + Production variation + Own work for the company + Supplementary income + Operating subsidies – Cost of goods sold and materials consumed – External supplies and services – Subcontracts – Indirect taxes
Financial results	Financial income and gains - Financial expenses and losses + Gains / (losses) on associated and jointly controlled companies + Net monetary gains / (losses)
Solvency ratio	(Equity + Non-current liabilities) / Non-current assets
General liquidity	Current assets / Current liabilities
Fixed assets (including Goodwill and right-of-use assets)	Goodwill + Intangible assets + Fixed tangible assets + Right-of-use assets
Other non-current assets	Investment properties + Investments in associated and jointly controlled companies + Financial assets at fair value through profit or loss + Clients and other debtors + Deferred tax assets
Inventory and current debtors	Inventories + Financial assets at fair value through profit or loss + Clients and other debtors + Assets associated with client contracts + Advances on purchases + Income tax + State and other public entities + Other current assets
Shareholders' equity	Share capital + Own Shares + Reserves and Retained earnings + Net profit attributable to shareholders of the parent company
Non-current debt and lease liabilities	Non-current loans + Non-current lease liabilities
Other non-current liabilities	Suppliers and other creditors + Provisions + Other non-current liabilities + Deferred tax liabilities
Current debt and lease liabilities	Current loans + Current lease liabilities
Other current liabilities	Suppliers and other creditors + Liabilities associated with client contracts + Income tax + State and other public entities + Other current liabilities

MANDATORY INFORMATION

MANDATORY INFORMATION

SHAREHOLDINGS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

Pursuant to Article no. 447 of the Portuguese Commercial Companies Code, the securities issued by Martifer, SGPS, SA and companies dominated by it or that are in a group relationship, held by members of the corporate bodies in the period from 1 January 2022 to 31 December 2022, are as follows:

HOLDERS	CORPORATE BODY	NO. SHARES HELD ON 31/12/2022
Carlos Manuel Marques Martins*	Board of Directors	3 451 751
Jorge Alberto Marques Martins**	Board of Directors	2 430 260
I'M – SGPS, S.A.***	Board of Directors	38 005 689
Arnaldo José Nunes da Costa Figueiredo	Board of Directors	3 000
Pedro Miguel Rodrigues Duarte	Board of Directors	-
Pedro Nuno Cardoso Abreu Moreira	Board of Directors	-
Carlos Alberto Araújo da Costa	Board of Directors	-
Maria Silvia da Fonseca Vasconcelos da Mota	Board of Directors	-
Carla Maria Araújo Gonçalves Borges Norte	Board of Directors	-
Clara Sofia Teixeira Gouveia Moura	Board of Directors	-
Mária Maria Machado Lapa de Barros Peixoto	Supervisory Board	-
Américo Agostinho Martins Pereira	Supervisory Board	-
Luís Filipe Cardoso da Silva	Supervisory Board	-
Nuno Miguel dos Santos Figueiredo	Statutory Auditor, representing Deloitte & Associados, SROC	-
José Joaquim Neiva Nunes de Oliveira	General Meeting Board	-
Luís Leitão Marques Vale Lima	General Meeting Board	-
Luís Neiva de Oliveira Nunes de Oliveira	General Meeting Board	-

* Shares held directly and by the company Black and Blue Investimentos, S.A. (Carlos Manuel Marques Martins is a director of this company and, together with his family unit, are the sole shareholders).

** Shares held by the spouse.
*** Martifer' directors, Carlos Manuel Marques Martins and Jorge Alberto Marques Martins, are the majority shareholders of the company I´M - SGPS, SA, holding shares representing 48 % and 50 % of its share capital, respectively.

Share transactions by the members of the corporate bodies in 2022:

MEMBER OF THE MANAGEMENT AND SUPERVISORY BODY	DATE	ACQUISITIONS	DISPOSALS	AVERAGE PRICE
Carlos Manuel Marques Martins*	22/11/2022	1 500	-	1.07 €
Carlos Manuel Marques Martins*	23/11/2022	4 382	-	1.10 €
Carlos Manuel Marques Martins*	24/11/2022	6 100	-	1.14 €
Carlos Manuel Marques Martins*	25/11/2022	1 800	-	1.16 €
Carlos Manuel Marques Martins*	28/11/2022	12 468	-	1.17 €
Carlos Manuel Marques Martins*	29/11/2022	12 964	-	1.20 €
Carlos Manuel Marques Martins*	30/11/2022	1 500	-	1.18 €
Carlos Manuel Marques Martins*	02/12/2022	1 000	-	1.20 €
Carlos Manuel Marques Martins*	20/12/2022	626 243	-	1.28 €
Carlos Manuel Marques Martins*	27/12/2022	2 500	-	1.14 €
Carlos Manuel Marques Martins*	30/12/2022	7 800	-	1.19 €

* Acquisitions made by the company Black and Blue Investimentos, S.A. (Carlos Manuel Marques Martins is a shareholder and director of this company).

HOLDERS OF QUALIFYING SHAREHOLDINGS

Pursuant to Article no. 8(1)(b) of CMVM Regulation no. 5/2008, we hereby present below a list of the holders of qualifying holdings on 31 December 2022 representing at least 5 % of the share capital of Martifer, SGPS, S.A., with the indication of the number of shares held and the corresponding percentage of voting rights, calculated in accordance with Article no. 20 of the Portuguese Securities Code:

SHAREHOLDERS	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS[1)]
I'M SGPS, SA	**38 005 689**	**38.01%**	**38.87%**
Carlos Manuel Marques Martins*	3 451 751	3.45%	3.52%
Jorge Alberto Marques Martins*	2 430 260	2.43%	2.49%
Total attributable to I'M SGPS, SA	**43 882 753**	**43.88%**	**44.88%**
Mota-Engil SGPS, SA	37 500 000	37.50%	38.35%
Total attributable to Mota-Engil SGPS, SA	**37 500 000**	**37.50%**	**38.35%**

1) % of voting rights = No. of Shares Held / (Total No. of Shares - Own Shares)

* Member of a corporate body of I'M - SGPS, S.A.

DECLARATION OF COMPLIANCE PURSUANT TO ARTICLE NO. 29-G(1)(C) OF THE PORTUGUESE SECURITIES CODE

Dear Shareholders,

Martifer, SGPS, S.A. has no overdue debts to the State or any other public entities, including Social Security.

In addition to auditing services, the Statutory Auditor (or entities of the same Group) provided the following services to the Group permitted by law and regulations in force:

Tax consultancy services to the company Eviva Beteiligungsverwaltungs GmbH (service provided by Deloitte Tax Wirtschaftsprufungs GmbH).

Oliveira de Frades, 19 April 2023

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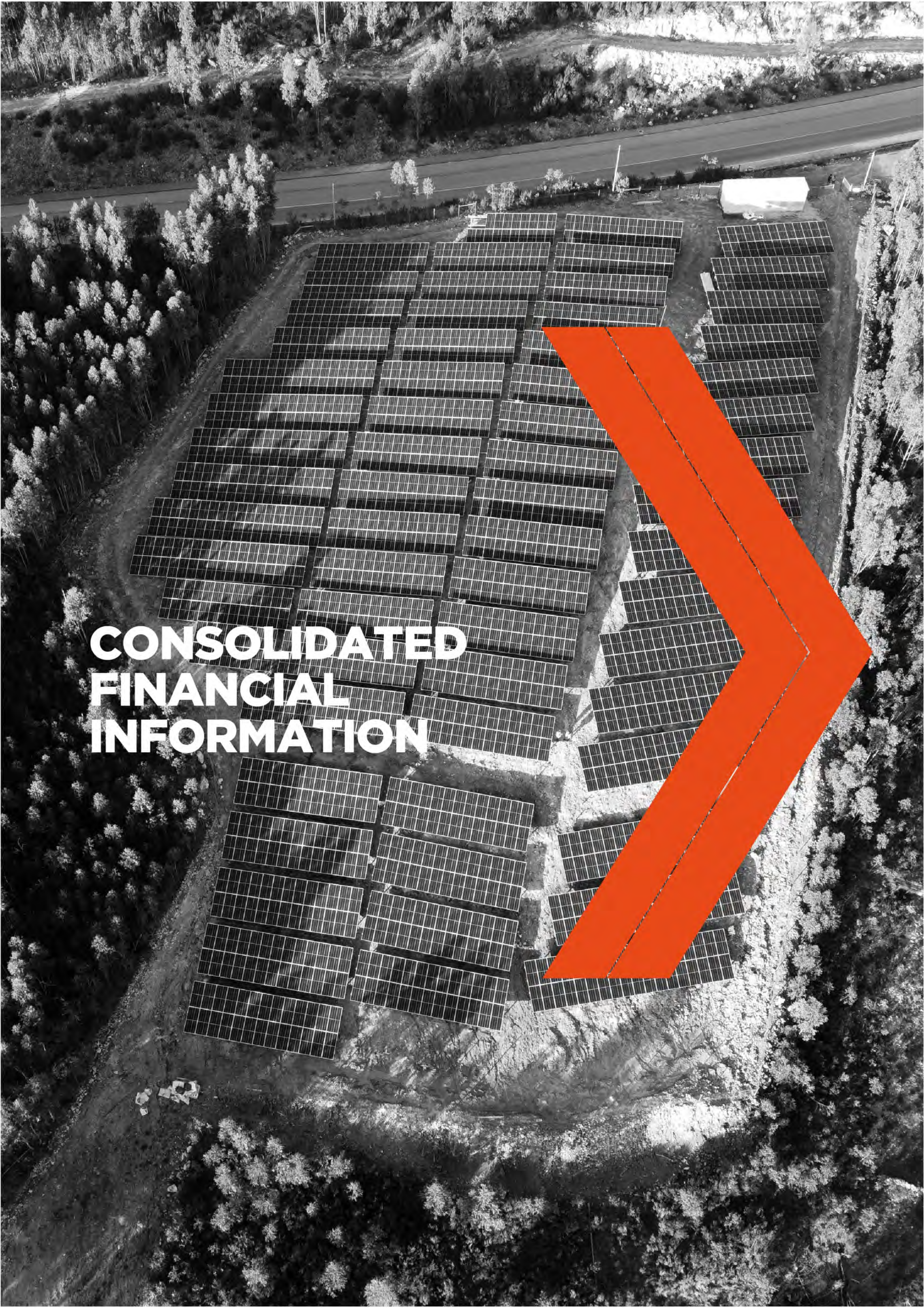
Clara Sofia Teixeira Gouveia Moura
(Member of the Board of Directors)



CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL INFORMATION

Consolidated Financial Statements

11 | CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2022 AND 2021

€	NOTES	FY 2022	FY 2021
Sales and services rendered	3, 4	190,401,231	209,321,019
Other operating income	5	21,075,617	19,386,923
Cost of goods sold	6	(47,647,031)	(44,192,816)
Subcontractors	7	(44,708,323)	(73,074,114)
External services and supplies	8	(32,666,081)	(36,725,937)
Staff costs	9	(38,807,032)	(38,522,085)
Impairment losses on financial assets	24, 25	(13,467,435)	244,484
Other operating expenses	10	(8,362,024)	(10,636,122)
	3	**25,818,923**	**25,801,352**
Amortizations	3, 18, 19, 20	(5,743,764)	(5,529,115)
Provisions	3, 11, 34	56,251	154,868
Impairment losses on non-financial and non-current assets	3, 11	-	(2,187,191)
	3	**20,131,410**	**18,239,914**
Financial income	12	553,949	415,278
Financial expenses	12	(8,400,219)	(6,404,856)
Gains / (losses) on associate companies and joint arrangements	3, 13	3,043,155	1,857,955
Net monetary gain / (loss)	42	114,641	319,252
Profit before tax		**15,442,936**	**14,427,543**
Income tax	14	(1,285,177)	(1,761,717)
Profit for the year	**3**	**14,157,759**	**12,665,826**
Attributable to:			
non-controlling interests	30	817,555	1,398,941
owners of Martifer	16	13,340,204	11,266,885
Earnings per share:	16		
Basic and diluted		0.1364	0.1152

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR FINANCIAL YEARS ENDED 31 DECEMBER 2022 AND 2021

€	NOTES	FY 2022	FY 2021
Profit for the year		**14,157,759**	**12,665,826**
Amounts that will be reclassified by results			
Revaluation surplus	21	-	(137,831)
Tax effect of the revaluation surplus	21	-	22,053
		-	**(115,778)**
Amounts that will be reclassified by results			
Exchange differences arising on (i) translating foreign operations; (ii) net investment in subsidiaries and (iii) goodwill		347,788	(1,623,726)
Exchange differences reclassified to income for the year	5, 10, 12	2,406,019	1,803,146
Adjustments to equity on associate companies and joint arrangements	22	38,136	(50,261)
		2,791,943	**129,159**
Total comprehensive income for the period		**16,949,701**	**12,679,207**
Attributable to:			
non-controlling interests		864,592	1,175,924
owners of Martifer		16,085,109	11,503,283

To be read with the Notes to the consolidated financial statements.

MARTIFER GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ON 31 DECEMBER 2022 AND 2021

€	NOTES	FY 2022	FY 2021
ASSETS			
Non-current assets			
Goodwill	17	10,974,649	10,974,649
Intangible assets	18	555,445	495,950
Tangible fixed assets	19	47,051,679	53,744,720
Right-of-use assets	20	20,528,121	15,443,456
Investment properties	21	19,505,000	21,005,000
Investments in associate companies and joint arrangements	3, 22	3,491,793	6,198,821
Financial assets at fair value through profit or loss	23	1,780,634	2,490,507
Trade receivables and other receivables	25	4,230,455	5,661,824
Deferred tax assets	14	5,359,157	5,891,114
		113,476,933	**121,906,041**
Current assets			
Inventories	24	10,157,341	12,343,449
Financial assets at fair value through profit or loss	23	3,121,842	2,375,323
Trade receivables and other receivables	25	37,708,865	52,578,542
Contract Assets	27	5,460,740	8,812,836
Prepayments	24	8,532,957	9,379,526
Income tax	14, 26	2,444,006	1,264,254
Current tax assets	26	3,171,829	3,853,822
Other current assets	28	5,305,457	6,421,116
Cash and cash equivalents	29	56,331,066	41,011,467
		132,234,103	**138,040,335**
Total assets	**3**	**245,711,036**	**259,946,376**
EQUITY			
Shared capital	30	50,000,000	50,000,000
Own shares	30	(2,868,519)	(2,868,519)
Reserves and Retained Earnings	30	(25,421,724)	(39,746,688)
Profit for the year	30	13,340,204	11,266,885
Equity attributable to owners of Martifer		**35,049,961**	**18,651,678**
Non-controlling interests	30	30,664	(335,337)
Total equity	**30**	**35,080,624**	**18,316,341**
LIABILITIES			
Non-current liabilities			
Loans	31	93,169,570	107,099,309
Lease liabilities	32	25,257,514	20,175,726
Trade payables and Other payables	33	1,848,628	2,085,737
Provisions	34	3,206,282	3,378,570
Other non-current liabilities	38	1,692,961	2,235,359
Deferred tax liabilities	14	2,550,021	2,636,534
		127,724,976	**137,611,235**
Current liabilities			
Loans	31	3,696,607	3,494,217
Lease liabilities	32	1,340,292	917,006
Trade payables and Other payables	33	32,978,318	41,975,796
Contract Liabilities	37	23,634,429	38,702,433
Income tax	14, 36	1,951,722	2,357,908
Current tax liabilities	36	4,096,540	2,721,667
Other current liabilities	38	15,207,528	13,849,773
		82,905,436	**104,018,800**
Total liabilities	**3**	**210,630,412**	**241,630,035**
Total equity and liabilities		**245,711,036**	**259,946,376**

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR FINANCIAL PERIODS ENDED 31 DECEMBER 2022 AND 2021

€	NOTES	SHARED CAPITAL	OWN SHARES	FAIR VALUE RESERVES – CASH FLOW HEDGE DERIVATIVES	FOREIGN CURRENCY TRANSLATION RESERVES	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance on 1st January 2021		50,000,000	(2,868,519)	115,778	(29,666,731)	(16,491,504)	6,298,203	7,387,227	(1,544,289)	5,842,938
Appropriation of the profit of 2020		-	-	-	-	6,298,203	(6,298,203)	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	11,266,885	11,266,885	1,398,941	12,665,826
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries		-	-	-	400,570	-	-	400,570	(223,017)	177,553
Equity method application effect	22	-	-	-	-	(50,261)	-	(50,261)	-	(50,261)
Revaluation surplus, net of tax	21	-	-	(115,778)	1,867	-	-	(113,911)	-	(113,911)
Total comprehensive income for the year		**-**	**-**	**(115,778)**	**402,437**	**(50,261)**	**11,266,885**	**11,503,283**	**1,175,924**	**12,679,207**
Hyperinflationary restatement		-	-	-	-	(208,374)	-	(208,374)	-	(208,374)
Other changes in equity of parent company and subsidiaries		-	-	-	(1,209,082)	1,167,289	-	(41,793)	-	(41,793)
Changes in the consolidation perimeter		-	-	-	-	11,335	-	11,335	33,028	44,363
Balance on 31st December 2022		**50,000,000**	**(2,868,519)**	**-**	**(30,473,376)**	**(9,273,312)**	**11,266,885**	**18,651,678**	**(335,337)**	**18,316,341**
Balance on 1st January 2022		50,000,000	(2,868,519)	-	(30,473,376)	(9,273,312)	11,266,885	18,651,678	(335,337)	18,316,341
Appropriation of the profit of 2021		-	-	-	-	11,266,885	(11,266,88)	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the period		-	-	-	-	-	13,340,204	13,340,204	817,555	14,157,759
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries		-	-	-	2,706,770	-	-	2,706,770	47,037	2,753,807
Equity method application effect	22	-	-	-	-	38,136	-	38,136	-	38,136
Total comprehensive income for the year		**-**	**-**	**-**	**2,706,770**	**38,136**	**13,340,204**	**16,085,109**	**864,592**	**16,949,701**
Hyperinflationary restatement		-	-	-	-	63,945	-	63,945	-	63,945
Dividend distribution		-	-	-	-	-	-	-	(400,434)	(400,434)
Other changes in equity of parent company and subsidiaries		-	-	-	-	542	-	542	(5)	537
Changes in the consolidation perimeter		-	-	-	-	183,879	-	183,879	-	183,879
Non-controlling interests transactions	30	-	-	-	-	64,808	-	64,808	(98,152)	(33,344)
Balance on 31st December 2022		**50,000,000**	**(2,868,519)**	**-**	**(27,766,606)**	**2,344,882**	**13,340,204**	**35,049,961**	**30,664**	**35,080,624**

To be read with the Notes to the consolidated financial statements.

MARTIFER GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR FINANCIAL PERIODS ENDED 31 DECEMBER 2022 AND 2021

€	NOTES	FY 2022	FY 2021
OPERATING ACTIVITIES			
Receipts from customers		193,356,615	209,152,135
Payments to suppliers		(148,959,337)	(177,538,858)
Payments to employees		(28,083,687)	(27,478,537)
Cash generated from operations		**16,313,590**	**4,134,740**
Income tax paid / received		(4,111,489)	(2,019,210)
Other receipts/(payments) relating to operating activities	43	(350,797)	4,006,923
Cash generated from other operating activities		**(4,462,286)**	**1,987,713**
Net cash generated by operating activities (1)		**11,851,304**	**6,122,453**
INVESTING ACTIVITIES			
Receipts arising from:			
Financial assets	43	19,985,937	1,723,394
Tangible fixed assets	5	1,816,953	4,873,013
Investment properties	21	1,601,795	-
Loans to related parties		629,873	-
Interest and similar income		574,645	466,415
Dividends		956	-
Others		182,894	-
		24,793,053	**7,062,822**
Payments arising from:			
Financial assets	43	(193,344)	(2,000)
Tangible fixed assets		(1,153,779)	(1,798,738)
Intangible assets		(4,263)	-
Investment properties		(100,317)	-
Others		(1,165,212)	(135,011)
		(2,616,915)	**(1,935,749)**
Net cash generated by investing activities (2)		**22,176,139**	**5,127,073**
FINANCING ACTIVITIES			
Receipts arising from:			
Loans	31	1,230	55,275
Grants and donations		185,337	-
Others		241,945	1,188
		428,512	**56,463**
Payments arising from:			
Loans	31	(13,809,451)	(10,208,969)
Lease liabilities		(1,822,137)	(1,115,149)
Interest and similar costs		(2,564,964)	(2,565,715)
Lease interest		(694,190)	(616,906)
Acquisition of treasury stock		(395,515)	-
Others		(449,297)	(92,912)
		(19,735,553)	**(14,599,651)**
Net cash generated by financing activities (3)		**(19,307,041)**	**(14,543,188)**
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)		14,720,402	(3,293,662)
Changes in the consolidation perimeter and others		24,547	118,235
Effect of foreign exchange currencies		574,650	389,313
Cash and cash equivalents at the beginning of the period	29	41,011,467	43,797,581
Cash and cash equivalents at the end of the period	29	56,331,066	41,011,467

To be read with the Notes to the consolidated financial statements.

CONSOLIDATED FINANCIAL INFORMATION

Notes to the Consolidated Financial Statements

12 | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

0. INTRODUCTORY NOTE

Martifer SGPS, SA, with registered office at Zona Industrial, Apartado 17, Oliveira de Frades, Portugal ('Martifer SGPS' or 'Company'), and its investees ('Group') have as their main activities Metallic Constructions (metallic structures, aluminium and glass façades, infrastructure for oil & gas and industrial maintenance), the Naval Industry and Renewable Energy (promotion and development of wind and solar projects) (Note 3).

Martifer SGPS was incorporated on 29 October 2004, and its share capital was realised through the delivery of all the shares, valued at market value, that the shareholders of the Group held in Martifer - Construções, S.A., an investee incorporated in 1990, and which at the time was the parent company of the current Martifer Group. Martifer SGPS is the Martifer Group Holding company and has as reference shareholders I'M, SGPS, S.A. (38%) and Mota-Engil, SGPS, S.A. (37.5%).

From June 2007 onwards, following the successful Initial Public Offer (IPO), the Company started trading on the Portuguese Stock Exchange, Euronext Lisbon.

On 31 December 2022, the Group develops its activity, mainly in Western Europe (Portugal, Spain, France, Belgium and the United Kingdom), in Eastern Europe (Poland and Romania), in the Middle East (Saudi Arabia), in Latin America (Argentina), and in Sub-Saharan Africa (Angola and Mozambique).

All the amounts presented in these notes are stated in Euros (rounded to the unit) unless otherwise indicated.

1. BASES OF PREPARATION, CONSOLIDATION AND ACCOUNTING POLICIES

1.1 BASES OF PRESENTATION

These accompanying financial statements relate to the consolidated financial statements of the companies of Martifer Group and were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, in force at the beginning of the economic period started on 1 January 2022. These correspond to the International Financial Reporting Standards, issued by the International Accounting Standards Board ("IASB"), and to the interpretations issued by the IFRS Interpretations Committee or by the previous Standing Interpretations Committee ("SIC"), which have been endorsed by the European Union.

The accompanying consolidated financial statements were prepared from the accounting records of the Company and its subsidiaries (Note 2) on the going concern assumption.

The Board of Directors assessed the capacity of the Group to continue to operate based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events that occurred after the reference date of the financial statements, available on the future. As a result of that assessment, the Board of Directors concluded that the Group has adequate resources to maintain its activities, having no intention of terminating them in the short term; therefore, it considered appropriate the use of the going concern assumption in the preparation of the financial statements.

The accompanying consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain non-current assets (investment properties) and certain financial instruments, which are recorded at fair value.

The accounting policies and mensuration criteria adopted by the Group in the 2022 financial year are consistent with those applied by the Group in the preparation of the financial statements of the previous financial year, presented for comparative purposes, except in respect of the standards and interpretations entering into force on or after 1 January 2022, the adoption of which has not had a significant impact on the Group's comprehensive income or on the Group's financial position.

Amendments to standards effective on 1 January 2022:

	EFFECTIVE DATE
IFRS 3 (amendments)	01/01/2022
IAS 16 (amendments) – “Proceeds before intended use”	01/01/2022
IAS 37 (amendments) – Onerous Contracts	01/01/2022
IFRS 1, IFRS 9 and IAS 41 (amendments) - Annual Improvements 2018-2020	01/01/2022

Amendment to IFRS 3. This amendment corresponds to the update of the reference to the 2018 conceptual framework, additional requirements for analysing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date, and explicit clarification that contingent assets are not recognised in a business combination. The adoption of this amendment did not cause significant changes in the consolidated financial statements presented.

Amendment to IAS 16 – “Proceeds before intended use”. This amendment corresponds to an amendment to IAS 16, which prohibits the deduction from the cost of a tangible asset of income related to the sale of products, before the asset is available for use. The adoption of this amendment did not cause significant changes in the consolidated financial statements presented.

Amendment to IAS 37 – Onerous Contracts. This amendment corresponds to the clarification that costs of fulfilling a contract correspond to costs directly related to the contract. The adoption of this amendment did not cause significant changes in the consolidated financial statements presented.

Annual Improvements 2018-2020. These correspond, essentially, to amendments to the standards: IFRS 1- practical expedient that allows a subsidiary that adopts IFRS for the first time at a later date than its parent company to choose to measure cumulative translation differences in relation to all foreign operating units by the amount that would be included in the parent company's financial statements, based on the date of the parent company's transition to IFRS; IFRS 9 - clarifies the commissions that must be included in the 10 % test for the purposes of derecognition of a financial liability; and IAS 41 - removes the requirement to exclude tax-related cash flows when measuring fair value. The adoption of these amendments did not cause significant changes in the consolidated financial statements presented.

(New) standards (and amendments) which become effective on or after 1 January 2023, already endorsed by the EU:

	EFFECTIVE DATE
IFRS 17 – Insurance contracts	01/01/2023
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	01/01/2023
Amendment to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Disclosure of accounting policies	01/01/2023
Amendment to IAS 12 Income Taxes – Deferred Taxes	01/01/2023
Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information	01/01/2023

IFRS 17 – Insurance contracts (effective for annual periods beginning on or after 1 January 2023). This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.

Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023). This amendment published by the IASB in February 2021, changes the definition of accounting estimate to a monetary amount in the financial statements subject to measurement uncertainty.

Amendment to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023). This amendment, published by the IASB in February 2021, clarifies that material accounting policies should be disclosed, rather than significant policies, having introduced examples for the identification of material policies.

Amendment to IAS 12 Income taxes – Deferred taxes (effective for annual periods beginning on or after 1 January 2023). This amendment, published by the IASB in May 2021, clarifies that the exemption from initial recognition of deferred taxes does not apply to transactions that produce equal amounts of taxable and deductible timing differences.

Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information (effective for annual periods beginning on or after 1 January 2023). This amendment, published by the IASB in December 2021, introduces changes to the comparative information to be presented when an entity adopts the two standards, IFRS 17 and IFRS 9, simultaneously.

At the present date, no significant impacts are estimated from the adoption of the aforementioned standards and amendments.

(New) standards (and amendments) that become effective on or after 1 January 2024, not yet endorsed by the EU:

	EFFECTIVE DATE
IAS 1 (amendment) - Presentation of financial statements - Classification of liabilities as current and non-current; Deferral of application date; Non-current liabilities with covenants	01/01/2024
Amendment to IFRS 16 - Leases – Lease liability in a sale and leaseback transaction	01/01/2024

Amendments to IAS 1 - Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of application date; Non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024). These changes are still subject to endorsement by the European Union. These amendments, published by the IASB, clarify the classification of liabilities as current and non-current, analysing the existing contractual conditions at the reporting date. The amendment relating to non-current liabilities with covenants, clarifies that only the conditions that must be fulfilled before or on the reference date of the financial statements are relevant for the purposes of classification as current / non-current, and further postponed the application date to 1 January 2024.

Amendment to IFRS 16 – Leases – Lease liability in a sale and leaseback transaction (effective for annual periods beginning on or after 1 January 2024). These changes are still subject to endorsement by the European Union. This amendment, published by the IASB in September 2022, clarifies how a seller-lessee accounts for a sale and leaseback transaction that meets the criteria of IFRS 15 to be classified as a sale.

Management is analysing the impact, if any, on the consolidated financial statements.

The consolidated financial statements are presented in Euros as this is the main currency of the Group's operations. The financial statements of investees in foreign currency were converted into Euros in accordance with the accounting policies described in Note 1.4 xiv).

In preparing the consolidated financial statements, in accordance with IFRS, the Group's Board of Directors adopted certain assumptions and estimates that may affect the reported assets and liabilities, as well as the income and expenses incurred for the reported years (Note 1.4 xxv)). All estimates and assumptions made by the Board of Directors were made based on its best knowledge existing at the date of approval of the financial statements, and the information available on that date.

As a result of the large-scale military invasion by Russia of Ukraine on 24 February 2022, there was a general worsening of the climate of global uncertainty, with negative effects on the prospects for the evolution of the world economy and financial markets. The Board of Directors carried out an analysis of the current situation and future prospects, despite the situation being unpredictable, in order to assess the Group's ability to continue as a going concern, the recoverability of assets in the medium and long term and the recording of liabilities and commitments at their fair value and concluded that the Group has adequate resources to maintain its activities and that the consolidated financial position adequately presents the Group's situation in the current context, in accordance with the information available to it.

1.2 COMPARABILITY OF INFORMATION

The consolidated financial statements of Martifer Group on 31 December 2022 were prepared in accordance with accounting policies and calculation methods similar to those presented in the 2021 consolidated financial statements.

1.3 BASES OF CONSOLIDATION

The consolidation methods adopted by the Group are the following:

a) Group Companies

The financial holdings in companies controlled by the Group were included in the attached consolidated financial statements by the full consolidation method. The Group controls an investee when it is exposed to, or it is the holder of rights concerning variable results through its relationship with the investee, and has the capacity to affect these results by the power it has over the investee.

The equity and the net result of these companies, corresponding to the holdings of third parties in them, are presented in the consolidated statement of financial position (under the equity caption 'Non-controlling interests') and in the consolidated income statement (in the line 'Net profit - Attributable to non-controlling interests'), respectively. Companies included in the consolidated financial statements by the full consolidation method are detailed in Note 2.

In business combinations that occurred after 1 January 2004 and until 31 December 2010, the assets and liabilities of each subsidiary (including contingent liabilities) are identified at their fair value on the date of acquisition as stipulated in IFRS 3. Any surplus / deficit in the acquisition cost compared to the fair value of the net assets and liabilities acquired is recognised, respectively, as a positive acquisition difference in assets (Goodwill, or added to the respective caption which originated the difference, when identified) or, in case there is a negative acquisition difference ("Badwill"), after reconfirmation of the fair value valuation process and in case it is maintained, in the income statement of the period. Non-controlling interests include the proportion of third parties in the fair value of the assets, liabilities and contingent liabilities identifiable at the date of acquisition of the subsidiaries.

In business combinations that occurred on or after 1 January 2011 (IFRS 3R), the excess of the acquisition cost, the fair value of any share held prior to the acquisition of control and the value of non-controlling interests, over the fair value of the assets, liabilities and identifiable contingent liabilities is recorded as Goodwill. If the acquisition cost, the fair value of any share held prior to the acquisition of control and the value of non-controlling interests is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement of the period under 'Other operating income'. The transaction costs relating to business combinations that occurred after this date are expensed when incurred.

Sale or acquisition transactions of shareholdings with non-controlling interests that do not affect the control exercised by the Group do not result in the recognition of gains, losses or Goodwill, and any difference determined between the value of the transaction and the book value of the transacted shareholding is recognised in Equity.

The negative results generated in each period by the subsidiaries which have non-controlling interests are allocated in the percentage held to the non-controlling interests, regardless of these becoming negative.

The results of subsidiaries acquired or sold during the year are included in the financial statements since the date of their acquisition or up to the date of their sale. Gains or losses recognised as a result of loss of control of the subsidiaries are presented under the captions 'Other operating income' or 'Other operating expenses'.

Where necessary, adjustments are made to the financial statements of subsidiaries to adequate their accounting policies to those used by the Group. The transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process. In situations in which the Group holds, in substance, the control of other entities created for specific purposes, even if it does not have capital holdings in these entities, these are consolidated by the full consolidation method. On 31 December 2022 and 2021, there were no entities in this situation.

b) Associated and jointly controlled companies

Investments in associated companies (companies where the Group has a significant influence but does not have control of them through the participation in financial and operational decisions in the Company - usually investments representing between 20 % to 50 % of the capital of a company) and in jointly controlled companies (companies where the Group shares control with other partners) are recorded using the equity method under the caption 'Investments in associated and jointly controlled companies'.

According to the equity method, the financial holdings are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share in the changes in Equity and in the net results of the investees, against other comprehensive income and profit or loss for the financial year, respectively, and by the dividends received, net of accumulated impairment losses.

The assets and liabilities of each investee (including contingent liabilities) are identified at their fair value at the date of acquisition. Any excess in the acquisition cost over the fair value of the net assets and liabilities acquired is recorded as a positive acquisition difference (Goodwill), being added to the balance sheet amount of the financial asset and its recovery is reviewed annually as an integral part of the financial asset, and, in case there is a negative acquisition difference ("Badwill"), after reconfirmation of the fair value valuation process and in case it is maintained, in the income statement of the period.

A valuation of the investments in associated and jointly controlled companies is carried out when there are indications that the asset may be impaired, with an impairment loss being recognised in the income statement whenever this is confirmed.

When the Group's share in the accumulated losses of the associated or jointly controlled company exceeds the value by which the investment is recorded, the investment is reported at nil value while the equity of the associated or jointly controlled company is not positive, except when the Group has made commitments to the entity, in which case it records a provision under the Liabilities caption 'Provisions' to meet those obligations.

Unrealised gains on transactions with associated and jointly controlled companies are eliminated, in proportion to the interest of the Group in them, against the investment in these entities. Unrealised losses are similarly eliminated, but only to the extent that the loss does not provide evidence that the transferred asset is in an impairment situation.

Companies included in the consolidated financial statements under the equity method are detailed in Note 2.

1.4 MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The main accounting policies, judgements and estimates used in the preparation of the Group's consolidated financial statements for the financial years presented are as follows:

i) Differences in positive acquisition (Goodwill)

The positive differences between the acquisition cost of investments in Group companies, jointly controlled entities and associated companies and the fair value of the identifiable assets and liabilities (including contingent liabilities) of those companies on the date of their acquisition are recorded under the caption 'Goodwill' (in the case of investments in Group companies) or in the value of the investment in associated companies and jointly controlled entities (in the case of investments in associated companies and jointly controlled entities).

Goodwill generated before the date of transition to IFRS (1 January 2004), or that resulting from the constitution of the Group remains recorded by its net book value, determined in accordance with the former Portuguese Official Chart of Accounts, and is subject to impairment tests at the end of each year, from that date onwards.

The value of Goodwill is not amortised, being tested annually, at the end of each financial year, to verify whether there are any impairment losses, i.e., whether Goodwill is not recorded by a value in excess of its recoverable value. Impairment losses of Goodwill, verified in the financial year, are recorded in the income statement under the caption 'Impairment losses of non-financial assets'. The recoverable value is the highest between the net selling price and the value in use. The net selling price is the amount that would be obtained with the sale of the asset in a transaction within reach of the parties involved, less the expenses directly attributable to the sale. Value in use is the present value of the estimated future cash flows that are expected to result from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

Impairment losses relating to Goodwill may not be reversed.

Goodwill resulting from investments in Group companies, jointly controlled entities and associated companies, domiciled abroad, and the fair value of the identifiable assets and liabilities of those companies at the date of their acquisition are recorded in the functional currency of those companies and converted into the reporting currency of the Group (Euro) at the exchange rate prevailing on the statement of financial position date. Exchange rate differences arising from this conversion are recorded under 'Other comprehensive income - Currency conversion reserves'.

ii) Non-Current assets classified as held for sale

Non-current assets are classified as held for sale when their value is recovered through a sales transaction instead of through their continued use. However, this classification requires that the sale transaction be highly probable, that the asset is available for immediate sale, that the Board of Directors of the Group is committed to its sale and that it occurs in the short term (usually, but not exclusively, within a year).

Non-current assets classified as held for sale are recorded at the lower of their book value, or their fair value, less the expenses attributable to their sale, and, in the case of fixed assets allocated to the operating unit held for sale, the depreciation is interrupted during that period.

iii) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated amortisation and impairment losses, and are only recognised if they are identifiable, if their value can be reasonably measured and if the Group has control over them.

Intangible assets are basically constituted by industrial property rights and software, with these being amortised by the straight-line method over a period of three years, as well by costs incurred with obtaining licenses to operate wind farms, which are amortised according to the period of the licenses granted (currently between 20 and 25 years).

The expenses incurred with the licensing of wind farms are capitalised in intangible assets solely when the following criteria are met:

- the economic viability studies demonstrate that there will be future economic benefits;
- the Group has the technical and financial capacity to carry out the installation and operation of the wind farms; and
- the expenditure related to the licensing phase of wind farms can be reliably measured.

The expenses incurred by the Group during the research phase of wind farms are recognised in the income statement when incurred.

The remaining research expenses are recognised as an expense in the financial year in which they are incurred.

The intangible assets identified in the acquisition of a subsidiary are recorded separately from the caption 'Goodwill' if their fair value can be reliably estimated. The initial cost of such intangible assets is their fair value on the acquisition date.

After their initial recognition, intangible assets arising on the acquisition of a subsidiary are recorded at acquisition cost, net of accumulated amortisation and any impairment losses, in the same way as intangible assets acquired by the Group. These assets are amortised by the straight-line method, usually during the period in which economic benefits are expected to occur.

iv) Tangible assets

Tangible assets are recorded at their acquisition cost, net of accumulated depreciation and impairment losses.

The Group did not record provisions for the decommissioning of wind farms or solar parks since the Group does not currently have any legal or contractual obligation to dismantle those assets.

Depreciation is imputed on a systematic basis over the estimated useful lives of the assets, and land is not depreciable.

Tangible assets in progress represent assets still in the construction / development phase, and they are recorded at acquisition cost, net of accumulated impairment losses. These tangible assets are depreciated from the moment they are available for use and are in the necessary conditions in terms of technical quality and reliability to operate. Depreciation is imputed on a systematic basis by the straight-line method over their useful lives, which are determined considering the expected usage of the assets by the Group, the expected natural wear and tear and their predictable technical obsolescence.

The depreciation rates used correspond to the following estimated useful lives:

Buildings:	20 to 50 years
Equipment:	
Basic equipment	3 to 7 years
Transportation equipment	4 to 5 years
Tools and utensils	3 to 5 years
Office equipment	3 to 10 years
Other tangible fixed assets:	
Wind farms and solar parks	15 to 25 years
Other tangible fixed assets	3 to 10 years

Maintenance and repair expenses that neither increase the useful lives nor create significant improvements in tangible fixed assets are expensed in the financial year they are incurred.

v) Leases

Recognition

At the start date of each contract, the Group assesses whether the scope of the contract corresponds to a lease contract or whether it contains a lease. A lease is defined as a contract, or part of a contract, by which the right to control the use of an identifiable asset for a given period of time is conferred in exchange for consideration.

To determine whether a contract grants the right to control the use of an identifiable asset for a given period of time, the Group assesses whether, during the period of use of the asset, it cumulatively has: (i) the right to obtain substantially all the economic benefits derived from the use of the identifiable asset; and (ii) the right to control the use of the identifiable asset.

The Group recognises a right-of-use asset and a lease liability on the date of entry into force of the lease contract. The right-of-use asset is initially measured at cost, which includes the initial value of the lease liability adjusted by any lease payments that were made on or before the start date, plus any initial direct costs incurred, as well as an estimate of the costs of dismantling and removing the underlying asset (if applicable), net of any incentive granted.

The lease liability is initially recognised by the present value of the rents not yet paid at the date of the lease contract, discounting the interest implicit in the lease, or in cases where it is not possible to easily determine this rate, considering the incremental financing rate. The lease payments included in the measurement of the lease liability include the following:

- fixed payments (including payments in substance which are fixed), net of any incentives already received;
- variable lease payments, dependent on a certain rate or index;
- amounts due under a residual value guarantee;
- the exercise price of the purchase option if it is reasonably certain that the lessee will exercise the option;
- payment of penalties for the termination of the contract if it is reasonably certain that the lessee will cancel the contract.

After the initial application date, the lease liability is increased to reflect interest on the liability and reduced to reflect payments made.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when changes are made to future payments arising from a change in the rate or index used to determine such payments, if a change in the Group's estimate of the amount to be paid under a residual value guarantee occurs, or if the Group changes its assessment regarding the option to exercise the purchase, its extension or termination.

When the lease liability is remeasured, the value of the right-of-use asset is also adjusted accordingly, or a gain or loss is recorded in the income statement if the carrying amount of the right-of-use asset has already been reduced to zero.

Whenever the lease contract is modified, and the modification does not qualify as a separate lease, the Group remeasures liabilities for future rents on the lease contract, discounting the revised lease payments at the implicit rate of the lease or at the incremental financing rate determined on the date of the modification.

The Group presents right-of-use assets and lease liabilities under properly segregated captions in the statement of financial position.

Short-term or low-value financial leases

The Group does not recognise right-of use assets or lease liabilities for lease contracts with a duration of less than 12 months or of low-value. The Group recognises expenditure associated with these leases as an expense of the financial year during the term of the contracts.

Variable rents

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability or the right-of-use asset. Such payments are recognised as expenses in the period in which the event or condition giving rise to the payments occurs.

Depreciation

The right-of-use asset is depreciated using the straight-line method, based on the lower between the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets is determined on the same basis as for other tangible assets.

Impairment

The right-of-use asset is periodically reduced by impairment losses and adjusted by certain changes in the lease liability associated with the asset.

vi) Investment Properties

Investment properties essentially comprise real estate and land held to earn income or for capital appreciation, or both, and not for use in the current activity of the businesses.

Investment properties are initially recorded at acquisition cost, plus acquisition charges and ownership registration fees. After initial recognition, investment properties are measured at their fair values, with the recognition of changes in fair value in the income statement of the financial year in which they occur.

The expenses incurred (maintenance, repairs, insurance and property taxes), as well as income and rents obtained from the investment properties, are recognised in the income statement of the financial year to which they relate.

Whenever, due to a change in the use of tangible fixed assets, these are transferred to the caption 'Investment properties', the assets are measured at fair value, and any excess calculated over the book value is recorded as a revaluation surplus. Subsequent (fair value) revaluation gains and losses are recorded in the income statement in accordance with IAS 40.

vii) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when it is a contractual party of the instrument.

The financial assets and liabilities are initially measured at their fair value. The transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (which are not financial assets or liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or liability, as the case may be, on initial recognition.

The transaction costs directly attributable to the acquisition of assets or liabilities recognised at fair value through profit or loss are recognised immediately in the consolidated income statement.

vii.1) Financial assets

All purchases and sales of financial assets are recognised as at the date of the signing of the respective sale and purchase agreements, regardless of the date of their financial settlement.

All financial assets recognised are subsequently measured at amortised cost, or at their fair value, depending on the business model adopted by the Group and the characteristics of their contractual cash flows.

Classification of financial assets:

a) Debt instruments and accounts receivable

Fixed-income debt instruments and accounts receivable that comply with the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held considering a business model which goal is to keep it to receive its contractual cash flows; and
(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

The effective interest rate method is a method used to calculate the amortised cost of a financial instrument and of allocating the respective interest during the period of its validity.

For financial assets that are not acquired or originated with impairment (i.e., impaired assets on initial recognition), the effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid or received fees and commissions which are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the instrument to its gross carrying amount on the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured on initial recognition net of capital repayments, and the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted for any possible impairment losses.

The income associated with interest is recognised in the consolidated income statement under the caption 'Financial income and gains', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through profit or loss. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

Debt instruments and accounts receivable that comply with the following conditions are subsequently measured at fair value through other comprehensive income:

(i) the financial asset is held considering a business model which objective foresees the receipt of its contractual cash flows and of its divestiture; and
(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

b) Equity instruments designated at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable choice (on a case-by-case basis) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income. The designation at fair value through other comprehensive income is not permitted if the investment is held for trading purposes or if it is the result of a recognised contingent consideration in the context of a business combination.

An equity instrument is held for trading, if:

i) it is purchased mainly for the purpose of sale in the short term;

ii) on initial recognition, it is part of a portfolio of identified financial instruments that Martifer manages together, and for which there is evidence of a recent real pattern of obtaining profits in the short term; or

iii) if it is a derivative financial instrument (except if it is part of a hedging operation).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction costs. Subsequently, they are measured at their fair value, with gains and losses arising from their fair value fluctuation being recognised in other comprehensive income. At the moment of their sale, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement but is transferred to the caption 'Other reserves and Retained earnings'.
Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are

recognised in the consolidated income statement at the moment they are attributed / deliberated unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the consolidated income statement under the caption 'Financial income and gains'.

c) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets recorded at fair value through profit or loss are measured at their fair value determined at the end of each reporting period, with the respective gains or losses being recognised in the consolidated income statement, except if they are part of a hedging relationship.

d) Green certificates

Green certificates are trading securities that prove that a given quantity of electricity produced is from renewable energy sources.

In Romania, projects that entered operation until 2016, benefit from the attribution of a green certificates for each MWh of electricity produced through renewable energy sources. Between 2013 and 2017, the attribution of certificates was suspended. The restitution of the suspended certificates will be made proportionally, as from 2018, starting on different dates depending on the associated renewable energy source (Wind, Solar, Hydroelectric).

Thus, since 2018, wind energy producers eligible for the attribution of green certificates have received not only the amount of certificates corresponding to their production, but also the pro-rata restitution of the suspended green certificates.

The certificates are traded on the free market in Romania and may be traded until the year 2032, in accordance with the regime currently in force.

Martifer’s wind farms in operation in Romania are covered by this regime.

At the date of publication of these consolidated financial statements, there is no accounting standard or interpretation in the International Financial Reporting Standards ('IFRS') which deal specifically with the accounting of emissions or renewable energy certificates.

When the certificates are received, the company recognises an asset in 'Financial assets at fair value through profit or loss' (current or non-current, depending on the period in which they will be sold) and the corresponding 'Deferred income'. The income is recognised in an income statement caption when the green certificates are sold. After initial recognition, the certificates are valued at the current tradable price available. At the end of each period, these are valued using the fair value at that date, which corresponds to market rates. The resulting difference is recorded under the same caption, ‘Deferred income’. The value of the certificates reversed, for not having been used within their validity period, will be recorded in 'Financial expenses and losses'.

Impairment of financial assets

The Group recognises expected impairment losses for debt instruments measured at amortised cost or at fair value through other comprehensive income, such as accounts receivable from clients, other debtors and for assets associated with client contracts.

The amount of expected impairment losses for the financial assets mentioned above is updated at each reporting date to reflect changes in credit risk that have occurred since the initial recognition of the respective financial assets. The expected impairment losses for credit granted (accounts receivable from clients, other debtors and for assets associated with client contracts) are estimated using a uncollectability matrix based on the credit history of the Group's debtors in the last four years, adjusted for specific factors attributable to the debtors, as well as for macroeconomic conditions that are estimated for the future. For this purpose, the balances of clients and other debtors were grouped, considering similar credit risk profiles (country, business unit, type of debtor - public or private, etc.) and maturity intervals (see Note 1.4 xxix) e)).

The Group recognises expected impairment losses for credit granted for the entire lifetime of accounts receivable from clients and other debtors, as well as for the assets associated with client contracts.

In the specific case of situations of overdue balances representing material amounts, the present value of the estimated receivable flows is calculated by discounting these at the original effective interest rate or based on the interest rate on the date of analysis if the former is not available, based on the information available at the date of the consolidated financial statements.

As regards balances receivable from jointly controlled and associated companies, which are not considered part of the financial investment in those companies, the credit impairment is assessed considering the following criteria: (i) if the balance receivable is payable on demand; (ii) if the balance receivable is of low risk; (iii) if its term is less than 12 months.

In cases in which the balance receivable is payable on demand and the related party has the ability to pay, the probability of default was considered close to 0%; therefore, the impairment was considered equal to zero. In cases in which the balance receivable is not payable on demand, the credit risk of the related company is assessed, and if it is 'low' or if it is due in less than 12 months, Martifer only assesses the probability of default for the cash flows that are due in the following 12 months.

For all other situations and types of balances receivable, the Group applies the general approach of the impairment model, assessing on each reporting date if there has been a significant increase in the credit risk since the date of initial recognition of the asset. If there has not been an increase in the credit risk, Martifer calculates an impairment corresponding to the amount equivalent to the expected losses in a period of 12 months. If there has been an increase in the credit risk, the Group calculates an impairment corresponding to the amount equivalent to the expected losses for all contractual cash flows until the asset's maturity. The assessment of the credit risk is carried out according to the criteria disclosed in the credit risk management policies included in Note 1.4 xxix) e).

Write-off Policy

Martifer writes off a financial asset when there is information that demonstrates that the debtor is in the process of liquidation or bankruptcy and when there are no realistic prospects of credit recovery. However, the financial assets written off may still be subject to recovery procedures by the Group. Any subsequent recoveries will be recognised in the consolidated income statement.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire or when it transfers the financial asset and substantially all the risks and benefits associated with its ownership to another entity. If the Group neither transfers nor retains substantially all the risks and benefits associated with the ownership of a financial asset but continues to control it, the Group recognises its interest in the retained asset and a liability equivalent to the amount that it will have to return. If the Group substantially retains all the risks and benefits associated with the ownership of a transferred financial asset, the Group continues to recognise it and, additionally, recognises a loan in respect of the amount received in the meantime.

In the derecognition of a financial asset measured at amortised cost, the difference between its recorded amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

vii.2) Financial liabilities and equity instruments

Classification as a financial liability or as an equity instrument

Financial liabilities and equity instruments are classified as liabilities or as equity according to the contractual substance of the transaction.

Equity

The Group considers equity instruments to be those in which the contractual support of the transaction shows that a third party holds a residual interest in the set of assets after deducting the liabilities, of the Group companies.

Equity instruments issued by the Group are recognised by the amount received, net of the costs directly attributable to their issue.

The repurchase of equity instruments issued by the Group (own shares) is accounted for by its acquisition cost as a deduction from equity. The gains or losses inherent to the disposal of own shares are recorded under the caption 'Other reserves and Retained earnings'.

Financial liabilities

After initial recognition, all financial liabilities are subsequently measured at amortised cost or at fair value through profit or loss.

Financial liabilities are recorded at fair value through profit or loss when:

(i) the financial liabilities result from a contingent consideration due to a business combination;
(ii) the liability is not held for trading; or
(iii) the liability is designated to be recorded at fair value through profit and loss.

A financial liability is classified as held for trading if:

(i) it is acquired mainly for the purpose of sale in the short term; or
(ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and where there is evidence of a recent real pattern of obtaining profit in the short term; or
(iii) it is a derivative financial instrument (except if it is part of a hedging operation).

The financial liabilities recorded at fair value through profit or loss are measured at fair value with gains and losses arising from their fair value fluctuation being recognised in the consolidated income statement, except if they are part of a hedging relationship.

Financial liabilities subsequently measured at amortised cost

The financial liabilities that are not designated at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method used to calculate the amortised cost of a financial liability and of allocating the respective interest during the period of its validity.

The effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid or received fees and commissions which are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the financial liability to its carrying amount on the date of its initial recognition.

Types of financial liabilities

Loans in the form of commercial paper issues are classified as non-current liabilities when they have a placement guarantee for a period exceeding one year, and the Group's Board of Directors intend to use this source of funding also for a period exceeding one year.

The other financial liabilities relate, essentially, to factoring and finance lease operations, which are initially recorded at their fair value. These financial liabilities are, subsequent to initial recognition, measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the obligations of the Group are settled, have been cancelled or have expired.

The difference between the derecognised carrying amount of the financial liability and the consideration paid or payable is recognised in the consolidated income statement.

When the Group exchanges with a certain creditor a debt instrument for another with substantially different terms, this exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the Group accounts for substantial modifications in terms of an existing liability, or part of it, as a termination of the original financial liability and the recognition of a new financial liability. The terms are assumed to be substantially different if the present value of the discounted cash flows of the renegotiated financial liability, including any fees paid net of any commissions received, discounted using the original effective interest rate, is at least 10% divergent from the present value of the discounted cash flows remaining of the original financial liability.

If the modification is not substantial, the difference between (i) the carrying amount of the liability before the modification and (ii) the present value of the future cash flows after the modification is recognised in the income statement as a gain or loss on the modification, in financial income / expenses.

vii.3) Derivative financial instruments

The Group uses derivative financial instruments to manage its financial risks solely as a means of hedging these risks; derivative financial instruments are not used for the purposes of speculation. The use of derivative financial instruments is duly regulated by the Group.

Financial derivatives are initially recognised at their fair value as at the date on which they are contracted, being subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is immediately recognised in the income statement unless the derivative financial instrument is designated as a hedging instrument, in which case the recognition in the income statement depends on the nature of the hedging relationship.

As mentioned above, derivative financial instruments used by the Group are interest rate and exchange rate hedging instruments mainly associated with loans obtained. The loan amounts, the interest maturity dates and the repayment plans are generally similar to the conditions set for interest rate and exchange rate hedging instruments, so, normally, the hedging is highly effective.

The criteria used by the Group on initial recognition to classify derivative financial instruments as cash flow hedging instruments are the following:

(a) The hedging relationship is composed only of eligible hedging instruments and eligible hedged items;
(b) At the beginning of the hedging relationship, there is a formal description and documentation regarding the hedging relationship and the risk management goal and the strategy of the entity to contract the hedging; and
(c) The hedging relationship satisfies all the following requirements of hedging effectiveness:

- i) There is an economic relationship between the hedged item and the hedging instrument;
- ii) The credit risk effect does not dominate the value changes that result from that economic relationship; and
- iii) The hedging ratio of the hedging relationship is the same as that which results from the amount of the hedged item that an entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that amount of the hedged item.

The derivative financial instruments for interest rate and exchange rate hedging are initially recorded at their fair value. Subsequent changes in the fair value of derivative financial instruments assigned to cash flow hedges, associated with the actual hedging part, are recognised in the consolidated statement of other comprehensive income under the caption ‘Fair value changes of cash flow hedging derivative financial instruments, net of tax’ and are transferred to results in the same period in which the instrument object of the hedging affects the results.

Any potential hedging inefficiencies are recorded under the captions ‘Financial income and gains’ and ‘Financial expenses and losses’ of the consolidated income statement of the period.

Cash flow hedge accounting should be discontinued if the hedging instrument matures or terminates early, if the hedging ceases to be effective or if it is decided to terminate the hedging relationship designation. In these cases, the accumulated gain or loss resulting from the hedging instrument should remain separately recognised in equity, being reflected in results in the same period of the recognition in results of gains or losses on the hedged item.

A derivative financial instrument with a positive fair value is recognised as a financial asset, whereas a derivative financial instrument with a negative fair value is recognised as a financial liability.

Derivative financial instruments are not offset in the consolidated financial statements unless the Group has a legal right and the intention to offset them.

A derivative financial instrument is presented as a non-current asset or non-current liability if its residual maturity term does not exceed 12 months from the reporting date, and it is not expected that it is materialised or settled within 12 months from the date referred to above. The remaining derivative financial instruments are presented as current assets or current liabilities.

vii.4) Fair value of financial assets and liabilities

In determining the fair value of a financial asset or liability, if there is an active market, the market price is applied.

This is level 1 of the fair value hierarchy as defined in IFRS 13 - Fair Value: measurement and disclosure.

In case there is no active market, which is the case for certain financial assets and liabilities, valuation techniques which are generally accepted by the market are used based on market assumptions. This is level 2 of the fair value hierarchy as defined in IFRS 13.

The Group applies valuation techniques for the unlisted financial instruments, such as derivatives, financial instruments at fair value through profit or loss and for financial assets available for sale. The valuation models that are most often used are discounted cash flow and option valuation models that incorporate market information such as interest rate curves.

For some types of financial instruments that are more complex, more complex valuation models are used containing assumptions and data that are not directly observable in the market, for which the entity uses internal estimates and assumptions. This is level 3 of the fair value hierarchy as defined in IFRS 13.

The assets and liabilities measured at fair value are the following:

- Investment properties (level 3);
- Other financial assets / Green certificates (level 1).

viii) Cash and cash equivalents

'Cash and cash equivalents' include cash on hand, demand and term deposits, and other treasury applications (with maturity under three months, readily convertible into a known cash amount and which are not subject to a significant risk of change in value).

ix) Inventories

Goods and raw materials (subsidiary or consumables) are valued at the lower of the average acquisition cost or respective market value (estimate of its sales price less expenses to be incurred with its disposal). The finished and semi-finished products, the sub-products and the products and work in progress are valued at production cost, which is lower than their market value. The production costs include the cost of the incorporated raw material, direct labour and production overheads.

Inventories allocated to specific projects are recorded in the caption ‘Inventories’, in the sub-caption 'Raw, subsidiary and consumable materials – ongoing projects', and their amount is Euros 212 461 (Note 24).

Impairment is recognised whenever it is estimated that the net realisable value is lower than the book value and is recognised in the caption 'Other operating expenses' of the consolidated income statement (Note 10).

x) Accruals and deferrals

Income and expenses are recorded in the financial year to which they relate, regardless of their date of payment or receipt. The differences between the amounts received and paid and the corresponding income and expenses are recorded under the captions 'Other current assets', 'Other non-current assets', 'Other current liabilities' and 'Other non-current liabilities'.

xi) Revenue

The Group's main revenue sources can be detailed as follows:

(i) Metallic Constructions – In this area, the Group develops and provides global and innovative engineering solutions, in the metallic structures and aluminium and glass façades segments, with an emphasis on the construction of various infrastructures such as airports, ports, stadiums, residential and commercial buildings, among others;

(ii) Shipbuilding – In this area, the Group develops shipbuilding projects;

(iii) Ship Repair – In this area, the Group renders vessel repair and conversion services;

(iv) Operation and Maintenance - In this area, the Group renders services in operation and/or maintenance of infrastructure, in particular oil & gas infrastructure, industrial facilities, wind farms and solar parks;

(v) Sale of Energy - This area includes, essentially, the activity of electricity generation and trading.

Nature, performance obligations and moment of revenue recognition

(i) Metallic Constructions

In this type of revenue, the Group executes agreements with public and private entities to render construction services that include several components / tasks. Although, in most cases, clients can benefit from the different components / tasks independently, given that they are negotiated together, the promise of transferring each one of them is not separately identifiable from the others. Additionally, given that the components / tasks referred to above are typically highly interrelated and interdependent, the Group believes that they should be treated as a single performance obligation. Thus, each construction agreement is generally treated as being a single performance obligation.

On the other hand, given that the clients have the capacity (control) to guide the use of the asset as it is being built and the capacity to substantially obtain all the economic benefits remaining therefrom, the Group's performance obligation in these cases is met over time, and revenue is recognised in accordance with the percentage of completion using performance measurement reports (described below) to determine same.

Therefore, the Group recognises the results of construction contracts, on a contract-by-contract basis, in accordance with the percentage of completion, determined from the performance measurement reports (Output method), which accurately reflects the physical evolution of the work on a given date. The differences obtained between the values resulting from the application of the performance measurement report and the values invoiced until that time are accounted for under the captions 'Assets/ Liabilities associated with client contracts'. In addition, the Group's Board of Directors believes that the performance measurement reports method is the most appropriate method to be applied to measure the level of accomplishment of the performance obligations in metallic constructions contracts.

To cover the expenses to be incurred during the warranty period of the Metallic Constructions contracts, the Group recognises a provision to accommodate such legal obligation, which is calculated considering the historical production values and expenses incurred with contracts in the warranty period. Since the quality warranties provided by the Group result solely from a legal obligation (both in their scope and their period of validity), they are not treated as autonomous performance obligations. In situations where works have a specific character and no history, income of up to a maximum of 10 % of the value of the work may be deferred to cover warranty costs. This value is approved by the Board responsible for the area in question.

In situations in which the Group has the capacity (control) to guide the use of the asset as it is being built and the ability to substantially obtain all the economic benefits remaining therefrom (in particular in the real estate promotional activity), revenue is recognised when the Group transfers the control of the asset to the client (usually at the time of the signature of the deed of purchase and sale of the property).

(ii) Shipbuilding

In this type of revenue, the Group celebrates with public and private entities contracts to render shipbuilding services that include several components / tasks. Although, in most cases, clients can benefit from the different components / tasks independently, given that they are negotiated together, the promise of transferring each one of them is not separately identifiable from the others. Additionally, given that the components / tasks referred to above are typically highly interrelated and interdependent, the Group believes that they should be treated as a single performance obligation. Thus, each shipbuilding contract is generally treated as being a single performance obligation.

On the other hand, given that the clients have the capacity (control) to guide the use of the asset as it is being built and the capacity to substantially obtain all the economic benefits remaining therefrom, the Group's performance obligation in these cases is satisfied over time, with income being recognised in accordance with the percentage of completion based on the total incurred vs total estimated costs (described below).

Therefore, the Group recognises the results of shipbuilding contracts, on a contract-by-contract basis, in accordance with the percentage of completion method (Input method), which is understood as the relation between the costs incurred in each contract up to a certain date and the sum of those costs with the estimated costs to complete it. The differences obtained between the amounts resulting from the application of the percentage of completion to the estimated total income and the amounts invoiced so far are accounted for under the captions 'Assets / Liabilities associated with client contracts'. Additionally, the Group's Board of Directors believes that the percentage of completion method is the most appropriate method to apply to measure the level of accomplishment of the performance obligations in shipbuilding contracts.

For the purposes of applying the percentage of completion method, costs with training, budgeting, travel, etc., are not considered, as they do not reflect the progress and transfer of control to the client.

To cover the costs to be incurred during the warranty period of the shipbuilding contracts and given that the warranty period normally lasts one year, this constitutes a component of the contract, and deferred income is recognised on the project until its expiry or the final acceptance by the client. The deferred income for this is 5% of the contract value, falling to 2.5% after 12 months of the provisional acceptance and until the final acceptance.

(iii) Ship Repair

In this type of revenue, as a rule, there is no formal contract between the Group and the client requesting the repair, so there is no sales price or pre-established delivery dates. Thus, for these services, revenue is recognised in this type of contract whenever a certain cost is incurred associated with a project. It is possible to recognise revenue in respect of that same repair for the value of that cost plus the margin that was previously established by the company (cost-plus method).

To cover the expenses to be incurred during the warranty period and given that the warranty period normally last six months for repair services and one year for conversion services, this constitutes a component of the contract, deferred income is recognised on the project until its expiry. For repair services, the deferred income is 3% of the contract value until 6 months after provisional acceptance. For conversion services, the deferred income is 5% of the contract value until 6 months after the provisional acceptance, decreasing to 2.5% until 12 months.

(iv) Operation & Maintenance

Regarding the provision of infrastructure operation and maintenance services, given that clients receive and simultaneously consume the economic benefits arising from the Group's performance as it develops its activity (maintenance of oil & gas facilities and industrial facilities and operation and maintenance of wind and solar projects), the Group's performance obligation in these cases is satisfied over time, with revenue being recognised when the Group is entitled to invoice the services rendered.

(v) Sale of Energy

In this type of revenue, under the contracts celebrated, the Group sells, namely to companies that manage energy networks, the energy that it produces. Thus, each sale of energy contract is regarded as an autonomous performance obligation. On the other hand, given that clients receive and consume at the same time the economic benefits arising from the Group’s performance as it develops its activity (production of energy), the Group's performance obligation in these cases is met over time, and the revenue is recognised at the moment that the Group has the right to invoice it.

Generally, and given the type of services rendered by the Group, the allocation of the price to the different performance obligations is detailed in the contracts established with the clients.

<u>Significant financing components</u>

Whenever there is a long delay (over 12 months) between the time that an asset or service is made available to the client and the time of its collection, the Group assesses the existence of a significant financing component in the contract. If there is one, that component is treated as an autonomous performance obligation, and the respective interest is recognised as revenue over the estimated financing period.

Additionally, the Group also assesses the existence of a significant financing component in the prepayments received from clients. If there is one, that component is treated as an autonomous performance obligation, and the respective interest is recognised as an expense over the estimated financing period. In 2021 and 2022, no significant financing component was identified.

<u>Variable revenue components</u>

For the purpose of determining the total price of the agreement, the Group considers all of its variable components, in particular, discounts, bonuses, price revisions, penalties, and requests for recovery of costs incurred, among others. However, the Group only recognises revenue associated with the variable components when it is highly likely that its reversal will not occur in the future. Thus, as regards price revisions, given that the formula inherent to its calculation generally comprises some indices of difficult estimation, the associated revenue is only recognised at the moment when it can be reliably calculated. Similarly, given that historically the Group has not been subject to penalties imposed by its clients, they are only recognised when it is highly likely that they will occur. Finally, requests for recovery of costs incurred (which include, among others, claims) are only considered as revenue when it is highly likely that the client accepts such a request and that the respective amount will not be reversed in the future.

Assets associated with client contracts

Assets associated with client contracts correspond to performance obligations already fulfilled by the Group under the contracts established with clients for which the respective invoicing has not yet been issued (essentially production carried out under metallic constructions contracts, recognised by the performance measurement reports method, and under shipbuilding contracts, recognised by the percentage of completion method, using the total incurred vs total estimated costs as a basis). When the respective invoice is issued, and the right to its collection is unconditional, the balance of this caption is transferred to the captions 'Clients' and 'Other debtors'.

Liabilities associated with client contracts

Liabilities associated with client contracts correspond to prepayments received from clients regarding the performance obligations to be executed by the Group in the future or deferred income resulting from the adoption of the performance measurement reports method, and the percentage of completion method based on the total incurred vs total estimated costs, namely, for the metallic constructions and shipbuilding contracts in progress, respectively.

Costs associated with the fulfilment of client contracts

The costs associated with the fulfilment of client contracts are recognised in the consolidated statement of financial position when:

(i) they are related to an existing contract or a specific future contract;
(ii) they create resources that will be used to fulfil one or more future performance obligations;
(iii) they are expected to be recoverable; and
(iv) they are not already covered by the scope of another IFRS, for example, inventories, tangible or intangible assets.

Thus, labour costs, costs of materials and other indirect costs or other specific costs incurred with the installation, mobilisation and demobilisation of work sites in construction contracts are recognised under this caption.

The costs associated with the fulfilment of client contracts are recognised throughout the duration of the construction contract in operational cost captions.

When it is likely that the total cost foreseen in the construction contract exceeds the income defined therein, the expected loss is recognised immediately in the consolidated income statement as a provision for onerous agreements.

xii) Own work for the company

The internal expenses (material, labour and general manufacturing overheads) incurred in the production of tangible fixed assets are capitalised only when the following requirements are met:

- the developed assets are identifiable;
- there is a strong likelihood that the assets will generate future economic benefits; and
- the expenditure is reliably measured.

xiii) Expenditure with the preparation of proposals

Expenses incurred with the preparation of proposals in various tenders are recognised in the income statement of the year in which they are incurred since the outcome of proposals cannot be controlled.

xiv) Balances and transactions expressed in foreign currency

In preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using the foreign exchange rates prevailing at the statement of financial position date. Expenses and income, as well as cash flows, are also translated into Euros at the average foreign exchange rate for the financial year. In addition, some medium- and long-term loans or loans without defined repayment terms, granted to subsidiaries that operate in countries that do not adopt the Euro, were regarded as an integral part of the Group's net investment. Exchange differences arising from these conversions are recorded in the statement of comprehensive income under the caption 'Currency conversion reserves'. At the time of disposal of such foreign entities, the accumulated currency translation differences are recorded in the income statement.

Goodwill and fair value adjustments to acquired assets and liabilities arising from the acquisition of foreign entities are treated as assets and liabilities held in a foreign currency and are translated into Euros using the exchange rates at the closing date of the statement of financial position.

The following exchange rates were used in the preparation of the financial statements:

1 € EQUALS:	CLOSING RATE			AVERAGE RATE		
	FY 2022	FY 2021	EVOLUTION IN %	FY 2022	FY 2021	EVOLUTION IN %
Polish Zloty	4.681	4.597	1.8%	4.686	4.565	2.6%
Romanian New Leu	4.947	4.948	0.0%	4.931	4.920	0.2%
US Dollar	1.067	1.133	-5.8%	1.053	1.183	-11.0%
South African Rand	18.099	18.063	0.2%	17.209	17.477	-1.5%
Brazilian Real	5.639	6.310	-10.6%	5.440	6.378	-14.7%
Angolan Kwanza	549.529	647.887	-15.2%	500.729	762.934	-34.4%
Moroccan Dirham	11.166	10.519	6.1%	10.679	10.624	0.5%
Pound Sterling	0.887	0.840	5.6%	0.853	0.860	-0.8%
Mozambique Metical	67.680	71.850	-5.8%	66.578	76.635	-13.1%
Saudi Riyal	4.002	4.264	-6.2%	3.951	4.439	-11.0%
Argentinian Peso	189.915	116.371	63.2%	189.915	116.371	63.2%
Swiss Franc	0.985	1.033	0.0%	1.005	1.081	0.0%
United Arab Emirates Dirham	3.592	4.268	0.0%	4.169	4.360	0.0%
Peruvian Nuevo Sol	4.070	4.530	-10.2%	4.025	4.583	-12.2%

xv) Income taxes

Income tax for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated based on the respective taxable income, in accordance with the tax rules in force at the place where each Group company has its registered office.

Deferred taxes are calculated based on the balance sheet liability method and refer to timing differences between the amounts of assets and of liabilities for accounting purposes and their respective amounts for tax purposes, as well as to certain tax credits attributed to the Group.

Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force, or announced to be in force, at the date of reversal of the timing differences.

Deferred tax assets are only recognised to the extent that there is a reasonable probability that sufficient future taxable income will be available against which to offset them. At the date of each statement of financial position date, deferred tax assets are reviewed and derecognised whenever it is probable that they will no longer be used in future.

Deferred tax liabilities are recognised for all taxable timing differences, except those related to:
(i) the initial recognition of Goodwill; or (ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which, at the date of the transaction, do not affect the accounting or tax result. However, with regards to the taxable timing differences associated with investments in associated and jointly controlled companies, these should not be recognised to the extent that: i) the parent company has the ability to control the period of the reversal of the timing difference; and (ii) it is probable that the timing difference will not reverse in the near future.

The amount of deferred tax resulting from transactions or events recognised in equity accounts is recorded directly under these same captions, not affecting the income statement.

For jurisdictions in which there was no clarification regarding the acceptance as a tax cost of the recording of right-of-use assets and their subsequent depreciation, of the lease liabilities and associated financial expenses, as provided for in IFRS 16, the Board of Directors decided, for the sake of prudence, to consider that records made in respect of lease contracts previously classified as operating lease are not tax relevant, and that the amount of rent paid is the only tax-acceptable cost. Thus, and applying the exemption from the initial recognition of an asset or liability provided for in paragraph no. 15 of IAS 12 – Income Tax, the Group has not recorded deferred taxes related to the timing differences resulting from the application of

IFRS 16.

The amount of estimated assets and liabilities recognised in the consolidated financial statements on account of tax processes results from an assessment carried out by the Group with reference to the date of the consolidated statement of financial position, regarding potential differences of interpretation with the Tax Administration, in respect of the application of the tax rules and their recent developments.

The Group, regarding the measurement of uncertain tax positions, considers the provisions of IFRIC 23 — Uncertainty over income tax treatments, namely in the measurement of risks and uncertainties in defining the best estimate of the expense required to settle the obligation, by weighing all the possible outcomes controlled by it and their associated probabilities.

xvi) Financial charges on loans

The financial charges on loans obtained directly related to the construction of fixed assets and some inventories (real estate projects) are capitalised as part of the cost of the asset. The capitalisation of these charges starts after the beginning of the preparation of the construction activities or the development of the asset and is stopped after the beginning of use, at the end of production or construction of the asset or when the project in question is suspended.

The remaining financial charges related to loans obtained are expensed in the financial year in which they are incurred.

xvii) Provisions

Provisions are recognised when and only when the Group has a present (legal or implicit) obligation resulting from a past event; it is probable that for the resolution of this obligation there will be an outflow of resources, and the amount of the obligation can be reasonably estimated. The provisions are reviewed on the date of each statement of financial position date and are adjusted to reflect the best estimate at that date, considering all the risks and uncertainties inherent to such estimates. When a provision is determined, considering the future cash flows necessary to settle such obligation, it is recorded at its present value.

The provisions constituted by Martifer Group essentially result from:

a) Construction warranties

The Group recognises a provision for the estimated costs to be incurred in the future with the construction warranties provided on metallic structures or on solar parks and wind farms sold. This provision is made on the date of the recognition of revenue, affecting the gain obtained on same. At the end of the warranty period (5 years on average), any remaining value of the provision is reversed through the income statement.

b) Onerous contracts

The Group recognises a provision for onerous contracts on the date on which the cost to be incurred to comply with the obligation is determined to exceed the estimated economic benefits. This analysis is carried out on a case-by-case basis.

c) Ongoing legal proceedings

Provisions for legal proceedings are recognised when, due to actions filed by third parties, Martifer has a present obligation (legal or implicit) resulting from a past event, it is probable that for the resolution of this obligation there will be an outflow of resources and the amount of the obligation can be reasonably estimated.

d) Associated companies and joint ventures recorded using the equity method

A provision is recognised whenever the investee has negative equity and it is considered that the Group assumed responsibility in addition to its holding in the share capital.

xviii) Subsidies granted by the State

Subsidies attributed to finance training sessions and support recruitment are recognised as income during the period in which the Group incurs the respective expenses.

Subsidies attributed to finance investments in assets are recorded as deferred income and recognised in the income statement, under the caption 'Other operating income', during the estimated useful life period of the subsidised assets.

xix) Impairment of assets that are not Goodwill

An impairment assessment is made at the date of each statement of financial position whenever an event or change in circumstances is identified that indicates that the amount for which an asset is registered may not be recovered. Whenever the amount for which an asset is recorded is greater than its recoverable value, an impairment loss is recognised in the income statement under the caption ‘Impairment losses’. The recoverable value is the highest between the net sales value and the value in use. The net sale value is the amount that would be obtained with the sale of the asset in a transaction within reach of the parties involved, less expenses directly attributable to the sale. Value in use is the present value of the estimated future cash flows that are expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recorded in previous years is recognised when the underlying reasons that caused that entry are no longer applicable and, consequently, the asset is no longer impaired. The reversal of impairment losses is recognised in the income statement as operating income under the caption ‘Impairment losses’. However, the reversal of an impairment loss is only recognised up to the amount that would be recorded (whether using the historical cost or the revalued amount, net of amortisation or depreciation) if the impairment loss had not been recorded in previous years.

xx) Employee benefits

Current and non-current benefits granted to employees

A liability is recognised for benefits granted to employees related to salaries, holiday pay and holiday subsidy in the period in which the service of the employees is provided, and it is recognised for the amount of expected benefits to be paid.

Liabilities recognised relating to current benefits granted to employees are measured at the undiscounted amount of the benefits expected to be paid for the services provided.

Recognised liabilities relating to non-current benefits granted to employees are measured at the present value of expected future payments for services rendered by the employees up to the reporting date.

Variable remuneration

According to the articles of association of some Group companies, the shareholders of these companies approve at a General Meeting or within a Remuneration Committee elected by the shareholders, the fixed and variable remuneration to be distributed to members of the corporate bodies. Variable remuneration is recorded in the results of the financial year to which it relates.

xxi) Classification in the statement of financial position

Assets to be realised and liabilities to be settled more than one year after the statement of financial position date are classified, respectively, as non-current assets and liabilities. Likewise, given their nature, ‘Deferred tax’ and ‘Provisions’ are classified as non-current assets and liabilities.

xxii) Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead, they are disclosed unless the possibility of an outflow of funds affecting future economic benefits is remote.

Contingent assets are not recorded in the financial statements but are disclosed in the Notes to the financial statements when future economic benefits are probable.

xxiii) Statement of Cash Flow

The consolidated statement of cash flow is prepared using the direct method in accordance with IAS 7.

The statement of cash flow is classified into operating, investing and financing activities. Operating activities include cash receipts from clients, payments to suppliers, payments to employees and others relating to operating activities. The cash flows included in investing activities include, inter alia, acquisitions and disposals of investments in investees and receipts and payments arising from the purchase and sale of tangible and intangible assets.

The cash flows covered in the financing activities include, in particular, payments and receipts related to loans obtained, lease contracts, and payment of dividends.

xxiv) Subsequent events

Events occurring after the date of the financial statements that provide additional information on conditions that existed at the date of the financial statements (adjustable events) are reflected in the consolidated financial statements.

Events after the date of the financial statements that provide information on conditions that occur after the date of the financial statements (non-adjustable events), if material, are disclosed in the notes to the consolidated financial statements.

xxv) Judgements and estimates

In preparing the consolidated financial statements, the Board of Directors used its best knowledge and accumulated experience of past and/or current events in making certain assumptions as to future events.

The most significant accounting estimates reflected in the consolidated financial statements for financial years ended 31 December 2022 and 2021 include:

a) useful lives of tangible assets (see Note 1.4 iv))

The useful life of an asset is the time during which an entity expects that an asset is available for use, and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of the assets, the method of depreciation to be applied and the estimated losses deriving from the replacement of equipment before the end of their useful lives due to technological obsolescence are essential to determine the amount of depreciation to be recognised in the consolidated income statement of each financial year.

These three parameters are defined in accordance with management's best estimate for the assets and businesses in question, also considering the practices adopted by companies of the same operating segments as the Group.

b) fair value of investment properties (see Note 1.4 vi))

The investment properties are measured at their fair value, which is determined based on valuations carried out by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market. These valuations are based on observable market data and require judgment by the appraiser regarding the transaction conditions of each property in the market, which may differ from the results determined in the future.

The information on the most relevant assumptions used in determining the fair value for the main properties held by the Group is disclosed in Note 21.

c) impairment of Goodwill (see Note 1.4 i))

Goodwill is subject to an annual impairment test or whenever there are indications of a possible loss of value. The recoverable value of the cash-generating units to which Goodwill is allocated is determined based on the expected cash flows. These calculations require the use of estimates by the Board of Directors regarding the future evolution of the activity and of the discount rates considered.

The information on the most relevant assumptions used in the analysis of impairment, as well as the sensitivity of the results regarding some changes in assumptions, is disclosed in Note 17.

d) provisions and contingent liabilities (see Note 1.4 xvii) and Note 1.4 xxii))

The Group analyses on a regular basis any obligations arising from past events that should be recognised or disclosed. The subjectivity inherent in determining the probability of the existence of a present liability and the amount of internal resources required to pay the obligations may lead to significant adjustments, either due to changes in the assumptions used or due to the future recognition of provisions previously disclosed as contingent liabilities.

e) impairment of assets that are not Goodwill (see Note 1.4 xix))

The determination of a possible impairment loss can be triggered by the occurrence of various events, many of which are outside the Group's sphere of influence, such as the future availability of financing, the cost of capital or any other changes.

The identification of indicators of impairment, the estimate of future cash flows and the determination of the recoverable value of assets imply a high degree of judgement by the Board in relation to the identification and assessment of different indicators of impairment, expected cash flows, applicable discount rates, useful lives and residual values.

The information on the most relevant assumptions used in the analysis of impairment, as well as the sensitivity of the results regarding some changes in the assumptions, is disclosed in Note 19.

f) impairment losses of accounts receivable (see Note 1.4 vii 1))

Impairment losses of accounts receivable are calculated as indicated in Note 1.4 vii.1). Thus, the determination of impairment through individual analysis corresponds to the judgement of the Group on the economic and financial situation of their clients and its estimate of the value assigned to any existing guarantees, with the consequent impact on the expected future cash flows. On the other hand, expected impairment losses in credit granted are calculated considering a set of historical information and assumptions, which may not be representative of the future uncollectability of debtors of the Group.

The information on the most relevant assumptions used in the determination of impairment losses of accounts receivable is disclosed in Note 1.4 xxix) e) and in Note 25.

g) recognition of revenue on ongoing projects and warranties (see Note 1.4 xi))

The Group recognises the results of construction / shipbuilding contracts in accordance with the percentage of completion method, which is obtained through performance measurement reports, which accurately reflect the physical evolution of the project at a given date, or through the costs incurred vs total estimated costs depending on the operating segment to which the contract refers. The assessment of the percentage of completion of each contract is reviewed periodically, considering the latest production indicators.

h) recognition of deferred tax assets arising from tax losses (see Note 1.4 xv))

Deferred tax assets are recognised only when there is a reasonable expectation that there will be future taxable income available for the use of timing differences or when there are deferred tax liabilities which reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred tax assets is made by management at the end of each financial year, considering the expected future tax performance (Note 14).

The above estimates are based on the best information available at the date of the preparation of the consolidated financial statements. However, events may occur in subsequent periods that, not being predictable at the time, were not considered in those estimates. Changes to these estimates that occur after the date of the consolidated financial statements will be adjusted in the income statement prospectively, in accordance with IAS 8.

xxvi) Subsidiaries which functional currency is the currency of a hyperinflationary economy

As a result of high levels of inflation registered in the 3-year period, from 2015 to 2017, having reached in cumulative terms 100 %, and analysing some qualitative aspects of the Angolan economy (the use of USD as a reference currency), Angola was qualified as a hyperinflationary economy in 2017. This qualification requires that entities that report in the Angolan currency (Kwanza) apply standard IAS 29 — 'Financial Reporting in Hyperinflationary Economies' in the financial statements since the beginning of the reporting period in which the existence of hyperinflation is identified, which in this case means 1 January 2017.

When a country's economy ceases to be classified as hyperinflationary, IAS 29 considers that the amounts reported in the financial statements at the end of the previous reporting period are considered the carrying amounts in the subsequent financial statements, i.e., the updated amounts are the bases of any non-monetary items in subsequent financial statements.

The date considered as that of the last reporting for Angola within hyperinflation was on 30 June 2019, and the values of this country are maintained until the restated balance sheet items are exhausted.

In 2018, a similar situation was observed with Argentina, which had inflation levels in the 3-year-period, 2016 to 2018, approaching, in cumulative terms 100%, so it was qualified as a hyperinflationary economy in 2018. This qualification requires that entities that report in the Argentinian currency (Argentinian Peso) apply standard IAS 29 - 'Financial reporting in hyperinflationary economies' in the financial statements since the beginning of the reporting period in which the existence of hyperinflation is identified, which in this case means 1 January 2018.

Regarding Argentina, in 2022, the IMF considers that it is still hyperinflationary since in the 3-year cumulative period ended 31 December 2022, it is still, in cumulative terms, above 100%.

The financial statements of an entity which functional currency is the currency of a hyperinflationary economy, whether they are based on historical costs or current costs, should be expressed in terms of the current measuring unit at the end of the reporting period. The gain or loss on the net monetary position should be included in profits or losses and disclosed separately.

The restatement of financial statements in accordance with IAS 29 requires the application of certain procedures, such as:

a) Selection of the general price index to be used

All entities that report in the currency of the same economy must use the same index.

For the purposes of determining the abovementioned general price index, the Group used the information disclosed by the Central Bank of the Republic of Argentina on the levels of inflation verified in Argentina in recent years. That index was briefly as follows:

2022 PRICE INDEX	
DATE	ARGENTINA
31/12/2018	600.805
31/03/2019	548.553
30/06/2019	491.544
30/09/2019	450.436
31/12/2019	395.028
31/03/2020	365.033
30/06/2020	335.207
30/09/2020	320.201
31/12/2020	290.894
31/03/2021	259.530
30/06/2021	230.258
30/09/2021	211.460
31/12/2021	192.413
31/03/2022	170.385
30/06/2022	143.303
30/09/2022	118.455
31/12/2022	**100.000**

b) Statement of financial position

i) Segregation of monetary and non-monetary items:

- monetary items do not have to be restated;
- non-monetary items have to be restated, except those that are calculated at net realisable value or fair value on the reporting date.

ii) Restatement of non-monetary items: use of the accumulated inflation increase from the date of the original recording until the reporting date. When information is not available, an estimate is made based on the exchange rate fluctuations between the reporting currency and the reference currency.

iii)Restatement of equity items: at the beginning of the first period of application of IAS 29, the equity items, except retained earnings, are restated by applying a general index from the dates on which the components were constituted or emerged. The restated retained earnings are derived from all the other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of its constitution if later.

c) Income statement and Statement of other comprehensive income

i) Statement of other comprehensive income: restatement of items of other comprehensive income by applying the change in the general price index from the dates on which the income and expenses items were initially recorded in the financial statements.

ii) Income statement: restatement of items of the results of the period, by applying the change in the general price index from the dates on which the income and expenses items were initially recorded in the financial statements.

iii) Other income or expense items, such as interest income and expense and foreign exchange differences related to funds invested or received from loans, are also restated, although partially "offsetting" the inflation effect.

iv) The determination of the rate of inflation to be applied, considering the recording date of each transaction, may require a very significant level of disaggregation of information, so monthly averages are allowed as an approximation to the inflation rate to be applied to each transaction.

d) Reconciliation of gains / losses of restatement due to hyperinflation

In a period of inflation, a company that holds an excess of monetary assets over monetary liabilities (net debtor monetary position) loses purchasing power and consequently generates a loss; on the other hand, a company that holds an excess of monetary liabilities over monetary assets (net creditor monetary position) gains purchasing power and consequently generates a gain, to the extent that assets and liabilities are not indexed to a price level.

The gain or loss in the net monetary position was included in the net result for the financial year.

e) Statement of Cash Flow

All items in the statement of cash flow are restated by applying a general index from the dates on which the transactions occurred and the end of the reporting period.

f) Reporting to the Group

The financial statements of a subsidiary that reports in the currency of a hyperinflationary economy need to be restated by applying a general price index of the country in which currency it reports before they are included in the consolidated financial statements. The restated financial statements are translated at closing rates.

In accordance with IAS 21, when the amounts are translated into the currency of a non-hyperinflationary economy, the comparative amounts should be those that have been presented as amounts of the current year in the relevant financial statements of the previous year.

xxvii) Segmental Reporting

An operating segment is a group of assets and operations involved in the supply of products or services that are subject to risks and benefits that are different from other operating segments.

A geographical segment is a group of assets and operations involved in the supply of products or services within a particular economic environment, which is subject to risks and benefits different from those operating in other economic environments.

The Group presents business segments as operating segments that coincide with those in which the Board of Directors conducts business.

xxviii) Earnings per share

The basic earnings per share is calculated by dividing the result attributable to holders of ordinary shares of Martifer SGPS, S.A., by the weighted average number of ordinary shares in circulation during the period.

The diluted earnings per share is calculated by dividing the adjusted result attributable to holders of ordinary shares of Martifer SGPS, S.A., by the weighted average number of ordinary shares in circulation during the period, adjusted by the potential dilutive ordinary shares.

The potential dilutive ordinary shares may result from stock options and other financial instruments issued by the Group convertible into shares of the Company.

xxix) Financial risk management

Uncertainty, the dominant characteristic of the markets, involves a variety of risks to which the activities of the Martifer Group are exposed, namely, price risk, exchange rate risk, interest rate risk, liquidity risk and credit risk.

a) Price risk

The volatility of the price of raw materials constitutes a risk for the Group in the ‘Metallic Constructions’ and ‘Naval Industry’ segments.

In 2022, the evolution of Steel and Aluminium prices was marked by the disruption of the production and logistics supply chains for these raw materials. The conflict in Ukraine further aggravated the problems that were already being felt as a result of the COVID 19 pandemic in previous years, having significantly boosted the prices of these commodities.

At the end of February 2022, with the start of the war in Ukraine, we witnessed a significant increase in the price of these raw materials, particularly Steel. According to the World Steel Association, Russia and Ukraine together constitute the second largest steel exporter in the world.

The interruption in production in Ukraine and the limitations imposed on the purchase of goods from Russia combined with rising energy costs caused the increase in the price of Steel, which has registered increases of around 30% since the start of the war in Eastern Europe.

Similarly, Aluminium price increases have been recorded since the second half of 2020 as a result of the reduction in Supply caused by the Pandemic, with price growth being accentuated in 2022 with the start of the conflict in Eastern Europe. Even so, it is expected that the impact of the War on the aluminium price may be mitigated by an increase in exports from Australia since Russian exports represent only 6% of the world supply.

As from May 2022, after the initial impact, the prices of these raw materials began a downward trajectory as a result of the slowdown in the European and American economies and the consequent decrease in demand.

At the beginning of 2023, China announced the end of the restrictive policy regarding the Covid 19 pandemic that had lasted for 3 years. Thus, with the recovery of the Chinese economy, an increase in demand for these raw materials, namely Steel, is expected.

Martifer has sought to mitigate this risk through rigorous planning of raw material purchases, which enabled the achievement of economies of scale in the purchased quantity, and the consequent price fixing with suppliers. On the other hand, it has also mitigated this risk through contracts with clients that allow changes in the price of raw materials to be reflected in the amount paid by the client, namely through the price review mechanism.

The Group is also subject to the risk associated with the variation of energy sales prices through the ‘Renewables’ business area.

In 2021, with the resumption of industrial activity that had been heavily affected by the Pandemic, energy costs began an upward trajectory globally, an increase that was highly accentuated by the War in Ukraine, given Europe's heavy dependence on fossil fuels from Russia.

As a way to control the energy sales price risk, the Group has a policy of fixing the sales price of energy on at least an annual basis to mitigate the risk of falling energy sales prices on the profitability of renewable source energy production projects in operation. The upward trend in prices has benefited the price set compared to previous years.

Currently, the energy produced by the wind and solar projects in operation held by Martifer Renewables corresponds to an installed capacity of 46 MWh, with a production that largely exceeds the annual energy consumption of all the Group's facilities, thus allowing the risk associated with the price of energy to have a positive balance for the Group, which through its production can naturally hedge this risk.

At the same time, the Group is implementing a programme to decarbonise its Oliveira de Frades and Viana do Castelo production units, which involves not only the introduction of improvements in terms of structures / equipment, by replacing them with equipment with lower consumption, but also the installation of wind and solar energy self-consumption solutions in a total of 3.5 MW.

The Group is attentive to the evolution of the consequences of the current macroeconomic situation on energy prices so as to be able to adapt its strategy in terms of setting sale and purchase prices in accordance with the expected market evolution, maintaining its focus on the decarbonisation strategy of the Group, whether through renewable source production solutions or through the optimisation of production processes.

b) Exchange rate risk

Exchange rate risk has a strong interdependence with the other types of risks, specifically country risks, through the evolution of economies and their impact on inflation and interest rates and credit risk, due to the possibility of monetary fluctuations which may jeopardise future financial flows, originating the possibility of recording losses or gains as a result of changes in exchange rates among different currencies.

Martifer Group is exposed to exchange rate risk due to its geographical diversification, currently developing its operational activities in subsidiaries that are present in four different continents.

Therefore, there is an exposure to the transaction risk, associated with operating activities (in which expenses, income, assets and liabilities are indicated in currencies other than the reporting currency), of transactions carried out between these subsidiaries and other Group companies and of the existence of transactions carried out by the operating companies in a currency other than the Group's reporting currency.

The exchange rate risk management policy followed by the Group has as its ultimate objective to decrease the maximum sensitivity of its results to exchange rate fluctuations.

Regarding the operational activity of all subsidiaries, it is sought that transactions be carried out in the respective local currencies. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currencies, thus allowing the matching of the cash flows locally and the consequent annulment of exchange rate risk of an economic nature.

In relation to the coverage of exchange rate risk, hedging operations are sporadic because their cost is sometimes considered excessive compared to the risk level involved. However, whenever considered appropriate, the Group contracts exchange rate hedges to cover the risk.

In 2022, as a reaction to the war in Ukraine, investors increased their search for safe-haven assets, and, as a result, the US dollar appreciated by around 6%, with the appreciation even reaching 16 % at times. With the perception of the probability of a more destructive scenario in the war in Ukraine diminishing, the US dollar lost momentum in early 2023.

On the other hand, it is expected that in 2023 monetary policy pressure in Europe will be greater than in the US, which started the process of raising interest rates earlier, and more aggressively, in 2022, so Europe will still have a long way to go with the slowing down of the economies of the Eurozone. Thus, the maintenance of the current levels of the UD dollar is expected, which according to analysts should remain between 1.05/1.15 Euro/UD dollar.

In England, the GB pound has been suffering the impacts of Brexit and the world situation, namely the pandemic and the conflict in Ukraine. In the last quarter of 2022, as a result of political instability and the announcement of the “Mini-Budget”, there was again strong instability in the pound sterling.

However, in 2023, with the implementation of the new government plan and the rise in interest rates, it is expected that the position of this currency will remain neutral. The solid and sustainable recovery of this currency should only occur if these measures achieve the objectives of moderating inflation and an eventual recession.

Other European currencies to which the Group is exposed, namely the Polish Zloty or the New Romanian Leu, are also currencies that may suffer devaluation pressures. These countries which border Ukraine are currently experiencing high inflationary pressures, because of their strong dependence on Russia for energy, because of the economic effort undertaken with the wave of refugees streaming into these countries and because of other support measures associated with the war in Ukraine. The expectation of support from the European Union could reduce the pressure on these currencies.

In developing economies, such as Angola and Mozambique, the increase in the price of oil and natural gas as a result of the war has been favourable since it makes African fossil fuels more attractive; on the other hand, the increase in the price of cereals could have a negative impact on the economies of these countries.

The year 2023 will be strongly marked by the effects of the war in Ukraine, and the duration and outcome of this conflict may have strong impacts on monetary policies and, consequently, on the evolution of the exchange rates of the currencies to which Martifer Group is exposed.

At the same time, the greater or lesser success of the inflation control plans that are being implemented, both in European countries and in the USA, will also be decisive in the behaviour of these currencies.

In this context, the Group has mitigated this risk, seeking to make natural exchange rate hedging through contracts fixing the payments in tradable currency, with lower volatility and simultaneously used in the payment of raw materials. Currently, the evolution of the various currencies is constantly being monitored to assess the feasibility of using hedging instruments in cases that may justify it.

The amount of assets and liabilities (in Euros) of the Group, recorded in materially relevant subsidiaries with a functional currency other than the Euro can be summarised as follows:

	ASSETS		LIABILITIES	
	FY 2022	FY 2021	FY 2022	FY 2021
Romanian New Leu	84,884,765	89,364,696	42,858,438	47,344,310
Polish Zloty	43,811,536	42,235,585	56,016,517	71,984,713
Swiss Franc	-	229,774	-	51,427
Angolan Kwanza	11,904,357	13,228,375	9,398,074	11,467,252
Brazilian Real	2,733,488	2,442,195	1,884,155	1,706,978
Moroccan Dirham	-	-	1,299,785	1,362,627
Pound Sterling	1,196,580	9,136,806	1,157,073	6,441,503
Saudi Riyal	3,916,512	3,633,697	4,858,858	4,560,251

The amounts presented include asset and liability balances with Group companies, which are eliminated in the consolidation process.

We carried out an analysis of the fluctuation in exchange rates that occurred between 2021 and 2022 and, in view of this, we envisaged the possible depreciations that will occur in 2023. The possible impacts generated in the consolidated financial statements of the Group by translating the financial statements of its subsidiaries, which report in a currency other than the Euro, considering average depreciation values of the aforementioned exchange rates, can be summarised as follows (amounts in Euros):

	FY 2022			FY 2021		
	LOCAL CURRENCY CHANGE AGAINST EURO	IMPACT ON PROFITS	IMPACT ON EQUITY	LOCAL CURRENCY CHANGE AGAINST EURO	IMPACT ON PROFITS	IMPACT ON EQUITY
Romanian New Leu	1%	(23,041)	(420,263)	2%	86,585	(840,408)
Polish Zloty	3%	1,133	366,149	3%	6,430	892,474
Swiss Franc	1%	-	-	1%	965	(1,783)
Pound Sterling	1%	26,137	(395)	4%	132,333	(107,812)
Moroccan Dirham	1%	-	12,998	2%	4,969	27,253
Angolan Kwanza	34%	(860,429)	(852,138)	12%	(315,185)	(211,334)
Brazilian Real	15%	576	(127,400)	8%	369	(58,817)
Saudi Riyal	11%	(3,325)	103,658	4%	120,222	37,062

c) Interest rate risk

The interest rate risk reflects the possibility of fluctuations in the amount of future financial charges on loans contracted due to the evolution of the market interest rate level.

The cost of the financial debt contracted by the Group is indexed to short-term reference rates, reviewed with a periodicity of less than one year (especially the Euribor 6m) and increased by risk premiums negotiated in a timely manner. Thus, changes in interest rates can affect the results of the Group.

The Group’s exposure to interest rate risk arises from financial liabilities contracted at a variable rate, so changes in the interest rate have a direct impact on the value of the interest, and consequently causing cash variations.

The year 2022 is marked by the decision of the European Central Bank to raise interest rates for the first time in 11 years. This decision aims to control the rising levels of inflation.

Thus, according to the macroeconomic projections of the European Central Bank, of March 2023, interest rates, in the Eurozone, should maintain an increasing trajectory, although some stabilisation is expected in 2024 (March 2023 ECB staff macroeconomic projections). In the first quarter of 2023, the growth of the inflation rate in the Eurozone already showed signs of slowing down, with a significant reduction of this indicator being expected throughout 2023, and which may reach the 2% target in the second half of the year 2025.

The exposure of the Martifer Group to interest rate risk is currently moderate, which results not only from the maintenance of the spreads negotiated with the banks, at very competitive levels in the long term, as a result of the restructuring agreements signed by the Group in 2015, but also due to the fact that, through the non-core assets programme sales, it was possible to accelerate the debt amortisation plan, making it possible to mitigate the impact of the increase in interest rates on the Group's working capital needs.

The sensitivity analysis to a variation of plus or minus 0.5 p.p. in the interest rate is presented in Note 31 Loans.

d) Liquidity risk

Liquidity risk reflects the Group's ability to satisfy its financial liabilities with the financial resources available.

The main objective of the liquidity risk management policy is to ensure that the Group has at its disposal, at any time, sufficient financial resources to meet its liabilities and to pursue the outlined strategies, honouring all commitments made to third parties through appropriate management of the cost vs maturity ratio of the financing.

Currently, the Group maintains levels of debt maturity adequate to the degree of permanence of its long-term assets, allowing cash surpluses to be sufficient to meet its liabilities, resulting from the implementation of the Group's Strategic Plan.

Thus, and given the medium- / long-term nature of the investments made, the debt service now matches the maturity of the associated assets, not jeopardising the commitments arising from its short-term operational activity, as the Group pursues its objective of adjusting the maturity of inflows from the operating activity and (dis)investment to the outflows from the financing activity.

The financial management department monitors the implementation of the risk management policies defined by the Board to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

The conflict in Ukraine and the inflationary pressure at the level of the production factors, namely raw materials and companies' energy bills, also pose a risk to companies' liquidity.

European governments have implemented various measures to support companies' liquidity, not only through the Resilience Plans, but also measures to support energy costs. In the Iberian market, less dependent on gas from Russia, the setting of gas prices and a high percentage of energy production from renewable energy sources has allowed companies to contain the impacts of these factors.

It should be noted that the Martifer Group, as previously mentioned, through its 'Renewables' business area, produces more energy than is consumed by its production units, thus achieving a total hedging of its energy bill.

Alongside the measures listed, Martifer has been reinforcing its activity in business segments with recurring cash-flows, such as the industrial maintenance area and the renewable energies area.

Notices have already been launched within the scope of the Recovery and Resilience Plan that will allow the injection of liquidity into the economy and support investments in companies that, among others, will prioritise the decarbonisation and energy dependence of companies and the modernisation / innovation in terms of processes and that may also represent good business opportunities for the Martifer Group.

As a result of the aforementioned measures, one verifies that, on 31 December 2022, Current assets largely exceed Current liabilities. Thus, the liquidity risk is very low, given the capacity Martifer has to transform its current assets into liquidity.

The following table analyses the Group's financial liabilities, by relevant maturity groups, based on the remaining period to contractual maturity on the financial reporting date. The amounts shown in the table are contracted future cash flows:

FY 2022	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Financial institutions loans:			
- Bank loans	3,648,511	20,360,895	72,546,583
- Interest estimated to maturity, not discounted	5,925,815	18,561,289	2,154,447
Other loans	48,096	262,092	-
Trade Creditors and Other Creditors, non Group	32,978,318	1,848,628	-
	42,600,740	**41,032,904**	**74,701,030**

FY 2021	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Financial institutions loans:			
- Bank loans	3,026,483	18,578,520	88,210,601
- Bank overdrafts	8	-	-
- Interest estimated to maturity, not discounted	2,654,876	9,570,062	3,057,810
Other loans	467,727	310,188	-
Trade Creditors and Other Creditors, non Group	41,975,796	2,085,737	-
	48,124,890	**30,544,506**	**91,268,411**

In terms of payments via confirming, priority is given to labour suppliers, allowing times gains and, at the same time, providing liquidity to the respective suppliers. The ceiling is managed in such a way as to use 500,000 Euros/month of the contracted confirming line with a ceiling of 3 million Euros, with the amount used on 31 December 2022 amounting to 2,038,123 Euros (2,332,955 Euros on 31 December 2021). The cash flow is only recognised when the amount is paid to the financial entity.

On 31 December 2022, the Martifer Group's Liquidity reserve amounted to 57,292,943 Euros, which corresponds to the sum of the cash and cash equivalents balance and the unused amount of the confirming line.

e) Credit risk

With the reinforcement of banking capital in Portugal, there has been a boost in the level of credit granted by banks. The rising interest rates and the consequent expectation of improved profitability of banks in granting credit may make this activity even more attractive to financial entities. On the other hand, this increase also represents an increase in the banks' obligations in the interbank market and may constitute a greater incentive to save and, consequently, increase the remuneration of deposits.

The spectre of uncertainty caused by the current geopolitical situation and the pressure of the significant increase in interest rates, may lead to a more careful selection by banks when granting credit. However, this situation is not expected to affect Martifer Group since it does not currently resort to short-term lines and which recourse to new credit is currently very occasional.

The Group is subject to credit risk in relation to its operational activity, and the exposure mainly stems from clients and other debtors.

Aware of this reality and of the increase in credit risk in the current context of economic contraction, the Group seeks to assess the credit risk of all its clients as a rationale for establishing the credit to be granted; the ultimate objective being to ensure the effective collection of credits within the established deadlines to minimise its exposure to each of the clients.

With this objective in mind, the Group uses financial information and credit rating agencies and performs regular risk analyses and credit control, as well as the collection and management of processes under litigation. These are essential procedures to manage the credit activity and to minimise the occurrence of irrecoverable amounts.

In the 'Naval Industry' segment, the Group's main client operates in the tourism sector, one of the sectors most affected by the pandemic, a sector that is only now resuming its activity. In 2022, as the client did not fully comply with the payment plan, the Group recognised the due impairment losses; nevertheless, it has maintained regular contact with this client and is monitoring the evolution of the situation to minimise the credit risk.

At the same time, the 'Naval Industry' segment has sought to diversify its client portfolio in the shipbuilding area to further diversify this risk, even though, currently, the turnover concentration is 36% (44% in 2021).

To assess whether there has been a significant increase in credit risk, the Group considers, among others, the following indicators:

- Internal credit risk;

- External credit risk (if available);

- Current or expected adverse changes in terms of the debtor's operating results;

- Significant increases in the credit risk of the debtor's other financial instruments;

- Significant changes in the value of collateral provided, or in the quality of third-party guarantees;

- Significant changes in the performance and expected behaviour of the debtor, including changes in payment conditions at the level of the Group to which the debtor belongs.

Regardless of the above analysis, a significant increase in credit risk is assumed if a debtor is more than 90 days overdue from the contractual payment date. Default is considered when the debtor fails to make contractual payments within 360 days of the due date of the invoices.

The Group applies the simplified approach to calculate and record the expected credit losses required by IFRS 9, which allows the use of impairment for expected losses for all balances of 'Clients' and 'Other debtors'. When measuring expected credit losses, the balances of 'Clients', 'Other debtors' and 'Assets associated with client contracts' are aggregated based on credit risk characteristics and ageing. A risk matrix is applied to the balances in question, calculated as explained in Note 1.4 vii.1) and impairment is determined for expected losses. Additionally, impairment recognised under IFRS 9 also considers specific impairment for higher risk values. This analysis is carried out individually by each of the Group's companies.

In 2022 and 2021, the risk matrix, excluding debtors for which a specific analysis was carried out, with average expected loss rates (excluding companies that calculated immaterial rates) by geography, was as follows:

FY 2022 - GEOGRAPHY	NOT DUE	PAST DUE			
		UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Portugal - Metallic Constructions	0.24%	0.30%	1.09%	1.51%	17.71%
Portugal - Naval Industry	2.10%	2.24%	6.33%	10.58%	22.62%
Angola	9.85%	11.47%	18.45%	23.58%	51.59%
Romania	3.36%	3.99%	10.14%	19.42%	19.42%
Estimated average rate of impairment	**3.89%**	**4.50%**	**9.00%**	**13.77%**	**27.83%**

FY 2021 - GEOGRAPHY	NOT DUE	PAST DUE			
		UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Portugal - Metallic Constructions	0.46%	0.67%	2.95%	4.55%	14.23%
Portugal - Naval Industry	0.05%	0.05%	0.34%	1.25%	14.56%
Angola	11.85%	13.78%	22.32%	27.85%	62.89%
Romania	3.28%	3.88%	10.47%	19.63%	20.65%
Estimated average rate of impairment	**3.91%**	**4.60%**	**9.02%**	**13.32%**	**28.08%**

The Group's maximum exposure to credit risk is as follows:

	FY 2022	FY 2021
Trade debtors (Note 25)	76,493,890	76,362,618
Other debtors (Note 25)	3,332,583	6,139,257
Contract Assets (Note 27)	5,460,740	8,812,836
Other current assets (Note 28)	2,693,503	3,707,356
Cash equivalents (Note 29)	56,288,737	40,968,439
	144,269,452	**135,990,506**

The rating of the financial institutions holding the Group's cash equivalents is as follows:

RATING MOODY'S	CASH EQUIVALENTS VALUES	
	FY 2022	FY 2021
Not assigned*	2,548,081	323,046
A+	-	69,195
A1	3,720,064	2,552,039
A2	435,209	755,855
A3	150,082	2,115,785
AA3	831	1,667
B1	-	20,957,718
B3	2,853,058	5,979,213
BA1	136	58
BA2	24,846,692	-
BAA1	3,149,762	1,008,000
BAA2	15,855,833	7,205,861
BAA3	2,728,988	-
	56,288,737	**40,968,439**

*In 'Unrated' is considered, in 2022, 1.5 million Euros with Portuguese financial institutions and 0.5 million Euros with Angolan financial institutions. See Note 29.

xxx) Operational risk management

a) Metallic Constructions

Operating risks in the ‘Metallic Constructions’ segment are currently grouped into three types of risks - client risk, supplier risk and external or market risk.

Client risk includes problems that can occur at the contracting level, such as differences in interpretation and application of contractual provisions, dislike or dissatisfaction with the service / product and the risk of significant delays or even default in making agreed payments during projects that may affect Martifer's ability to execute projects within the defined deadlines. Regarding the volatility of demand, it should be noted that the business area depends, in part, on tenders for public infrastructure (e.g., bridges, airports, stations). In the context of public tenders, although in most situations Martifer is a subcontractor for private entities (which assume the role of contractor for public entities), it is subject to complex regulations specific to each country, namely regarding the presentation of proposals and the preparation of complete administrative files, respecting the specifications defined by the contracting entity, which may represent additional costs. It should be noted that, despite the dependence on public tenders, Martifer has had the ability to capture business deals from private entities, reducing its exposure to this risk.

In the supplier risk, it should be noted that Martifer, as an expert in engineering projects, often subcontracts other companies, which in turn may fail in the execution of their contracts and jeopardise compliance with the project delivery deadline in a domino effect. The supply chain and logistics are also a risk to which Martifer is exposed. As a result of dependence on suppliers, as mentioned above, there is a risk of possible delays in the completion of projects with possible contractual penalties.

Finally, in the context of external or market risks, and since the ‘Metallic Constructions’ area has a strong correlation with the growth of the economy and with the gross fixed capital formation, it is sensitive to the economic situation. In this sense, the conflict in Ukraine and the expected impacts on the growth of the world economy and on the inflation rate, represent another challenge for Martifer. The weak public and private investment and the significant lack of liquidity in the financial system often leads to the fact that despite the existence of attractive projects, there is no corresponding capital to allow their execution, which can also constitute a risk for Martifer. Martifer's attempt to mitigate these external or market risks has been through the dispersion of its businesses in different countries, namely by entering markets with higher growth rates in the construction sector and that value quality at the expense of low prices.

b) Naval Industry

The companies in the ‘Naval Industry’ segment are exposed to:

- risks related to the innovation capacity to meet market and new and innovative project needs. In this context, the difficulty in capturing highly qualified staff due to foreign competition from Northern European countries must also be pointed out;
- client risk, especially as regards the proper execution of the projects, contractual compliance within the deadlines set, and satisfaction. Based on these issues, there is always the risk of incurring in penalties;
- risk in the fluctuation of the price of raw materials, particularly in the price of Steel, this being one of the main materials in the production of components to be incorporated in the projects to be executed;
- risk related to the level of competitiveness of ship repair vis-à-vis national and foreign competition;
- risk in relation to subcontractors and suppliers that may not fulfil their contractual obligations and can jeopardise the implementation and quality of the projects;
- risk in the labour aspect, since at the moment there is a lack of qualified staff for two major reasons: on one hand, there is an insufficient number of employees being trained to cater for the needs of West Sea, even though the company is making an internal effort in this respect; on the other hand, the competitive pressure from Spain, more specifically from Galicia, and its shipyards that, given the geographical proximity and offering inflated working conditions, are attracting a large number of professionals of the region.

c) Renewables

The productivity indices linked to the renewable energy business depend not only on operational expenses, but also on income (in function of price and the amount of energy produced by the assets). The equipment used and some exogenous factors, such as the wind, which in turn depend on the location of wind farms, influence the production of energy and, consequently, the results. Whenever the wind speed is above or below the limits of the equipment, energy stops being produced. These limits vary from manufacturer to manufacturer and on the type of wind turbines. Additionally, each wind turbine has its power curve that determines the power generated at each wind speed.

The availability of the equipment and the power curve of each wind turbine are contractually guaranteed, and indemnities are payable by suppliers if availability is not met or if the power curve is not reached.

This risk is also mitigated through the geographical distribution of the wind farms, allowing the set-off of wind velocity variations in each area and ensuring the relative stability of the volume of total energy produced.

Regarding solar photovoltaic energy, the exogenous factors are more easily foreseen so income fluctuations end up being minimised.

LICENSING:

Wind farms and solar parks are subject to strict regulations in terms of development, construction, licensing and power plant operation. If the relevant authorities in the jurisdictions in which the Group operates cease to continue to support or reduce their support for the development of wind farms and solar parks, such actions may have a significant impact on the activity. The regulatory risk in markets where the Group has a greater presence in the development of renewable projects is very low, given that this activity is currently carried out essentially in European Union countries with stable regulatory regimes. Currently, due to policies to support the decarbonisation of the economy either due to environmental concerns or more recently, as a way to increase the energy independence of countries, there has been a global trend towards the flexibility and streamlining of processes associated with project licensing of energy production through renewable energy sources.

REGULATION:

Electricity generation from renewable sources has been promoted in Europe through Feed-In Tariff mechanisms (in Portugal, Germany, Denmark and France, for example) or through Green Certificate schemes (in Italy, the United Kingdom, Romania, Poland, etc.). These mechanisms, which were essentially aimed at making investment viable in a technology that was not yet mature in a capital-intensive market, allowed the remuneration of renewable energy producers above wholesale market prices, but resulted, in some countries, in an excessive cost that led to legislative changes in incentive systems for renewable energies. In some cases, such as in Romania, these changes affected not only new projects, but also projects in operation, significantly affecting their profitability.

The technological evolution verified in recent years has allowed a significant reduction in the costs of producing electricity from renewable energy sources and there has been a significant increase in the demand for “green” energy, given the current sustainability demands of consumers, in particular companies. In parallel, many countries have implemented auction systems that cover wind and solar energy, as is the case in Poland or Portugal, thus ensuring that the price to be paid for the electricity generated by new wind or solar farms is in line with the electricity wholesaler market price, or amended legislation so that producers can enter into bilateral power purchase agreements directly with consumers and distributors (PPA – Power Purchase Agreement).

xxxi) Legal risk management

Martifer is subject to national, community / international and local laws and regulations relating to the multiple geographies and markets where it is present and that seek to ensure, among other things, workers' rights, the protection of the environment and spatial planning, and the maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may affect the conditions of the development of the Group's activities and, consequently, impair or impede the fulfilment of its strategic objectives imply the constant adaptation, by the companies, to the new regulatory reality. In addition, with the growth of Compliance and ESG regulatory requirements, regulations that have not yet been stabilised, any failures by Martifer, its employees, corporate bodies, suppliers / service providers or counterparties, related to compliance with ESG laws and standards, or an inability to respond to ESG themes, could have an adverse effect on the Group's strategic objectives and reputation.

Legal risk management is carried out by the Legal department of the Holding and of each of the Group's business areas, in Portugal and abroad, and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate in the dependence of the Board and management, developing their competencies in articulation with the other tax and financial departments, so as to ensure the protection of the interests of the Group and, ultimately, of the stakeholders, in strict compliance with the fulfilment of their legal duties.

Those persons comprising the abovementioned legal and advisory departments have specialised training and regularly participate in training and update sessions.

Legal and tax advice is also guaranteed, nationally and internationally, by external professionals selected from reputed firms and according to high standards of competence, ethics and experience.

xxxii) Capital management

The Group's objective, in relation to capital management, is to maintain an optimal capital structure, through the prudent use of debt and, in this way, seeking the necessary reduction in its cost.

Debt contracting is periodically analysed by weighing factors such as the cost of financing and the investment needs of the Group's operating companies.

As at 31 December 2022, the Group's consolidated Equity is positive by 35.1 million Euros, registering a very significant increase compared to 2021 when it was 18.3 million Euros.

The financial autonomy of the Martifer Group is presented as follows:

	FY 2022	FY 2021
Equity	35,080,624	18,316,341
Asset	245,711,036	259,946,376
Financial autonomy	14.3%	7.0%

Regarding gross debt (bank loans + other loans), it decreased significantly compared to the previous year, registering a decrease of around 13.7 million Euros.

On 31 December 2022, gross debt represents 46 % of liabilities (46 % on 31 December 2021).

2. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

On 31 December 2022 and 2021, the companies included in the consolidation, their methods of consolidation, as well as their registered office and share of capital held, are as follows:

COMPANIES CONSOLIDATED BY THE FULL CONSOLIDATION METHOD

				PROPORTION OF CAPITAL HELD BY MARTIFER SGPS			FY 2021
COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Martifer SGPS, S.A.	**Oliveira de Frades**	**Portugal**	**Martifer SGPS**	**Holding**			
Martifer Metallic Constructions SGPS, S.A.	**Oliveira de Frades**		**Martifer Metallic Constructions**	**100.00%**	**-**	**100.00%**	**100.00%**
Martifer - Construções Metalomecânicas, S.A.	Oliveira de Frades	Portugal	Martifer Construções	-	100.00%	100.00%	100.00%
Martifer Mota-Engil Coffey Construction Joint Venture Limited	Dublin	Ireland	MMECC	-	60.00%	60.00%	60.00%
Martifer Aluminium Limited	Dublin	Ireland	Martifer Aluminium Irlanda	-	-	-	100.00%
Martifer Construções Sucursal Genebra	Geneva	Switzerland	MTC Sucursal Genebra	-	-	-	100.00%
Martifer Construções Sucursal Bélgica	Saint-Josse-ten-Noode	Belgium	MTC Sucursal Bélgica	-	100.00%	100.00%	100.00%
Martifer – Construcciones Metálicas España, S.A.	Madrid	Spain	Martifer Espanha	-	100.00%	100.00%	100.00%
Martifer – Construções Metálicas Angola, S.A.	Luanda	Angola	Martifer Angola	-	78.75%	78.75%	78.75%
Martifer Construction Limited	Dublin	Ireland	Martifer Irlanda	-	-	-	100.00%
Jubimax Sp. Zo.o.	Gliwice	Poland	Jubimax	-	-	-	100.00%
Martifer Constructions, SAS	Rungis	France	Martifer França	-	100.00%	100.00%	100.00%
Martifer Romania SRL	Bucharest	Romania	Martifer Romenia	-	100.00%	100.00%	100.00%
Liszki Green Park, Sp. Zo.o	Gliwice	Poland	Liszki Green Park	-	90.00%	90.00%	90.00%
M City Gliwice Sp. Zo.o	Gliwice	Poland	M City Gliwice	-	100.00%	100.00%	100.00%
Savimex Sp. z o.o.	Gliwice	Poland	Savimex	-	100.00%	100.00%	100.00%
Martifer Retail & Warehousing Angola, S.A.	Luanda	Angola	Martifer Retail Angola	-	100.00%	100.00%	100.00%
Martifer UK Limited	London	United Kingdom	Martifer UK	-	100.00%	100.00%	100.00%
MT Construction Maroc, S.A.R.L.	Tangier	Morocco	Martifer Marrocos	-	100.00%	100.00%	100.00%
Saudi Martifer Constructions LLC	Riyadh	Saudi Arabia	Martifer Arábia Saudita	-	100.00%	100.00%	100.00%
Martifer Consulting DWC LLC	Dubai	United Arab Emirates	Martifer Consulting	-	100.00%	100.00%	100.00%
Navalria – Docas, Construções e Reparações Navais, S.A.	Aveiro	Portugal	Navalria	-	100.00%	100.00%	100.00%
West Sea - Estaleiros Navais, Lda.	Oliveira de Frades	Portugal	West Sea	-	100.00%	100.00%	100.00%
Global Holding Limited	Zebbug	Malta	Global Holding Limited	-	100.00%	100.00%	100.00%
Global Engineering & Construction Limited	Zebbug	Malta	Global Engineering	-	100.00%	100.00%	100.00%
Martifer Renewables SGPS, S.A.	**Oliveira de Frades**	**Portugal**	**Martifer Renewables SGPS**	**100.00%**	**-**	**100.00%**	**100.00%**
Martifer Renewables, S.A.	Oliveira de Frades	Portugal	Martifer Renewables	-	100.00%	100.00%	100.00%
Eviva Energy S.R.L.	Bucharest	Romania	Eviva Roménia	-	100.00%	100.00%	100.00%
Eviva Nalbant S.R.L.	Bucharest	Romania	Eviva Nalbant	-	100.00%	100.00%	100.00%
Martifer Renewables, S.A.	Gliwice	Poland	Eviva Polónia	-	100.00%	100.00%	100.00%
PV Sol 1 Sp. Zo.o	Krakow	Poland	PV Sol 1	-	100.00%	100.00%	100.00%
PV Sol 2 Sp. Z o.o	Krakow	Poland	PV Sol 2	-	100.00%	100.00%	100.00%
PV Sol 3 Sp. Z o.o	Krakow	Poland	PV Sol 3	-	100.00%	100.00%	100.00%
PV Sol 4 Sp. Zo.o	Krakow	Poland	PV Sol 4	-	100.00%	100.00%	100.00%

PV Sol 5 Sp. Z o.o	Krakow	Poland	PV Sol 5	-	100.00%	100.00%	100.00%
PV Sol 6 Sp. Z o.o	Krakow	Poland	PV Sol 6	-	100.00%	100.00%	100.00%
Wind Farm Piastowo Sp. z o.o.	Krakow	Poland	Wind Farm Piastowo	-	100.00%	100.00%	100.00%
Wind Farm Goraj Sp. z o.o.	Krakow	Poland	Wind Farm Goraj	-	100.00%	100.00%	-
PV Sol 8 Sp. z o.o.	Krakow	Poland	PV Sol 8	-	100.00%	100.00%	-
Eviva Beteiligungsverwaltungs GmbH	Vienna	Austria	Eviva GmbH	-	100.00%	100.00%	100.00%
Wind Farm Bukowsko Sp. Zo.o	Gliwice	Poland	Wind Farm Bukowsko	-	100.00%	100.00%	100.00%
Wind Farm Markowa Sp. Zo.o	Gliwice	Poland	Wind Farm Markowa	-	100.00%	100.00%	100.00%
Wind Farm Lada Sp. Zo.o	Gliwice	Poland	Wind Farm Lada	-	-	-	100.00%
Wind Farm Jawornik Sp. Zo.o	Gliwice	Poland	Wind Farm Jawornik	-	100.00%	100.00%	100.00%
Wind Farm Piersno Sp. Zo.o	Gliwice	Poland	Wind Farm Piersno	-	100.00%	100.00%	100.00%
Wind Farm Oborniki Sp. Zo.o	Gliwice	Poland	Wind Farm Oborniki	-	100.00%	100.00%	100.00%
Cedilhas ao Vento S.A.	Oliveira de Frades	Portugal	Cedilhas ao Vento	-	100.00%	100.00%	100.00%
Martifer Renewables Italy BV	Amsterdam	Netherlands	Renewables Italy Holanda	-	100.00%	100.00%	100.00%
Martifer Renewables Brasil LTDA	Fortaleza	Brazil	Martifer Renewables Brasil	-	100.00%	100.00%	100.00%
MSPAR Energia e Participações, SA	Barueri	Brazil	MSPAR	-	100.00%	100.00%	100.00%
Floresta I, Geração de Energia S.A.	Areia Branca	Brazil	Floresta I	-	99.00%	99.00%	99.00%
Floresta II, Geração de Energia S.A.	Areia Branca	Brazil	Floresta II	-	99.00%	99.00%	99.00%
Floresta III, Geração de Energia S.A.	Areia Branca	Brazil	Floresta III	-	99.00%	99.00%	99.00%
Floresta IV, Geração de Energia S.A.	Areia Branca	Brazil	Floresta IV	-	99.00%	99.00%	99.00%
Volume Cintilante Unipessoal, Lda	Oliveira de Frades	Portugal	Volume Cintilante	-	100.00%	100.00%	100.00%
Volumevistoso, Lda	Oliveira de Frades	Portugal	Volumevistoso	-	100.00%	100.00%	100.00%
Martifer Renewables O&M Sp. z o.o.	Gliwice	Poland	Martifer Renewables O&M	-	68.00%	68.00%	52.00%
Eviva Energy AR S.A	Buenos Aires	Argentina	Eviva Energy AR	-	100.00%	100.00%	100.00%
Palermo Generacion de Energia, S.A	Buenos Aires	Argentina	Palermo	-	100.00%	100.00%	100.00%
Recoleta Generación Energía S.A	Buenos Aires	Argentina	Recoleta	-	100.00%	100.00%	100.00%

COMPANIES CONSOLIDATED BY THE EQUITY METHOD

The companies consolidated by the equity method, their registered offices and share of held capital are as follows:

				PROPORTION OF CAPITAL HOLDING BY MARTIFER SGPS			FY 2021
COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Metallic Constructions							
Associate Companies:							
Martifer-Visabeira, S.A.	Nacala	Mozambique	Martifer-Visabeira	-	50.00%	50.00%	50.00%
Martimetal Spa	Alger	Algeria	Martimetal	-	49.00%	49.00%	49.00%
Naval Industry							
Jointly controlled companies:							
CNA Chantier Naval d'Arzew , SPA	Arzew	Algeria	CNA Chantier Naval d'Arzew	-	49.00%	49.00%	49.00%
Renewables							
Jointly controlled companies:							
Ventinveste, S.A.	Lisbon	Portugal	Ventinveste	-	-	-	48.50%
Parque Eólico de Vale Grande. S.A.	Lisbon	Portugal	PE Vale Grande	-	-	-	48.50%
Associate Companies:							
Hytlantic, S.A.	Sines	Portugal	Hytlantic	-	10.00%	10.00%	-

During 2022 and 2021, the changes in the consolidation perimeter were as follows:

CONSTITUTION OF COMPANIES

In 2022:

FY 2022	HEAD OFFICE	COUNTRY
Renewables		
Subsidiary Companies:		
Wind Farm Goraj Sp. z o.o.	Krakow	Poland
PV Sol 8 Sp. z o.o.	Krakow	Poland
Associate Companies:		
Hytlantic, S.A.	Sines	Portugal

In 2021:

There was no incorporation of companies.

ACQUISITION OF COMPANIES

In 2022:

There was no acquisition of companies.

In 2021:

There was no acquisition of companies.

SALE OF COMPANIES

In 2022:

FY 2022	HEAD OFFICE	COUNTRY
Renewables		
Subsidiary Companies:		
Wind Farm Lada Sp. Zo.o	Gliwice	Poland
Jointly controlled companies:		
Ventinveste, S.A.	Lisbon	Portugal
Parque Eólico de Vale Grande. S.A.	Lisbon	Portugal

In 2021:

FY 2021	HEAD OFFICE	COUNTRY
Renewables		
Subsidiary Companies:		
PV Sol 7 Sp. z o.o.	Krakow	Poland

DISSOLUTION OF COMPANIES

In 2022:

FY 2022	HEAD OFFICE	COUNTRY
Metallic Constructions		
Subsidiary Companies:		
Martifer Construções Sucursal Genebra	Genebra	Suíça
Martifer Construction Limited	Dublin	Irlanda
Martifer Aluminium Limited	Dublin	Irlanda
Jubimax Sp. Z o.o.	Gliwice	Polónia

In 2021:

FY 2021	HEAD OFFICE	COUNTRY
Metallic Constructions		
Subsidiary Companies:		
Martifer Energy Systems PTY	Capetown	South Africa
Martifer Aluminium UK Limited	London	United Kingdom
Martifer Energia S.R.L.	Bucharest	Romania
Martifer Construcciones Peru, S.A.	Lima	Peru
Renewables		
Subsidiary Companies:		
Eviva Agighiol S.R.L.	Bucharest	Romania
Eviva Casimcea S.R.L.	Bucharest	Romania
Martifer Deutschland GmbH	Berlin	Germany

CHANGE IN CONSOLIDATION METHOD

In 2022:

There were no changes in the consolidation method.

In 2021:

There were no changes in the consolidation method.

OTHER CHANGES IN THE CONSOLIDATION PERIMETER

In 2022:

Martifer Renewables O&M Sp. Z o.o. was held by the Group in 52%, and in the first half of 2022 it acquired a further 16%, coming to hold 68 %. This was a transaction with Non-controlling interests.

In 2021:

Sociedade de Madeiras do Vouga, S.A. In December 2021, the merger of Sociedade de Madeiras do Vouga, S.A. in Martifer Construções Metalomecânicas, S.A. occurred; both companies were 100 % owned by Martifer Metallic Constructions SGPS, S.A.. The impact of this operation on the consolidated financial statements was nil.

Martifer Romania SRL. In 2020, the company Martifer Romania SRL was 2 % owned by Martifer SGPS, S.A.. During 2021, this shareholding was sold to Martifer Metallic Constructions SGPS, S.A., which now holds 100 % of this subsidiary. The impact of this operation on the consolidated financial statements was nil.

ASSETS AND LIABILITIES OF SUBSIDIARIES WITH LOSS / GAIN OF CONTROL

The assets and liabilities of subsidiaries in which loss of control occurred in 2022 are as follows:

€	ASSETS	Tangible Fixed Assets	Intangible Assets	Right of Use Assets	Financial assets at fair value through profit or loss	Trade Debtors and Other Debtors NC	Trade Debtors and Other Debtors C	Other current assets	Cash and cash equivalents
Wind Farm Lada Sp. z o.o.	**4,658,463**	4,120,614	-	-	117,106	-	248,091	86,921	85,731
MTC Genebra Sucursal	**231,793**	-	-	-	-	-	162,180	-	69,613
Martifer Construction Limited	**14,630**	-	-	-	-	-	-	-	14,630
Martifer Aluminium Limited	**1,023,755**	-	-	-	-	-	1,003,593	-	20,162
Jubimax Sp. z o.o.	**8,295**	-	-	-	-	-	6,990	656	649

€	LIABILITIES	NC debt	NC Trade Creditors and Other Creditors	Provisions	C debt	C Trade Creditors	C Other Creditors	State and other public entities	Other Current Liabilities
Wind Farm Lada Sp. z o.o.	**5,286,878**	-	5,223,706	-	-	19,093	1,165	-	42,915
MTC Genebra Sucursal	**48,843**	-	-	-	-	-	6,240	42,603	-
Martifer Construction Limited	**1,507**	-	-	-	-	-	-	1,507	-
Martifer Aluminium Limited	**-**	-	-	-	-	-	-	-	-
Jubimax Sp. z o.o.	**8,017,788**	-	3,812,443	87,000	-	2,273,312	1,842,379	2,654	-

3. OPERATING SEGMENTS

For management purposes, the Group uses its internal organisation as a basis for its reporting of information by operating segment.

The Group is organised into three operating segments: 'Metallic Constructions', 'Naval Industry' and 'Renewables', all of which are coordinated and supported by Martifer SGPS.

The operating segment 'Metallic Constructions' includes the activities of metallic constructions, aluminium and glass façades, industrial maintenance and infrastructure for Oil & Gas. The 'Naval Industry' includes shipbuilding as well as the rendering of ship repair and ship conversion services. The segment 'Renewables' includes the promotion and development of renewable energy projects, with a special focus on the wind energy sector.

The values included in the line 'Other' relate to services rendered by the Holding company (Martifer SGPS).

The accounting policies and valuation criteria used in the preparation of the information by segments were the same as those used for the attached consolidated financial statements (Note 1.4 xxvii)).

In financial years ended 31 December 2022 and 2021, sales and services rendered, by operating segment, can be analysed as follows:

	SALES TO EXTERNAL CUSTOMERS (NOTE 4)		INTERSEGMENT SALES		TOTAL	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Metallic Constructions	110,997,811	108,552,540	1,396,855	1,412,463	112,394,666	109,965,003
Naval Industry	69,351,047	91,062,956	25,276	234,845	69,376,323	91,297,801
Renewables	10,052,374	9,705,523	519,790	134,115	10,572,164	9,839,638
Others	-	-	2,281,051	1,526,382	2,281,051	1,526,382
	190,401,231	**209,321,019**	**4,222,972**	**3,307,805**	**194,624,203**	**212,628,824**
Intersegment eliminations					(3,908,670)	(3,222,138)
Own work capitalized (Note 5)					(314,302)	(85,668)
					190,401,231	**209,321,019**

Sales and services rendered to external clients, by geography of origin and by segment, present the following breakdown:

	FY 2022	FY 2021
Portugal		
Metallic Constructions	50,726,505	47,566,363
Naval Industry	69,351,047	91,062,956
Renewables	5,124	-
Rest of Europe		
Metallic Constructions	47,096,239	48,913,335
Renewables	10,047,250	9,705,522
Other markets		
Metallic Constructions	13,175,067	12,072,843
	190,401,231	**209,321,019**

In 2022, the sales and services rendered registered a decrease of approximately 18.9 million Euros, compared to the same period of the previous year. This decrease essentially results from the 'Naval Industry' segment, which had a decrease in this income of around 21.7 million Euros compared to 2021. In the opposite direction, there was an acceleration of activity in some countries in the ‘Metallic Constructions’ segment, namely in France, Spain, Portugal and Angola, despite a decrease in activity in the United Kingdom, Belgium and in Saudi Arabia. The positive change of 0.3 million Euros in the ‘Renewables’ segment compared to 2021 stems essentially from the increase in the Operation and Maintenance activity.

In the 'Naval Industry' segment, around 20.5 million Euros of turnover (29.5%) was generated with clients that are part of the same economic Group (65.6 million Euros in 2021, 72%), which operates mostly in the tourism sector. At the end of 2022, the outstanding balances with these clients amount to approximately 21.0 million Euros (29.2 million Euros in 2021) and the outstanding order book to approximately 130.7 million Euros, 61% (151.2 million Euros in 2021, 60%).

As regards sales and services rendered by country of origin, the main contributions are from Portugal with approximately 120.4 million Euros, France with approximately 28.9 million Euros (16.1 million Euros in 2021) and Spain with nearly 11.7 million Euros (5.3 million Euros in 2021). 'Other markets' include Angola and Saudi Arabia, with sales and services of 12.1 million Euros (10.8 million Euros in 2021) and 1.0 million Euros (1.2 million Euros in 2021), respectively.

On 31 December 2022 and 2021, Operating income, as well as EBITDA, EBIT and Net profit for the financial year, by operating segment, can be analysed as follows:

	OPERATING PROFIT		EBITDA		EBIT		NET PROFIT FOR THE YEAR	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Metallic Constructions	121,966,579	125,185,871	7,173,767	11,144,944	4,942,898	9,075,880	(1,484,427)	4,443,726
Naval Industry	69,615,872	91,661,053	6,592,193	13,550,644	5,366,120	12,476,810	2,677,571	9,106,339
Renewables	21,549,008	13,380,166	12,195,109	1,856,679	9,965,162	(2,560,669)	11,575,214	(2,430,793)
Others	(1,654,610)	(1,519,149)	(142,146)	(750,915)	(142,770)	(752,108)	1,389,401	1,546,555
	211,476,848	**228,707,942**	**25,818,923**	**25,801,352**	**20,131,410**	**18,239,914**	**14,157,759**	**12,665,826**

Note: The definition of EBITDA and EBIT according to APM is available in the Management Report.

In 2022, consolidated EBITDA recorded a positive value of 25.8 million Euros. For that, all operating segments contributed positively: the ‘Naval Industry’ segment with 6.6 million Euros, the ‘Metallic Constructions’ segment with 7.2 million Euros and the ‘Renewables’ segment with 12.2 million Euros. In the 'Naval Industry' segment, there was a decrease in Operating income, with a negative impact on EBITDA due to the decrease in the shipbuilding activity, motivated by the slowdown in the shipbuilding works due to the existing pandemic which affected not only 2020 but the following years too, namely in the activity in which the ships were going to operate. In the 'Metallic Constructions' segment, EBITDA in 2022 was 7.2 million Euros, showing a decrease of around 4 million Euros compared to 2021. This variation was mainly due to a decrease in projects in Portugal (manufacturing for export), a decrease in the activity in the United Kingdom and a decrease in the operational exchange rate differences in Angola. In the 'Renewables' segment, there was an improvement of 10.3 million Euros in EBITDA, to which contributed the gain arising on the sale of the Wind Farm Lada project, in Poland (Nota 5).

The losses and gains in associated companies, the balance sheet value of financial assets in associated companies, as well as the constitution and reversal of provisions and impairment losses, by operating segment, are as follows:

	LOSSES IN ASSOCIATE COMPANIES		GAINS IN ASSOCIATE COMPANIES		CARRYING AMOUNT OF THE FINANCIAL ASSETS RECORDED UNDER EQUITY METHOD		VALUE OF PROVISIONS OF INVESTMENTS REGISTERED UNDER EQUITY METHOD	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Metallic Constructions	-	-	1,169,487	1,573,596	3,335,801	2,072,497	-	-
Naval Industry	-	-	-	-	-	-	-	-
Renewables	8	-	1,873,676	284,359	155,992	4,126,324	-	-
Others	-	-	-	-	-	-	-	-
	8	**-**	**3,043,163**	**1,857,955**	**3,491,793**	**6,198,821**	**-**	**-**

	PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR		REVERSALS OF PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR	
	FY 2022	FY 2021	FY 2022	FY 2021
Metallic Constructions	64,144	154,122	126,044	332,072
Naval Industry	-	9,218	20,116	-
Renewables	79,051	2,243,861	53,287	42,806
	143,195	**2,407,201**	**199,446**	**374,878**

Capex (acquisition of right-of-use assets, tangible fixed assets and intangible assets) and the depreciation / amortisation of the Group, by operating segment, until 31 December 2022 and 2021 are as follows:

	CAPITAL EXPENDITURES		AMORTIZATIONS	
	FY 2022	FY 2021	FY 2022	FY 2021
Metallic Constructions	2,943,124	1,159,360	2,292,769	2,247,014
Naval Industry	4,012,436	801,320	1,246,189	1,064,616
Renewables	2,439,492	2,339,433	2,204,182	2,216,293
Others	-	-	623	1,192
	9,395,051	**4,300,113**	**5,743,764**	**5,529,115**

It should be noted that the values of the 'Investment' column in 2022 and 2021 include the impact of applying IFRS 16 by recording right-of-use assets, which, in 2022, essentially correspond to a non-financial effect, in the 'Naval Industry' segment. Excluding this impact, the total value of capex in 2022 amounts to around 2.9 million Euros (3.8 million Euros in 2021).

The Group's assets and liabilities, by operating segment, on 31 December 2022 and 2021 are as follows:

	ASSETS		LIABILITIES	
	FY 2022	FY 2021	FY 2022	FY 2021
Metallic Constructions	142,375,643	148,204,541	154,565,752	169,325,271
Naval Industry	55,106,476	77,089,065	43,703,729	60,683,139
Renewables	56,553,179	52,138,901	19,996,268	26,306,413
Holding	310,207,297	308,166,191	10,209,362	10,296,925
Intra-group eliminations	(318,531,558)	(325,652,322)	(17,844,698)	(24,981,713)
	245,711,036	**259,946,376**	**210,630,412**	**241,630,035**

The Net financial debt[1] of the 'Metallic Constructions' area on 31 December 2022 amounted to 64.6 million Euros, 0.7 million Euros more than on 31 December 2021.

The 'Renewables' area's Net financial debt on 31 December 2022 amounted to 11.0 million Euros (12.8 million Euros on 31 December 2021).

The assets held and the capex made by geography can be analysed as follows:

	ASSETS		CAPITAL EXPENDITURES	
	FY 2022	FY 2021	FY 2022	FY 2021
Portugal	144,482,557	149,358,664	6,958,277	1,828,312
European Union	82,797,419	79,849,068	2,001,440	2,304,559
Other markets	18,431,061	30,738,644	435,334	167,242
	245,711,036	**259,946,376**	**9,395,051**	**4,300,113**

4. SALES AND SERVICES RENDERED

The breakdown of sales and services rendered, for financial years ended 31 December 2022 and 2021, is as follows:

	FY 2022	FY 2021
Revenue from the sale of goods	51,470,368	45,768,572
Services rendered	138,930,864	163,552,447
	190,401,231	**209,321,019**

In 2022, sales and services rendered decreased 9% compared to 2021, to 190 million Euros. This variation results from the opposite effects of the increase in the 'Metallic Constructions' and 'Renewables' segments, which could not offset the decrease in the 'Naval Industry' segment, as can be seen below.

The breakdown of sales and services rendered, by operating segment, on 31 December 2022 and 2021 is as follows:

	FY 2022	FY 2021
Metallic Constructions	110,997,811	108,552,540
Naval Industry	69,351,047	91,062,956
Renewables	10,052,374	9,705,523
	190,401,231	**209,321,019**

The breakdown of sales and services rendered by type of revenue on 31 December 2022 and 2021 is as follows:

	FY 2022	FY 2021
Metallic Constructions - Metal structures and aluminium building	93,148,441	92,050,593
Metallic Constructions - Operation and maintenance	16,972,224	15,001,270
Metallic Constructions - Others	877,146	1,500,675
Metallic Constructions - Total	**110,997,811**	**108,552,540**
Naval Industry - Building	34,765,460	66,032,295
Naval Industry - Repair	33,885,780	24,379,521
Naval Industry - Others	699,806	651,139
Naval Industry - Total	**69,351,047**	**91,062,956**
Renewables - Sale of energy	4,989,282	6,030,042
Renewables - Sale of Green Certificates	3,364,834	2,499,497
Renewables - Operation and maintenance	1,433,974	1,145,729
Renewables - Others	264,285	30,255
Renewables - Total	**10,052,374**	**9,705,523**
	190,401,231	**209,321,019**

The future component of revenue allocated to performance obligations not yet fulfilled or partially fulfilled can be analysed as follows:

	FY 2023	FY 2024 AND FOLLOWING	TOTAL
Metallic Constructions	115,563,521	129,912,939	245,476,460
Naval Industry	64,269,418	150,028,279	214,297,697
	179,832,939	**279,941,218**	**459,774,157**

[1] Net financial debt = Current and non-current loans net of cash and cash equivalents. Does not include finance leases (after the adoption of IFRS 16, they became part of lease liabilities that are not included in gross or net debt).

Of the total of ‘Naval Industry’, approximately 187.5 million Euros are related to clients belonging to the same economic Group.

Currently, the ‘Naval Industry’ segment, in relation to shipbuilding, in financial year 2022, includes the effect of recognising income related to works carried out in previous periods associated with the end of the guarantee period, in the amount of 12,168,233 Euros (2,681,834 Euros in 2021).

5. OTHER OPERATING INCOME

Other operating income, for financial years ended 31 December 2022 and 2021, can be analysed as follows:

	FY 2022	FY 2021
Change in production	(22)	(135,382)
Own work capitalised (Note 3)	314,302	85,668
Taxes	365,981	324,190
Other impairment losses	-	321,835
Supplementary income	1,344,374	2,720,540
Gains in inventories	2,541	2,312
Capital gains on non-financial assets	9,390,074	1,500,462
Capital gains on non-current assets held for sale	-	2,407,287
Operating subsidies (Note 40)	126,929	158,606
Investments subsidies (Note 40)	62,973	56,603
Exchange rate gains	6,499,956	8,634,856
Investment properties rents (Note 41)	631,906	528,557
Other operating income	2,336,602	2,781,390
Total	**21,075,617**	**19,386,923**

On 31 December 2022, the 'Capital gains on non-financial assets' result mainly from the sale of the company Wind Farm Lada Sp. Z o.o., of the 'Renewables' segment (9 million Euros, which is net of the component of exchange rate differences that were generated in the past and recycled to the consolidated income statement) and amount to 221 765 Euros. In 2021, it referred essentially to the sale of the company PV Sol 7 Sp. Z o.o., of the 'Renewables' segment (1.4 million Euros, which is also net of the component of exchange rate differences). See Note 43.

In December 2020, an active plan for the sale of Martifer Construções' land and factory building located in Benavente (Benavente Factory) of the 'Metallic Constructions' segment was initiated; as there were already potential buyers and this sale was highly probable, the asset was classified as a Non-current asset held for sale. The sale of this asset occurred in June 2021, and its accounting capital gain (2.4 million Euros) was recorded in 'Capital gains on non-current assets held for sale'. The sale of this asset resulted in a cash inflow of 4,650,000 Euros, recorded under receipts from 'Tangible fixed assets'.

The caption 'Other impairment losses', in 2021, relates to an impairment reversal recorded in Martifer Construções, regarding inventories.

'Supplementary Income', in 2022, essentially includes income of the ‘Metallic Constructions’ area (1.2 million Euros), of which we highlight the contributions of Portugal, with the sale of projects surpluses’ that are no longer used. The caption 'Supplementary income', in 2021, has as its main contribution the sale of projects surpluses’ that are no longer used, in Portugal, in 'Metallic

Constructions' amounting to 1.5 million Euros. Also, in 'Metallic Constructions', in Portugal, there was an income of around 0.2 million Euros from the partial rental of premises, while in France there was income of 0.4 million Euros which refers, essentially, to charges to suppliers for additional costs incurred by the Group in various works.

The ‘Favourable exchange rate differences’ are related to the occurrence of exchange rate fluctuations in accounts receivable from clients and accounts payable to suppliers, essentially in the Group's subsidiaries outside the Eurozone (Note 1.4 xiv).

The caption ‘Other operating income’, in 2022, mainly refers to the contribution of Poland, in ‘Renewables’ resulting from the development of projects eligible for capitalisation (1.1 million Euros) and, also, to contractual penalties received by Eviva Nalbant S.R.L., in Romania (0.5 million Euros). In 2021, the contribution of Poland in 'Renewables' arising from the development of projects eligible for capitalisation (2.0 million Euros), as well as income from Romania and Angola, in 'Metallic Constructions', stand out.

6. COST OF GOODS SOLD

The cost of goods sold and materials consumed, for financial years ended 31 December 2022 and 2021, can be analysed as follows:

FY 2022	TOTAL
Opening balance (Note 24)	19,330,387
Purchases	44,594,616
Changes in the consolidation perimeter, currency exchange differences, transfers and others	860,793
Closing balance (Note 24)	17,138,765
	47,647,031

FY 2021	TOTAL
Opening balance (Note 24)	15,882,420
Purchases	48,280,140
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(639,357)
Closing balance (Note 24)	19,330,387
	44,192,816

Note: Cost of goods sold and materials consumed = Initial stock + Purchases + Changes in perimeter, exchange rate differences, transfers and other - Final stock.

7. SUBCONTRACTORS

The value of subcontracts, in financial years ended 31 December 2022 and 2021, is as follows

	FY 2022	FY 2021
Metallic Constructions	22,167,889	35,658,910
Naval Industry	22,006,074	35,371,041
Renewables	534,360	2,044,163
	44,708,323	**73,074,114**

The subcontracts relate to subcontracts for the works carried out, mainly in the 'Naval Industry' and 'Metallic Constructions' segments. The decrease verified in 2022 is explained by the decrease in activity in the 'Metallic Constructions' and ‘Naval Industry’ segments, as regards subcontracts.

8. EXTERNAL SERVICES AND SUPPLIES

The breakdown of external services and supplies, for financial years ended 31 December 2022 and 2021, is as follows:

	FY 2022	FY 2021
Specialized works	9,667,159	10,683,955
Leases and rents	3,826,704	6,463,019
Service Fees	2,441,846	5,020,681
Maintenance and repairs	2,936,314	2,715,860
Insurance	2,582,342	2,691,127
Electricity and Fuel	2,251,583	2,484,423
Transport of goods	3,205,993	2,276,960
Cleaning services	887,145	1,130,181
Travelling expenses	1,519,982	1,108,154
Security	605,559	623,165
Communications	190,177	233,063
Legal and notarial fees	263,157	205,942
Commissions	871,052	158,750
Tools and devices	115,219	146,502
Advertising	462,795	76,201
Other	839,052	707,954
	32,666,081	**36,725,937**

The specialised works include expenses with auditing services, consultancy, information systems, studies and opinions and subcontracting of industrial maintenance services, with these having decreased compared to 2021, especially in the 'Metallic Constructions' segment, due to the decrease in activity in the United Kingdom.

The decrease in the caption 'Rents and hires', compared to 2021, is due to the decrease in activity in the United Kingdom and Belgium, as well as to the decrease in expenses associated with the rental of cranes and assembly platforms in France, in the 'Metallic Constructions' segment.

The caption 'Fees', in 2022, decreased compared to 2021, mainly due to the fees that must be supported with the sale of green certificates in Romania in the 'Renewables' segment. This decrease resulted from the change in the methodology of commercial transactions.

The caption 'Transport of goods' increased, compared to 2021, as a result of maritime transport for a Martifer Construções project, in the segment of 'Metallic Constructions'.

On 31 December 2022, due to the application of IFRS 16, 193,073 Euros (248,418 Euros, in 2021) were recorded in 'Rents and hires' relating to rents of low-value lease contracts, as well as 3,633,631 Euros (6,214,601 Euros, in 2021) of lease contracts with a duration of less than 12 months. The decrease in the caption 'Rent and hires', compared to 2021, is due to the decrease in activity in the United Kingdom and Belgium, as well as to the decrease in expenses associated with the rental of cranes and assembly platforms in France, in the 'Metallic Constructions' segment.

The caption 'Travel and accommodation' increased compared to 2021, with part of this increase referring to travel for maintenance of industrial installations (Martifer Construções).

9. STAFF COSTS

Personnel expenses, for financial years ended 31 December 2022 and 2021, can be analysed as follows:

	FY 2022	FY 2021
Salaries	29,778,352	29,844,389
Social contributions and others	9,028,680	8,677,696
	38,807,032	**38,522,085**

The value of social charges and other contributions is essentially related to Social Security payments, meal allowances and sickness benefits, occupational accident insurance and indemnities / compensations related to the termination of employment contracts.

AVERAGE NUMBER OF EMPLOYEES

For financial years ended 31 December 2022 and 2021, the average number of staff employed by the Group can be analysed as follows:

	FY 2022	FY 2021
Directors	9	9
Other employees	1,322	1,375
	1,331	1,384
Portuguese	1,037	1,088
Portuguese in foreign countries and foreigners	294	296
	1,331	1,384

10. OTHER OPERATING EXPENSES

Other operating expenses, for financial years ended 31 December 2022 and 2021, are as follows:

	FY 2022	FY 2021
Taxes	731,728	835,715
Fair value adjustment of investment properties (Note 21)	-	158,212
Inventory impairment losses	809	66,775
Losses in inventories	426	6,895
Capital losses on non-financial assets	900,233	2,084,599
Exchange rate losses	5,428,618	3,437,898
Trade debtors write-off	144,812	232,103
Fines and penalties	15,096	560,226
Other operating expenses	1,140,302	3,253,699
	8,362,024	**10,636,122**

In 2021, the value of the caption 'Fair value adjustment of investment properties' (Note 21) refers to the Warehouse in Albergaria-a-Velha (5,000 Euros) and to the Land in Aricestii of Martifer Romania (153,212 Euros).

The caption 'Impairment losses in inventories', in 2021, relates to Martifer Construções.

The caption 'Capital losses on non-financial assets', in 2022, refers essentially to losses resulting from the liquidation of the companies Martifer Aluminium Limited, Martifer Construction Limited and Jubimax Sp. Z o.o.. It should be referred that due to these operations exchange rate differences in the amount of 1.0 million Euros were reclassified to the caption 'Capital losses on non-financial assets'. In 2021, the value of this caption relates to losses arising from the sale of the companies Martifer Energy Systems PTY, Martifer Aluminium UK Limited, Martifer Energia S.R.L. and Martifer Construcciones Peru, S.A. (of 'Metallic Constructions'), Martifer Deutschland GmbH, Eviva Agighiol S.R.L. and Eviva Casimcea S.R.L. (of 'Renewables') (Note 2). It should be noted that following these operations, exchange rate differences amounting to 1.8 million Euros were reclassified to the caption 'Capital losses on non-financial assets'.

The caption 'Unfavourable exchange rate differences' is related to the occurrence of exchange rate fluctuations in non-financial transactions, mainly in the Group's subsidiaries outside the Eurozone (Note 1.4 xiv)). Both in 2022 and in 2021, the countries that contributed the most to the increase in this caption were Angola and Portugal.

The caption 'Fines and penalties', in 2021, has as its main contribution the 'Metallic Constructions' segment in Portugal.

The caption 'Other operating expenses', in 2022, mainly includes expenses associated with the 'Metallic Constructions' segment in Portugal and the United Kingdom, resulting from an agreement to shut down a project, in the amount of 0.8 million Euros. In 2021, we highlight the amount of 1.9 million Euros related to penalties incurred in a project in France in the 'Metallic Constructions' segment.

Also, in 2021, write-offs of old balances amounting to 0.9 million Euros were recorded in Romania in the 'Renewables' segment.

11. PROVISIONS AND IMPAIRMENT LOSSES IN FIXED ASSETS

Provisions and impairment losses, for financial years ended 31 December 2022 and 2021, are as follows:

	FY 2022	FY 2021
Impairment losses		
In tangible fixed assets (Note 19)	-	2,187,191
	-	**2,187,191**
Provisions (Note 34)		
Quality guarantees	29,388	11,573
Onerous contracts	(146,159)	(210,576)
Provisions on contractual obligations	60,520	44,135
	(56,251)	**(154,868)**

The impairment of tangible fixed assets recorded in 2021 was in the 'Renewables' segment and resulted from the change in the assumption regarding the recovery of the value of the turbines (Suzlon S88-2.1), of the company Cedilhas ao Vento. In 2020, the assumption was that the recovery of the value would be through the operation of the wind farm under development and, in 2021, given that the wind farm is not evolving as initially projected, the assumption was that the recovery of the value of the asset would be through the sale of the turbines, with the net recoverable value considered having been the value of a proposal received for the acquisition of some of the turbines.

The 'Provisions for onerous contracts' regard the ongoing construction contracts where the cost to be incurred to comply with the obligations undertaken is expected to exceed the foreseen economic benefits. These provisions relate essentially to the 'Metallic Constructions' segment. In 2022 and in 2021, the value of the provisions related to onerous contracts was negative due to the fact that part of the provisions previously constituted were reversed.

12. FINANCIAL RESULTS

Financial results, for financial years ended 31 December 2022 and 2021, may be analysed as follows:

FINANCIAL INCOME	FY 2022	FY 2021
Loans and accounts receivable (including bank deposits)		
- Interest income	26,745	45,997
Other financial income related to other financial assets		
- Exchange rate gains	356,566	366,745
- Other financial income	169,320	2,536
	553,949	**415,278**

FINANCIAL EXPENSES	FY 2022	FY 2021
Loans and accounts payable		
- Interest expenses on bank loans	3,380,122	3,095,140
- Interest expenses on leases	1,017,293	847,647
Other financial income related to other financial liabilities		
- Exchange rate losses	2,874,174	1,299,922
- Impairment losses on other financial investments	-	197
- Other financial expenses	1,128,631	1,161,950
	8,400,219	**6,404,856**

The captions ‘Favourable / Unfavourable exchange rate differences' are related to the occurrence of exchange rate fluctuations, mainly in the Group's subsidiaries outside the Eurozone (Note 1.4.xiv)). Around 1.2 million Euros of unfavourable exchange rate differences result from the reclassification of exchange differences that were generated in the past following the repayment of non-current loans, by M-City Gliwice Sp. Z o.o. to Martifer Metallic Constructions SGPS, S.A..

The 'Interest on bank loans' caption showed an increase compared to the same period in 2021, as a result of the increase in the Euribor reference interest rates.

‘Interest on leases’ derives from the application of IFRS 16 – Leases.

13. GAINS/(LOSSES) ON ASSOCIATE COMPANIES AND JOINT ARRANGEMENTS

The gains and losses in associated and jointly controlled companies, in financial years ended 31 December 2022 and 2021, can be analysed as follows:

	FY 2022	FY 2021
Equity method		
Ventinveste, S.A.	185,488	284,359
Martifer-Visabeira, S.A.	1,169,487	1,573,596
Hytlantic, S.A.	(8)	-
	1,354,968	**1,857,955**
Others		
Sale of Ventiveste, S.A.	1,688,188	-
	1,688,188	**-**
	3,043,155	**1,857,955**

The positive amount of 1,354,968 Euros, which results from the application of the equity method in 2022, impacts, in its entirety, the variations in 'Investments in associated and jointly controlled companies' (Note 22). The same occurred in 2021, with the amount of 1,857,955 Euros.

In 2022, Ventinveste, S.A. (and Parque Eólico Vale Grande, S.A., held by same in 100%) was disposed of.

The information on associated and jointly controlled companies is disclosed in Notes 22 and 34.

14. INCOME TAX

The breakdown of assets and liabilities giving rise to deferred tax, in financial years ended 31 December 2022 and 2021, may be analysed as follows:

	FY 2022		FY 2021	
DEDUCTIBLE TEMPORARY DIFFERENCES	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
With impact in Net Profit				
Provisions not accepted for tax purposes	3,994,930	892,365	2,981,098	664,653
Tax losses	20,660,221	4,333,429	24,468,352	5,095,055
Others	522,458	117,553	522,458	117,553
	25,177,610	**5,343,348**	**27,971,908**	**5,877,261**
With impact in Equity				
Others	52,697	15,809	46,175	13,853
	52,697	**15,809**	**46,175**	**13,853**
	25,230,306	**5,359,157**	**28,018,083**	**5,891,114**

TAXABLE TEMPORARY DIFFERENCES	FY 2022		FY 2021	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
With impact in Net Profit				
Differences between cost and fair value	9,765,575	2,179,440	9,765,575	2,179,440
Others	1,125,704	339,872	1,184,646	440,621
	10,891,279	**2,519,313**	**10,950,221**	**2,620,061**
With impact in Equity				
Others	123,625	30,709	54,910	16,473
	123,625	**30,709**	**54,910**	**16,473**
	11,014,905	**2,550,021**	**11,005,131**	**2,636,534**

The impacts arising from the application of IAS 29 were recorded under the caption 'Other' of deferred tax liabilities and impacted both net profit as well as equity.

The distribution of deferred taxes by country can be presented as follows:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	FY 2022	FY 2021	FY 2022	FY 2021
Portugal	5,187,047	4,962,529	2,179,440	2,179,440
Angola	-	-	359,491	432,138
United Kingdom	104,350	865,976	-	-
Other	67,760	62,608	11,090	24,956
	5,359,157	**5,891,114**	**2,550,021**	**2,636,534**

The amount of 359,491 Euros, for Angola, derives from the application of IAS 29, and the amount of 11,090 Euros, in the line 'Other', refers to the application of IAS 29 in Argentina.

According to the tax returns and income tax estimates of the companies that record deferred tax assets related to tax losses, on 31 December 2022 and 2021, using for the purpose the tax rates applicable at that time, these tax losses were available for carry forward as follows:

TIME LIMIT	FY 2022		FY 2021	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
2028	20,138,472	4,229,079	20,138,472	4,229,079
	20,138,472	**4,229,079**	**20,138,472**	**4,229,079**
Without limited time use	521,749	104,350	4,329,880	865,976
	20,660,221	**4,333,429**	**24,468,352**	**5,095,055**

On 31 December 2022, the deferred tax assets and liabilities amounted to 5,359,157 Euros and 2,550,021 Euros, respectively (in 2021: 5,891,114 Euros and 2,636,534 Euros, respectively), and the effect on the consolidated income statement was negative in 330,828 Euros (in 2021, a positive effect of 52,134 Euros).

On 31 December 2022 and 2021, considering the tax legislation in force in Portugal concerning the taxation of dividends, the timing differences related to the appropriated earnings of subsidiaries, associated companies and investees for which deferred tax liabilities were not recorded are not materially relevant to the attached financial statements.

On 31 December 2022, there were tax losses available for carry forward, calculated in the companies taxed under the Special Regime for the Taxation of Groups of Companies (“RETGS”), of which Martifer SGPS is the dominant company, before and during the application of RETGS, amounting to 69,864,736 Euros (72,632,174 Euros on 31 December 2021), which potential deferred tax assets amount to 14,671,594 Euros (15,252,757 Euros on 31 December 2021). From a perspective of prudence, deferred tax assets, related to tax losses in Portugal, to be used in the future, were only registered in the amount of 4,229,079 Euros.

The breakdown of total tax losses available for carry forward and potential tax credits in Portugal, can be analysed as follows:

	FY 2022			FY 2021		
	TAX LOSS	TAX CREDIT	TIME LIMIT	TAX LOSS	TAX CREDIT	TIME LIMIT
Generated in 2014	26,068,784	5,474,445	2028	26,068,784	5,474,445	2028
Generated in 2015	5,081,758	1,067,169	2029	5,081,758	1,067,169	2029
Generated in 2016	32,310,271	6,785,157	2030	32,310,271	6,785,157	2030
Generated in 2017	344,449	72,334	2024	344,449	72,334	2024
Generated in 2019	6,058,809	1,272,350	2026	8,826,246	1,853,512	2026
Generated in 2020	666	140	2032	666	140	2032
	69,864,736	**14,671,594**		**72,632,174**	**15,252,757**	

In relation to the above tax losses, the following should be noted:

i. Tax losses of 2017: the group of companies taxed under the RETGS presents, in relation to tax year 2017, tax losses in the amount of 344,449 Euros, assessed by Cedilhas ao Vento (individually), before joining the RETGS, which can only be deducted from the Group's taxable income up to the limit of Cedilhas ao Vento's own taxable income;

ii. Tax losses of 2019: it should be noted that there is a difference between the 2021 tax losses disclosed (8,826,246 Euros) and the tax losses actually assessed (10,423,629 Euros) due to the fact that estimates were considered in 2021. There was a decrease in the tax losses assessed in 2019 presented above, compared to the amount considered available for use in the previous year (10,423,629 Euros), due to the fact that the value presented above already considers the use of tax losses, in the amount of 4,364,820 Euros, of that amount in the 2022 tax year. This amount of tax losses used considers the RETGS tax result calculated for the purposes of estimating tax for the 2022 tax year, so this amount may differ from the tax losses that will actually be deducted when the Model 22 income tax return is submitted;

iii. Tax losses of 2020: considers tax losses assessed, in financial year 2020, individually by the companies Volume Cintilante and Volume Vistoso, in the global amount of 666 Euros, which integrated the RETGS on 1 January 2021. These tax losses can only be deducted from the RETGS taxable income, up to the limit of the taxable income assessed individually by those companies;

iv. Tax losses of 2022: no tax losses were considered, as in terms of tax estimates, the Group recorded a positive tax result in the amount of 6,235,457 Euros and is using tax losses in the amount of 4,364,820 Euros, relating to tax year 2019.

v. It should be noted that in accordance with the State Budget Law for the 2023, tax losses available for carry forward (of the year and of previous years) no longer have any time limitation in terms of their respective validity for deduction, regardless of the size of the company.

The reconciliation of income tax for the period and current tax can be analysed as follows:

	FY 2022	FY 2021
Current tax	**954,350**	**1,813,851**
Deferred tax - generated by temporary differences	(252,603)	(382,886)
Deferred tax - reversal of temporary differences	3,269	313,312
Deferred tax assets- tax losses recognition	744,771	89,814
Other	(164,610)	(72,375)
Deferred tax	**330,828**	**(52,134)**
Income tax	**1,285,177**	**1,761,717**

On 31 December 2022 and 2021, the reconciliation between the nominal and effective tax rate is as follows:

	FY 2022	FY 2021
Profit before tax	**15,442,936**	**14,427,543**
Income tax rate (nominal rate of 21%)	3,243,017	3,029,784
Non-taxable gains and losses:		
Gains / Losses of financial assets	(1,894,088)	(995,241)
Reversions/Amortizations and Provisions not accepted for tax purposes	131,832	(251,591)
Impairment losses	(698,266)	309,471
Results of associates using equity method	(284,543)	(390,171)
Tax benefits	(3,395)	(31,585)
Tax losses of the year for which deferred tax assets were not recognised	700,929	1,049,750
Use of tax losses generated in previous years for which no deferred tax assets were recognised	(1,733,684)	(2,038,629)
Recognition of the effect of hyperinflationary economies (IAS29)	(129,433)	(21,246)
Use / Cancellation of deferred tax assets related to reportable tax losses	744,771	134,324
Different tax rates	(29,696)	9,713
Municipaly surchage and autonomous taxes	548,361	1,075,503
Excess/ Insufficiency of income tax estimate	(686,563)	(213,684)
Non-deductible net financing expenses	54,954	720,858
Others	1,320,984	(625,538)
Effective income tax (current + deferred)	**1,285,178**	**1,761,717**
Effective tax rate	**8,32%**	**12,21%**

In tax year 2022, Martifer SGPS, SA and its Portuguese investees were subject to Corporate Income Tax ("IRC") at the normal rate of 21%, plus a municipal surcharge of up to 1.5% of the taxable income.

Additionally, in respect of the taxable income above 1,500,000 Euros, subject and not exempted from IRC, the following local State surcharges apply: 3% on the part over 1,500,000 Euros and up to 7,500,000 Euros; 5% on the part over 7,500,000 Euros and up to 35,000,000 Euros; and 9% on the part of taxable income that exceeds 35,000,000 Euros.

Pursuant to Article no. 88 of the IRC Code, Portuguese companies are additionally subject to autonomous taxation on a set of expenses at the rates provided for in said article.

In tax year 2011, Martifer SGPS, SA chose to apply the Special Regime for the Taxation of Groups of Companies ("RETGS") which includes Portuguese companies in which it, directly or indirectly, holds at least 75% of their capital and that simultaneously comply with the other conditions defined by that regime.

The Group companies covered by this regime calculate and record income tax as if they were taxed individually. The responsibilities that are determined are, however, recorded as due in the dominant company of the tax group – Martifer SGPS – which will be responsible for the global calculation and tax self-assessment.

The remaining investees not included in the Martifer Group special taxation regime are taxed individually based on their respective taxable income and at the applicable tax rates.

The results generated in foreign subsidiaries are taxed at the local income tax rates, namely the results generated in Angola, in Saudi Arabia, in Brazil, in France, in Poland, in Romania, in Spain, in the United Kingdom and in Argentina are taxed, respectively, at 25%, 20%, 34%, 25%, 19%, 16%, 25%, 19% and 25%.

For the calculation of deferred taxes in the United Kingdom and in Argentina, the rates used were, in both, 25%.

Under the Portuguese law in force, the tax returns of Portuguese companies are subject to revision and correction by the tax authorities during a period of four years (five years for social security), except when tax losses have occurred, tax benefits have been granted, or inspections, claims or appeals are ongoing, in which cases, depending on the circumstances, the time limits may be extended or suspended.

In respect of transactions carried out with entities domiciled in countries with a clearly more favourable tax regime, the review and correction period is extended to 12 years.

Thus, tax returns for the years 2019 to 2022 (2018 to 2022 for Social Security) may still be subject to review and corrections.

In 2018, tax inspections of the 2014 period were realised, which resulted in the additional payment of IRC plus compensatory interest and procedural costs that resulted in a total amount of 282,786.71 Euros. In this respect, the Group's Board of Directors considers that there are arguments to contest such additional assessment; therefore, Martifer SGPS, as the dominant company of the group of companies taxed within the framework of RETGS, appealed, in 2019, against such tax assessment, in accordance with the legal terms, having submitted a guarantee regarding the amount assessed by the Tax Authority. Martifer SGPS is awaiting a decision by the Court on this case.

In 2020, a tax inspection in the sphere of Martifer Construções Metalomecânicas S.A. in respect of Value Added Tax (“VAT”) of the period June 2020 was realised, in the scope of which the Tax Authority proceeded to cancel the VAT regularisation in the amount of 158,492.12 Euros, related to VAT contained in credits considered to be uncollectible. The correction in question arises from the fact that the Tax Authority believes that the Company did not communicate the adjustment to the purchaser referred to in paragraph 11 of Article no. 78 of the VAT Code. Martifer Construções Metalomecânicas S.A. appealed against the referred tax regularisation, through a judicial impugnation, and the Tax Authority presented an objection in July 2021. Martifer Construções Metalomecânicas S.A. is awaiting a decision by the Court on this case.

Tax Credit on Investment II (“CFEI II”)

On 24 July 2020, Law no. 27-A/2020 was published, which (re)introduced the Special Tax Credit on Investment II (CFEI II) into our tax system, aimed at supporting employment, investment and businesses, within the framework of the Economic and Social Stabilisation Programme (Programa de Estabilização Económica e Social) in force.

The CFEI II relates to a tax benefit that can be used by IRC taxpayers that carry out, as their main activity, a commercial, industrial or agricultural activity, provided that certain requirements are met.

Specifically, this benefit corresponds to a deduction of 20% of the capex on assets allocated to the operation (up to a maximum amount of 5,000,000 Euros), made between 1 July 2020 and 30 June 2021, up to a limit of 70% of the tax payable assessed in the 2020 and 2021 financial years. In the case of the groups of companies taxed under RETGS, the deduction is made up to 70% of the IRC payable by the Group and cannot exceed 70% of the IRC payable by the company that made the investments.

The amount not deducted in the 2020 and 2021 financial years, due to insufficient IRC payable, may be deducted in the five subsequent tax periods.

In the scope of this benefit, the group of companies taxed under the RETGS, for the 2022 tax year, has an available tax credit regarding CFEI II, calculated by Martifer SGPS, S.A., in 2020, in the amount of 301.43 Euros.

Tax Incentive for Recovery (Incentivo Fiscal à Recuperação (“IFR”))

The tax incentive for recovery (“IFR”) was introduced into the Portuguese tax system with the publication of the State Budget for 2022 (Law No. 12/2022, of 27 June).

The IFR relates to a tax benefit that can be used by IRC taxpayers that carry out, as their main activity, a commercial, industrial or agricultural activity, provided that certain requirements are met.

Similarly, to the CFEI benefit, the IFR is conditioned to the non-termination of employment contracts for three years, counting from the first day of the seventh month of the tax period in which the eligible capex is incurred, under the terms of collective dismissals or job extinction dismissals, and, additionally, is conditioned to the non-distribution of profits for three years, counting from the first day of the seventh month of the tax period in which the eligible capex is incurred.

Specifically, this tax benefit translates into a deduction of up to 70% of the group's IRC tax payable, which cannot exceed 70% of the IRC tax payable assessed by the company that carried out the investments.

The benefit to be calculated is that which results from the application of the following percentages on investments made in assets allocated to the operation during the second half of 2022 (with a maximum amount of 5,000,000 Euros of eligible investment expenditure):

i. 10% of the eligible expenditure incurred in the tax period up to the amount corresponding to the simple arithmetic average of the eligible investment expenditure of the three previous tax periods;

ii. 25% of the eligible expenditure incurred in the tax period, in the part that exceeds the limit provided for in the previous point.

The amount that is not deducted in the 2022 tax year, due to insufficient IRC tax payable, may be deducted in the five subsequent tax periods.

At the date of approval of the accompanying consolidated financial statements, the company Martifer Construções Metalomecânicas S.A. and Navalria – Docas, Construções e Reparações Navais S.A. are calculating the IFR tax benefit arising from the investment made in tangible fixed assets and intangible assets in the period between 1 July 2022 and 31 December 2022, which can be deducted in 2022 and in the five subsequent tax periods.

On 31 December 2022 and 2021, the balance of income tax receivable and payable is presented as follows:

	FY 2022	FY 2021
Income tax - Assets	2,444,006	1,264,254
Income Tax - Liabilities	(1,951,722)	(2,357,908)
Net income tax	**492,283**	**(1,093,654)**

15. DIVIDENDS

In 2022 and 2021 no dividends were distributed.

16. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares, so there are no special dividends or voting rights.

Martifer SGPS, SA's share capital is represented by 100,000,000 ordinary shares, totally subscribed and paid-up, representing a share capital of 50,000,000 Euros.

The weighted average number of shares in circulation is net of 2,215,910 shares, corresponding to own shares acquired by Martifer SGPS (Note 30).

On 31 December 2022 and 2021, there is no difference between the calculation of basic earnings per share and the calculation of diluted earnings per share, which can be demonstrated as follows:

	FY 2022	FY 2021
Profit for the year (I)	**13,340,204**	**11,266,885**
Weighted average number of shares outstanding (II)	97,784,090	97,784,090
Basic and diluted earnings per share (I) / (II)	**0.1364**	**0.1152**

17. GOODWILL

The movement in 'Goodwill', in financial years ended 31 December 2022 and 2021, is as follows:

	FY 2022	FY 2021
Gross amount		
Opening balance	**10,974,649**	**10,974,649**
Movements of the year	-	-
Closing balance	**10,974,649**	**10,974,649**
Carrying amount at the beginning of the period	**10,974,649**	**10,974,649**
Carrying amount at the end of the period	**10,974,649**	**10,974,649**

The detail of 'Goodwill', for financial years ended 31 December 2022 and 2021, can be analysed as follows:

	FY 2022 CARRYING AMOUNT	FY 2021 CARRYING AMOUNT
Metallic Constructions	9,355,974	9,355,974
Naval Industry	1,618,675	1,618,675
	10,974,649	**10,974,649**

The Group adopts the procedure of carrying out annual impairment tests on Goodwill at the end of each financial year, as defined in Notes 1.4 i) and 1.4 xxv) c).

For the purposes of the Goodwill impairment analysis, the procedures in 2022 were as follows:

- Naval Industry - the recoverable value of the cash-generating units of the business segment was estimated based on the value in use, according to the discounted cash flow method, based on the business plans developed by those responsible for the companies and duly approved by the Board of Directors of the Group and using an appropriate discount rate considering the risks inherent to the business. On 31 December 2022 and 2021, the assumptions used to calculate the existence or not of impairment of Goodwill were as follows:

FY 2022	NAVAL INDUSTRY
Weighted Average Cost of Capital (WACC)	8.14%
Average growth rate/CAGR turnover [2023 ; 2027] (3)	9.65%
Average EBITDA average margin [2023 ; 2027]	10.23%

The average growth rate calculation of turnover is based on the following estimates and expectations: (i) for 2023, a significant growth compared to 2022, since the tourism sector is expected to rebound and, consequently, a recovery in the shipbuilding activity is expected, which should remain unchanged over the following years, during which the execution of construction contracts signed with the main client of this segment is expected; (ii) for 2024 and beyond, growth in the order of 14 % in ship repairs as a result of the investments expected to be made in 2023 and 2024, namely with the completion of the new dock at the shipyard.

FY 2021	NAVAL INDUSTRY
Weighted average cost of capital rate (WACC)	6.28%
Average growth rate/CAGR of turnover [2022; 2026]	2.76%
Average EBITDA margin/turnover [2022; 2026]	10.86%

The average growth rate calculation of turnover has subjacent the following estimates and expectations: (i) in 2022, an amount in line with 2021; (ii) in 2023, a growth of 8% that considers the fact that the building of the Explorer vessels has been extended in time; and (iii) from 2024 onwards, a growth of 2% as a result of the growth of the ship repair business due to the investments foreseen for the coming years.

- Metallic Constructions – the recoverable value of the cash-generating units related to the operations in Portugal, Angola and

Romania was estimated (Note 19), considering that the remaining countries are mainly commercial and have a smaller margin since they are dedicated to the assembly and completion of projects, and therefore generate a marginal valorisation;

Considering the valuations carried out, the Board of Directors considers that reasonable variations in the main indicators would not imply the impairment of the net assets associated with the cash-generating units to which the Goodwill was allocated.

18. INTANGIBLE ASSETS

This caption is analysed as follows:

	FY 2022	FY 2021
Gross amount, reduced by impairment losses:		
Software and other rights	15,218,288	15,228,315
	15,218,288	**15,228,315**
Accumulated depreciation:		
Software and other rights	14,662,842	14,732,365
	14,662,842	**14,732,365**
Carrying amount	**555,445**	**495,950**

The value recorded in Software and other rights relates mainly to computer programmes purchased by companies of the Group.

The information relating to the gross values of the intangible assets, net of accumulated impairment losses, for financial years ended 31 December 2022 and 2021, can be analysed as follows:

FY 2022	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2022	**15,228,315**	**-**	**15,228,315**
Additions	14,323	-	14,323
Sales, disposals and write-offs	(125,895)	-	(125,895)
Effect of foreign currency exchange differences	86,590	-	86,590
Impact of Hyperinflationary Economies (Note 1.4)	15,344	-	15,344
Transfers and other movements	(389)	-	(389)
Closing balance 31 December 2022	**15,218,288**	**-**	**15,218,288**

FY 2021	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2021	**15,136,376**	**-**	**15,136,376**
Additions	1,373	-	1,373
Sales, disposals and write-offs	(589)	-	(589)
Effect of foreign currency exchange differences	101,592	-	101,592
Impact of Hyperinflationary Economies (Note 1.4)	4,262	-	4,262
Changes in the consolidation perimeter	(13,327)	-	(13,327)
Transfers and other movements	(1,372)	-	(1,372)
Closing balance 31 December 2021	**15,228,315**	**-**	**15,228,315**

The information related to the accumulated amortisation values of the intangible assets, with reference to financial years ended 31

December 2022 and 2021, can be analysed as follows:

FY 2022	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2022	**14,732,365**	**-**	**14,732,365**
Additions	29,665	-	29,665
Sales, disposals and write-offs	(125,895)	-	(125,895)
Effect of foreign currency exchange differences	19,762	-	19,762
Transfers and other movements	(389)		(389)
Impact of Hyperinflationary Economies (Note 1.4)	7,335		7,335
Closing balance 31 December 2022	**14,662,843**	**-**	**14,662,843**

FY 2021	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2021	**14,689,316**	**-**	**14,689,316**
Additions	32,753		32,753
Effect of foreign currency exchange differences	21,584	-	21,584
Transfers and other movements	(1,372)	-	(1,372)
Impact of Hyperinflationary Economies (Note 1.4)	3,410	-	3,410
Changes in the consolidation perimeter	(13,327)	-	(13,327)
Closing balance 31 December 2021	**14,732,365**	**-**	**14,732,365**
Carrying Amount:			
31 December 2021	**495,950**	**-**	**495,950**
31 December 2022	**555,445**	**-**	**555,445**

The net impact of the application of IAS 29 to the Angolan and Argentinian companies in this caption is around 0.9 million Euros (Note 42).

19. TANGIBLE FIXED ASSETS

This caption is analysed as follows:

	FY 2022	FY 2021
Gross amount, reduced by impairment losses:		
Land and buildings	48,413,879	46,487,717
Equipments	71,713,407	70,788,368
Tangible assets in progress	7,216,031	11,488,268
Other tangible assets	2,247,360	2,444,116
	129,590,676	**131,208,469**
Accumulated depreciation:		
Land and buildings	21,175,940	19,216,363
Equipments	59,450,216	56,337,359
Other tangible assets	1,912,841	1,910,027
	82,538,997	**77,463,749**
Carrying amount	**47,051,679**	**53,744,720**

The accumulated impairment on 31 December 2022 amounts to 28.1 million Euros (29.8 million Euros on 31 December 2021).

The information regarding the gross values of land and buildings, equipment, fixed assets in progress and other fixed assets, net of accumulated impairment losses, on 31 December 2022 and 2021, can be analysed as follows:

FY 2022	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL

Opening balance 1 January 2022	**46,487,717**	**70,788,368**	**11,488,268**	**2,444,116**	**131,208,469**
Additions	184,165	768,398	1,873,474	44,566	2,870,603
Sales, disposals and write-offs	(171,917)	(459,188)	(1,026,049)	(288,188)	(1,945,342)
Effect of foreign currency exchange differences	887,331	852,132	(159,346)	4,417	1,584,535
Impairment losses (Note 11)	-	-	-	-	-
Transfers and other movements	1,026,583	-	(1,019,216)	24,750	32,117
Impact of Hyperinflationary Economies (Note 1.4)	-	3,821	125,324	17,698	146,843
Changes in the consolidation perimeter	-	(240,124)	(4,066,425)	-	(4,306,549)
Closing balance 31 December 2022	**48,413,879**	**71,713,407**	**7,216,031**	**2,247,360**	**129,590,676**

FY 2021	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2021	**47,217,411**	**69,881,472**	**11,632,693**	**2,433,727**	**131,165,303**
Additions	74,101	935,194	2,581,916	199,636	3,790,847
Sales, disposals and write-offs	(1,447,742)	(1,013,363)	(2,867,718)	(84,960)	(5,413,783)
Effect of foreign currency exchange differences	895,904	397,124	(71,011)	19,528	1,241,545
Impairment losses (Note 11)	-	-	(2,187,191)	-	(2,187,191)
Transfers and other movements	(218,256)	657,731	3,141,830	(133,350)	3,447,955
Impact of Hyperinflationary Economies (Note 1.4)	-	2,080	69,718	10,283	82,081
Changes in the consolidation perimeter	(33,701)	(71,870)	(811,969)	(748)	(918,288)
Closing balance 31 December 2021	**46,487,717**	**70,788,368**	**11,488,268**	**2,444,116**	**131,208,469**

The investment in tangible fixed assets, in 2022, occurred in the 'Metallic Constructions' segment (1.3 million Euros), in the 'Naval industry' segment (0.1 million Euros) and in the 'Renewables' segment (1.5 million Euros), essentially, on the acquisition of equipment and the capitalisation of expenses in the projects under development.

The disposal and write-off of 'Tangible fixed assets in progress', in 2022, is related solely to the sale of two turbines, by Cedilhas ao Vento, S.A., in the 'Renewables' segment. The disposal and write-off of 'Equipment' is mainly related to the write-off of office equipment, in Portugal, in the 'Metallic Constructions' segment.

The change in perimeter of 'Tangible fixed assets in progress', in 2022, arises from the sale of the company Wind Farm Lada Sp. Z o.o. (Note 5).

The information relating to the amounts of the accumulated depreciation of land and buildings, equipment, tangible fixed assets in progress and other tangible fixed assets on 31 December 2022 and 2021 can be analysed as follows:

FY 2022	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2022	**19,216,363**	**56,337,359**	**-**	**1,910,027**	**77,463,749**
Additions	1,383,059	2,971,490	-	60,085	4,414,634
Sales, disposals and write-offs	-	(433,927)	-	(75,323)	(509,249)
Effect of foreign currency exchange differences	576,518	812,037	-	9,203	1,397,758
Transfers and other movements	-	-	-	-	-
Impact of Hyperinflationary Economies (Note 1.4)	-	3,381	-	8,849	12,230
Changes in the consolidation perimeter	-	(240,124)	-	-	(240,124)
Closing balance 31 December 2022	**21,175,940**	**59,450,216**	**-**	**1,912,841**	**82,538,997**

FY 2021	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL

Opening balance 1 January 2021	**18,126,940**	**53,926,876**	**-**	**1,918,434**	**73,972,256**
Additions	1,406,071	2,874,149	-	44,078	4,324,298
Sales, disposals and write-offs	(1,042,978)	(998,997)	-	(74,870)	(2,116,845)
Effect of foreign currency exchange differences	721,880	621,353	-	19,277	1,362,510
Changes in the consolidation perimeter	5,084	(39,866)	-	-	(34,782)
Impacto de Economias Hiperinflacionárias (Nota 1.4)	-	1,891	-	3,856	5,747
Changes in the consolidation perimeter	(634)	(48,047)	-	(748)	(49,429)
Closing balance 31 December 2021	**19,216,363**	**56,337,359**	**-**	**1,910,027**	**77,463,749**
Carrying Amount:					
31 December 2021	**27,271,354**	**14,451,009**	**11,488,268**	**534,089**	**53,744,720**
31 December 2022	**27,237,939**	**12,263,192**	**7,216,031**	**334,518**	**47,051,679**

The valuation criteria adopted, and the depreciation rates used are referred to in Note 1.4 iv) 'Main accounting policies, judgements and estimates'.

The net impact of the application of IAS 29 to the Angolan and Argentinian companies in this caption is around 5.7 million Euros (Note 42).

During the year, the Group estimated the recoverable value of some tangible fixed assets, considering internal and external factors that indicated that they could be accounted for at an amount in excess of their recoverable value.

The assessment of the existence of impairment of tangible fixed assets of the Group was carried out based on the business plans of various companies, which assumptions are detailed below.

RENEWABLES

ROMANIA	2022	2021
Tangible Fixed Assets [1]	19,134	21,691
Period used	14 years	14 years
Growth rate (g) [2]	n.a.	n.a.
CAGR Turnover [2023; 2036]; [2022; 2036][3]	-0.02%	-2.18%
Weighted Average Cost of Capital (WACC) [4]	10.59%	7.40%

[1] Values in thousands of Euros;
[2] Growth rate used to extrapolate cash flows beyond the business plan period;
[3] Estimated average growth rate based on the Company's business plan considering the estimates and assumptions made by the Board of Directors based on their best knowledge at the date of approval of the financial statements;
[4] Discount rate applied to the projected cash flows.

Cash flow projections were based on historical performance, of the Babadag I and II wind farms (Romania), and on expectations of greater efficiency of the project. Those responsible for this segment believe that a possible change (within a scenario of normality) in the main assumptions used in the calculation of the recoverable value would have the impacts listed below:

ROMANIA:

A sensitivity analysis was performed with variations of: (i) increase / decrease in WACC by 1.0 p.p.; (ii) positive / negative variation in turnover by 1.0 p.p.; and (iii) increase / decrease in EBITDA margin / turnover by 0.5 p.p., for the Babadag I and II wind farms; the conclusion was of impairment in the scenarios with an increase in WACC by 1.0 p.p. or a negative variation in turnover by 1.0 p.p., or a reduction in EBITDA margin / turnover by 0.5 p.p., according to the detail below:

	WACC INCREASE IN 1.0 P.P.	VAR. TURNOVER -1.0 P.P.[1]	REDUTION OF THE EBITDA MARGIN/TURNOVER 0.5 P.P.[2]
Weighted Average Cost of Capital (WACC)	11.59%	10.59%	10.59%

CAGR Turnover [2023 ; 2036] (3)	-0.02%	-0.03%	-0.02%
Average EBITDA margin Turnover [2023 ; 2036]	29.18%	29.18%	28.68%
Net book value (4)	19,134,200	19,134,200	19,134,200
Total recoverable amount (4)	18,440,155	16,968,740	18,940,223
Impact on the recoverable amout (4)	(694,045)	(2,165,460)	-193,977
Conclusions of sensitivity analysis	Impairment	Impairment	Impairment

(1) Annual variation of turnover by 1 p.p. (2023 = 100 %), keeping the EBITDA / turnover margin constant;
(2) Variation in the EBITDA / turnover margin, maintaining a constant turnover;
(3) Estimated average growth rate based on the Company's business plan considering the estimates and assumptions of the Board of Directors based on their best knowledge at the date of approval of the financial statements;
(4) Amounts in thousands of Euros.

The Group believes that in the different sensitivity analyses in which the conclusion is 'Impairment", these reflect possible, but unlikely scenarios, so additional impairment was not recorded.

METALLIC CONSTRUCTIONS

	MARTIFER ANGOLA	MARTIFER CONSTRUCTIONS	MARTIFER ROMANIA
Fixed assets (1)	2,470	17,525	4,858
Period used	5 years	5 years	5 years
Growth rate (g) (2)	6.38%	2%	2.55%
Average Turnover growth rate over 5 or 6 years (3)	3.02%	2.86%	8.87%
Discount rate used (4)	17.05%	7.24%	10.33%

(1) Amounts in thousands of Euros;;
(2) Growth rate used to extrapolate cash flows beyond the business plan period;
(3) Estimated average growth rate based on the Company's 5-year business plan;
(4) Discount rate applied to the projected cash flows.

In Martifer Angola, the average growth rate calculation of the turnover has underlying it a decrease in 2023, when compared to 2022, and an increase from 2024 onwards, considering the expected average GDP growth in Angola.

In Martifer Construções, the average growth rate calculation of turnover is based on the average GDP growth rate of the main countries for which Martifer Construções produces.

In Martifer Romania, a significant increase in turnover is expected from 2022 to 2023, as a result of the adjudication of some large-scale works. In the following years, with the industrial unit still having the capacity to embrace new projects, an annual growth of 6% is expected, and with the combination of an increase in negotiating power and the achievement of economies of scale, a reduction of 5% in direct costs is expected.

The cash flow projections were based on historical performance and on the expectation of improved efficiency. Those responsible for this segment believe that a possible change (within a scenario of normality) in the main assumptions used in the calculation of the recoverable value will not originate impairment:

A sensitivity analysis was performed with variations of: (i) increase / decrease in WACC by 1.0 p.p.; (ii) positive / negative variation in turnover by 0.5 p.p.; and (iii) increase / decrease in the EBITDA margin / turnover by 0.5 p.p.; with the conclusion being that there was no evidence of impairment.

20. RIGHT-OF-USE ASSETS

Right-of-use assets on 31 December 2022 and 2021 are as follows:

	FY 2022	FY 2021
Gross amount, reduced by impairment losses:		
Land and buildings	12,994,194	11,934,173
Equipments	5,089,983	3,904,514
Other right-of-use assets	13,815,260	9,945,402
	31,899,436	**25,784,089**
Accumulated depreciation:		
Land and buildings	6,762,657	6,449,618
Equipments	3,128,650	2,866,041
Other right-of-use assets	1,480,008	1,024,975
	11,371,315	**10,340,633**
Carrying amount	**20,528,121**	**15,443,456**

The ‘Other right-of-use assets’ relate to sub-concessions of shipyards and correspond to all associated land, buildings and equipment.

The information related to the gross values of ‘Land and buildings’, ‘Equipment’ and ‘Other right-of-use assets’, net of accumulated impairment losses, on 31 December 2022 and 2021, can be analysed as follows:

FY 2022	LAND AND BUILDINGS	EQUIPMENT	OTHER RIGHT-OF-USE ASSETS	TOTAL
Opening balance 1 January 2022	**11,934,173**	**3,904,514**	**9,945,402**	**25,784,089**
Additions	1,212,490	1,427,778	3,869,858	6,510,126
Sales, disposals and write-offs	(152,469)	(242,309)	-	(394,779)
Closing balance 31 December 2022	**12,994,193**	**5,089,983**	**13,815,260**	**31,899,436**

FY 2021	LAND AND BUILDINGS	EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2021	**12,165,480**	**3,494,443**	**10,136,365**	**25,796,288**
Additions	114,971	583,885	-	698,856
Sales, disposals and write-offs	(346,278)	(173,814)	-	(520,092)
Transfers and other movements	-	-	(190,963)	(190,963)
Closing balance 31 December 2021	**11,934,173**	**3,904,514**	**9,945,402**	**25,784,089**

The increase verified in 2022, under the caption ‘Other right-of-use assets’, is wholly related to the sub-concession of the shipyard by West Sea, Lda., following a contractual amendment relating to the value of rents, as well as the update of the discount rate. The increase in the caption 'Equipment' is essentially related to the leasing of office equipment, as well as a laser machine, both at Martifer Construções, in the ‘Metallic Constructions’ segment. Still in 2022, the increase in 'Land and buildings' is essentially due to wind farms and solar parks, in Poland, in the 'Renewables' segment.

The increase in 'Equipment', in 2021, is mostly related to forklifts leased by West Sea and vehicles by Martifer Construções.

The information regarding the values of accumulated depreciation of ‘Land and buildings’, ‘Equipment’ and ‘Other right-of-use assets’ on 31 December 2022 and 2021 can be analysed as follows:

FY 2022	LAND AND BUILDINGS	EQUIPMENT	OTHER RIGHT-OF-USE ASSETS	TOTAL
Opening balance 1 January 2022	**6,449,618**	**2,866,041**	**1,024,975**	**10,340,633**
Additions	350,122	494,309	455,034	1,299,465
Sales, disposals and write-offs	(37,082)	(241,483)	-	(278,565)
Transfers and other movements	-	9,782	-	9,782
Closing balance 31 December 2022	**6,762,658**	**3,128,650**	**1,480,009**	**11,371,315**

FY 2021	LAND AND BUILDINGS	EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2021	**6,450,685**	**2,551,434**	**682,930**	**9,685,047**
Additions	345,211	485,684	342,045	1,172,940
Transfers and other movements	(346,278)	(171,076)	-	(517,354)
Closing balance 31 December 2021	**6,449,618**	**2,866,041**	**1,024,975**	**10,340,633**
Carrying Amount:				
31 December 2021	**5,484,555**	**1,038,473**	**8,920,427**	**15,443,456**
31 December 2022	**6,231,536**	**1,961,333**	**12,335,252**	**20,528,121**

21. INVESTMENT PROPERTIES

The caption 'Investment Properties' includes the following properties held by Group Martifer: Benavente Business Centre, Warehouses in Albergaria-a-Velha and the Martifer Construções OF1 property, all intended to be leased out or for capital appreciation in the long term. In December 2020, the company Martifer Romania SRL transferred a land located in Aricestii, Romania, from the caption 'Tangible fixed assets' to 'Investment properties', with same having been disposed of in 2022.

These assets are recorded at market value according to an independent valuation, based on the normal use of each property, performed by specialised entities, according to the international practices of RICS Valuation Standards (RICS Red Book). In 2021, the land in Aricestii is also recorded at market value but at the value of the promissory purchase and sale contract signed in early 2022. Martifer Group carries out regular valuations of these properties, and gains and losses arising from changes in fair value are recognised in the income statement.

The valuation reports carried out by an independent entity were prepared in accordance with Laws 16/2015, of 24 February, and 153/2015, of 14 September, and with CMVM Regulation no. 2/2015, of 17 July.

The methods for calculating the value of the properties were the following:

- Comparative market analysis method, income method and replacement cost method;
- Comparative market analysis method and the discounted cash flow method.

The value assigned to each of the properties resulted from the arithmetic average of the methods used in the valuation.

The valuations were made based on the information provided by the Group, visits to sites, geographical location and market research. In all the valuations, it was assumed that it is possible to transact the properties and that they are free from any encumbrances, charges or commitments.

The movement in financial years 2022 and 2021 under the caption 'Investment Properties' was as follows:

	FY 2022	FY 2021
Opening balance	21,005,000	21,327,267
Sales and disposals	(1,500,234)	-
Changes in fair value	-	(293,820)
Effect of foreign currency exchange differences	234	(28,447)
Closing balance	**19,505,000**	**21,005,000**

In 2022, the amount of around 1.5 million Euros in 'Disposals and write-offs' relates to the disposal of a plot of land located in Aricestii, Romania, by Martifer Romania SRL, for 1,601,795 Euros.

It should be noted that the caption 'Fair value changes' includes the fair value adjustment of the investment properties in the amount of - 158,212 Euros (Note 10), and – 135,608 Euros related to the reversal of the revaluation surplus of the Aricestii land.

The table below presents the valuation method, yield and total value of the independent valuations performed during the financial year, as well as the amount by which the assets are recorded in the Group's accounts:

FY 2022	APPRAISAL METHOD	YIELD	FAIR VALUE LEVEL	FAIR VALUE	INDEPENDENT APPRAISAL
Albergaria a Velha Warehouse	Comparison, Revenue and Cost of Replacement	7.00	3	1,405,000	1,405,000
Benavente Business center	Comparison, Revenue and Cost of Replacement	7.00	3	9,000,000	9,000,000
Martifer Construções Plant	Comparison, Revenue and Cost of Replacement	8.00	3	9,100,000	9,100,000
				19,505,000	**19,505,000**

As determined by the accounting policies (Note 1.4 vi)), the fair value recorded is exactly the same as the independent valuation.

The income obtained from investment properties was 631,906 Euros in 2022 (in 2021, it was 528,557 Euros) and it is recorded in 'Other operating income' (Note 5).

The expenses associated with these investment properties amounted to 153,457 Euros in 2022 (179,723 Euros, in 2021) and are reflected in different captions of the consolidated income statement.

22. INVESTMENTS IN ASSOCIATE COMPANIES AND JOINT ARRANGEMENTS

On 31 December 2022 and 2021, the information related to associated and jointly controlled companies, as well as the value of the holdings are as follows:

	% CAPITAL HELD	TOTAL EQUITY WITHOUT SUPPLEMENTARY CAPITAL	FINANCIAL PARTICIPATION BY EQUITY METHOD	SUPPLEMENTARY CAPITAL	SUPPLEMENTARY CAPITAL IMPAIRMENTS	NET INCOME	FY 2022
	FY 2022	FY 2022	FY 2022	FY 2022	FY 2022	FY 2022	
Martifer-Visabeira, S.A.	50.0%	4,272,029	2,136,015	1,199,787	-	2,338,975	3,335,801
Hytlantic, S.A.	10.0%	49,922	4,992	151,000	-	(78)	155,992
CNA Chantier Naval d'Arzew, SPA [1)]	49.0%	-	-	-	-	-	-
							3,491,793

Note: The information presented corresponds to the values of the financial statements of the companies.

	% CAPITAL HELD	TOTAL EQUITY WITHOUT SUPPLEMENTARY CAPITAL	FINANCIAL PARTICIPATION BY EQUITY METHOD	SUPPLEMENTARY CAPITAL	SUPPLEMENTARY CAPITAL IMPAIRMENTS	NET INCOME	FY 2021
	FY 2021	FY 2021	FY 2021	FY 2021	FY 2021	FY 2021	

Martifer-Visabeira, S.A.	50.0%	1,856,783	928,392	1,144,105	-	3,147,193	2,072,497
Ventinveste, S.A	48.5%	8,507,885	4,126,324	-	-	586,307	4,126,324
CNA Chantier Naval d'Arzew, SPA[1)]	49.0%	-	-	-	-	-	-
							6,198,821

1) In 2019, the holding in CNA Chantier Naval d'Arzew, SPA was cancelled as there is no prospect of recoverability of the investment made - this remains unchanged on 31 December 2021 and 2022.

The movement in this caption, in financial years ended 31 December 2022 and 2021, was as follows:

	FY 2022	FY 2021
Opening balance	6,198,821	4,203,938
Application of the equity method		
- From performance in results (Note 13)	1,354,968	1,857,955
- Other equity changes	38,136	(50,261)
Sale of Ventinveste, S.A.	(4,311,812)	
Constitution of Hytlantic, S.A.	156,000	
Effect of foreign currency exchange differences	55,682	187,188
Closing balance	**3,491,793**	**6,198,821**

On 31 December 2022 and 2021, the summarised information on the main financial investments in associated and jointly controlled companies with positive equity, extracted from their unaudited separate financial statements, is as follows:

FY 2022	Martifer -Visabeira, S.A.	Hytlantic, S.A.
% Capital Held	50.0%	10.0%
Non-currrent Assets	7,429,734	310,159
Cash and Cash equivalents	2,960,211	1,502,352
Other current assets	3,819,785	54,525
Non-currrent Liabilities	697,247	-
Currrent Liabilities	6,218,291	311,113
Equity	7,294,192	1,555,922
Total supplementary capital	3,022,162	1,506,000
Equity without supplementary capital	4,272,029	49,922
Supplementary capital from Group	-	-
Supplementary capital from Group Impairments	-	-
Sales and Services Rendered	8,627,651	-
Amortizations and Depreciations	425,118	-
Income Tax	595,227	-
Net Profit for the year	2,338,975	(78)

FY 2021	Martifer -Visabeira, S.A.	Ventinveste, S.A
% Capital Held	50.0%	48.5%
Non-currrent Assets	7,438,510	10,299,137

Cash and Cash equivalents	1,068,881	2,132,032
Other current assets	1,963,885	805,530
Non-currrent Liabilities	-	2,815,971
Currrent Liabilities	5,292,572	1,912,842
Equity	5,178,703	8,507,885
Total supplementary capital	3,321,920	-
Equity without supplementary capital	1,856,783	8,507,885
Supplementary capital from Group	1,144,105	-
Supplementary capital from Group Impairments	-	-
Sales and Services Rendered	5,971,342	2,617,483
Amortizations and Depreciations	377,071	1,004,054
Income Tax	18,398	121,737
Net Profit for the year	3,147,193	586,307

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

NON-CURRENT

On 31 December 2022 and 2021, the detail of the non-current 'Financial assets at fair value through profit or loss' is as follows:

	FY 2022	FY 2021
Green Certificates	1,507,241	2,222,701
Others	273,393	267,806
	1,780,634	**2,490,507**

The movement in the 2022 and 2021 financial years, under the non-current 'Financial assets at fair value through profit or loss' caption was as follows:

	FY 2022	FY 2021
Opening balance	2,490,507	3,171,389
Additions	66,544	78,637
Reductions	(771,732)	(767,988)
Impairments	-	(197)
Others	(4,685)	8,665
Closing balance	**1,780,634**	**2,490,507**

The decrease in this caption, in 2022, essentially results from the attribution of non-current green certificates to Eviva Nalbant, SRL., with the unit price considered in 2022 of 144.7 RON (142.2 RON, in 2021) being the minimum value defined by law for this year.

On 31 December 2022 and 2021, the detail of the non-current green certificates held by the Group is as follows:

	FY 2022	FY 2021
Number of green certificates held	51,548	77,337

Unit Price (RON)	144.660	142.211
Total Amount (RON)	7,456,923	10,998,149
Total Amount (EUR)	1,507,241	2,222,701

On 31 December 2022, there is deferred income in the amount of 1,507,241 Euros (Note 38) relating to these certificates, in accordance with the accounting policy referred to in Note 1.4 vii) (2,222,701 Euros on 31 December 2021).

CURRENT

On 31 December 2022 and 2021, the detail of current 'Financial assets at fair value through profit or loss' is as follows:

	FY 2022	FY 2021
Green Certificates	1,411,193	1,607,764
Deposits given as security	1,704,053	755,963
Others	6,596	11,596
	3,121,842	**2,375,323**

The movement in the 2022 and 2021 financial years, under the current 'Financial assets at fair value through profit or loss' caption was as follows:

	FY 2022	FY 2021
Opening balance	2,375,323	1,300,398
Additions	4,284,160	3,172,237
Reductions	(3,358,777)	(2,490,447)
Transfers	(64,692)	393,135
Others	(114,172)	-
Closing balance	**3,121,842**	**2,375,323**

The movements in this caption essentially refer to the purchase and sale of current green certificates by Eviva Nalbant, SRL, with the unit price considered in 2022 of 144.7 RON (142.2 RON, in 2021) being the minimum value defined by law for this year.

On 31 December 2022 and 2021, the detail of the current green certificates held by the Group is as follows:

	FY 2022	FY 2021
Number of green certificates held	48,263	55,941
Unit Price (RON)	144.660	142.211
Total Amount (RON)	6,981,716	7,955,409
Total Amount (EUR)	1,411,193	1,607,764

On 31 December 2022, there is deferred income in the amount of 1,411,193 Euros (Note 38), relating to these certificates, in accordance with the accounting policy referred to in Note 1.4 vii) (1,607,764 Euros on 31 December 2021).

24. INVENTORIES

The information on inventories, for financial years ended 31 December 2022 and 2021, can be analysed as follows:

	FY 2022	FY 2021
Gross Value:		
Raw-materials, subsidiaries and other consumables (Note 6)	4,645,654	3,673,772
Raw-materials, subsidiaries and other consumables - Work in progress (Note 6, 27 and 28)	212,461	3,413,026
Merchandise (Note 6)	12,280,650	12,243,589
Finished goods	57,498	57,520
	17,196,263	**19,387,907**
Acumulated impairment losses:		
Raw-materials, subsidiaries and other consumables	118,160	117,353
Merchandise	6,863,774	6,870,116
Finished goods	56,989	56,989
	7,038,922	**7,044,458**
Net value - Inventories	**10,157,341**	**12,343,449**

The Caption 'Goods' concerns, primarily, plots of land located in Portugal and in Poland (Liszki Green Park). The land located in Poland is recorded at a net book value of 4.4 million Euros (net of impairment of 5.8 million Euros), with this figure taking as reference the last purchase offer received by the Group in 2017. In 2022, a valuation was carried out by an independent appraiser that valued the land using a comparative approach where recent sales are used to determine the probable value of the land. The valuation considered all the specificities of the land and surrounding environment, including the lack of infrastructure, the wider global impacts of the war in Ukraine, rising inflationary pressures and the cost of debt. The difference between the market value of the Liszki Green Park land and the net book value is considered immaterial, and, as a matter of prudence, the Group decided not to reverse any amount of impairment in financial year 2022, maintaining the net book value unchanged.

The caption ’Advance payments on account of purchases’ mainly concerns purchases made by West Sea for incorporation in shipbuilding, with a balance of 8,532,957 Euros in 2022 (in 2021, the amount was 9,379,526 Euros).

In 2021, an impairment reversal of 'Advance payments on account of purchases' in the amount of 806,858 Euros was recorded, and this is recorded in the consolidated income statement in the caption 'Impairment losses of financial assets' (Note 25).

25. TRADE RECEIVABLES AND OTHER RECEIVABLES

The information regarding clients and other debtors, for financial years ended 31 December 2022 and 2021, can be analysed as follows:

	NON CURRENT		CURRENT	
	FY 2022	FY 2021	FY 2022	FY 2021
Gross Value:				
Trade receivables:				
Trade receivables	4,222,710	4,905,661	39,862,371	52,618,687
Notes receivables	-	-	1,125,656	-
Doubtful trade receivables	5,666	254,304	31,277,487	18,583,966
	4,228,376	**5,159,965**	**72,265,514**	**71,202,653**
Other receivables:				
Related companies	546	500,463	-	-
Advances to suppliers	-	-	16,296	223,967
Others	1,067,572	967,149	2,248,169	4,447,678
	1,068,118	**1,467,612**	**2,264,465**	**4,671,645**
Total Gross Value	**5,296,494**	**6,627,577**	**74,529,979**	**75,874,298**

In the year 2022, there is an increase in the caption 'Doubtful debts', of about 13 million Euros, that essentially results from the amounts owed by one of the main clients of the shipbuilding area.

On 31 December 2022, the current and non-current balances of ‘Associated companies, investees and investors’ relate, essentially, to loans granted to associated and jointly controlled companies, which bear interest at the 3-month Euribor rate plus a spread of 3.5%.

The caption 'Other' in 'Other debtors' relates, essentially, to Portugal, the United Kingdom and Poland, and refers to operations other than those related to the main activity of the companies, such as, for example, the sale of financial investments or fixed assets.

The caption 'Clients, current account' includes amounts related to retentions in construction contracts, and, both in 2022 and 2021, the vast majority of these retentions are found in the “Non-current” column. Total retentions recorded on 31 December 2022 amount to 4,214,779 Euros, of which 3,595,683 Euros relate to ongoing projects (Note 27). In 2021, there was a total of 4,893,538 Euros of retentions, of which 2,785,232 Euros relate to ongoing projects (Note 27).

The accumulated impairment losses of ‘Clients and other debtors’ are as follows:

	NON CURRENT		CURRENT	
	FY 2022	FY 2021	FY 2022	FY 2021
Accumulated impairment losses:				
Trade receivables	-	-	35,258,940	22,593,789
Other receivables	1,066,039	965,753	1,562,173	701,967
	1,066,039	**965,753**	**36,821,113**	**23,295,756**
Carrying amount – trade receivables	**4,228,376**	**5,159,965**	**37,006,574**	**48,608,864**
Carrying amount - other receivables	**2,079**	**501,859**	**702,292**	**3,969,678**
Total	**4,230,455**	**5,661,824**	**37,708,865**	**52,578,542**

The movement of accumulated impairment losses of accounts receivables is as follows:

	TRADE RECEIVABLES		OTHER RECEIVABLES	
	FY 2022	FY 2021	FY 2022	FY 2021
Opening balance	22,593,789	22,308,552	1,667,720	1,125,610
Additions	13,007,008	2,220,892	1,354,812	454,945
Reductions	(894,385)	(2,113,463)	-	-
Applications	(20,980)	(64,828)	(583,182)	(859)
Changes of consolidation perimeter, foreign currency exchange rate difference and transfers	573,509	242,636	188,862	88,025
Closing balance	**35,258,940**	**22,593,789**	**2,628,212**	**1,667,720**

The increase in impairment losses of 'Clients', in 2022, relates primarily to the recognition of impairment related to the main client of the shipbuilding area, as well as to the recognition of client impairment under IFRS 9. This stems from a significant delay by said client and the non-compliance verified in 2022 with the previously agreed payment plan, which has increased by the amount of the work in progress. In 2021, the increase and reversal of impairment losses of 'Clients' derives from the recognition of client impairment under IFRS 9.

The net amount between increases and reversals of 'Impairment losses', in 2022, is negative by 13,467,435 Euros. In 2021, it was negative by 562,374 Euros, and there was also a reversal of impairment of 'Advances on account of purchases' in the amount of 806,858 Euros (see Note 24). Thus, the amount resulting from the sum of the above amounts was a positive 244,484 Euros, and this can be seen in the consolidated income statement in the caption 'Impairment losses of financial assets'.

On 31 December 2022 and 2021, the ageing of the balances of accounts receivable, net of accumulated impairment losses, can be detailed as follows:

FY 2022	TOTAL	NOT DUE	PAST DUE UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	40,109,294	19,244,316	12,516,320	976,120	1,088,165	6,284,372
Notes receivables	1,125,656	1,006,342	-	119,314	-	-
Other receivables	704,371	304,084	289,320	-	-	110,967
Total	**41,939,320**	**20,554,742**	**12,805,640**	**1,095,434**	**1,088,165**	**6,395,339**

FY 2021	TOTAL	NOT DUE	PAST DUE UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	53,768,829	22,507,980	6,538,893	8,639,920	12,812,689	3,269,348
Other receivables	4,471,537	2,934,166	-	-	-	1,537,371
Total	**58,240,366**	**25,442,146**	**6,538,893**	**8,639,920**	**12,812,689**	**4,806,719**

The impairment recorded is mostly for balances overdue by more than 360 days.

The average collection period of accounts receivable of the Group was 88 days in 2022, having decreased in relation to the previous year (90 days in 2021). This positive evolution that has been registered in recent years stems from a strong improvement at the non-Group client level.

The Board of Directors of the Group believes that the balances of 'Clients' and 'Other debtors' recorded in the balance sheet are very close to their fair value, and, in particular, that as regards debts overdue for more than 180 days, no significant losses are expected in addition to the recorded impairment losses. Some of the higher balances that have been overdue the longest relate to clients that, given the current economic situation, are going through temporary liquidity difficulties, particularly in Angola and in the 'Naval Industry' segment, where a significant part of the debts are concentrated. However, the Group has taken steps and established agreements to define payment plans and obtain guarantees regarding the collection.

During 2022, the Group maintained the policy of not using factoring lines as a collection mechanism, accepting the collection through confirming in certain cases, maintaining the focus on negotiating advance payments and payment plans that coincide with the disbursements that the Group companies will make under the contracts as a way of balancing the financial cash flow of the works and projects in which it is involved. When the agreed payment plans are not fully complied with, the Group has other means of mitigating this impact on cash flows.

26. CURRENT TAX/INCOME TAX - ASSETS

On 31 December 2022 and 2021, the balances of the caption 'State and other public entities' are as follows:

	FY 2022	FY 2021
Income tax (Note 14)	**2,444,006**	**1,264,254**
Value added tax	2,002,028	1,303,009
VAT requested refunds	1,126,359	2,506,994
Other taxes	43,441	43,819
Current tax assets	**3,171,829**	**3,853,822**

The value of the VAT captions essentially corresponds to the tax to be recovered in Portugal and is a consequence of the fact that the activity in the 'Naval Industry' and in the 'Metallic Constructions' segments is mainly for export.

27. CONTRACT ASSETS

The information concerning assets associated with client contracts by business segment, net of advance payments, on 31 December 2022 and 2021, can be analysed as follows:

	FY 2022	FY 2021
Accrued income net of advances from customers:		
Metallic Constructions	3,951,803	3,513,589

Naval Industry	1,508,937	5,299,247
	5,460,740	**8,812,836**

The movement in financial years 2022 and 2021, in assets and liabilities associated with client contracts, excluding the component of advance payments, can be analysed as follows:

	FY 2022
Balances on 1st January 2022	**(17,663,855)**
- Contract Assets	8,812,836
- Contract Liabilities (Note 37)	(26,476,691)
Increases resulting from accomplishing new performance obligations not yet invoiced	3,477,514
Performance bonds from 2021 invoiced in 2022	(6,850,304)
Advanced invoicing in 2021 for performance bonds from 2022	19,467,375
Invoicing in 2022 without corresponding performance obligation	(9,116,390)
Exchange differences, changes in perimeter and other	(257,123)
Balances on 31st December 2022	**(10,942,784)**
Balances on 31st December 2022	
- Contract Assets	5,460,740
- Contract Liabilities (Note 37)	(16,403,524)
	(10,942,784)

	FY 2021
Balances on 1st January 2021	**(4,654,233)**
- Contract Assets	25,356,596
- Contract Liabilities (Note 37)	(30,010,828)
Increases resulting from accomplishing new performance obligations not yet invoiced	4,486,057
Performance bonds from 2020 invoiced in 2021	(21,246,527)
Advanced invoicing in 2020 for performance bonds from 2021	15,958,088
Invoicing in 2021 without corresponding performance obligation	(12,696,382)
Exchange differences, changes in perimeter and other	489,140
Balances on 31st December 2021	**(17,663,855)**
Balances on 31st December 2021	
- Contract Assets	8,812,836
- Contract Liabilities (Note 37)	(26,476,691)
	(17,663,855)

The value of income accruals, net of advance payments, in 2022, relate mainly to 'Metallic Constructions', in Portugal and Belgium.

On 31 December 2022 and 2021, the information on construction contracts in progress is as follows:

	FY 2022	FY 2021

Total costs incurred with construction contracts in progress:	332,317,368	499,207,590
Costs incurred with construction contracts in progress in the year:	98,491,116	188,715,921
Total revenue incurred with construction contracts in progress	405,015,956	589,220,860
Revenue incurred with construction contracts in progress in the year:	121,515,904	160,731,626
Advanced payments received from customers of construction contracts in progress (Note 37)	7,230,905	12,225,742
Retentions performed by customers in construction contracts in progress (Note 25)	3,595,683	2,785,232
Guarantees provided to customers in relation to construction contracts in progress (Note 39)	22,419,332	23,572,454
Accrued income net of advances from customers related with construction contracts in progress (Note 27)	5,460,740	8,812,836
Deferred income and accounts payable related with construction contracts in progress (Note 37)	16,403,524	26,476,691
Deferred Cost related with construction contracts in progress (Note 28)	1,572,420	1,591,485
Accrued Cost related with construction contracts in progress (Note 38)	6,168,557	5,127,169
Provision to Onerous Contracts related with construction contracts in progress (Note 34)	153,307	301,207
Inventory related with construction contracts in progress (Note 24)	212,461	3,413,026

The warranties granted to project owners in the 'Metallic Constructions' segment, as referred to in Note 39, relate to ongoing projects and to completed projects within the warranty period, for which the average period is 5 years.

The retentions made by clients in construction contracts in the ‘Metallic Constructions’ segment, referred to in Note 25, concern ongoing projects and completed projects in the warranty period.

As far as shipbuilding is concerned, the value associated with the warranty remains recognised in deferred income until the end of the project, and, on 31 December 2022, it amounted to 5,297,473 Euros (15,223,121 Euros on 31 December 2021). During the financial year, income associated with the final delivery and end of the warranty period was recognised in respect of 4 ships, in the amount of 12,168,233 Euros.

On 31 December 2022 and 2021, the Group's main ongoing projects that justify the balance of ‘Assets associated with client contracts' are as follows:

	FY 2022	FY 2021
Gare de Mons (Martifer Construções)	1,314,417	2,488,907
14 Wind Towers for Spain and France (Martifer Construções)	995,907	-
Gare de Noisy (Martifer France)	915,001	-
World Adventurer (West Sea)	347,457	-
5 Wind Towers for France (Martifer Construções)	278,335	-
Sonreiras (West Sea)	259,642	-
Al Faisaliah Redevelopment Project - Early Works Façade Package (Saudi Martifer)	223,803	-
World Traveller (West Sea)	-	3,292,647
Hedy Lamarr (West Sea)	-	1,068,099
Aerogare de Marseille Provence (Martifer France)	-	357,477
West End Gate (Martifer Construction and Martifer UK)	-	249,916
Others	1,126,178	1,355,789
	5,460,740	**8,812,836**

28. OTHER CURRENT ASSETS

On 31 December 2022 and 2021, the breakdown of the caption ‘Other current assets’ may be analysed as follows:

	FY 2022	FY 2021
Accrued income:		
Interest to be received	7,549	5,544
Other accrued income	2,685,953	3,701,812
	2,693,503	**3,707,356**
Prepayments:		
Insurances	376,697	606,874
Financial expenses	24,988	20,885
Rents	62,559	160,793
Other prepayments	575,290	333,723
Deferred Cost - Work in Progress	1,572,420	1,591,485
	2,611,954	**2,713,760**
	5,305,457	**6,421,116**

The caption 'Other accrued income' is strongly related to the invoicing to be issued by the ‘Metallic Constructions’ segment in Portugal, both on 31 December 2022 and 31 December 2021. In Portugal, this effect is due, in particular, to the invoicing to companies that consolidate by the equity method (Martifer-Visabeira S.A. (Mozambique) - approximately 2.4 million Euros on 31 December 2022 and 2.5 million Euros on 31 December 2021).

On 31 December 2022, the caption 'Other prepaid multiannual expenses' essentially includes the disbursements made by the Group associated with specialised services, which will be rendered / used in 2023.

Thus, on 31 December 2022 and 2021, the main ongoing projects of the Group that justify the balance of 'Accrued expenses - ongoing projects' is as follows:

	FY 2022	FY 2021
Jaquetas – TOBD (Martifer Construções)	520,213	-
Hall e Galerie Béraudier de la Gare de Lyon Part Dieu (Martifer France)	353,580	-
Gare de Noisy (Martifer France)	329,000	-
Estudo CFD Stade d'Abidjan (Martifer Construções)	-	599,442
London Dock - Building C1 (Martifer UK e Martifer Construções)	-	377,255
Alcalá 546 - A546 (Martifer Construções e Martifer Spain)	-	311,719
Torre Infinity (Martifer Construções)	-	277,478
Effect of the restatement of the hyperinflationary economy in Angola (IAS 29)	1,462	1,240
Others	368,165	24,352
	1,572,420	**1,591,485**

29. CASH AND CASH EQUIVALENTS

The caption ‘Cash and cash equivalents’ may be analysed as follows:

	FY 2022	FY 2021
Cash and cash equivalents:		
Bank deposits	56,288,737	40,968,439
Cash	42,329	43,028
	56,331,066	**41,011,467**

On 31 December 2022 and 2021, no restrictions existed as to the use of the balances recorded in the caption ‘Cash and cash equivalents’.

On 31 December 2022, the line 'Bank deposits' includes 1,520,200 Euros related to term deposits, which bear interest at normal market rates and are immediately withdrawable with insignificant risk of loss of value.

On 31 December 2022, in the caption 'Bank deposits' about 4.7 million Euros were included of companies based in Angola, which due to the specificity of this country are subject to restrictions regarding transfers out of Angola; however, there are no restrictions on their use.

The above amounts are broken down, by country, as follows:

	FY 2022	FY 2021
Portugal	41,191,960	27,924,279
Angola	4,692,263	6,659,569
United Kingdom	337,873	2,477,807
Poland	2,381,390	1,575,075
Romania	3,074,620	957,643
Spain	600,367	544,981
Belgium	77,890	430,272
France	3,415,001	230,895
Switzerland	-	69,195
Saudi Arabia	526,319	45,411
Ireland	216	34,337
Argentina	18,912	33,659
Netherlands	6,018	10,771
Austria	700	9,690
Malta	6,237	6,237
United Arab Emirates	1,162	1,519
Brazil	140	125
	56,331,066	**41,011,467**

30. EQUITY

Share capital

Martifer SGPS's share capital, fully subscribed and paid-up, on 31 December 2022 and 2021, amounted to 50,000,000 Euros and is represented by 100,000,000 registered shares with a par value of Euros 0.50 each. All shares hold the same rights, namely one share, one vote. During the 2022 and 2021 financial years, there were no changes in the number of shares representing the Company's share capital.

During the 2022 financial year, Martifer SGPS did not acquire or sell own shares. Martifer holds 2,215,910 own shares, corresponding to 2.22% of its share capital, which acquisition cost was 2,868,519 Euros (same amount on 31 December 2021).

On 31 December 2022, the share capital of the Company is 38 % held by I'M SGPS, S.A. (owned by Carlos Manuel Marques Martins and by Jorge Alberto Marques Martins), 5.88% held by two directors related to I'M - SGPS, SA (Carlos Manuel Marques Martins and Jorge Alberto Marques Martins), 37.5% by Mota-Engil SGPS, SA (a company listed on the Stock Exchange), 2.22% in own shares, and the remaining 16.40% dispersed on the Stock Exchange.

Own shares

The Group holds 2,215,910 own shares, corresponding to 2.22% of its share capital. By law, it is required to maintain a non-distributable reserve in the amount of the acquisition of own shares, included in 'Other reserves and Retained earnings'.

Reserves

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be used to increase the 'Legal reserve' until the latter represents at least 20% of the share capital. This reserve is non-distributable, except in the event of liquidation, but may be used to offset losses after all the other reserves have been used up and/ or it can be incorporated in share capital.
This amount is included in the caption 'Other reserves and Retained earnings' and amounts to 10,000,000 Euros, both on 31 December 2022 and 2021.

Currency conversion reserves

The currency conversion reserves reflect the foreign-exchange fluctuations that occurred: (i) in converting the financial statements of subsidiaries in a currency other than the Euro; (ii) in the updating of the net investment in subsidiaries; and (iii) in the updating of the Goodwill, which cannot be distributed or used to absorb losses, being transferred to the income statement when the investees are sold or liquidated.

Other reserves and Retained earnings

In addition to the legal reserve in the amount of 10,000,000 Euros (10,000,000 Euros on 31 December 2021), this caption includes the results of previous years and an unavailable reserve in the amount of 2,868,519 Euros related to the value of the own shares (2,868,519 Euros on 31 December 2021).

Under Portuguese legislation, the amount of reserves considered distributable is determined based on the Company's separate financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

On 31 December 2022, Martifer SGPS, SA has no distributable reserves available.

Capital management policy (See Note 1.4 xxxii))

Capital management is made to ensure the continuity and development of operational activities, and focus is given to financial debt management and to liquidity risk.

Non-controlling interests

The evolution of non-controlling interests can be analysed as follows:

	FY 2022	FY 2021
Opening balance	(335,337)	(1,544,289)
Loss coverage	(400,434)	-
Profit for the year	817,555	1,398,941
Other changes in equity of subsidiaries	47,037	(223,017)
Changes in the consolidation perimeter	-	33,028
Transactions with non-controlling interests	(98,152)	-
Others	(5)	-
	30,664	**(335,337)**

In 2022, the main impacts that justify the change in non-controlling interests are the net profit for the year, as well as the dividends distributed.

Movements in non-controlling interests, in 2021, essentially reflect the net profit for the year as well as other changes in equity with a negative impact resulting, essentially, from the currency devaluation of certain geographies.

The detail of the main non-controlling interests can be analysed as follows:

	% NON-CONTROLLING INTERESTS		FY 2022	FY 2021
	FY 2022	FY 2021		
Metallic Contructions				
Martifer – Construções Metálicas Angola, S.A.	21.25%	21.25%	547,342	374,768
Liszki Green Park Sp. Z o.o.	10.00%	10.00%	(930,945)	(915,676)
Other non-controlling interests	-	-	87	87
Renewables				
Martifer Renewables O&M Sp. Z o.o.	32.00%	48.00%	414,179	205,484
			30,664	**(335,337)**

The change verified in the non-controlling interests' percentage of Martifer Renewables O&M Sp. Z o.o. results from the acquisition, by the Group, of 16% of the capital holding.

On 31 December 2022, the summarised financial information on the main subsidiaries controlled by the Group with non-controlling interests was as follows:

FY 2022	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	NET PROFIT FOR THE YEAR
Martifer - Construções Metálicas Angola, S.A.	4,940,775	8,815,945	565,234	7,873,562	2,343,949
Liszki Green Park Sp. Z o.o.	-	4,547,433	12,836,651	1,020,234	(43,213)
Martifer Renewables O&M Sp. Z o.o.	94,426	1,812,188	48,589	563,715	919,155

Regarding Martifer - Construções Metálicas Angola, S.A, on 31 December 2022, the value of the non-controlling interests corresponds to 21.25% of the Equity, excluding Supplementary capital contributions (-789,457 Euros), to which the value of the Supplementary capital contributions of the minority shareholding (715,102 Euros) is added.

31. LOANS

The loans obtained, with reference to financial years ended 31 December 2022 and 2021, are as follows:

FY 2022	UNTIL 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Loans from Financial institutions:					
Bank loans	3,648,511	5,030,213	15,330,682	72,546,583	96,555,989
Other loans:					
Other loans	48,096	48,096	213,997	-	310,188
	3,696,607	**5,078,309**	**15,544,679**	**72,546,583**	**96,866,177**

FY 2021	UNTIL 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Loans from Financial institutions:					
Bank loans	3,026,483	3,112,403	15,466,116	88,210,601	109,815,603
Bank overdrafts	8	-	-	-	8
Other loans:					
Other loans	467,727	48,096	262,092	-	777,915
	3,494,217	**3,160,499**	**15,728,208**	**88,210,601**	**110,593,526**

In 2022, the value of the Group's loans consolidated its downward trajectory, registering a decrease of about 12% compared to the previous year in the total of the Group's financing, which amounted to 96,866,177 Euros on 31 December 2022.

This decrease results from the honouring of the Group's bank debt service, having also benefited from the contribution resulting from the compliance with Martifer's Non-core Assets Sale Plan, with the most relevant disposal operation being that of the holding in the company Ventinveste, S.A..

On 31 December 2022, the short-term debt was 3,696,607 Euros, with a weight of 4% on the Group's total loans.

The amount recorded in the caption 'Other loans' corresponds, essentially, to development support funding obtained from Agência para o Investimento e Comércio Externo de Portugal (“AICEP”) (Portuguese Agency for Foreign Trade and Investment) and Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento (“IAPMEI”) (Institute for Support to Small and Medium-sized Companies and to Investment).

The change in loans between 31 December 2021 and 2022 is as follows:

	FY 2021	CASH-FLOWS	TRANSACTIONS WITH NO EFFECT IN CASH-FLOWS	FY 2022
Bank loans	110,593,526	(13,808,221)	80,872	96,866,177
Total	**110,593,526**	**(13,808,221)**	**80,872**	**96,866,177**

Between 2021 and 2022, 0.08 million Euros did not affect cash flows due to capitalisation of interest associated with contracts in which capitalisation is provided for.

The change in loans between 2021 and 2022 is as follows:

	FY 2020	CASH-FLOWS	TRANSACTIONS WITH NO EFFECT IN CASH-FLOWS	FY 2021
Bank loans	120,056,342	(10,153,694)	690,878	110,593,526
Total	**120,056,342**	**(10,153,694)**	**690,878**	**110,593,526**

Between 2020 and 2021, 0.69 million Euros did not affect cash flows due to capitalisation of interest associated with contracts in which capitalisation is provided for (0.78 million Euros) and exchange rate updates (-0.09 million Euros).

On 31 December 2022 and 2021, the amounts relating to loans are denominated in the following currencies:

FY 2022	FINANCIAL INSTITUTIONS	OTHER LOANS	TOTAL
Euro	96,555,989	310,188	96,866,177
	96,555,989	**310,188**	**96,866,177**

FY 2021	FINANCIAL INSTITUTIONS	OTHER LOANS	TOTAL
Euro	109,815,610	777,916	110,593,526
	109,815,610	**777,916**	**110,593,526**

The average interest rates incurred on loans are as follows:

FY 2022	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Loans from Financial institutions:		
Bank loans	4.91%	[2,23% to 5,73%]
Other loans:		
Other loans	0.00%	[0,00%]

FY 2021	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Loans from Financial institutions:		
Bank loans	2.37%	[2,00% to 2,46%]
Authorised overdrafts		
Other loans:		
Other loans	0.27%	[0,00% to 5,30%]

The interest rates incurred on bank loans, by country, are as follows:

COUNTRY	INDEX	SPREAD
Portugal	Euribor	[2,00 to 3,00]

Martifer's debt is subject to variable interest rates in its entirety. In 2022, with the slowdown of the asset buyback programme, the European Central Bank announced, for the first time in 11 years, an increase in interest rates, which already closed the year in negative terrain. The macroeconomic projections of the European Central Bank, of March 2023, is that interest rates in the Eurozone should maintain an increasing trajectory; however, some stabilisation is expected in 2024 (March 2023 ECB staff macroeconomic projections). In the first quarter of 2023, the growth of the inflation rate in the Eurozone already showed signs of slowing down, with a significant reduction of this indicator being expected throughout 2023, and which may reach the target of 2% in the second half of the year 2025.

On 31 December 2022, the main bank loans obtained by the Group are as follows:

COMPANY	CONTRACT CURRENCY	VALUE (EUROS)	DUE DATE	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Martifer Construções Metalomecânicas, S.A.	EUR	2,150,000	30/06/2028	4 months + 4 years + 1 quarter + 12 months + 6 months	Quarterly	32,673	970,318
Martifer Construções Metalomecânicas, S.A.	EUR	1,500,000	30/06/2028	4 months + 4 years + 1 Quarter + 12 months + 6 months	Quarterly	22,795	676,942
Martifer Construções Metalomecânicas, S.A.	EUR	6,500,000	30/06/2028	2 Years + 4 years + 1 quarter + 12 months + 6 months	Quarterly	325,000	1,601,890
Martifer Metallic Constructions SGPS, S.A.	EUR	20,000,000	30/06/2028	1 years + 4 years + 1 quarter + 12 months + 6 months	Quarterly	1,250,000	12,531,391
Martifer Metallic Constructions SGPS, S.A.	EUR	5,250,000	30/06/2028	1,5 years + 4 years + 1 quarter + 12 months + 6 months	Quarterly	76,924	1,677,441
Martifer Construções Metalomecânicas, S.A.	EUR	5,000,000	30/06/2028	1 quarter + 6 years + 1 quarter + 12 months + 6 months	Quarterly	12,522	429,139
Martifer Construções Metalomecânicas, S.A.	EUR	2,500,000	30/06/2028	2 years + 5 years + 1 quarter + 12 months + 6 months	Quarterly	64,103	1,746,288
Martifer Construções Metalomecânicas, S.A.	EUR	851,052	30/06/2028	5 years + 1 quarter + 12 months + 6 months	Quarterly	2,128	653,858
Martifer Metallic Constructions SGPS, S.A.	EUR	14,000,000	30/06/2028	5 years + 1 quarter + 12 months + 6 months	Quarterly	33,852	10,392,603
Martifer Construções Metalomecânicas, S.A.	EUR	2,500,000	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	6,277	1,926,881
Martifer Construções Metalomecânicas, S.A.	EUR	2,600,000	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	6,504	1,996,659
Martifer Metallic Constructions SGPS, S.A.	EUR	29,347,440	30/06/2028	1 quarter + 12 months + 6 months	Quarterly	1,100,529	9,772,479
Martifer Metallic Constructions SGPS, S.A.	EUR	59,922	30/06/2028	3 years + 1 quarter + 12 months + 6 months	Quarterly	150	45,989
Martifer Construções Metalomecânicas, S.A.	EUR	113,172	30/06/2028	3 years + 1 quarter + 12 months + 6 months	Quarterly	283	86,859
Navalria Docas, Construções e Reparações Navais, S.A.	EUR	513,233	30/06/2028	3 years + 1 quarter + 12 months + 6 months	Quarterly	1,283	393,904
Martifer Construções Metalomecânicas, S.A.	EUR	2,035,204	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	5,088	1,563,656
Martifer Metallic Constructions SGPS, S.A.	EUR	3,048,379	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	7,621	2,342,082
Navalria Docas, Construções e Reparações Navais, S.A.	EUR	254,032	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	635	195,174
Navalria Docas, Construções e Reparações Navais, S.A.	EUR	1,624,246	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	4,061	1,247,915
Martifer Construções Metalomecânicas, S.A.	EUR	310,155	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	775	238,294
Martifer Construções Metalomecânicas, S.A.	EUR	1,016,422	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	2,541	780,921
Martifer Construções Metalomecânicas, S.A.	EUR	1,016,126	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	2,540	780,694
Martifer Construções Metalomecânicas, S.A.	EUR	3,299,532	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	8,249	2,535,044
Martifer Construções Metalomecânicas, S.A.	EUR	4,318,537	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	10,796	3,317,950
Martifer Construções Metalomecânicas, S.A.	EUR	3,299,468	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	8,249	2,534,995
Martifer Construções Metalomecânicas, S.A.	EUR	3,048,645	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	7,622	2,342,294
Martifer Metallic Constructions SGPS, S.A.	EUR	351,719	30/06/2028	4 years + 1 quarter + 12 months + 6 months	Quarterly	879	270,227
Martifer Construções Metalomecânicas, S.A.	EUR	1,631,965	30/06/2028	12 months + 6 months	Quarterly	14,280	1,262,901
Martifer Renewables SGPS, S.A.	EUR	10,000,000	31/12/2028	3,5 years	Half-yearly	-	937,420
Martifer Metallic Constructions SGPS, S.A.	EUR	4,500,000	31/03/2028	8 years	Quarterly	-	4,607,932
Martifer Metallic Constructions SGPS, S.A.	EUR	1,527,689	31/12/2031	6,5 years	Quarterly	76,385	60,011

On 31 December 2022, the Group's sensitivity to changes in interest rates indices can be analysed as follows:

	ESTIMATED IMPACT 2022
Change in financial results due to a 0.5 p.p. alteration of the interest rate applied to the entire debt	484,331
Fixed-rate hedging	1,551
Sensitivity of the financial results due to interest rate changes	**482,780**

For this financing, the guarantees identified in Note 39 were provided.

The Group's bank financing contracts foresee some mechanisms to accelerate the repayment of the debt, namely through a programme for the sale of Non-core assets provided for in the Strategic Plan and a cash-sweep mechanism. The latter was not applicable in 2021, namely due to the application of the moratorium in accordance with the provisions of Decree-Law no. 10-J/2020, of 26 March as amended by Decree-Law no. 26-J/2020, of 16 June, with the consequent application of the suspension of the payment of capital instalments associated with the Group's financing. For the year 2022, according to the calculation of the cash-sweep mechanism carried out by the Group, there will be no early repayment of the debt in 2023.

32. LEASE LIABILITIES

On 31 December 2022 and 2021, the value of lease rents and the present value of rents associated with lease liabilities are as follows:

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	FY 2022	FY 2021	FY 2022	FY 2021
No later than 1 year	2,570,316	1,771,460	1,340,292	917,006
Later than 1 year and not later than 5 years	8,634,103	6,103,884	4,222,368	2,968,934
Later than 5 years	31,700,470	27,222,391	21,035,147	17,206,792
	42,904,889	**35,097,735**	**26,597,806**	**21,092,732**
Future finance charges	(16,307,083)	(14,005,003)	-	-
Present value of minimum lease payments	**26,597,806**	**21,092,732**	**26,597,806**	**21,092,732**
Included in the financial statements as:				
Current lease payments	2,570,316	1,771,460	1,340,292	917,006
Non-current lease payments	24,027,490	19,321,272	25,257,514	20,175,726
	26,597,806	**21,092,732**	**26,597,806**	**21,092,732**

On 31 December 2022, 'Lease liabilities' refer, essentially, to:

- sub-concessions of the shipyards of Viana do Castelo and Aveiro, with the present value of rents associated with lease liabilities amounting to 13,378,445 Euros (of which 225,451 Euros are recorded as current and 13,152,994 Euros as non-current);
- previous commitments with finance leases, with the present value of the rents associated with lease liabilities amounting to 9,758,113 Euros (of which 389,114 Euros were recorded as current and 9,368,999 Euros as non-current).

33. TRADE PAYABLES AND OTHER PAYABLES

The information regarding suppliers and other creditors, for financial years ended 31 December 2022 and 2021, may be analysed as follows:

	NON CURRENT		CURRENT	
	FY 2022	FY 2021	FY 2022	FY 2021
Trade payables	**1,833,628**	**2,061,386**	**28,665,505**	**39,456,554**
Other payables:				
Fixed assets suppliers	-	-	136,482	201,280
Related companies and other shareholders	-	4,351	823,658	822,507
Other payables	15,000	20,000	3,352,673	1,495,455
Other payables	**15,000**	**24,351**	**4,312,813**	**2,519,242**
Total	**1,848,628**	**2,085,737**	**32,978,318**	**41,975,796**

In 2022, there is a 21 % reduction in the amount of current and non-current suppliers, with an 11% reduction in the value of non-current debts to suppliers and other creditors and 21% in the value of current debts to suppliers and other creditors.

On 31 December 2022 and 2021, current balances with 'Associated companies and other related entities' include balances payable to suppliers resulting from the Group's operating activity. The Board of Directors considers that the fair value of these balances does not differ significantly from their book value and that the effect of discounting these amounts is not material.

On 31 December 2022 and 2021, the ageing of the balances in the captions 'Suppliers' and 'Other creditors' is as follows:

FY 2022			NOT DUE			
	TOTAL	PAST DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	30,499,133	10,051,208	15,926,320	2,130,773	557,204	1,833,628
Other payables	4,327,813	2,048,502	2,258,316	5,995	-	15,000
Total	**34,826,945**	**12,099,710**	**18,184,636**	**2,136,768**	**557,204**	**1,848,628**

FY 2021			NOT DUE			
	TOTAL	PAST DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	41,517,940	19,742,177	16,883,466	1,963,480	867,431	2,061,386
Other payables	2,543,593	2,503,866	10,048	5,000	328	24,351
Total	**44,061,533**	**22,246,043**	**16,893,515**	**1,968,480**	**867,759**	**2,085,737**

The average payment period for purchases and services acquired by the Group is around 128 days, reflecting a worsening from the previous year, in which the average payment period was around 125 days, corresponding to an increase of 2%. This change largely results from an improvement in payment terms agreed with suppliers.

Similarly to what happens with clients (Note 25), the retentions made from suppliers (1,501,104 Euros, in 2022 and 1,728,734 Euros, in 2021) are included in the caption 'Suppliers', except for those in which the bank guarantee is provided by the supplier and not by Martifer, with these being considered as 'not overdue'.

The Group uses confirming lines to manage payments to some suppliers. The cash outflow is only recognised when the payment of the amount is made to the financing entity. On 31 December 2022, the value of the debt assigned in confirming amounted to 2,038,123 Euros (2,332,955 Euros on 31 December 2021), and is guaranteed by Martifer SGPS, S.A.. The unused confirming ceiling was 961,877 Euros on 31 December 2022 (667,045 Euros on 31 December 2021).

34. PROVISIONS

The information regarding provisions, for financial years ended 31 December 2022 and 2021, may be detailed as follows:

	FY 2022	FY 2021
Quality guarantees	1,369,201	1,339,799
Ongoing legal claims	289,510	293,662
Onerous Contracts	153,307	301,207
Provisions on contractual obligations	1,394,264	1,443,901
	3,206,282	**3,378,570**

The movement in the caption 'Provisions', in financial year ended 31 December 2022, is as follows:

	OPENING BALANCE	ADDITIONS (Note 11)	DEDUCTIONS (Note 11)	APPLICATIONS	CHANGE OF CONSOLIDATION PERIMETER, EXCHANGE RATE DIFFERENCES, TRANSFERS	CLOSING BALANCE
Quality guarantees	1,339,799	29,388	-	-	13	1,369,200
Ongoing legal claims	293,662	-	-	-	(4,152)	289,510
Onerous contracts (Note 11)	301,207	-	(146,159)	-	(1,741)	153,307
Provisions on contractual obligations (Note 11)	1,443,901	113,807	(53,287)	(24,566)	(85,590)	1,394,264
	3,378,570	**143,195**	**(199,446)**	**(24,566)**	**(91,470)**	**3,206,282**

The financial investments which are accounted for using the equity method and for which provisions were constituted, on 31 December 2022 and 2021, were as follows:

	% CAPITAL HELD	EQUITY	NET PROFIT	FY 2022
	FY 2022	FY 2022	FY 2022	
Martimetal, SPA [1)]	49.00%	-	-	-
				-

	% CAPITAL HELD	EQUITY	NET PROFIT	FY 2021
	FY 2021	FY 2021	FY 2021	
Martimetal, SPA [1)]	49.00%	-	-	-
				-

[1)] Regarding the investment in Martimetal, SPA, in 2019, the provision arising from the application of the equity method was reversed as there are no additional responsibilities beyond the investment made. There was no change in this situation during financial years 2021 and 2022.

On 31 December 2022 and 2021, there is no associated or jointly controlled company with a negative equity, which justifies the inexistence of provisions resulting from the 'Application of the equity method'.

The provisions for ‘Quality warranties’ are intended to deal with any potential quality problems in the projects carried out by the Group, which have an average 5-year warranty period. The provisions are made at a percentage of around 0.14% of the project value, which was calculated with reference to historical costs incurred.

In the years 2022 and 2021, the provisions for onerous contracts essentially relate to projects in the 'Metallic Constructions' segment, in Portugal. The detail, by project, can be analysed below:

	FY 2022	FY 2021
London Dock - Building C1 (Martifer UK)	-	101,672
Services F.C.P (Martifer Construções)	122,269	101,219
Luz Stadium_Maintenance 2013-2020 (Martifer Construções)	30,985	60,855
Others	53	37,461
	153,307	**301,207**

Given the unpredictability of the moment of the reversal of provisions and given the nature for which they are intended, the Group did not discount them to their present value.

35. CONTINGENT ASSETS AND LIABILITIES

On 31 December 2022, there were the following contingent liabilities:

i) Lawsuit in an arbitration court brought against the subsidiary Martifer Construções Metalomecânicas, S.A. (MTC) and a third party, by the client Andrade Gutierrez Engenharia SA (AG) within the scope of the implementation of the Specific Contract for the Supply and Assembly of Metallic Structures and PTFE Membranes of the Arena of the Amazonia Stadium, totalling 4.3 million Euros by way of redress and 2.4 million BRL for additional costs, ongoing at CCBC - Chamber of Commerce Brazil Canada, in the preparatory and production of evidence phase. The Board of Directors of the Company, supported by the legal opinions of its lawyers, considers that, as a result of the proceedings, it is not possible to determine which responsibilities may arise for the subsidiary MTC, although it considers that the possibilities of a conviction are reduced because it has already counter-settled 12.7 million BRL via additional costs and additional work. In 2022, no further significant progress was made in this process, with only some work towards the production of a joint report by technical experts from the parties having been completed in 2023, following the nomination of the experts by the Court.

36. CURRENT TAX/INCOME TAX - LIABILITIES

On 31 December 2022 and 2021, the balance of the caption ‘State and other public entities’ is as follows:

	FY 2022	FY 2021
Income Tax (Note 14)	**1,951,722**	**2,357,908**
Value added tax	2,986,530	1,499,648
Social security contributions	633,865	627,326
Withholding tax	449,385	543,775
Other taxes	26,761	50,918
Current tax liabilities	**4,096,540**	**2,721,667**

37. CONTRACT LIABILITIES

The information regarding liabilities associated with client contracts by business segment, on 31 December 2022 and 2021, can be analysed as follows:

	FY 2022			FY 2020		
	ADVANCES FROM CUSTOMERS (Note 27)	DEFERRED INCOME (Note 27)	TOTAL	ADVANCES FROM CUSTOMERS (Note 27)	DEFERRED INCOME (Note 27)	TOTAL
Metallic Constructions	5,616,381	5,376,832	10,993,214	12,225,742	4,471,565	16,697,307
Naval Industry	1,614,523	11,026,692	12,641,215	-	22,005,126	22,005,126
Total of Contracts Liabilities	**7,230,905**	**16,403,524**	**23,634,429**	**12,225,742**	**26,476,691**	**38,702,433**

The movement in the 2022 financial year, in advance payments received from clients, can be analysed as follows:

	FY 2022
Balance on 1st January 2022	**12,225,742**
Revenue recognized in the year associated with liabilities recorded in previous years	(6,713,130)
Advances received in the year	1,719,964
Exchange differences, changes in perimeter and other	(1,670)
Balance on 31st December 2022	**7,230,905**

On 31 December 2022 and 2021, the Group's main ongoing projects that justify the deferred income balance in the caption ‘Liabilities associated with client contracts’ are as follows:

	FY 2022	FY 2021
World Traveller (West Sea)	3,571,923	-
World Seeker (West Sea)	3,367,323	4,996,968
Integrated communication project (Martifer Angola)	1,932,280	1,694,469
World Navigator (West Sea)	1,725,550	3,527,269
Avalon Douro (West Sea)	1,648,442	-
Jaquetas - TOBD (Martifer Construções)	1,309,041	-
6 Wind Towers for France (Martifer Construções)	642,138	-
Mareterra QPC1 & QPC2 (Martifer France)	324,306	-
Hall e Galerie Béraudier de la Gare de Lyon Part Dieu (Martifer France)	207,289	749,644
NPOs (West Sea)	-	9,600,632
World Voyager (West Sea)	-	1,764,162
Alcalá 546 - A546 (Martifer Spain e Martifer Construções)	-	525,173
Polar Express (West Sea)	-	403,377
London Dock - Building C1 (Martifer UK e Martifer Construções)	-	372,116
Others	1,675,231	2,842,881
	16,403,524	**26,476,691**

38. OTHER NON-CURRENT / CURRENT LIABILITIES

NON-CURRENT

The information regarding other non-current liabilities, for financial years ended 31 December 2022 and 2021, is as follows:

	FY 2022	FY 2021
Deferred income		
Subsidies / Government grants (Note 40)	185,721	12,658
Other deferred income	1,507,241	2,222,701
	1,692,961	**2,235,359**

The caption 'Other deferred income' in 2022, as well as in 2021, results exclusively from the recognition of deferred income with the attribution of the Green Certificates in Eviva Nalbant S.R.L, which sale will only occur beyond 365 days (Note 23).

CURRENT

The information regarding other current liabilities, for financial years ended 31 December 2022 and 2021, is as follows:

	FY 2022	FY 2021
Accrued expenses		
Accrued Expenses - Work in progress	6,168,557	5,127,169
Holiday pay and bonuses	4,559,170	4,576,792
Interest borne but not yet overdue	1,356,606	414,402
Insurances to be paid	17,338	29,010
Production performed by third parties not yet invoiced	38,292	35,478
Other accrued expenses	1,032,277	1,927,023
	13,172,240	**12,109,874**
Deferred income		
Subsidies / Government grants (Note 40)	7,207	57,898
Other deferred income	2,028,081	1,682,001
	2,035,289	**1,739,899**
	15,207,528	**13,849,773**

The 'Other accrued expenses', on 31 December 2022, correspond to external supplies and services rendered in 2022 and not yet invoiced.

The caption 'Other deferred income', in 2022, as in 2021, mainly results from the recognition of deferred income with the attribution of the Green Certificates in Eviva Nalbant S.R.L. (Note 23).

The caption 'Accrued expenses – ongoing projects' includes work executed and material supplied and incorporated in the manufacturing process but not yet invoiced by suppliers.

Thus, on 31 December 2022 and 2021, the main ongoing projects that justify the balance of 'Accrued expenses – ongoing projects' are as follows:

	FY 2022	FY 2021
Al Faisaliah Redevelopment Project - Early Works Façade Package (Saudi Martifer)	1,857,624	1,731,407
Projeto Integrado de comunicação (Martifer Angola)	636,908	-
Aerogare de Marseille Provence (Martifer Construções)	387,455	-
Park & Ride Building 3A1, 3D1+3G2, 3K1 (Saudi Martifer)	448,002	477,491
Casa X (Martifer Construções)	352,947	-
Stade Félix-Houphouët-Boigny – Abidjan (Martifer Construções)	306,665	-
Mareterra QPC1 & QPC2 (Martifer France)	300,476	-
Ala este do Aeroporto de Genebra (Martifer Construções e Martifer Construções Sucursal Genebra)	218,919	265,007
Torre Infinity (Martifer Construções)	299,408	-
Gare de Mons (Martifer Construções Sucursal Bélgica)	168,162	200,481
MMH - Completion of remaining works (Martifer Construções e Martifer Construções UK)	76,937	714,034
Hospital Geral de Cabinda (Martifer Angola)	-	316,381
Le Havre Project (Martifer France)	9,146	15,327
STORIES (Martifer France e Martifer Construções)	-	133,491
Estádio de Bouaké (Martifer Construções)	-	26,117
Others	1,105,906	1,247,433
	6,168,557	**5,127,169**

39. COMMITMENTS

Financial guarantees

On 31 December 2022 and 2021, the guarantees, namely bank guarantees and bond insurance, provided by the Group to project owners in respect projects for which various Group companies are responsible, split by currency, are as follows:

	FY 2022	FY 2021
Euro	28,660,919	25,442,020
Zlotys	-	336,596
New Leu	139,480	139,435
US dollar (*)	4,770,689	4,492,687
Moroccan Dirham	80,536	85,486
Pound Sterling	1,415,830	3,431,006
	35,067,455	**33,927,230**

(*) Bank guarantees for good performance, issued in Angola and in Portugal, mainly to guarantee projects in Saudi Arabia.

The detail, by Group company, is as follows:

	FY 2022	FY 2021
Martifer Construções Metalomecânicas S.A.	10,407,630	9,553,981
Martifer Metallic Constructions SGPS	9,957,306	13,621,290
Navalria S.A.	120,000	120,000
West Sea Lda	11,233,012	7,629,167
Martifer Construcciones Metálicas Espanha	711,000	-
Martifer Romania Srl	-	181,442
Martifer Construções Metálicas Angola S.A.	2,638,508	2,484,754
Wind Farm Lada Sp. Z o.o.	-	294,981
PV Sol 2 Sp. Z o.o.	-	12,334
PV Sol 3 Sp. Z o.o.	-	13,026
PV Sol 4 Sp. Z o.o.	-	16,254
	35,067,455	**33,927,230**

In relation to the bank guarantees issued to clients, there are guarantees of three distinct natures - advance payment, proper execution and tender:

- The advance payment guarantee aims to guarantee the value advanced by the Client at the beginning of the project for the purchase of material. The advance amount is defined in the contract and will be settled through the invoices; the client will cancel the guarantee once the entire advance payment has been settled;
- The good performance guarantees aim to ensure the fulfilment of the contract (execution deadlines, quality, etc.). The validity of this guarantee is defined contractually, and it is cancelled when the definitive reception of the project is carried out;
- The tender guarantees are issued as a guarantee that the company which presents itself for the tender will be capable of executing the work in the future and of guaranteeing the good performance that is necessary in case the tender is awarded.

The amount of active bank guarantees, on 31 December 2022, is 35.1 million Euros, having increased 3.4% compared to the year 2021. The increase in guarantees in the 'Naval Industry' segment largely contributed to this increase.

On 31 December 2022 and 2021, there are no commitments with documentary import credits.

On 31 December 2022 and 2021, there is no active credit insurance.

No disbursements related to the commitments mentioned above are expected.

Real Guarantees

On 31 December 2022, real guarantees provided by the Company may be summarised as follows:

GUARANTEE	MORTGAGEE	DEBT AMOUNT
Share pledge of Martifer Construções SA 20 % (no. shares 1,500,000)	Martifer Metallic Constructions SGPS, S.A.	15,906,387
1st degree mortgage of administrative building, 2nd degree mortgage of industrial building Tower's plant (article 1914)	Martifer Construções Metalomecânicas, S.A.	3,217,791
	Martifer Construções Metalomecânicas, S.A.	3,217,728
	Navalria, S.A.	1,584,007
Mortgage of industrial building Martifer Construções (article 2079)	Martifer Construções Metalomecânicas, S.A.	3,017,889
1st degree share pledge of 25% of Martifer Renewables SGPS (no. Shares 25,000,000)	Martifer Construções Metalomecânicas, S.A.	1,984,785
	Martifer Construções Metalomecânicas, S.A.	990,953
	Martifer Construções Metalomecânicas, S.A.	2,973,118
	Martifer Metallic Constructions SGPS, S.A.	2,972,859
Mortgage of Land and Warehouse in Albergaria	Martifer Construções Metalomecânicas, S.A.	2,510,548
	Martifer Construções Metalomecânicas, S.A.	2,422,811
	Martifer Metallic Constructions SGPS, S.A.	14,267,617
Generic Mortgage Land in Oliveira de Frades (artigo P-2003) Fáb. OIF MTC	Martifer Metallic Constructions SGPS, S.A. Martifer Renewables SGPS, S.A.	13,982,134
Generic Mortgage (7.5M€) of industrial building Towers' plant (article 1914).		
1st degree share pledge of Martifer Renewables SGPS 65 % (no. shares 65,000,000)		
Pledge of 7 Wind Turbines Suzlon S88 - 2,1 MW Hub height 79m		
Martifer OF warehouse mortgage		
Multipark Paços de Ferreira		
Other Lands MGI		
Various Mercantil equipment pledge	Navalria, S.A.	495,285
Equipment Mercantil pledge	Martifer Construções Metalomecânicas, S.A.	109,214
		69,653,127

During 2022, no new additional real guarantees were provided, and there was a clear reduction in the outstanding amount compared to 2021, of around 12.5 million Euros.

40. SUBSIDIES

The detail of the investment subsidies attributed to the Group, with an impact on financial year ended 31 December 2022, is as follows:

	INVESTMENT AMOUNT	SUBSIDIES GRANTED	DEFERRED INCOME (NOTE 38)	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 5)
Buildings and other constructions	5,797,465	4,203,885	8,878	2,959
Basic equipment	7,832,920	2,373,768	3,780	1,890
Office equipment	89,387	89,387	2,864	2,366
Tools and utensils	61,233	53,023	-	-
Ongoing Assets	-	-	177,406	55,759
	13,781,005	**6,720,062**	**192,928**	**62,973**

The detail of operating subsidies recorded in the consolidated income statement for financial year ended 31 December 2021, in the caption' Other operating income / (expenses)', is as follows:

COMPANY	DESIGNATION	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 5)
Martifer Construções, SA	IAPMEI	6,272
Martifer Construções, SA	IEFP	74,655
Navalria, SA	IEFP	1,373
Navalria, SA	IAPMEI	560
Martifer Renewables, SA	IEFP	5,647
West Sea, Lda	IEFP	38,423
		126,929

41. RELATED PARTIES

a) Balances and transactions

The Group's investees have relationships between them that qualify as transactions with related parties. All these transactions are carried out at market prices.

In the consolidation procedures, these transactions with Group companies are eliminated since the consolidated financial statements present information of the holding and its subsidiaries as if they were a single company.

The balances and transactions with associated companies and joint ventures, as well as with shareholders and companies related with them, amounted to the following amounts:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE (NOTE 25)		ACCOUNTS PAYABLE (NOTE 33)	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Associate companies	-	-	-	-	161,441	10,441	-	-
Joint Ventures	-	-	351,777	386,220	3,878,621	5,703,635	-	-
Shareholders	381,600	392,181	17,568	18,108	2,443	3,845	117,342	675,620
Other related parties	846,457	1,679,393	7,983,949	4,257,681	1,333,186	6,580,370	19,311	2,084,404
	1,228,057	**2,071,575**	**8,353,295**	**4,662,009**	**5,375,692**	**12,298,292**	**136,653**	**2,760,024**

In addition to the values mentioned in the tables presented above and below, there are no other transactions or balances held with related parties of the Group.

Accounts receivable from and payable to related companies will be settled in cash and are not covered by guarantees. During financial years ended 31 December 2022 and 2021, no impairment losses were recognised in relation to accounts receivable from related parties, except in situations arising from the application of IFRS 9.

The line 'Other entities' is essentially related to companies belonging to I'M - SGPS, S.A. Group and Mota-Engil SGPS, S.A. Group, reference shareholders of Martifer Group, and the vast majority of the balances and transactions originate from contracts in the 'Metallic Constructions' segment.

The companies included in the caption 'Shareholders' are as follows:

SHAREHOLDERS
Mota-Engil SGPS, S.A.
I'M SGPS, S.A.

The main companies included in the caption 'Other entities' (companies with balances and/or transactions of amounts over 10,000 Euros) are the following:

OTHER ENTITIES
Mota Engil Angola, S.A.
Mota-Engil, Engenharia e Construção África - Suc. Costa Marfim
Mota-Engil, Engenharia e Construção
Black and Blue Investimentos, S.A.
I'M Serviços de gestão, Lda
Tavira Gran Plaza, S.A.
Mota-Engil, Engenharia e Construção África

b) Remuneration of the Board and other key personnel

The remuneration granted to members of the Board of Directors and other key managers of the Group, during financial years ended 31 December 2022 and 2021, amounted to 2,497,136 Euros and 1,896,682 Euros, respectively.

The remuneration is determined by the Remuneration Committee, considering individual performance and the evolution of this type of job market.

The remuneration attributed to key management personnel, by remuneration category, can be summarised as follows (amounts in Euros):

	FY 2022	FY 2021
Fixed remuneration	2,497,136	1,896,682
	2,497,136	**1,896,682**

The remuneration policy of the members of the management and supervisory bodies of Martifer SGPS, approved under the terms of Law no. 28/2009, as well as the annual amount of remuneration earned by the members of said bodies, in an aggregate and individual manner, is presented in the Corporate Governance Report.

In addition, we present next the Directors of Martifer SGPS:

i. Carlos Manuel Marques Martins
ii. Arnaldo José Nunes da Costa Figueiredo
iii. Jorge Alberto Marques Martins
iv. Pedro Miguel Rodrigues Duarte
v. Pedro Nuno Cardoso Abreu Moreira
vi. Carlos Alberto Araújo da Costa
vii. Maria Sílvia da Fonseca Vasconcelos da Mota
viii. Carla Maria de Araújo Viana Gonçalves Borges Norte
ix. Carla Sofia Teixeira Gouveia Moura

42. EFFECTS OF THE RESTATEMENT OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES WHOSE FUNCTIONAL CURRENCY IS THE CURRENCY OF A HYPERINFLATIONARY ECONOMY

In 2017, Angola was considered a hyperinflationary economy, so the financial statements of subsidiaries of the Group that operate in this country and which functional currency is the Kwanza had to be restated in terms of the current measuring unit at the end of the reporting period by applying a general price index.

In 2019, according to IMF information, Angola stopped being a hyperinflationary economy, and from this point on, it is considered that the figures reported in the financial statements at the end of the previous reporting period are considered the carrying amounts of the subsequent financial statements. The date considered as the last reporting date for Angola within hyperinflation was 30 June 2019, and the values of this country are maintained until the restated balance sheet items are used up.

In 2018, it was Argentina's turn to be considered a hyperinflationary economy, which resulted in the fact that companies that report in Argentinian Pesos had to be adjusted for those effects, a situation which is maintained in 2022.

The general price indices were calculated based on information on inflation provided by the Central Bank of the Republic of Argentina.

The effect of the restatement in the consolidated income statement for financial year 2022, can be summarised as follows:

FY 2022	ANGOLA	ARGENTINA	TOTAL
Restatement of expenses and income	-	(49.274)	(49.274)
Effect of derecognition of restated balance sheet items	(121.071)	-	(121.071)
Monetary result	-	114.641	114.641
Impact on net income for the year	**(121.071)**	**65.368**	**(55.704)**

The effect of the restatement in the consolidated statement of financial position on 31 December 2022 can be summarised as follows:

FY 2022	ANGOLA	ARGENTINA	TOTAL
Intangible assets	846,788	9,735	856,523
Tangible fixed assets	5,316,387	421,052	5,737,439
Inventory	111,229	-	111,229
Deferrals	3,265	44,201	47,466
Impact on Assets	**6,277,668**	**474,987**	**6,752,656**
Reserves	4,451,396	388,397	4,839,793
Net Iincome for the year	(121,071)	65,368	(55,704)
Impact on Equity	**4,330,325**	**453,765**	**4,784,090**
Deferred tax liabilities	1,753,141	16,351	1,769,492
Deferrals	194,202	4,872	199,074
Impact on Liabilities	**1,947,343**	**21,223**	**1,968,566**

On the other hand, the effects of the restatement in the consolidated statement of financial position, on 31 December 2021. can be summarised as follows:

FY 2021	ANGOLA	ARGENTINA	FY 2021
Intangible assets	854,494	2,286	856,780
Tangible fixed assets	5,549,943	232,764	5,782,706
Inventory	130,244	-	130,244
Deferrals	3,298	25,353	28,651
Impact on Assets	**6,537,979**	**260,403**	**6,798,382**
Reserves	4,609,518	(45,913)	4,563,605
Net Iincome for the year	(168,874)	283,129	114,254
Impact on Equity	**4,440,645**	**237,215**	**4,677,860**
Deferred tax liabilities	1,903,133	20,308	1,923,441
Deferrals	194,202	2,879	197,081
Impact on Liabilities	**2,097,335**	**23,187**	**2,120,522**

43. ANNEX TO THE CONSOLIDATED CASH FLOW STATEMENT

The receipts and payments of financial assets, in financial years ended 31 December 2022 and 2021, may be analysed as follows:

	FY 2022	FY 2021
Cash Receivables:		
Sale of Wind Farm Lada Sp. Z o.o.	13,976,941	-
Sale of Ventiveste, S.A. e Parque Eólico de Vale Grande, S.A.	6,000,000	-
Sale of FW Warta Sp. Z o.o.	199,781	-
Sale of PV Sol 7 Sp. Z o.o.	-	1,743,426
Total of Receivables	**20,176,722**	**1,743,426**
Cash and cash equivalents derecognised with loss of control	(190,784)	(20,032)
Total Net Receivables	**19,985,938**	**1,723,394**
Cash Payments:		
Constitution of Hytlantic, S.A.	156,000	-
Acquisition of 16% of Martifer Renewables O&M Sp. Z o.o.	33,344	-
Acquisition of minority interest of CiTin – Centro de Interface Tecnológico Industrial	4,000	2,000
Total of Payments	**193,344**	**2,000**
Cash and cash equivalents derecognised with gain of control	-	-
Total Net Payments	**193,344**	**2,000**

Regarding the sale of FW Warta, in December 2020, the amount to be received was 4,547,567 Polish Zlotys. This value was to be received when the wind farm entered operation. This happened at the end of 2022, with Martifer neither having received the amount in question, nor obtained an expected date for such receipt; for this reason, and due to the uncertainty generated throughout the process, Martifer recorded an impairment loss for the amount in question. At the beginning of 2022, 199,781 Euros were received related to the recovery of value added tax, an amount provided for in the contract.

Regarding the disposal of FW Lada, in December 2022, the amount received amounted to 13,976,941 Euros. Part of the amount was received on the signature of the SPV sales contract (10,506,271 Euros). Additionally, in November 2022 we received around 3.47 million Euros in respect of 50% of the success fee related to the re-permitting of the project, which went from 20 MW to 35 MW. There may be an additional receipt of an amount of 3.3 million Euros, for which we are unable to estimate when, or if, we will receive it. It is the understanding of the Board of Directors that the estimated sales price value is appropriate given the contractually established conditions and the information existing at the time.

In 2022, as in 2021, the caption 'Other receipts / payments from operating activities' is mostly justified both by the VAT reimbursements received and by payments to Social Security (contributions by the employer and contributions by employees).

44. SUBSEQUENT EVENTS

The year 2022 confirmed the dissipation of the Covid-19 pandemic, the consequent elimination of constraints to the normal continuation of economic activities and a strong recovery of the world economy.

Even though the effects of the aforementioned pandemic faded, new risks nevertheless emerged, with an emphasis on the results of the Russia / Ukraine geopolitical conflict, which accentuated threats that were already visible, such as constraints in the logistical and distribution chains, limitations in access to raw materials and certain goods, rising energy costs and interest rates and inflationary pressures, which inevitably generate tensions and vulnerabilities. Although the Martifer Group does not have any direct exposure to Russia or Ukraine, the impact of the conflict on the world economy could affect the Group; however, it is not possible at this point to estimate the impacts.

Since the reference date of the accounts, and except for the aforementioned, there have been no other events that affect the financial information disclosed.

45. FINANCIAL INSTRUMENTS

The financial instruments, in accordance with the accounting policies described in Note 1.4 vii), were classified as follows:

On 31 December 2022 and 2021, the financial instruments are as follows:

€	FY 2022	FY 2021
FINANCIAL ASSETS		
Financial assets at amortized cost		
Cash and cash equivalents	56,331,066	41,011,467
Non-current trade debtors and other debtors	4,230,455	5,661,824
Current trade debtors and other debtors	37,708,865	52,578,542
Prepayments	8,532,957	9,379,526
State and other public entities (without income tax)	3,171,829	3,853,822
	109,975,173	**112,485,181**
Financial assets at fair value through profit or loss		
Green Certificates non-current	1,507,241	2,222,701
Others non-current	273,393	267,806
Green Certificates current	1,411,193	1,607,764
Deposits given as security	1,704,053	755,963
Others current	6,596	11,596
	4,902,476	**4,865,830**
Carrying amount of Financial Assets	**114,877,649**	**117,351,011**

€	FY 2022	FY 2021
FINANCIAL LIABILITIES		
Financial liabilities at amortized cost		
Non-Current Loans	93,169,570	107,099,309
Non-current Lease liabilities	25,257,514	20,175,726
Non-current trade creditors and other creditors	1,848,628	2,085,737
Current Loans	3,696,607	3,494,217
Current Lease liabilities	1,340,292	917,006
Current trade creditors and other creditors	32,978,318	41,975,796
State and other public entities (without income tax)	4,096,540	2,721,667
	162,387,469	**178,469,458**
Carrying amount of financial liabilities	**162,387,469**	**178,469,458**

46. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 19 April 2023. In addition, these consolidated financial statements as at 31 December 2022 are pending approval by the General Meeting of Shareholders.

Oliveira de Frades, 19 April 2023

The Certified Accountant

Marlene Henriques Pereira

The Board of Directors

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

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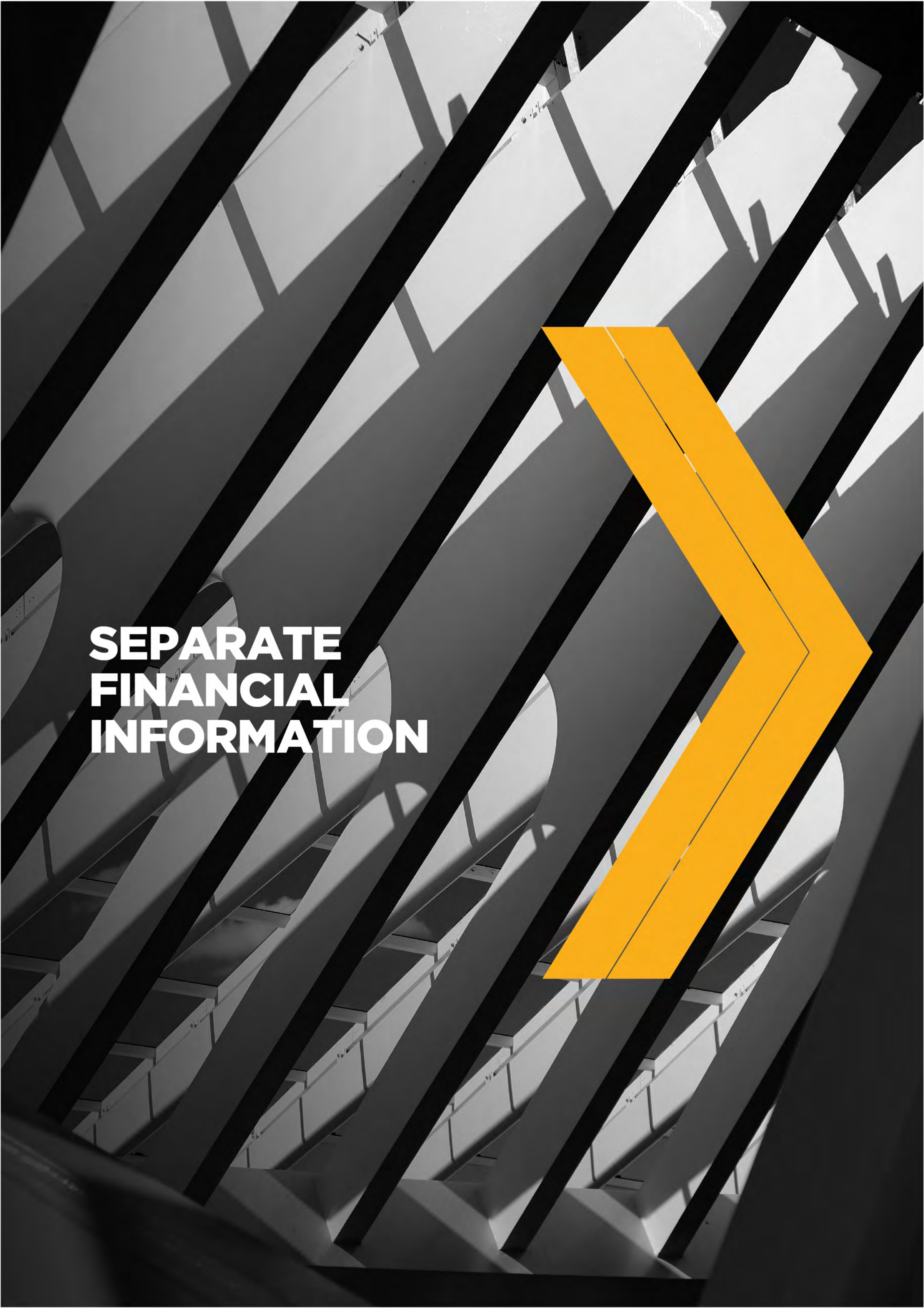
(Member of the Board of Directors)

Clara Sofia Teixeira Gouveia Moura
(Member of the Board of Directors)

SEPARATE FINANCIAL INFORMATION



SEPARATE FINANCIAL INFORMATION

Separate Financial Statements

13 | SEPARATE FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS AND OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2022 AND 2021

	NOTES	FY 2022	FY 2021
Sales and services rendered	2	2,281,051	1,526,382
External services and supplies	3	(563,236)	(579,347)
Staff costs	4	(1,884,914)	(1,910,710)
Other income	6	48,549	264,697
Other expenses	6	(23,596)	(51,937)
Profit before depreciation, provisions, impairments, financial expenses and tax		**(142,146)**	**(750,915)**
Amortisation and depreciation costs	7 e 8	(623)	(1,194)
Provisions and impairment losses	5	10,917,315	(829,296)
Operating income (before financial expenses and tax)		**10,774,545**	**(1,581,404)**
Interest and similar revenue	9	148,508	115,942
Interest and similar expenses	9	(3,156)	(3,085)
Gains/losses recognised on subsidiary, associates and joint ventures	9	739,268	(134)
Earnings before taxes		**11,659,165**	**(1,468,680)**
Income tax	10	1,386,819	2,185,806
Net profit for the year		**13,045,984**	**717,126**
Other comprehensive income		-	-
Total comprehensive income for the period		**13,045,984**	**717,126**

Earnings per share / Total comprehensive per share			
Basic	**11**	**0,1334**	**0,0073**
Diluted	**11**	**0,1334**	**0,0073**

The accompanying notes are part of these financial statements.

SEPARATE STATEMENTS OF THE FINANCIAL POSITION ON 31 DECEMBER 2022 AND 2021

	NOTES	FY 2022	FY 2021
ASSETS			
Non-current assets			
Intangible assets	7	-	-
Tangible fixed assets	8	377	1,000
Investments in subsidiaries and associate companies	12	96,919,507	86,005,192
Group companies	13	5,107,289	3,872,289
Financial assets at fair value through profit or loss		4,658	4,052
Deferred tax assets	10	4,229,079	4,229,079
		106,260,910	**94,111,613**
Current assets			
Trade receivables	14	813,653	7,189
State and other public entities	15	3,351	-
Group companies	13	2,719,842	4,533,619
Other receivables	14	30,878	30,811
Deferred expenses	16	1,449	1,449
Cash and cash equivalents	17	1,090,573	97,231
		4,659,747	**4,670,299**
TOTAL ASSETS		**110,920,657**	**98,781,912**
EQUITY			
Shared capital	18	50,000,000	50,000,000
Own shares	18	(2,868,519)	(2,868,519)
Legal reserves	18	10,000,000	10,000,000
Other reserves	18	2,868,519	2,868,519
Retained earnings	18	28,989,507	28,272,381
Profit for the year		13,045,984	717,126
TOTAL EQUITY		**102,035,490**	**88,989,507**
LIABILITIES			
Current liabilities			
Trade payables	19	118,633	350,489
State and other public entities	15	155,447	168,206
Income tax	10	495,824	1,791,338
Group companies	13	7,843,087	7,018,887
Other payables	19	272,176	463,485
		8,885,167	**9,792,405**
TOTAL LIABILITIES		**8,885,167**	**9,792,405**
TOTAL EQUITY AND LIABILITIES		**110,920,657**	**98,781,912**

The accompanying notes are part of these financial statements.

MARTIFER GROUP

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 31 DECEMBER 2022 AND 2021

	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL EQUITY
BALANCE AT THE BEGINNING OF 2021	**50,000,000**	**(2,868,519)**	**8,575,019**	**2,868,519**	**(1,573,491)**	**31,270,853**	**88,272,381**
Appropriation of the profit of 2020	-	-	1,424,981	-	29,845,872	(31,270,853)	-
Integral result	**-**	**-**	**-**	**-**	**-**	**717,126**	**717,126**
BALANCE AT THE END OF 2021	**50,000,000**	**(2,868,519)**	**10,000,000**	**2,868,519**	**28,272,381**	**717,126**	**88,989,507**
BALANCE AT THE BEGINNING OF 2022	**50,000,000**	**(2,868,519)**	**10,000,000**	**2,868,519**	**28,272,381**	**717,126**	**88,989,507**
Appropriation of the profit of 2021 (Note 18)	-	-	-	-	717,126	(717,126)	-
Integral result	**-**	**-**	**-**	**-**	**-**	**13,045,984**	**13,045,984**
BALANCE AT THE END OF 2022	**50,000,000**	**(2,868,519)**	**10,000,000**	**2,868,519**	**28,989,507**	**13,045,984**	**102,035,490**

To be read as the accompanying notes to the financial statements.

SEPARATE STATEMENTS OF THE CASH FLOWS FOR THE PERIODS ENDED ON 31 DECEMBER 2022 AND 2021

	NOTES	FY 2022	FY 2021
OPERATING ACTIVITIES			
Receipts from customers		1,998,616	2,773,593
Payments to suppliers		(871,737)	(700,474)
Payments to employees		(1,864,070)	(1,337,196)
Cash generated from operations		**(737,191)**	**735,923**
Income tax paid/received		2,760,858	3,121,609
Other receipts/payments relating to operating activities		(651,589)	(413,473)
Net cash generated by operating activities (1)		**1,372,077**	**3,444,060**
INVESTING ACTIVITIES			
Payments arising from:			
Tangible fixed assets		-	(1,854)
Financial assets	22	(1,235,000)	(4,075,000)
		(1,235,000)	**(4,076,854)**
Receipts arising from:			
Tangible fixed assets		129	52
Financial assets	22	742,268	1,131
Interest and similar income	22	115,942	239,078
Dividends		956	-
		859,295	**240,261**
Net cash generated by investing activities (2)		**(375,705)**	**(3,836,593)**
FINANCING ACTIVITIES			
Receipts arising from:			
Loans	22	-	-
		-	**-**
Payments arising from:			
Loans	22	-	-
Interest and similar costs		(3,030)	(3,076)
		(3,030)	**(3,076)**
Net cash generated by financing activities (3)		**(3,030)**	**(3,076)**
Net increase in cash and cash equivalents (1 + 2 + 3)		**993,342**	**(395,609)**
Cash and cash equivalents at the beginning of the year	**17**	**97,231**	**492,840**
Cash and cash equivalents at the end of the year	**17**	**1,090,573**	**97,231**

The accompanying notes are part of these financial statements.

SEPARATE FINANCIAL INFORMATION

Notes to the Separate Financial Statements

14 | NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTORY NOTE

Martifer, SGPS, S.A. ("Company") is a public limited company, with registered office at Zona Industrial, Apartado 17, Oliveira de Frades, Portugal, incorporated on 29 October 2004 that has as its main activity the management of shareholdings held and the rendering of support services to Group companies. It is the Holding company of Martifer Group ("Group") and has as reference shareholders I'M, SGPS, S.A. (38%) and Mota-Engil, SGPS, S.A. (37.5%).

From June 2007 onwards, following the successful Initial Public Offer (IPO), the Company started trading on the Portuguese Stock Exchange, Euronext Lisbon.

The Company is obliged, in terms of Article no. 4 of Regulation No. 1606/2002, of the European Parliament and Council, of 19 July, to prepare its consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, in terms of Article no. 3 of the referred regulation.

As allowed by Decree-Law no. 158/2009, of 13 July, republished by Decree-Law no. 98/2015, of 2 June, the separate financial statements were prepared according to the International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

All the amounts presented in these notes are stated in Euros (rounded to the unit) unless otherwise indicated.

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

1.1 BASES OF PRESENTATION

These accompanying financial statements relate to the separate financial statements of Martifer, SGPS, S.A. and were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, in force at the beginning of the economic period started on 1 January 2022. These correspond to the International Financial Reporting Standards, issued by the International Accounting Standards Board ("IASB"), and to the interpretations issued by the IFRS Interpretations Committee or by the previous Standing Interpretations Committee ("SIC"), which have been endorsed by the European Union.

The accompanying financial statements were prepared from the accounting records of the Company, on the going concern assumption and applying the historical cost convention.

The Board of Directors assessed the capacity of the Company to continue to operate based on all relevant information, facts and circumstances of a financial, commercial or other nature, including events that occurred after the reference date of the financial statements, available on the future. Consideration was also given to the fact that the current liabilities exceed the current assets, which is mostly the result of balances with Group companies. As a result of that assessment, the Board of Directors concluded that the Company has adequate resources to maintain its activities, having no intention of terminating them in the short term; therefore, it considered appropriate the use of the going concern assumption in the preparation of the financial statements.

The accounting policies and mensuration criteria adopted by the Company in the 2022 financial year are consistent with those applied by the Company in the preparation of the financial statements of the previous financial year, presented for comparative purposes, except in respect of the standards and interpretations entering into force on or after 1 January 2022, the adoption of which has not had a significant impact on the Company's comprehensive income or on the Company's financial position.

Amendments to standards effective on 1 January 2022:

	EFFECTIVE DATE
IFRS 3 (amendments)	01/01/2022
IAS 16 (amendments) – "Proceeds before intended use"	01/01/2022
IAS 37 (amendments) – Onerous Contracts	01/01/2022
IFRS 1, IFRS 9 and IAS 41 (amendments) - Annual Improvements 2018-2020	01/01/2022

Amendment to IFRS 3. This amendment corresponds to the update of the reference to the 2018 conceptual framework, additional requirements for analysing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date, and explicit clarification that contingent assets are not recognised in a business combination. The adoption of this amendment did not cause significant changes in the separate financial statements presented.

Amendment to IAS 16 – "Proceeds before intended use". This amendment corresponds to an amendment to IAS 16, which prohibits the deduction from the cost of a tangible asset of income related to the sale of products, before the asset is available for use. The adoption of this amendment did not cause significant changes in the separate financial statements presented.

Amendment to IAS 37 – Onerous Contracts. This amendment corresponds to the clarification that costs of fulfilling a contract correspond to costs directly related to the contract. The adoption of this amendment did not cause significant changes in the separate financial statements presented.

Annual Improvements 2018-2020. These correspond, essentially, to amendments to the standards: IFRS 1- practical expedient that allows a subsidiary that adopts IFRS for the first time at a later date than its parent company to choose to measure cumulative translation differences in relation to all foreign operating units by the amount that would be included in the parent company's financial statements, based on the date of the parent company's transition to IFRS; IFRS 9 - clarifies the commissions that must be included in the 10% test for the purposes of derecognition of a financial liability; and IAS 41 - removes the requirement to exclude tax-related cash flows when measuring fair value. The adoption of these amendments did not cause significant changes in the separate financial statements presented.

(New) standards (and amendments) which become effective on or after 1 January 2023, already endorsed by the EU:

	EFFECTIVE DATE
IFRS 17 – Insurance contracts	01/01/2023
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	01/01/2023
Amendment to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Disclosure of accounting policies	01/01/2023
Amendment to IAS 12 Income Taxes – Deferred Taxes	01/01/2023
Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information	01/01/2023

IFRS 17 – Insurance contracts (effective for annual periods beginning on or after 1 January 2023). This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.

Amendment to IAS 8 – Accounting policies, Changes in accounting estimates and Errors – Definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023). This amendment published by the IASB in February 2021, changes the definition of accounting estimate to a monetary amount in the financial statements subject to measurement uncertainty.

Amendment to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023). This amendment, published by the IASB in February 2021, clarifies that material accounting policies should be disclosed, rather than significant policies, having introduced examples for the identification of material policies.

Amendment to IAS 12 Income taxes – Deferred taxes (effective for annual periods beginning on or after 1 January 2023). This amendment, published by the IASB in May 2021, clarifies that the exemption from initial recognition of deferred taxes does not apply to transactions that produce equal amounts of taxable and deductible timing differences.

Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information (effective for annual periods beginning on or after 1 January 2023). This amendment, published by the IASB in December 2021, introduces changes to the comparative information to be presented when an entity adopts the two standards, IFRS 17 and IFRS 9, simultaneously.

At the present date, no significant impacts are estimated from the adoption of the aforementioned standards and amendments.

(New) standards (and amendments) that become effective on or after 1 January 2024, not yet endorsed by the EU:

	EFFECTIVE DATE
IAS 1 (amendment) - Presentation of financial statements - Classification of liabilities as current and non-current; Deferral of application date; Non-current liabilities with covenants	01/01/2024
Amendment to IFRS 16 - Leases – Lease liability in a sale and leaseback transaction	01/01/2024

Amendments to IAS 1 - Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of application date; Non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024). These changes are still subject to endorsement by the European Union. These amendments, published by the IASB, clarifies the classification of liabilities as current and non-current, analysing the existing contractual conditions at the reporting date. The amendment relating to non-current liabilities with covenants, clarified that only the conditions that must be fulfilled before or on the reference date of the financial statements are relevant for the purposes of classification as current / non-current, and further postponed the application date to 1 January 2024.

Amendment to IFRS 16 – Leases – Lease liability in a sale and leaseback transaction (effective for annual periods beginning on or after 1 January 2024). These changes are still subject to endorsement by the European Union. This amendment, published by the IASB in September 2022, clarifies how a seller-lessee accounts for a sale and leaseback transaction that meets the criteria of IFRS 15 to be classified as a sale.

Management is analysing the impact, if any, on the separate financial statements.

In preparing the financial statements, in accordance with IFRS, the Company's Board of Directors adopted certain assumptions and estimates that may affect the reported assets and liabilities, as well as the income and expenses incurred for the reported years. All estimates and assumptions made by the Board of Directors were made based on its best knowledge existing at the date of approval of the financial statements, and the information available on that date.

As a result of the large-scale military invasion by Russia of Ukraine on 24 February 2022, there was a general worsening of the climate of global uncertainty, with negative effects on the prospects for the evolution of the world economy and financial markets. The Company’s Board of Directors carried out an analysis of the current situation and future prospects, despite the situation being unpredictable, in order to assess the Company's ability to continue as a going concern, the recoverability of assets in the medium and long term and the recording of liabilities and commitments at their fair value and concluded that the Company has adequate resources to maintain its activities and that the consolidated financial position adequately presents the Company’s situation in the current context, in accordance with the information available to it.

1.2 COMPARABILITY OF INFORMATION

The Company’s financial statements on 31 December 2022 were prepared in accordance with accounting policies and calculation methods similar to those presented in the 2021 Separate financial statements.

1.3 MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The main accounting policies, judgements and estimates used in the preparation of the Company’s financial statements for the financial years presented are as follows:

i) Financial investments in subsidiaries and associated companies

The equity holdings in subsidiaries and associate companies are recorded at acquisition cost less accumulated impairment losses. An assessment of investments in subsidiaries and associate companies is carried out when there are indications that the asset may be impaired. In that case, any impairment losses that are shown to exist are recorded as a cost in the income statement. In situations where the losses of the participated companies exceed the value of the investment, and the Company has made a commitment to cover the losses of the subsidiaries, the additional losses of subsidiaries and associate companies determine the recognition of a provision.

Subsidiaries are all entities (including special purpose entities) that the Company controls by being exposed to or being the holder of rights regarding the variable results generated by the entity through its relationship with it and has the ability to allocate these results through the power it has over the entity.

Associated companies are entities over which the Company has a significant influence in the definition of the financial and operational policies.

ii)Tangible assets

Tangible assets are recorded at their acquisition cost, net of accumulated depreciation and impairment losses.

The depreciation rates used correspond to the following estimated useful lives:

Office equipment	3 to 5 years

Maintenance and repair expenses that neither increase the useful lives nor create significant improvements in tangible fixed assets are expensed in the financial year they are incurred.

iii) Financial assets and liabilities

Financial assets and liabilities are recognised in the Company's statement of financial position when it is a contractual party of the instrument.

The financial assets and liabilities are initially measured at their fair value. The transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (which are not financial assets or liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or liability, as the case may be, on initial recognition.

The transaction costs directly attributable to the acquisition of assets or liabilities recognised at fair value through profit or loss are recognised immediately in the income statement.

iii.a) Financial assets

All purchases and sales of financial assets are recognised as at the date of the signing of the respective sale and purchase agreements, regardless of the date of their financial settlement.

All financial assets recognised are subsequently measured at amortised cost, or at their fair value, depending on the business model adopted by the Company and the characteristics of their contractual cash flows.

Classification of financial assets:

a) Debt instruments and accounts receivable

Fixed-income debt instruments and accounts receivable that comply with the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held considering a business model which goal is to keep it to receive its contractual cash flows; and
(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

The effective interest rate method is a method used to calculate the amortised cost of a financial instrument and of allocating the respective interest during the period of its validity.

For financial assets that are not acquired or originated with impairment (i.e., impaired assets on initial recognition), the effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid or received fees and commissions which are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the instrument to its gross carrying amount on the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured on initial recognition net of capital repayments, and the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted for any possible impairment losses.

The income associated with interest is recognised in the income statement under the caption 'Financial income and gains', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through profit or loss. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

Debt instruments and accounts receivable that comply with the following conditions are subsequently measured at fair value through other comprehensive income:

(i) the financial asset is held considering a business model which objective foresees the receipt of its contractual cash flows and of its divestiture; and

(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

b) Equity instruments designated at fair value through other comprehensive income

On initial recognition, the Company may make an irrevocable choice (on a case-by-case basis) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income.

The designation at fair value through other comprehensive income is not permitted if the investment is held for trading purposes or if it is the result of a recognised contingent consideration in the context of a business combination.

An equity instrument is held for trading, if:

i) it is purchased mainly for the purpose of sale in the short term;

ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together, and for which there is evidence of a recent real pattern of obtaining profits in the short term; or

iii) if it is a derivative financial instrument (except if it is part of a hedging operation).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction costs. Subsequently, they are measured at their fair value, with gains and losses arising from their fair value fluctuation being recognised in other comprehensive income. At the moment of their sale, the accumulated gain or loss generated with these financial instruments is not reclassified to the income statement but is transferred to the caption ‘Retained earnings'.

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the income statement at the moment they are attributed / deliberated unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the income statement under the caption 'Financial income and gains'.

c) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets recorded at fair value through profit or loss are measured at their fair value determined at the end of each reporting period, with the respective gains or losses being recognised in the income statement, except if they are part of a hedging relationship.

Impairment of financial assets

The Company recognises expected impairment losses for debt instruments measured at amortised cost, as well as for accounts receivable from clients and other debtors.

The amount of expected impairment losses for the financial assets mentioned above is updated at each reporting date to reflect changes in credit risk that have occurred since the initial recognition of the respective financial assets.
As regards balances receivable from associated companies, which are not considered part of the financial investment in those companies, the credit impairment is assessed considering the following criteria: (i) if the balance receivable is payable on demand;

(ii) if the balance receivable is of low risk; (iii) if its term is less than 12 months.

In cases in which the balance receivable is payable on demand and the related party has the ability to pay, the probability of default was considered close to 0 %; therefore, the impairment was considered equal to zero. In cases in which the balance receivable is not payable on demand, the credit risk of the related company is assessed, and if it is 'low' or if is due in less than 12 months, the Company only assesses the probability of default for the cash flows that are due in the following 12 months.

For all other situations and types of balances receivable, the Company applies the general approach of the impairment model, assessing on each reporting date if there has been a significant increase in the credit risk since the date of initial recognition of the asset. If there has not been an increase in the credit risk, the Company calculates an impairment corresponding to the amount equivalent to the expected losses in a period of 12 months. If there has been an increase in the credit risk, the Company calculates an impairment corresponding to the amount equivalent to the expected losses for all contractual cash flows until the asset's maturity. The assessment of the credit risk is carried out according to the criteria disclosed in the credit risk management policies included in the Management Report.

Write-off Policy

The Company writes off a financial asset when there is information that demonstrates that the debtor is in the process of liquidation or bankruptcy and when there are no realistic prospects of credit recovery. However, the financial assets written off may still be subject to recovery procedures by the Company.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire or when it transfers the financial asset and substantially all the risks and benefits associated with its ownership to another entity. If it neither transfers nor retains substantially all the risks and benefits associated with the ownership of a financial asset but continues to control it, the Company recognises its interest in the retained asset and a liability equivalent to the amount that it will have to return. If the Company substantially retains all the risks and benefits associated with the ownership of a transferred financial asset, then it will continue to recognise it and, additionally, recognises a loan in respect of the amount received in the meantime.

In the derecognition of a financial asset measured at amortised cost, the difference between its recorded amount and the sum of the consideration received and receivable is recognised in the income statement.

iii.b) Financial liabilities and equity instruments

Classification as a financial liability or as an equity instrument

Financial liabilities and equity instruments are classified as liabilities or as equity according to the contractual substance of the transaction.

Equity

The Company considers equity instruments to be those in which the contractual support of the transaction shows that a third party holds a residual interest in the set of assets after deducting the liabilities of the Company.

Equity instruments issued by the Company are recognised by the amount received, net of the costs directly attributable to their issue.

The repurchase of equity instruments issued by the Company (own shares) is accounted for by its acquisition cost as a deduction from equity. The gains or losses inherent to the disposal of own shares are recorded under the caption 'Retained earnings'.

Financial liabilities

After initial recognition, all financial liabilities are subsequently measured at amortised cost or at fair value through profit or loss.

Financial liabilities are recorded at fair value through profit or loss when:

(i) the financial liabilities result from a contingent consideration due to a business combination;
(ii) the liability is not held for trading; or
(iii) the liability is designated to be recorded at fair value through profit and loss.

A financial liability is classified as held for trading if:

(i) it is acquired mainly for the purpose of sale in the short term; or
(ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and where there is evidence of a recent real pattern of obtaining profit in the short term; or
(iii) it is a derivative financial instrument (except if it is part of a hedging operation).

The financial liabilities recorded at fair value through profit or loss are measured at fair value with gains and losses arising from their fair value fluctuation being recognised in the income statement, except if they are part of a hedging relationship.

Financial liabilities subsequently measured at amortised cost

The financial liabilities that are not designated at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method used to calculate the amortised cost of a financial liability and of allocating the respective interest during the period of its validity.

The effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid or received fees and commissions which are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life cycle of the financial liability to its carrying amount on the date of its initial recognition.

Types of financial liabilities

Loans in the form of commercial paper issues are classified as non-current liabilities when they have a placement guarantee for a period exceeding one year, and the Company's Board of Directors intend to use this source of funding also for a period exceeding one year.

The other financial liabilities relate, essentially, to factoring and finance lease operations, which are initially recorded at their fair value. These financial liabilities are, subsequent to initial recognition, measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the obligations of the Company are settled, have been cancelled or have expired.

The difference between the derecognised carrying amount of the financial liability and the consideration paid or payable is recognised in the income statement.

When the Company exchanges with a certain creditor a debt instrument for another with substantially different terms, this exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the Company accounts for substantial modifications in terms of an existing liability, or part of it, as a termination of the original financial liability and the recognition of a new financial liability. The terms are assumed to be substantially different if the present value of the discounted cash flows of the renegotiated financial liability, including any fees paid net of any commissions received, discounted using the original effective interest rate, is at least 10 % divergent from the present value of the discounted cash flows remaining of the original financial liability.

If the modification is not substantial, the difference between (i) the carrying amount of the liability before the modification and (ii) the present value of the future cash flows after the modification is recognised in the income statement as a gain or loss on the modification, in financial income / expenses.

i) Cash and cash equivalents

'Cash and cash equivalents' include cash on hand, demand and term deposits, and other treasury applications (with maturity under three months, readily convertible into a known cash amount and which are not subject to a significant risk of change in value).

ii) Accruals and deferrals

Income and expenses are recorded in the financial year to which they relate, regardless of their date of payment or receipt. The differences between the amounts received and paid and the corresponding income and expenses are recorded under the captions 'Other current assets', 'Other non-current assets', 'Other current liabilities' and 'Other non-current liabilities'.

iii) Revenue

Nature, performance obligations and moment of revenue recognition

The primary source of revenue of the Company is the support and management services rendered to its investees.

Revenue is calculated according to the consideration specified in the contracts or agreements executed with clients and excludes any amount received on behalf of third parties. Thus, the Company records revenue when it transfers control over a particular good or service to the client. The revenue is recorded net of any taxes, trade discounts and financial discounts attributed.

In determining the value of the revenue, the Company assesses for each transaction the performance obligations that it assumes to clients, the transaction price to assign to each performance obligation identified in the transaction and the existence of variable price conditions that can lead to future adjustments to the registered revenue amount, and for which the Company performs its best estimate.

iv) Balances and transactions expressed in foreign currency

All the assets and liabilities expressed in foreign currencies are converted to the functional currency using the official exchange rates at the reporting date. The favourable or unfavourable exchange rate differences originating from the differences between the exchange rates at the transaction dates and those used at the collection, payment or on the balance sheet date, are recorded at their gross amount as gains and losses in the income statement of the financial year.

v) Income taxes

Income tax for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated based on the respective taxable income, in accordance with the tax rules in force at the place where the Company has its registered office.

Deferred taxes are calculated based on the balance sheet liability method and refer to timing differences between the amounts of assets and of liabilities for accounting purposes and their respective amounts for tax purposes, as well as to certain tax credits attributed to the Company.

Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force, or announced to be in force, at the date of reversal of the timing differences.

Deferred tax assets are only recognised to the extent that there is a reasonable probability that sufficient future taxable income will be available against which to offset them. At the date of each statement of financial position date, deferred tax assets are reviewed and derecognised whenever it is probable that they will no longer be used in future.

Deferred tax liabilities are recognised for all taxable timing differences, except those related to:
(i) the initial recognition of Goodwill; or (ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which, at the date of the transaction, do not affect the accounting or tax result. However, with regards to the taxable timing differences associated with investments in subsidiaries and associated companies, these should not be recognised to the extent that: i) the parent company has the ability to control the period of the reversal of the timing difference; and (ii) it is probable that the timing difference will not reverse in the near future.

The amount of deferred tax resulting from transactions or events recognised in equity accounts is recorded directly under these same captions, not affecting the income statement.

Offsetting of deferred tax assets and liabilities is only mandatory when: (i) the Company has a legal right to offset such assets and liabilities for assessment purposes; (ii) such assets and liabilities relate to income taxes levied by the same tax authority; and (iii) the Company intends to offset for assessment purposes.

ix) Financial charges on loans

The financial charges on loans are expensed in the financial year in which they are incurred in accordance with the accrual method of accounting.

x) Provisions

Provisions are recognised when and only when the Company has a present (legal or implicit) obligation resulting from a past event; it is probable that for the resolution of this obligation, there will be an outflow of resources, and the amount of the obligation can be reasonably estimated. The provisions are reviewed on the date of each statement of financial position date and are adjusted to reflect the best estimate at that date, considering all the risks and uncertainties inherent to such estimates. When a provision is determined, considering the future cash flows necessary to settle such obligation, it is recorded at its present value.

xi) Impairment of assets

An impairment assessment is made at the date of each statement of financial position whenever an event or change in circumstances is identified that indicates that the amount for which an asset is registered may not be recovered. Whenever the amount for which an asset is recorded is greater than its recoverable value, an impairment loss is recognised in the income statement under the caption ‘Provisions and impairment losses’. The recoverable value is the highest between the net sales value and the value in use. The net sale value is the amount that would be obtained with the sale of the asset in a transaction within reach of the parties involved, less expenses directly attributable to the sale. Value in use is the present value of the estimated future cash flows that are expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recorded in previous years is recognised when the underlying reasons that caused that entry are no longer applicable and, consequently, the asset is no longer impaired. The reversal of impairment losses is recognised in the income statement as operating income under the caption ‘Provisions and impairment losses’. However, the reversal of an impairment loss is only recognised up to the amount that would be recorded (whether using the historical cost or the revalued amount, net of amortisation or depreciation) if the impairment loss had not been recorded in previous years.

xii) Employee benefits

<u>Current and non-current benefits granted to employees</u>

A liability is recognised for benefits granted to employees related to salaries, holiday pay and holiday subsidy in the period in which the service of the employees is provided, and it is recognised for the amount of expected benefits to be paid.

Liabilities recognised relating to current benefits granted to employees are measured at the undiscounted amount of the benefits expected to be paid for the services provided.

Recognised liabilities relating to non-current benefits granted to employees are measured at the present value of expected future payments for services rendered by the employees up to the reporting date.

<u>Variable remuneration</u>

According to the articles of association of the Company, the shareholders approve at the General Meeting or within a Remuneration Committee elected by the shareholders, when elected, the fixed and variable remuneration to be distributed to the members of corporate bodies. Variable remuneration is recorded in the results of the financial year to which it relates.

xiii) Classification in the statement of financial position

Assets to be realised and liabilities to be settled more than one year after the statement of financial position date are classified, respectively, as non-current assets and liabilities. Likewise, given their nature, ‘Deferred tax’ and ‘Provisions’ are classified as non-current assets and liabilities.

xiv) Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead, they are disclosed unless the possibility of an outflow of funds affecting future economic benefits is remote.

Contingent assets are not recorded in the financial statements but are disclosed in the Notes to the financial statements when future economic benefits are probable.

xv) Statement of Cash Flow

The statement of cash flow is prepared using the direct method in accordance with IAS 7.

The statement of cash flow is classified into operating, investing and financing activities. Operating activities include cash receipts from clients, payments to suppliers, payments to employees and others relating to operating activities. The cash flows included in investing activities include, inter alia, acquisitions and disposals of investments in investees and receipts and payments arising from the purchase and sale of tangible and intangible assets.

The cash flows covered in the financing activities include, in particular, payments and receipts related to loans obtained and payment of dividends.

xvi) Subsequent events

Events occurring after the date of the financial statements that provide additional information on conditions that existed at the date of the financial statements (adjustable events) are reflected in the financial statements. Events after the date of the financial statements that provide information on conditions that occur after the date of the financial statements (non-adjustable events), if material, are disclosed in the notes to the financial statements.

xvii) Judgements and estimates

In preparing the consolidated financial statements, the Company's Board of Directors used its best knowledge and accumulated experience of past and/or current events in making certain assumptions as to future events.

The most significant accounting estimates reflected in the financial statements for financial years ended 31 December 2022 and 2021 include:

- impairment tests made to investments in subsidiaries and associated companies (Note 12). Investments in subsidiaries and associated companies are subject to an impairment test whenever there are indications of a possible loss of value. The recoverable value of the units that generate cash flows to which the investment is allocated is determined based on the expected cash flows. These calculations require the use of estimates by the Board of Directors regarding the future evolution of the activity and of the discount rates considered. The Board of Directors considers that the methodology described above leads to reliable results on the existence of possible impairment of investments in subsidiaries and associated companies, since they consider the best information available at the time of preparation of the financial statements.

- recording of provisions. The Company analyses on a regular basis any obligations arising from past events that should be recognised or disclosed. The subjectivity inherent in determining the probability of the existence of a present liability and the amount of internal resources required to pay the obligations may lead to significant adjustments, either due to changes in the assumptions used or due to the future recognition of provisions previously disclosed as contingent liabilities.

- the recoverability of deferred tax assets arising from tax losses available for carry forward generated by companies included in the tax perimeter of the Special Regime for the Taxation of Groups of Companies ("RETGS") (Note 10). Deferred tax assets are recorded only when there are reasonable expectations that there will be future taxable income available for the use of tax losses carried forward within the reporting periods defined by tax legislation in Portugal. The assessment of deferred tax assets is made by management at the end of each financial year, considering the expectation of future tax performance.

The above estimates are based on the best information available at the date of the preparation of the financial statements. However, events may occur in subsequent periods that, not being predictable at the time, were not considered in those estimates. Changes to these estimates that occur after the date of the financial statements will be adjusted in the income statement prospectively, in accordance with IAS 8.

xviii) Financial risk management

Uncertainty, the dominant characteristic of the markets, involves a variety of risks to which the activities of the Company are exposed, namely, exchange rate risk, liquidity risk and credit risk.

a) Exchange rate risk

Exchange rate risk has a strong interdependence with the other types of risks, specifically country risks, through the evolution of economies and their impact on inflation and interest rates and credit risk, due to the possibility of monetary fluctuations which may jeopardise future financial flows, originating the possibility of recording losses or gains as a result of changes in exchange rates among different currencies.

In the operations with investees, the Company carries out transactions in Euros, not being subject to a significant exchange rate risk.

b) Liquidity risk

Liquidity risk reflects the Company's ability to satisfy its financial liabilities with the financial resources available.

The main objective of the liquidity risk management policy is to ensure that the Company has at its disposal, at any time, sufficient financial resources to meet its liabilities and to pursue the outlined strategies, honouring all commitments made to third parties.

The financial management department monitors the implementation of the risk management policies defined by the Board, to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

c) Credit risk

The Company is subject to credit risk related to its operational activity - Clients and Other debtors. To the extent that the majority of its transactions are with investees, credit risk arises indirectly from the credit risk of those companies.

Aware of this reality, the Company and the Group assess the credit risk of all their clients for the establishment of the amount of credit to be granted, and the ultimate goal is to ensure effective credit collection within the established deadlines to minimise their exposure to each client.

With this objective in mind, the Group uses financial information and credit rating agencies and performs regular risk analyses and credit control, as well as the collection and management of processes under litigation. These are essential procedures to manage the credit activity and to minimise the occurrence of irrecoverable amounts.

The Company considers the likelihood of default on initial recognition of the asset and depending on the occurrence of significant increases in the credit risk, continuously in each reporting period. To assess whether there has been a significant increase in credit risk, the Company compares the risk of default occurring by reference to the reporting date, with the risk of default assessed by reference to the date of initial recognition.

The main value to be received is from Martifer Metallic Constructions (Note 21), a subsidiary, and the risk of uncollectability is minute.

xix) Capital management

Capital management is made to ensure the continuity and development of operational activities, and focus placed on liquidity management.

The objective of the Company, in relation to capital management, is to maintain an optimal capital structure.

On 31 December 2022, the Company's Equity is positive by approximately 102 million Euros (89 million Euros on 31 December 2021). The Company has no financial debt.

2. SALES AND SERVICES RENDERED

The sales and services rendered for the periods ended on 31 December 2022 and 2021 refer, essentially, to management fees charged to Group companies:

	FY 2022	FY 2021
Services rendered - Note 21	2,281,051	1,526,382
	2,281,051	**1,526,382**

3. EXTERNAL SERVICES AND SUPPLIES

The breakdown of external services and supplies for the periods ended on 31 December 2022 and 2021 is as follows:

	FY 2022	FY 2021
Specialised works	484,418	459,125
Advertising and publicity	-	7,445
Service Fees	-	34,838
Maintenance and repairs	12	-
Books and technical documentation	168	112
Office material	517	216
Offers	90	902
Fuel	201	191
Travel and accommodation	48,291	39,430
Leases and rents	-	74
Communications	729	653
Insurance	28,338	28,406
Legal and notarial fees	391	759
Representation expenses	-	7,196
Cleaning, health and safety	81	-
	563,236	**579,347**

4. STAFF COSTS

Staff costs for the periods ended on 31 December 2022 and 2021 can be analysed as follows:

	FY 2022	FY 2021
Salaries	1,725,862	1,790,888
Social charges		
Social contributions and others	128,603	107,983
Others	30,450	11,838
	1,884,914	**1,910,710**

During the financial periods 2022 and 2021, the 'company's average staff number was as follows:

	FY 2022	FY 2021
Functional division		
Directors	4	4
Other employees	1	1
	5	**5**

5. PROVISIONS AND IMPAIRMENT LOSSES

Provisions and impairment losses for the periods ended on 31 December 2022 and 2021 are as follows:

	FY 2022	FY 2021
Impairment losses net of reversals in financial assets - Note 12	10,917,315	(829,296)
	10,917,315	**(829,296)**

In 2022, impairment was reversed in respect of financial assets in the amount of 10,917,315 Euros related to the holding in Martifer Renewables SGPS.

In 2021, the impairment on financial investments was increased in the amount of 829,296 Euros related to the holding in Martifer Renewables SGPS (Note 12).

The movement in 'Impairment losses of financial investments' and 'Provisions' is as follows:

31 DECEMBER 2022	OPENING BALANCE	INCREASES	REVERSIONS	UTILISATION	CLOSING BALANCE
Impairment losses in financial assets - Note 12	208,879,759	-	10,917,315	-	197,962,445
	208,879,759	**-**	**10,917,315**	**-**	**197,962,445**

31 DECEMBER 2021	OPENING BALANCE	INCREASES	REVERSIONS	UTILISATION	CLOSING BALANCE
Impairment losses in financial assets - Note 12	208,050,464	829,296	-	-	208,879,759
	208,050,464	**829,296**	**-**	**-**	**208,879,759**

6. OTHER INCOME AND EXPENSES

These items can be analysed as follows:

	FY 2022	FY 2021
Social services	641	705
Exchange rate gains	-	3,453
Sales of tangible fixed assets	105	42
Other income and gains	47,803	41,559
Tax restitution	-	218,938
	48,549	**264,697**

	FY 2022	FY 2021
Legal expenses	3,732	2,443
Taxes	6,348	6,712
Trade debtors write-off	-	29,863
Contributions	12,590	12,650
Others non-specified	926	269
	23,596	**51,937**

7. INTANGIBLE ASSETS

The information on the gross values of the intangible asset, with reference to the years ended on 31 December 2022 and 2021, can be analysed as follows:

	OPENING BALANCE	INCRESES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2022					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	**-**	**-**	**-**	**43,614**
31 DECEMBER 2021					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	**-**	**-**	**-**	**43,614**

The information regarding the amounts of amortisation and accumulated impairment losses of intangible assets, with reference to the financial periods ended on 31 December 2022 and 2021 can be analysed as follows:

	OPENING BALANCE	INCRESES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2022					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	**-**	**-**	**-**	**43,614**
31 DECEMBER 2021					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	**-**	**-**	**-**	**43,614**

The net value of the intangible asset, with reference to the years ended on 31 December 2022 and 2021, is 0 Euro.

8. TANGIBLE FIXED ASSETS

Information related to the gross values of tangible fixed assets for the periods ended on 31 December 2022 and 2021 can be analysed as follows:

	OPENING BALANCE	INCRESES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2022					
Office equipment	12,588	-	1,509	-	11,078
	12,588	**-**	**1,509**	**-**	**11,078**
31 DECEMBER 2021					
Office equipment	32,835	-	20,247	-	12,588
	32,835	**-**	**20,247**	**-**	**12,588**

The information regarding the amounts of accumulated depreciation and impairment losses of administrative equipment for the periods ended on 31 December 2022 and 2021 can be analysed as follows:

	OPENING BALANCE	INCRESES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2022					
Office equipment	11,587	623	1,509	-	10,701
	11,587	**623**	**1,509**	**-**	**10,701**
31 DECEMBER 2021					
Office equipment	30,641	1,194	20,247	-	11,587
	30,641	**1,194**	**20,247**	**-**	**11,587**

The net amount of tangible fixed assets on 31 December 2022 and 2021 is 377 Euros and 1,000 Euros, respectively.

9. FINANCIAL RESULTS

The financial results for the periods ended on 31 December 2022 and 2021 may be analysed as follows:

	FY 2022	FY 2021
Interest and similar revenue		
Loans and accounts receivable (including bank deposits)		
Interest income	147,190	115,942
Dividends obtained from other financial investments	1,318	-
	148,508	**115,942**

	FY 2022	FY 2021
Interest and similar expenses		
Loans and accounts payable		
Other financial expenses	3,156	3,085
	3,156	**3,085**

The amount of other expenses and financial losses results, essentially, from the fees incurred in current accounts.

	FY 2022	FY 2021
Gains/losses in subsidiaries, associate companies and joint arrangements		
Sale shares of Ventinveste, SA to GALP (Note 12)	739,268	-
Sale of Martifer Romania SRL	-	(134)
	739,268	**(134)**

10. INCOME TAX

The breakdown of assets giving rise to deferred tax in the periods ended on 31 December 2022 and 2021 may be analysed as follows:

	FY 2022	FY 2021
Tax losses carried forward	4,229,079	4,229,079
Deferred tax assets	**4,229,079**	**4,229,079**

In accordance with the tax returns and tax estimates of the companies included in the tax perimeter of the Special Regime for Taxation of Groups of Companies (in Portuguese: RETGS - Regime Especial de Tributação de Grupos de Sociedades), the deferred tax assets related to tax losses, on 31 December 2022 and 2021, using for that purpose the tax rates on that date, were reportable as follows:

	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSET	TIME LIMIT
31 DECEMBER 2022			
Generated in 2014	20,138,472	4,229,079	2028
	20,138,472	**4,229,079**	
31 DECEMBER 2021			
Generated in 2014	20,138,472	4,229,079	2028
	20,138,472	**4,229,079**	

On 31 December 2022, there were reportable tax losses, calculated in the companies taxed under the Special Regime for Taxation of Groups of Companies (RETGS) of which Martifer SGPS is the dominant company, before and during the application of RETGS, amounting to 69,864,736 Euros (72,632,174 Euros on 31 December 2021), whose potential deferred tax assets amount to 14,671,594 Euros (15,252,757 Euros on 31 December 2021). From a perspective of prudence, deferred tax assets were registered, related to tax losses in Portugal to be used in the future, only in the amount of 4,229,079.00 Euros.

The breakdown of total reportable tax losses and potential tax credits in Portugal can be analysed as follows:

	FY 2022			FY 2021		
	TAX LOSSES CARRIED FORWARD	TAX CREDIT	TIME LIMIT	TAX LOSSES CARRIED FORWAR	TAX CREDIT	TIME LIMIT
Generated in 2014	26,068,784	5,474,445	2028	26,068,784	5,474,445	2028
Generated in 2015	5,081,758	1,067,169	2029	5,081,758	1,067,169	2029
Generated in 2016	32,310,271	6,785,157	2030	32,310,271	6,785,157	2030
Generated in 2017	344,449	72,334	2024	344,449	72,334	2024
Generated in 2019	6,058,809	1,272,350	2026	8,826,246	1,853,512	2026
Generated in 2020	666	140	2032	666	140	2032
	69,864,736	**14,671,595**		**72,632,174**	**15,252,757**	

In relation to the above tax losses, the following should be noted:

i. Tax losses of 2017: the group of companies taxed under the RETGS presents, in relation to tax year 2017, tax losses in the amount of 344,449 Euros, assessed by Cedilhas ao Vento (individually), before joining the RETGS, which can only be deducted from the Group's taxable income up to the limit of Cedilhas ao Vento's own taxable income;

ii. Tax losses of 2019: it should be noted that there is a difference between the 2021 tax losses disclosed (8,826,246 Euros) and the tax losses actually assessed (10,423,629 Euros) due to the fact that estimates were considered in 2021. There was a decrease in the tax losses assessed in 2019 presented above, compared to the amount considered available for use in the previous year (10,423,629 Euros), due to the fact that the value presented above already considers the use of tax losses, in the amount of 4,364,820 Euros, of that amount in the 2022 tax year. This amount of tax losses used considers the RETGS tax result calculated for the purposes of estimating tax for the 2022 tax year;

iii. Tax losses of 2020: considers tax losses assessed, in financial year 2020, individually by the companies Volume Cintilante and Volume Vistoso, in the global amount of 666 Euros, which integrated the RETGS on 1 January 2021. These tax losses can only be deducted from the RETGS taxable income, up to the limit of the taxable income assessed individually by those companies;

vi. Tax losses of 2022: no tax losses were considered, as in terms of tax estimates, the Group recorded a positive tax result in the amount of 6,235,457 Euros and is using tax losses in the amount of 4,364,820 Euros, relating to tax year 2019.

It should be noted that in accordance with the State Budget Law for the 2023, tax losses available for carry forward (of the year and of previous years) no longer have any time limitation in terms of their respective validity for deduction, regardless of the size of the company.

The reconciliation of tax for the period and current tax can be analysed as follows:

	FY 2022	FY 2021
Current tax	**(1,080,276)**	**(2,409,256)**
Excess/Insufficiency of income tax estimate	(306,542)	223,450
Tax charge for the period	**(306,542)**	**223,450**
Income tax	**1,386,819**	**2,185,806**

On 31 December 2022 and 2021, the reconciliation between the nominal and effective tax rate is as follows:

	FY 2022	FY 2021
Earnings before taxes	**11,659,165**	**(1,468,680)**
Income tax rate (nominal rate of 21%)	2,448,425	(308,423)
Non-deductible expenses for tax purposes:		
Impairment losses	(2,292,636)	174,152
Restitution of not deductible taxes	-	(9,397)
Capital gains and losses on disposal of financial investments	-	28
Accounting capital losses	-	(55)
Others	171	101,964
Accounting capital gains	(155,246)	-
Tax benefits	(1,623)	(1,322)
Tax losses of the year for which deferred tax assets were not recognised	-	80,567
Use of tax losses that have not originated deferred tax assets	(1,759)	-
Excess/ Insufficiency of income tax estimate	(306,542)	223,450
Autonomous taxation	1,035	1,487
Municipaly surchage	180	-
Consolidated tax net effect	(1,078,823)	(2,448,257)
Effective income tax	**(1,386,819)**	**(2,185,806)**

In 2022, Martifer SGPS, SA and its Portuguese subsidiaries are subject to taxation on Corporate Income Tax ("IRC") at the normal rate of 21%, plus a municipal surcharge of up to 1.5% of the taxable profit.

Additionally, in what concerns the taxable profit above 1,500,000.00 Euros, subject and not exempted from IRC, the following local state rates are involved: 3% on the part over 1,500,000 Euros and up to 7,500,000 Euros; 5% on the part over 7,500,000 Euros and up to 35,000,000 Euros; and 9% on the part of the taxable profit that exceeds 35,000,000 Euros.

Pursuant to article no. 88 of the IRC Code, Portuguese companies are additionally subject to autonomous taxation on a set of expenses at the rates provided for in the regime.

In the 2011 tax period, Martifer SGPS, SA chose to apply the Special Regime for the Taxation of Groups of Companies ("RETGS") which include Portuguese companies that directly or indirectly hold at least 75% of their capital and that simultaneously comply with the other conditions defined by that regime.

The companies that belong to the Special Regime of Taxation of Groups of Companies ("RETGS") are the following:

COMPANIES BELONGING TO RETGS
Cedilhas ao Vento S.A.
Martifer - Construções Metalomecânicas SA
Martifer Metallic Constructions SGPS SA
Martifer Renewables SA
Martifer Renewables SGPS S A
Martifer SGPS SA
Navalria - Docas Construções e Reparações Navais SA
Sociedade de Madeiras do Vouga S.A.
West Sea - Estaleiros Navais, Lda

Under Portuguese law, Martifer SGPS, SA's tax returns, as well as those of the companies included in the RETGS, are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when tax losses have occurred, tax benefits have been granted, or inspections, complaints or appeals are ongoing, in which case, depending on the circumstances, the time limits may be extended or suspended. Thus, tax returns for the years 2019 to 2022 (2018 to 2022 for social security) may still be subject to review and amendments.

The Board of Directors believes that any adjustments resulting from reviews/inspections by the tax authorities will have no significant impact on the financial statements on 31 December 2022.

On 31 December 2022 and 2021, the detail of the Tax on the income of legal entities was the one indicated below:

	FY 2022	FY 2021
Income tax		
Special on account payment	33,155	33,155
Payments on account	1,290,718	470,943
Retentions	330	-
Group income tax estimate (RETGS)	(1,495,497)	(1,970,907)
Tax payable	(324,530)	(324,530)
	(495,824)	**(1,791,338)**

The amount of 324,530 Euros in the item' Tax 'payable' relates to the year 2013 and is the result of corrections made by the Tax Authority which were claimed by the Company. Those corrections, whose effect is reflected in the reduction of reportable tax losses and in the value of autonomous taxation, resulted in the repayment of the referred amount. Since there is still no final decision on the case and if the Company is recognised as valid in all of the claimed amounts, there will be an increase in the value of the reportable tax losses, and the amount previously reimbursed will have to be returned. In 2022, there was no evolution in this process.

11. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares, so there are no special dividends or voting rights.

Martifer SGPS, SA's share capital is represented by 100,000,000 ordinary shares, totally subscribed and paid-up, representing a share capital of 50 000 000 Euros.

The weighted average number of shares in circulation is reduced in 2,215,910 shares, corresponding to own shares acquired by Martifer SGPS (Note 18).

As of 31 December 2022, and 2021, there is no difference between the calculation of basic earnings per share and the calculation of diluted earnings per share, which can be demonstrated as follows:

	FY 2022	FY 2021
Net profit for the year (I)	13,045,984	717,126
Weighted average number of shares outstanding (II)	97,784,090	97,784,090
Basic and diluted earnings per share (I) / (II)	**0,1334**	**0,0073**

12. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

On 31 December 2022 and 2021, the breakdown of financial investments in subsidiaries and associate companies was as follows:

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSSES	TOTAL
31 DECEMBER 2022					
Martifer Metallic Constructions SGPS *	100%	147,199,533	-	87,921,713	59,277,820
Martifer Renewables SGPS *	100%	143,925,126	3,732,292	110,040,732	37,616,687
Patris Investimentos SGPS	0,12%	25,000	-	-	25,000
		291,149,659	**3,732,292**	**197,962,445**	**96,919,507**
31 DECEMBER 2021					
Martifer Metallic Constructions SGPS *	100%	147,199,533	-	87,921,713	59,277,820
Martifer Renewables SGPS *	100%	143,925,126	3,732,292	120,958,046	26,699,372
Patris Investimentos SGPS	0,12%	25,000	-	-	25,000
Ventinveste, S.A.	6%	3,000	-	-	3,000
		291,152,659	**3,732,292**	**208,879,759**	**86,005,192**

* Consolidated financial statements prepared in accordance with IFRS.

Note: The value of the participation in the company Patris Investimentos, SGPS, S.A. was included in this item because it is immaterial; therefore, it does not justify disclosure under an autonomous heading

The movement that occurred in this item, in the periods ended on 31 December 2022 and 2021, is as follows:

	FY 2022	FY 2021
Opening balance	86,005,192	82,835,753
Sale of the 6% stake - Ventinveste, S.A.	(3,000)	-
Sale of the 2% stake - Martifer Romania SRL	-	(1,265)
Losses coverage - Martifer Metallic Constructions SGPS	-	4,000,000
Impairment losses on supplementary capital	10,917,315	(829,296)
	96,919,507	**86,005,192**

In 2022, the 6% holding in Ventinveste, S.A. was sold to GALP, having generated a capital gain of 739,268 Euros (Note 9).

In June 2021, at the General Meeting of Martifer Metallic Constructions, SGPS, S.A., it was resolved to cover losses through the use of 127,425,777 Euros of supplementary payments and 4,000,000 Euros of shareholder loans.

The equity and the net result of subsidiaries and associate companies on 31 December 2022 is the following:

	EQUITY	NET PROFIT FOR THE YEAR
Martifer Renewables SGPS *	36,142,445	11,251,141
Martifer Metallic Constructions SGPS *	(9,351,953)	1,479,986
	26,790,493	**12,731,127**

* Consolidated financial statements prepared in accordance with IFRS.

Financial investments are assessed as to their recoverable value whenever there are indications of impairment, and indications are considered to exist whenever the Equity of the investee (considering the consolidated Equity when applicable) is lower than their acquisition value. Based on this principle, signs of impairment were identified in the holdings held in Martifer Metallic Constructions, SGPS, S.A., and in Martifer Renewables, SGPS, S.A. The impairment tests carried out considered the following assumptions:

- For the holding in Martifer Metallic Constructions, SGPS, S.A. (MMC), the valuation based on the 2020 transaction of Vetor Diálogo, SGPS, S.A. (a vehicle company that held 25% of MMC) was considered appropriate; the independent valuation that supported this operation valued MMC at 55.3 million Euros. In 2020, the comparison of this valuation with the net value of the investment resulted in a reversal of impairment of 28,862,251 Euros. In 2022 and 2021 there were no relevant changes in the assumptions that supported the 2020 valuation, so it was considered that the net value of the recorded investment is adequate, and no impairment loss or reversal was recorded in financial year 2022.

- In addition, the consistency of said value with the results of the valuations carried out for the purpose of analysing the impairment of the value of Goodwill recognised in the consolidated financial statements of the Company on 31 December 2022 was also analysed.

- For Martifer Renewables, SGPS, S.A., and considering the type of assets, the shareholding value in 2021, increased by the gain obtained with the accounting capital gain generated in 2022 with the sale of the investees Wind Farm Lada and Ventinveste, was considered a valid indicator; consequently, impairment in the amount of 10,917,315 Euros was reversed (in 2021, impairment in the amount of 829,926 Euros was recognised).

Supplementary payments 'don't bear interest nor have a repayment term.

13. GROUP COMPANIES

On 31 December 2022 and 2021, the open positions related to supply contracts and other active financial operations are as follows:

	31 DECEMBER 2022			31 DECEMBER 2021		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Martifer Construções	-	274,152	274,152	-	753,446	753,446
Martifer Metallic Constructions SGPS	3,872,289	137,732	4,010,021	3,872,289	115,942	3,988,231
Martifer Renewables	-	12,374	12,374	-	10,385	10,385
Martifer Renewables SGPS	1,235,000	9,458	1,244,458	-	-	-
Navalria	-	12,752	12 752	-	16,243	16,243
West Sea - Estaleiros Navais	-	2,273,374	2 273 374	-	3,637,603	3,637,603
	5,107,289	**2,719,842**	**7,827,132**	**3,872,289**	**4,533,619**	**8,405,908**

The shareholder loans will be repaid within a period longer than 1 year and bear interest at Euribor 3 months +3.50%.

On 31 December 2022, of the amount referred to in "Other financial operations", 2,572,652 Euros relates to the tax estimated by the controlled companies that form part of the RETGS tax group (Martifer Construções: 274,152 Euros, Martifer Renewables S.A.: 12,374 Euros, Navalria: 12,752 Euros and West Sea - Estaleiros Navais: 2,273,374 Euros). The remaining value, 147,190 Euros, refers to interest on supplies.

On 31 December 2021, of the amount referred to in "Other financial operations", 4,417,677 Euros relates to the tax estimated by the controlled companies that form part of the RETGS tax group (Martifer Construções: 753,446 Euros, Martifer Renewables S.A.: 10,385 Euros, Navalria: 16,243 Euros and West Sea - Estaleiros Navais: 3,637,603 Euros). The remaining value, 115,942 Euros, refers to interest on supplies.

The balances presented in liabilities by the Company, with Group companies, on 31 December 2022 and 2021, are as follows:

	FY 2022	FY 2021
Martifer Construções	4,612,829	4,195,923
Martifer Metallic Constructions SGPS	2,664	5,785
Martifer Renewables	888	888
Martifer Renewables SGPS	-	68,805
Navalria	16,606	23,122
West Sea - Estaleiros Navais	3,209,443	2,723,709
Cedilhas ao Vento	656	656
	7,843,087	**7,018,887**

On 31 December 2022 and 2021, the value presented in Group companies (liabilities) refers to the responsibilities that the Company has with subsidiaries arising from the RETGS.

14. TRADE RECEIVABLES AND OTHER RECEIVABLES

On 31 December 2022 and 2021, these items are broken down as follows:

	FY 2022	FY 2021
Trade receivables		
Trade receivables	813,653	7,189
	813,653	**7,189**
Other receivables		
Other receivables	30,878	30,811
	30,878	**30,811**
	844,531	**38,000**

On 31 December 2021 and 2020, the ageing of balances in these items was as follows:

			DUE			
31 DECEMBER 2022	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	813,653	806,464	-	-	-	7,189
Other receivables	30,878	-	429	-	-	30,449
	844,531	**806,464**	**429**	**-**	**-**	**37,638**

			DUE			
31 DECEMBER 2021	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	7,189	-	-	-	-	7,189
Other receivables	30,811	-	362	-	-	30,449
	38,000	**-**	**362**	**-**	**-**	**37,638**

The balances over 360 days are of little significance, and the Company considers that there has been no deterioration in the credit quality of the counterparty so that the balances are not at risk of uncollectability.

15. STATE AND OTHER PUBLIC ENTITIES

On 31 December 2021 and 2020, the balance of the item 'State and other public 'entities' is as follows:

	FY 2022	FY 2021
Assets		
Value-added taxes	3,351	-
	3,351	**-**
Liabilities		
Withholding taxes	46,296	48,652
Value-added taxes	97,638	105,114
Social Security contributions	11,512	14,440
	155,447	**168,206**

16. ACCRUALS AND DEFERRALS

The caption ‘Accruals and Deferrals' may be analysed as follows:

	FY 2022	FY 2021
Insurance	1,449	1,449
	1,449	**1,449**

17. CASH AND CASH EQUIVALENTS

The item' Cash and cash equivalents’ may be analysed as follows:

	FY 2022	FY 2021
Cash	800	800
Bank deposits	1,089,773	96,431
	1,090,573	**97,231**

On 31 December 2022 and 2021, no restrictions existed as to the use of the balances recorded in the caption ‘Cash and cash equivalents’.

18. EQUITY

Share capital

Martifer SGPS’s share capital, fully subscribed and paid-up on 31 December 2022 and 2021, amounted to 50,000,000 Euros and is represented by 100,000,000 bearer shares with a par value of 0.50 Euros each. All shares hold the same rights, namely one share, one vote. During the 2022 and 2021 financial periods, there were no changes in the number of shares representing the Company’s share capital.

Own shares

During the 2022 financial period, Martifer SGPS did not acquire nor sell own shares. Martifer holds 2,215,910 own shares, corresponding to 2.22% of its share capital. In accordance with Portuguese commercial legislation in force, the company is required to keep unavailable a reserve corresponding to the own shares amount. This is included the caption ‘Other reserves’.

On 31 December 2022, the share capital of the Company is 38% held by I'M - SGPS, S.A.. (held by Carlos Manuel Marques Martins and by Jorge Alberto Marques Martins), 5.88% held by two Board Members related to I'M - SGPS, SA (Carlos Manuel Marques Martins and Jorge Alberto Marques Martins), 37.5% by Mota-Engil SGPS, SA (company listed on the stock exchange), 2.22% in own shares, and the remaining 16.40% dispersed in the Stock Exchange.

Reserves

Legal reserve

The Portuguese commercial legislation establishes that at least 5% of the positive annual net result must be used to increase the 'legal reserve' until the latter represents at least 20% of the share capital. This reserve is non-distributable, except in the event of liquidation, but may be used to offset losses after all the other reserves have been used up and/or been incorporated in the share capital.

Other reserves

On 31 December 2022, this item included an unavailable reserve in the amount of 2,868,519 Euros (2021: 2,868,519 Euros), related to the acquisition value of own shares.

Under Portuguese legislation, the amount of reserves considered distributable is determined based on the Company's separate financial statements, prepared following the International Financial Reporting Standards (IFRS), as adopted in the European Union. On 31 December 2022 and 2021, Martifer SGPS, SA had no available distributable reserves.

Appropriation of the net profit for the financial period

At the General Shareholders' Meeting held on 25 May 2022, it was approved that the net profit for the financial period ended on 31 December 2021, amounting to 717,125.62 Euros would have the following application:

- Transfer for Retained Earnings 717,125.62 Euros.

19. TRADE PAYABLES AND OTHER PAYABLES

The information relating to 'Trade Payables and Other Payables' for the financial periods ended on 31 December 2022 and 2021 can be analysed as follows:

	FY 2022	FY 2021
Trade payables	118,633	350,489
	118,633	**350,489**
Other payables		
Cost accruals	267,360	463,484
Other payables	4,816	1
	272,176	**463,485**
	390,809	**813,973**

On 31 December 2022 and 2021, this item includes balances payable to suppliers and other creditors arising from the Company's operating activity and accrued expenses related to remuneration and respective charges for holiday pay, holiday subsidy and bonuses payable to employees and governing bodies.

The Board of Directors considers that the fair value of these balances does not differ significantly from their book value and that the effect of discounting these amounts is not material.

On 31 December 2022 and 2021, the ageing of balances recorded in the items 'Trade Payables' and 'Other payables' is as follows:

31 DECEMBER 2022	TOTAL	DUE	NOT DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	118,633	-	833	117,800	-	-
Other payables	4,816	-	4,816	-	-	-
	123,449	**-**	**5,648**	**117,800**	**-**	**-**

31 DECEMBER 2021	TOTAL	DUE	NOT DUE			
			UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	350,489	65,805	142,680	142,004	-	-
Other payables	1	1	-	-	-	-
	350,490	**65,806**	**142,680**	**142,004**	**-**	**-**

20. REMUNERATION PAID TO MANAGEMENT, THE SUPERVISORY BOARD AND THE CERTIFIED PUBLIC ACCOUNTANT

Remuneration attributed to the key management personnel, by remuneration category, can be summarised as follows:

	FY 2022	FY 2021
Fixed remuneration	1,642,153	1,338,014
Variable remuneration	110,000	-
	1,752,153	**1,338,014**

The remuneration attributed to the Supervisory Board in 2022 amounted to 9,600 Euros (2021: 11,486 Euros), and the remuneration paid to the Certified Public Accountant amounted to 66,300 Euros (2021: 52,500 Euros).

The remuneration policy of the members of the management and supervisory bodies of Martifer SGPS, approved under the terms of Law no. 28/2009, as well as the annual amount of remuneration earned by the members of these bodies, in an aggregate and individual manner, is presented in the Corporate Governance Report.

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In addition to the balances identified in the notes above, the balances and transactions with related parties are as follows:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Shareholders	381,600	391,400	-	-	-	-	117,342	349,813
Group and associate companies	649	134	2,428,341	1,642,324	12,365,888	12,138,201	7,843,087	7,018,887
	382,249	**391,534**	**2,428,341**	**1,642,324**	**12,365,888**	**12,138,201**	**7,960,429**	**7,368,701**

The balances under the item “Shareholders” are held by the shareholder I’M, SGPS and by the shareholder Mota-Engil, SGPS. ‘Accounts receivable’ include supplementary payment amounts registered in financial investments (see Note 12).

22. ANNEXE TO THE SEPARATE STATEMENT OF CASH FLOWS

The receipt and payment of financial investments that occurred in the periods ended on 31 December 2022 and 2021 may be analysed as follows:

	FY 2022	FY 2021
Cash Receivables:		
Sale of financial stakes (Note 12)	742,268	1,131
Total of Receivables	**858,210**	**1,131**
Cash Payments:		
Treasury operations with group companies	1,235,000	4,075,000
Total of Payments	**1,235,000**	**4,075,000**

The change in financial investments – procurement and treasury operations with Group companies between 2022 and 2021 is as follows:

	FY 2021	CASHFLOWS (RECEIPTS)	CASHFLOWS (PAYMENTS)	TRANSACTIONS NOT AFFECTING CASH	FY 2022
Treasury operations with group companies - Note 13	3,988,231	115,942	(1,235,000)	(147,190)	5,254,479
Total	**3,988,231**	**115,942**	**(1,235,000)**	**(147,190)**	**5,254,479**

	FY 2020	CASHFLOWS (RECEIPTS)	CASHFLOWS (PAYMENTS)	TRANSACTIONS NOT AFFECTING CASH	FY 2021
Treasury operations with group companies - Note 13	4,036,367	239,078	(4,075,000)	(3,884,058)	3,988,231
Total	**4,036,367**	**239,078**	**(4,075,000)**	**(3,884,058)**	**3,988,231**

The amounts that appear in the column 'transactions not affecting cash' (147,190 Euros) result from the interest debited and not received on 31 December 2022 (Note 13).

23. SUBSEQUENT EVENTS

The year 2022 confirmed the dissipation of the Covid-19 pandemic, the consequent elimination of constraints to the normal continuation of economic activities and a strong recovery of the world economy.

Even though the effects of the aforementioned pandemic faded, new risks nevertheless emerged, with an emphasis on the results of the Russia / Ukraine geopolitical conflict, which accentuated threats that were already visible, such as constraints in the logistical and distribution chains, limitations in access to raw materials and certain goods, rising energy costs and interest rates and inflationary pressures, which inevitably generate tensions and vulnerabilities. Although the Martifer Group does not have any direct exposure to Russia or Ukraine, the impact of the conflict on the world economy could affect the Group; however, it is not possible at this point to estimate the impacts.

Since the reference date of the accounts, and except for the aforementioned, there have been no other events that affect the financial information disclosed.

24. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 19 April 2023. Additionally, the attached financial statements reported on 31 December 2022 are pending approval by the General Meeting of Shareholders.

25. TRANSLATION NOTE

This Annual Report, comprising the Management Report, Consolidated and Separate financial statements of Martifer Group for the financial year ended 31 December 2022, is a free translation of the original issued in the Portuguese language. In the event of discrepancies or misinterpretations the original version shall prevail.

Oliveira de Frades, 19 April 2023

The Certified Accountant

Marlene Henriques Pereira

The Board of Directors

Carlos Manuel Marques Martins
(President)

Arnaldo José Nunes da Costa Figueiredo
(Vice President)

Jorge Alberto Marques Martins
(Vice President)

Pedro Miguel Rodrigues Duarte
(Member of the Board of Directors)

Pedro Nuno Cardoso Abreu Moreira
(Member of the Board of Directors)

Carlos Alberto Araújo da Costa
(Member of the Board of Directors)

Maria Sílvia da Fonseca Vasconcelos da Mota
(Member of the Board of Directors)

Carla Maria de Araújo Viana Gonçalves Borges Norte
(Member of the Board of Directors)

Clara Sofia Teixeira Gouveia Moura
(Member of the Board of Directors)

AUDIT AND SUPERVISION REPORTS

MARTIFER GROUP

Martifer SGPS S.A. - Sociedade Aberta
Zona Industrial - Apartado 17
3684-001 Oliveira de Frades
Portugal

REPORT AND OPINION OF THE SUPERVISORY BOARD

About Consolidated Financial Statements
Fiscal year 2022

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders,

1. In accordance with the law, statutes, and our mandate given to us at the Shareholders Meeting held on May 21st, 2021, we herewith present our report on our supervisory activity and give our opinion on the Management Consolidated Report and the Consolidated Financial Statements prepared by the Management of MARTIFER – SGPS, S.A. with respect to the year ended at the December 31 th, 2022.

2. We regularly have accompanied the activity of the Company and its main affiliate companies, having received from the Executive Directors, as well from the services, all clarifications deemed convenient for the completion of our duties.

3. We followed the account consolidation process, the work of the Statutory Auditor and External Auditor with whom we met, we assessed the Legal Certifications of the Consolidated Accounts and the Audit Report issued today, which we agreed with.

4. We also analyzed the "Additional Report to the Supervisory Body" issued today by Deloitte & Associados, SROC, S.A. in the capacity of Statutory Auditor under the terms of paragraphs 1 and 2 of article 24.º of Portuguese Law no. 148/2015 of September 9th, 2015, with whom we met specifically for this purpose.

5. We analyzed five proposals for other services than audit, that were presented by Deloitte & Associados, SROC, S.A. to the Supervisory Board, three of them already in 2023, having approved all the proposals, as they complied with the applicable standards, included allowed services and did not affect the External Auditor’s independence.

6. As part of our duties, we have verified that:

   a) The Statement of Consolidated Financial Position, the Consolidated Results Statements, the Consolidated comprehensive income statements, the Consolidated Changes in Equity and the corresponding Consolidated Attachment, allow an understanding of the Group's financial situation and its results;

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MARTIFER
GROUP

Martifer SGPS S.A. - Sociedade Aberta
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b) The accounting policies and valuation criteria adopted, in accordance with the International Financial Reporting Standards "IFRS" as adopted by the European Union, were consistent with those applied in the preparation of the financial information for the previous year and allow the correct assessment of the consolidated financial situation and the Company's results; and

c) The Single Management Report clarifies the evolution of the Group's business and financial situation, clearly showing the most important aspects of the Group's activities.

7. In these terms, taking into account the clarifications provided by the Board of Directors, the External Auditor and the conclusions that we have drawn from the "Legal Certification of the Consolidated Accounts" and the "Additional Report to the Supervisory Body", we recommend:

   a) The approval of the Management Consolidated Report; and

   b) The approval of the consolidated financial statements.

Oliveira de Frades, April 28th, 2023

The Members of the Supervisory Board

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REPORT AND OPINION OF THE SUPERVISORY BOARD

About Separate Financial Statements
Fiscal year 2022

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders,

1. In accordance with the law, statutes, and our mandate given to us at the Shareholders Meeting held on May 21st, 2021, we herewith present our report on our supervisory activity and give our opinion on the Management Report, the Financial Statements and Proposals prepared by the Management of MARTIFER – SGPS, S.A. with respect to the year ended at the December 31th, 2022.

2. We regularly have accompanied the activity of the Company and its main affiliate companies, having received from the Executive Directors, as well from the services, all clarifications deemed convenient for the completion of our duties.

3. We accompanied the work of the Statutory Auditor and External Auditor with whom we met, we assessed the Legal Certifications of the Accounts and the Audit Report issued today, which we agreed with.

4. We also analyzed the "Additional Report to the Supervisory Body" issued today by Deloitte & Associados, SROC, S.A. in the capacity of Statutory Auditor under the terms of paragraphs 1 and 2 of article 24.º of Portuguese Law no. 148/2015 of September 9 th, 2015, with whom we met specifically for this purpose.

5. We analyzed five proposals for other services than audit, that were presented by Deloitte & Associados, SROC, S.A. to the Supervisory Board, three of them already in 2023, having approved all the proposals, as they complied with the applicable standards, included allowed services and did not affect the External Auditor's independence.

6. As part of our duties, we have verified that:

   a) The Single Management Report and the Separate Financial Statements show clearly the financial situation, results, cash flows and changes in Company´s equity;

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b) The accounting policies and valuation criteria adopted, in accordance with the International Financial Reporting Standards "IFRS" as adopted by the European Union, were consistent with those applied in the preparation of the financial information for the previous year and allow the correct assessment of the financial situation and the Company's results; and

c) The Proposed Applications of Results is adequate, taking into account the circumstances; and

d) The Corporate Governance Report complies with article 29.º-H of the Portuguese "Código dos Valores Mobiliários"

7. In these terms, taking into account the clarifications provided by the Board of Directors, the External Auditor and the conclusions that we have drawn from the "Legal Certification of the Accounts" and the "Audit Report", we recommend:

    a) The approval of the Single Management Report;

    b) The approval of the separate financial statements;

    c) The approval of the Proposed Applications of Results; and

    d) That Shareholders must carry out a general assessment of the management and supervision of the Company, under the terms and for the purposes provided for in article 455.º of the Portuguese "Código das Sociedades Comerciais".

Oliveira de Frades, April 28th, 2023

The Members of the Supervisory Board

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STATEMENT BY THE SUPERVISORY BOARD

(Article 29.º-G, no. 1, subparagraph c) of the
Portuguese "Código dos Valores Mobiliários")

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders,

Under the terms of the law, we declare that, to the best of our knowledge:

i) The information contained in the separate and consolidated financial statements for the year 2022, as well as in their annexes, was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial position and the performance of the company MARTIFER - SGPS, S.A. and the companies included in the consolidation;

ii) The information contained in the single management report for the year 2022 faithfully shows the evolution of the business, performance and financial position of MARTIFER - SGPS, S.A. and the companies included in the consolidation, containing a description of the main risks and uncertainties with which face each other.

Oliveira de Frades, April 28th, 2023

The Members of the Supervisory Board

Deloitte.

Deloitte & Associados, SROC S.A.
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Registo na CMVM n.º 20161389
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September 22, 2023

Martifer, SGPS, S.A.
Zona Industrial de Oliveira de Frades
Apartado 7
3680-170 Oliveira de Frades

For the attention of Mr. Pedro Nuno Cardoso Abreu Moreira

Dear Sirs,

Please find enclosed a translation to English of our Statutory Audit Report and Auditors' Report on the consolidated financial statements of Martifer, SGPS, S.A. as at December 31, 2022.

This is a translation of a Statutory Audit Report and Auditors' Report originally issued in Portuguese on consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. In the event of discrepancies, the Portuguese language version prevails.

Yours faithfully,

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC
Registration in OROC nº 1272
Registration in CMVM nº 20160883

PNC/mjr

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

(Free translation of a report originally issued in Portuguese language:
in case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Martifer, SGPS, S.A. (the Entity) and of its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 (showing a total of Euro 245,711,036 and equity of Euro 35,080,624, including a net profit attributable to the shareholders of the Parent-company of Euro 13,340,204), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, the consolidated financial position of Martifer, SGPS, S.A. as at 31 December 2022 and of its financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Bases for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent from the entities that constitute the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's response to the assessed risks of material misstatement
Revenue recognition on metallic construction and shipbuilding contracts as well as ship repair contracts (Notes 1.4 xi), 3, 4, 27 and 37 of the notes to the consolidated financial statements)	
The Group's revenue arises from several business segments, and the amount of revenue recognized in the year ended 31 December 2022 relating to shipbuilding contracts amounted to Euro 34,765,460 (Euro 66,032,295 for the year ended 31 December 2021) and the revenue relating to metallic construction contracts amounted to Euro 93,148,441 (Euro 92,050,593 for the year ended 31 December 2021). Additionally, the Group recognized revenue associated to ship repair contracts in the amount of Euro 33,885,780 (Euro 24,379,521 for the year ended 31 December 2021). The Group recognizes revenue from construction contracts taking into consideration the IFRS 15 – Revenue from Contracts with Costumers, recognizing revenue and margins associated with: i) shipbuilding and ship repair contracts according to the percentage of completion, using the inputs method, which is understood as the ratio between costs incurred on each contract until a certain date and the sum of these costs with the estimated costs to complete it, and ii) in the case of metallic construction contracts using the outputs method, which intends to accurately reflect the physical progress of the work on a certain date. Determining the percentage of completion of the construction contracts of the referred business segments involves a number of significant estimates and judgments, namely regarding the construction contract total income, the costs to be incurred until the completion of the contract, the impacts of work actually done in relation to those contracted, contractual penalties and existing or future claims, namely during the warranty period. With regard to metallic construction contracts, the Group recognizes provisions to meet legal obligations to be incurred during the warranty period. In the case of shipbuilding and ship repair contracts, the costs to be incurred during the warranty period are recognized as liabilities relating to contracts with customers. In both situations are considered the historical amounts incurred with that kind of obligations. The judgmental character of the matters referred above, together with the materiality of the revenue amounts recognized in the year and the customer contract assets and liabilities recognized in the consolidated statement of financial position as of the reporting date, as well as considering the geographical dispersion of the Group's	Our audit procedures in this area included, amongst others: - Analysis of the accounting policy for revenue recognition from construction contracts and ship repair contracts adopted by the Group by reference to the applicable accounting standards; - Evaluation of the design and implementation of relevant controls related to the revenue recognition process for metallic and shipbuilding construction contracts, as well as ship repair contracts; - Analysis of the construction contracts schedules that support the revenue recognition from construction contracts and ship repair contracts and validating their reconciliation with the figures included in the consolidated statements of the financial position and income of the Group; - For a sample of revenue transactions of the year, selected in accordance with quantitative and qualitative criteria, verification of the adequacy of the accounting treatment and confirmation, for each contract, of the main contracted values and total estimated costs to be incurred in accordance with the production budgets; - For the aforementioned sample and with regard to the shipbuilding contracts, recalculation of the percentage of completion, of the revenue figures for the year, as well as of the respective assets and liabilities relating to contracts with customers, comparing them with the Group's accounting records; - For the aforementioned sample and with regard to the metallic construction contracts, a comparison of the percentage of completion included on the construction contracts schedules with the statements of work done approved by customers, obtaining information from the management regarding the differences found. Recalculation of the revenue amounts for the year, as well as the respective assets and liabilities relating to contracts with customers, comparing them with the Group's accounting records;

operations in the metallic construction business and the consequent diversity of contractual conditions, considering also the current economic environment of high uncertainty caused by the impacts resulting from the armed conflict involving Ukraine and Russia (which has contributed to a degradation of margins on construction contracts through increased costs), we consider this matter as a key audit matter.	- For a sample of transactions of the year, analysis of the costs incurred per construction contract and respective supporting documentation; - Review of the estimates and judgments made by management with respect to the margin recognized per contract, by: (i) analyzing the reliability of the estimates by reference to real values observable in construction contracts completed in prior years and of a similar nature; and (ii) inquiring into the variations between years in total estimated revenues and total estimated costs to be incurred, as well as costs incurred compared to budgeted costs; - Evaluation of the reasonableness and necessity of recording provisions for expected losses on contracts, by: (i) inquiring and by obtaining information from the management, (ii) contract analysis on a sample basis and analysis of minutes of the corporate bodies, (iii) analysis of known external factors, ligation, complaints and non-conformities reported by counterparties and (iv) analysis of subsequent events to the reporting date; - Confirmation of balances and other contractual information, or performing alternative procedures in case of no confirmation was obtained, for a sample of the Group's customers and analysis of the reconciliations between the information included in the confirmations obtained and the Group's accounting records; - Assessment of the adequacy of the disclosures related on this matter in the notes to the consolidated financial statements.

Description of the most significant risks of material misstatement identified	Summary of the auditor's response to the assessed risks of material misstatement
Impairment of tangible fixed assets, goodwill, fair value determination of investment properties and determination of the recoverable amount of real estate assets booked as inventories (Notes 1.4 i), 1.4 iv), 1.4 vi), 1.4 ix), 1.4 xix), 1.4 xxv.c), 1.4 xxv.e), 11, 17, 19 and 24 of the notes to the consolidated financial statements)	
At 31 December 2022, the carrying amount of tangible fixed assets and goodwill amounts to Euro 47,051,679 (Euro 53,744,720 at 31 December 2021) and Euro 10,974,649 (equal amount at 31 December 2021), respectively. The Group also has real estate assets recognized as investment properties (Euro 19,505,000 at 31 December 2022 and Euro 21,005,000 at 31 December 2021) and as inventories (Euro 12,280,650 at 31 December 2022 and Euro 12,243,589 at 31 December 2021, before considering the accumulated impairment losses recognized for those assets in the amount of Euro 6,863,774 and Euro 6,870,116, respectively), which are recognized at fair value and at their net recoverable amount, respectively, being these properties subject to recurring valuations performed by experts independent from the Group. Additionally, the Group performs an annual impairment test on the goodwill recorded in the consolidated financial statements, as well as impairment tests in respect of its non-current assets whenever an event or change in circumstances is identified that indicates that the amount at which an asset is recorded may not be recoverable. Additionally, the real estate assets booked as investment properties at fair value and as inventories at net recoverable amount are subject to recurring valuations by experts independent from the Group. Impairment tests and real estate valuations incorporate significant and complex judgments, materialized in business plans (which are based on several assumptions, associated with discount rates, expected profitability margins, growth rates and investment plans), as well comparable real estate prices on the market, among others. Given the risk of there being impairment losses of material amount not recognized in the consolidated financial statements or the existence of a mismatch between the value of real estate assets and their net recoverable amount, and taking into account the relevance of the amounts of tangible fixed assets,	Our audit procedures in this area included the assessment of the design and implementation of relevant controls related to the identification of impairment indicators at the level of the Group's non-current assets, analysis of the main business indicators and macroeconomic factors that affect the performance of the assets, assessment of the recoverability of goodwill amounts, as well as analysis of impairment tests in situations in which the Group identifies impairment indicators in its non-current assets. With regard to the assessment of recoverable amount used by the Group in the impairment assessment process, at goodwill and non-current assets level, our analysis included, amongst others: - Obtaining the valuation models used to determine the recoverable amount of each cash-generating unit and testing the arithmetic accuracy of these models; - Evaluation of the methodology used by the Group in the process of determining the value in use, namely taking into consideration the requirements of the applicable accounting standards; - Evaluation of the assumptions underlying the models, involving internal specialists to critically assess the assumptions used, namely, the discount rates, expected margins, growth rates, in addition to the forecast cash flows themselves; - Conducting discussions with the management of the different business units and their representatives; - Performance of sensitivity analysis to the assumptions and forecasts used as well as performance of stress tests on the valuations performed. Additionally, with regard to the real estate assets valuation owned by the Group:

goodwill, investment properties and real estate assets recognized as inventories, the large number of assumptions used in conducting impairment tests, as well as the sensitivity of the results determined to some changes in assumptions, in the context of high uncertainty caused by the impacts from the armed conflict between Ukraine and Russia, we consider this matter as a key audit matter. Additionally, it should be noted that the effects of the pandemic crisis are still being felt indirectly at shipbuilding industry business segment due to its current and projected exposure to the Group's main customer of that business segment, which is an additional uncertainty factor to be considered.	- We reviewed the main assumptions associated to their valuation, namely the prices per square meter and the homogenization factors used by the external experts, and verified their consistency with valuations obtained in previous periods; - We involve, whenever deemed appropriate, internal specialists in the analysis of the valuation of these real estate assets. We evaluated the adequacy of the disclosures on these matters in the notes to the consolidated financial statements.

Impairment of accounts receivable
(Notes 1.4 vii.1), 1.4xxv.f), 1.4xxix) e) and 25 of the notes to the consolidated financial statements)

At 31 December 2022, the consolidated statement of financial position includes receivables from customers and other debtors, net of accumulated impairment losses, amounting to Euro 41,939,320 (Euro 58,240,366 at 31 December 2021). At each reporting date, the Group determines the estimated amount of impairment losses to be recognized to address the estimated non-recoverable amount of receivables with aging or for which other indicators of impairment are identified. In addition, the Group also recognizes expected impairment losses on accounts receivable using an uncollectability matrix based on the credit history of the Group's debtors over the past four years, adjusted for specific factors attributable to those debtors, as well as macroeconomic conditions, currently worsened by the impacts arising from the armed conflict in Ukraine, namely by the high rate of inflation verified and the consequent general increase in interest rates. For the purpose of the referred impairment analysis, the balances of customers and other debtors are grouped taking into account similar credit risk profiles (country, business unit, type of debtor - public or private, among others) and maturity ageing. In the year ended 31 December 2022, the Group recognized in the consolidated income statement impairment losses on financial assets amounting to Euro 13,467,435 (impairment losses reversal amounting to Euro 244,484 in the year ended 31	Our audit procedures in this area included, among others: - Analysis of the accounting policy for financial assets impairment losses recognition and measurement adopted by the Group by reference to the applicable accounting standards; - Evaluation of the design and implementation of relevant controls related to the process of recognition and measurement of impairment losses for receivables; - Obtaining and analyzing the models for computing the accumulated impairment losses and recognized in the year and reconciling that information with the figures in the Group's consolidated statements of financial position and income; - Evaluating the accuracy of the estimates and assumptions used by management in determining the matrix of expected credit losses under IFRS 9 - Financial Instruments, particularly with respect to the reasonableness of historical uncollectibility rates and the macroeconomic factors considered; - Conducting discussions with the management of the various business units and their representatives;

December 2021), mainly related to the impairment of receivables from the main customer of the shipbuilding industry business segment as a result of the maturity of a set of balances and significant delay in their payment as well as the non-compliance with the payment plan previously agreed with that entity. Given the degree of judgement made by management in determining the recoverable amount of receivables with impairment indicators, as well as taking into account the significant assumptions inherent in the expected credit loss matrix, we consider that this matter is a key audit matter.	- Analysis of information requests made to the Group's lawyers and legal advisors who provide advice on litigation situations related to receivables from customers and other debtors; - Analysis of the collateral or guarantees that serve as security for the accounts receivable; - Analysis of receipts from clients and other debtors after the reporting date, namely the verification of the compliance of the payment plans agreed with them. In addition to the procedures described above, we requested confirmation of balances for a sample of the Group's customers and other debtors. We analyzed, when applicable, the reconciliation between the information included in the confirmations obtained and the Group's accounting records. We also assessed the adequacy of the disclosures made on this matter.

Responsibilities of management and supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, the corporate governance report, the non-financial statement and the remunerations report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated financial statements, and the verifications provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), as well as the verification that a non-financial statement and a remunerations report was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format (ESEF)

The Group's consolidated financial statements for the year ended 31 December 2022 must comply with the applicable requirements established in Commission Delegated Regulation (EU) 2019/815, of 17 December 2018 ("ESEF Regulation").

The management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements included in the annual report are presented in accordance with the requirements of the ESEF Regulation.

Our procedures took into account the Technical Application Guide of the Portuguese Institute of Statutory Auditors on ESEF reporting and included, among others:

- obtaining an understanding of the financial reporting process, including the annual report presentation in valid XHTML format; and

- the identification and assessment of the risks of material misstatement associated with the tagging of information in the consolidated financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Entity to tag the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

On the management report

Pursuant to item e) of number 3 of article 451 of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

On the corporate governance report

Pursuant to number 4 of article 451, of the Portuguese Companies' Code, we conclude that the corporate governance report includes the elements required to the Group under the terms of article 29-H of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and l) of number 1 of that article.

On the consolidated non-financial statement

Pursuant to number 6 of article 451 of the Portuguese Companies' Code, we inform that the Group has prepared a report separate from the management report, named Sustainability report, that includes the consolidated non-financial statement, as provided for in article 508-G of the Portuguese Companies' Code, and it has been disclosed together with the management report.

On the remunerations report

Pursuant to number 6 of article No. 26-G of the Portuguese Securities Market Code, we hereby inform that the Entity included in a separate section, in its corporate governance report, the information set forth in number 2 of that article.

On the additional matters provided in article 10 of Regulation (UE) 537/2014

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of Martifer, SGPS, S.A. in the shareholders' general assembly held on 24 June 2020 for a first mandate from 2020 to 2021. In the shareholders' general assembly held on 25 May 2022, we were re-appointed for a new mandate from 2022 to 2023.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's supervisory body on this date.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Group in conducting the audit.

Porto, 28 April 2023

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC
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Registration in CMVM nº 20160883

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September 22, 2023

Martifer, SGPS, S.A.
Zona Industrial de Oliveira de Frades
Apartado 7
3680-170 Oliveira de Frades

For the attention of Mr. Pedro Nuno Cardoso Abreu Moreira

Dear Sirs,

Please find enclosed a translation to English of our Statutory Audit Report and Auditors' Report on the separate financial statements of Martifer, SGPS, S.A. as at December 31, 2022.

This is a translation of a Statutory Audit Report and Auditors' Report originally issued in Portuguese on separate financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. In the event of discrepancies, the Portuguese language version prevails.

Yours faithfully,

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC
Registration in OROC nº 1272
Registration in CMVM nº 20160883

PNC/mjr

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

(Free translation of a report originally issued in Portuguese language:
in case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Martifer, SGPS, S.A. ("the Entity"), which comprise the separate statement of financial position as at 31 December 2022 (showing a total of Euro 110,920,657 and equity of Euro 102,035,490, including a net profit of Euro 13,045,984), the separate statement of income and of other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Martifer, SGPS, S.A. as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent from the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's responses to the assessed risks of material misstatement**
Impairment of financial investments (Notes 1.3 i), 5 and 12 of the notes to the separate financial statements)	
As at 31 December 2022 the Entity holds financial investments in subsidiaries and associates, whose net book value amounts to Euro 96,919,507 (Euro 86,005,192 as at 31 December 2021).	Our audit procedures in this area included, amongst others: – Analysis of the existence of impairment indicators regarding the financial investments in subsidiaries;

Those financial investments are measured at cost less impairment losses. The Entity assesses investments in subsidiaries and associates when there are indications that the asset may be impaired, with any impairment losses shown to exist being recorded as a cost. The impairment tests performed incorporate complex judgments, materialized in business plans of the various segments in which the subsidiaries and associates operate that are based on various assumptions, associated with discount rates, expected margins, growth rates, investment plans, among others. As a result of the mentioned impairment tests, the Entity recorded, during the year ended 31 December 2022, reversals of impairment losses for the financial investment held in Martifer Renewables, SGPS, S.A. in the amount of, approximately, Euro 10.9 million (impairment losses for the financial investments held in Martifer Renewables, SGPS, S.A. in the amount of Euro 829,296 for the year ended 31 December 2021 – Notes 5 and 12). Considering the relevance of the assets under analysis for the Entity's financial statements, the complexity inherent to the performance and analysis of the valuation models used, supported by estimates and assumptions based on economic and market forecasts as well as the level of estimates involved in the determination of impairment, in an environment of high uncertainty generated by the armed conflict between Ukraine and Russia, we consider this area to be a key audit matter. Additionally, it should be noted that the effects of the pandemic crisis are still being felt indirectly at shipbuilding industry business segment due to the current and projected exposure to the Group's main customer in that business segment, which is an additional uncertainty factor to be considered.	– Obtaining the valuation models used by management to determine the recoverable amount of each financial investment and testing the arithmetic accuracy of these models, as well as validating their consistency with the valuation models used by management for the purposes of impairment analysis of goodwill and non-current assets at consolidated financial statements level; – Evaluation of the methodology used by the Entity in the process of determining the recoverable value, particularly in relation to the requirements of the applicable accounting standards; – Evaluation of the assumptions underlying the models, involving, when deemed necessary, internal specialists to critically assess the models used, the discount rates and the growth rates used; – Conducting discussions on the assumptions underlying the models with management and its representatives, in particular on the assumptions that present a greater risk of materialization; and – Evaluation of the adequacy of the disclosures made on this matter in the notes to the financial statements.

Other matters

The accompanying financial statements refer to the Entity's activity on a standalone basis and were prepared for approval and publication in accordance with the legislation in force. As indicated in Note 1.3 i) of the notes to the financial statements, the financial investments in subsidiaries and associates are recorded at cost less impairment losses. The accompanying financial statements do not include the effect of the full consolidation, which will be performed in consolidated financial statements to be approved and published separately. The Note 12 of the notes to the financial statements provides additional information about subsidiary and associate entities.

Responsibilities of management and supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;

- the preparation of the management report, the corporate governance report, the non-financial statement and the remunerations report in accordance with applicable laws and regulations;

- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

- the adoption of accounting policies and principles appropriate in the circumstances; and

- Assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verifications provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), as well as the verification that a non-financial statement and a remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format (ESEF)

The Entity's financial statements for the year ended 31 December 2022 must comply with the applicable requirements established in Commission Delegated Regulation (EU) 2019/815, of 17 December 2018 ("ESEF Regulation").

The management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, are presented in accordance with the requirements of the ESEF Regulation.

Our procedures took into account the Technical Application Guide of the Portuguese Institute of Statutory Auditors on ESEF reporting and included, among others, obtaining an understanding of the financial reporting process, including the annual report presentation in valid XHTML format.

In our opinion, the financial statements included in the annual report are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

On the management report

Pursuant to item e) of number 3 of article 451 of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

On the corporate governance report

Pursuant to number 4 of article 451, of the Portuguese Companies' Code, we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 29-H of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and l) of number 1 of that article.

On the non-financial statement

Pursuant to number 6 of article 451 of the Portuguese Companies' Code, we inform that the Entity has prepared a report separate from the management report that includes the non-financial statement, as provided for in article 508-G of the Portuguese Companies' Code, and it has been disclosed together with the management report.

On the remunerations report

Pursuant to number 6 of article 26-G of the Portuguese Securities Market Code, we hereby inform that the Entity included in a separate section, in its corporate governance report, the information set forth in number 2 of that article.

On the additional matters provided in article 10 of Regulation (UE) 537/2014

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of the Entity in the shareholders' general assembly held on 24 June 2020 for a first mandate from 2020 to 2021. In the shareholders' general assembly held on 25 May 2022, we were re-appointed for a new mandate from 2022 to 2023.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's supervisory body on this date.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Entity in conducting the audit.

Porto, 28 April 2023

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC
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