2021

ANNUAL REPORT

MARTIFER GROUP

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GROUP

MARTIFER GROUP

MANAGEMENT REPORT

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

MANAGEMENT REPORT

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MARTIFER GROUP

01 | MARTIFER GROUP

MESSAGE FROM THE BOARD

Dear Shareholders,

Contrary to what many expected and what we all wished for, 2021 was not the year of the return to normality after a pandemic that negatively and extremely violently affected public health, the world economy and people's lives in 2020. The pandemic continued among us, new variants kept popping up, and waves of infection appeared one after another. As a result, restrictions returned, uncertainty continued to weigh on people and businesses, and 2021 was once again an extremely challenging year.

Despite the difficult context, 2021 was quite positive for Martifer. We obtained a net profit attributable to the Group of 11.3 million Euros, achieved an EBITDA of 25.8 million Euros, increased GVA to around 57 million Euros, continued to reduce financial debt and maintained the order book close to 500 million Euros. These figures reflect the current resilience and soundness of Martifer Group.

In Metallic Constructions, we concluded relevant projects such as the Siemens wind power components factory in France and the London Dock residential building in the United Kingdom. And we did the first project in Ivory Coast, the roof of a stadium in Bouaké, and a second stadium in Abidjan is already underway. We also secured the contract for the extension of the Marseille Provence Airport, a benchmark project in metallic structures.

In the Naval Industry, ship repair and conversion continued the upward trend of recent years and hit the highest value ever, around 24 million Euros, which represented approximately 27% of the operating income of this business area.

In Industrial Maintenance, in addition to the activity in the Sines Refinery, we also carried out interventions in Siemens Energy combined cycle power plants in various countries, namely in Europe, Qatar, Israel and India. In Mozambique, where we have a business partnership, we have also managed to grow and solidify our operation. The turnover of Industrial Maintenance reached about 20 million Euros.

In Renewable Energy, Poland remained the core market, where we built three 1 MWp solar parks and sold a 9 MWp solar project, in line with the defined asset rotation strategy. In the Babadag wind farm in Romania, we started the development of a 12 MW solar project on the farm's land that will allow its hybridisation by 2023 and will significantly increase the value of this asset. In Portugal, we started the construction of a 1 MWp solar project in Oliveira de Frades and signed a memorandum for the first renewable energy industrial community in Viana do Castelo.

Martifer Group is stronger, more dynamic and better prepared for the future. This is only possible because we have people of great competence, eager to learn and with an enormous capacity to adapt.

We thank all the stakeholders for the trust they have shown in the past and continue to show every day in Martifer Group.

HIGHLIGHTS

228.7 M€

Operating Income reached 228.7 M€, of which 125.2 M€ in Metallic Constructions, 91.7 M€ in the Naval Industry and 13.4 M€ in Renewables

79%

Turnover generated outside Portugal and exports amount to 79% of the Total Turnover of the Group

11.3 M€

Net profit attributable to the Group of 11.3 M€

492 M€

Order book of 492 M€ in Metallic Constructions and Naval Industry

25.8 M€

EBITDA of 25.8 M€ (margin of 12.3% on Turnover)

18.3 M€

Positive Equity of 18.3 M€, with Capital attributable to the Group of 18.7 M€

57 M€

Gross value added amounted to around 57 M€, 27% of the Turnover

70 M€

Gross Debt with a reduction of 9 M€ in relation to December 2020 to 111 M€. Net Debt was reduced in 7 M€ to 70 M€

2.7 x

Net Debt/ EBITDA 2.7x

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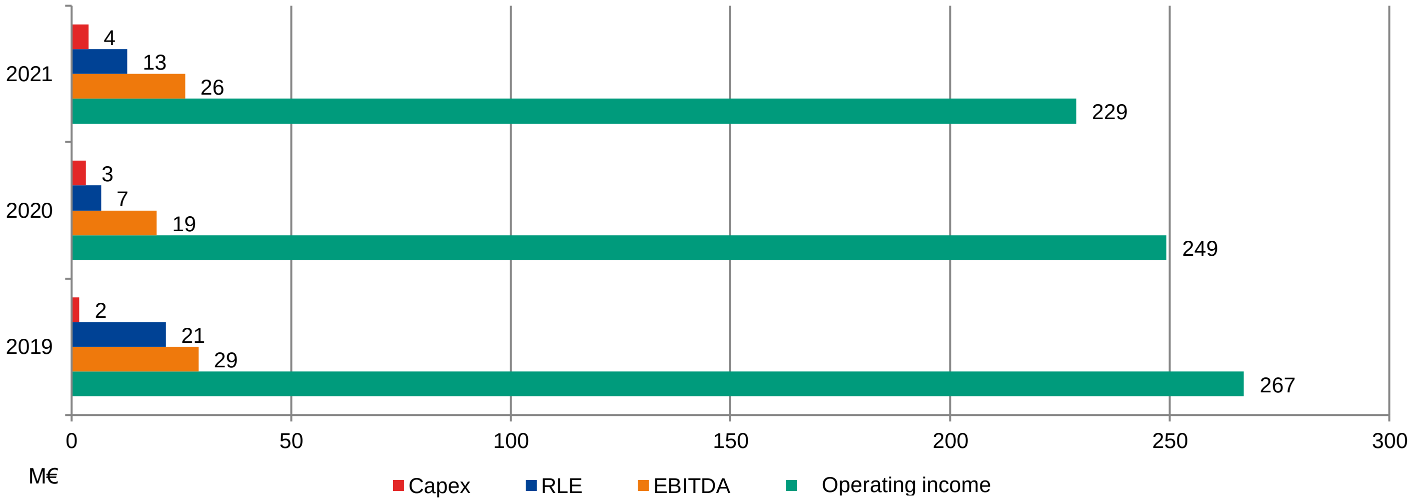
MAIN FINANCIAL INDICATORS

M€	DEC -21	DEC -20	VAR.%
Revenues	228.7	249.3	-8%
EBITDA	**25.8**	**19.4**	**33%**
EBITDA margin	12.3%	8.6%	3.8 pp
Depreciation & Amortisation	-5.5	-6.0	8%
Provisions & Impairment Losses	-2.0	-0.3	<-100%
EBIT	**18.2**	**13.0**	**40%**
EBIT margin	8.7%	5.8%	2.9 pp
Financial Results	-3.8	-4.9	23%
Profit before taxes	14.4	8.1	78%
Income tax	-1.8	-1.4	-25%
Net Profit	**12.7**	**6.7**	**89%**
Attributable to non-controlling interests	1.4	0.4	>100%
Attributable to shareholders	11.3	6.3	79%
Earnings per share €	0.115	0.064	79%

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

(b) EBITDA Margin = EBITDA/ Turnover



MAIN EVENTS

01 2021

New Project | Nordex Wind Towers

Martifer Metallic Constructions was awarded the Supply of 12 wind towers, model TS90 Delta4000 including the purchase of all materials, totalling approximately 2,154 tonnes of steel.

NORDEX – ZAHRENHOLZ | Germany, Supply of 6 wind towers, model TS99 Delta3000 including the purchase of all materials, totalling approximately 1,243 tonnes of steel.

NORDEX - NORD SARTHE | France, Supply of 3 wind towers, model TS106 Delta3000, including the purchase of all materials, totalling approximately 827 tonnes of steel.

NORDEX - SANT SAUVANT | France, Supply of 7 wind towers, model TS120 Delta3000, including the purchase of all materials, totalling approximately 2,018 tonnes of steel.

New Project | Repair of the Lobo Marinho vessel

The Lobo Marinho, Steermar's passenger ship, arrived at the West Sea shipyard in January to start repair works. With a length of 111 metres and a breadth of 20 metres, the ship entered dock no. 1 for repair work scheduled to last a month. The main works were the painting of the entire ship (with the application of silicone paint in the live works), normal docking works (clearances, shaft, rudder, bottom valves, etc.), the upgrade of several engines and pumps and the upgrade of three alternators.

New Project | Siemens Energy - Maintenance of Celtejo

Martifer Renewables & Energy was awarded by Siemens Energy - Portugal, the Programmed Maintenance Intervention of Celtejo - Empresa de Celulose do Tejo, S.A., located in Vila Velha de Ródão. The maintenance intervention started in March 2021 and was completed in April. The intervention consisted of the inspection and maintenance of the steam turbine.

New Project | Repair of the Nautilus vessel

The Nautilus, ACSM Agência Maritima SL’s offshore platform support vessel, arrived at the shipyard in January for repair works. With a length of 73.8 metres and a breadth of 16 metres, the tugboat went straight into dock no. 2, where the docking manoeuvres took place. The main works included the treatment and painting of the hull and the dismantling and upgrade of the Brunvoll thrusters.

02 2021

Congratulations Martifer | 31st anniversary

Martifer celebrated its 31st anniversary on 21 February. 31 years building and the constant desire to continue to leave our footprint.

The day was celebrated internally with a challenge for employees, in-person or teleworking, with the award of prizes.

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The Santo André Ship-Museum returns to the Oudinot Garden after the renovation at Navalria

After the maintenance and renovation work carried out at Navalria, the Santo André Ship-Museum returned to Oudinot Garden.

Navalria renovated all the areas on the ship, with particular emphasis on the holds, the accommodation areas, the fishing winch park, the engine room, the external balustrade, the deck, the masts and the bridge, in addition to the total painting, docking and hauling, and the renovation of the entire electrical component and systems of the ship, among other works.

The Ship-Museum awaits the development of the museum project, with the creation of new dynamics in the visit that will make a trip to the historical past of the ship, its crew and cod fishing by trawl gear on this last surviving vessel of its class.

03 2021

New Project | Juan Hurtado de Mendoza 4 - JHM4, Madrid, Spain

Martifer Metallic Constructions was awarded by Fernandez Molina the fabrication and assembly of 3,000 sqm of façade for the Juan Hurtado de Mendoza (JHM4) office building.

The project consists of the renovation of an office building, with an architectural project by the Ortiz y León office and façade consultancy by ENAR.

The uniqueness of the project lies in the large format, flat and curved façades, which include wood, steel and aluminium profiles. Martifer is also responsible for the execution of a large skylight in the shape of a saw blade composed of 12-metre wooden beams and stepping glass.

A new opportunity to demonstrate Martifer's capacity to develop new technical solutions composed of different materials and to execute them according to the architect's demanding quality requirements. The project is intended to be LEED platinum and WELL certified.

New Project | Repair of the Toste R and Vortex vessels

Rohde Nielsen’s Toste R dredger arrived at the shipyard in March for repair work. With a length of 45.7 metres and a breadth of 10.5 metres, the dredger docked at dock no. 1, and the main works were plumbing works and the repair of a leak in the impeller.

The Vortex, a catamaran owned by Tinita S.A., a 16-metre long and 6-metre breadth vessel, was placed on top of the Outfitting Quay for inspection and renewal of licences by the Directorate General of Natural Resources, Security and Maritime Services.

Martifer participated in CONSTRUVIRT 2021!

In a pandemic context, some face-to-face events and fairs gave way to virtual events to minimise the lack of contacts and business relationships.

Martifer Metallic Constructions participated in CONSTRUVIRT 2021 - Feria Virtual de la Construcción on 24-26 March, where the most relevant companies of the sector were represented.

In addition to the commercial presence, there were also some conferences on relevant topics of the construction sector. "El uso del vidrio como elemento estructural" was the topic presented by Miguel Ángel Ruiz (Commercial Director for Spain) in collaboration with Miguel Ángel Nuñez (Technical Director of ENAR).

New Project | Repair of the OP-T303 storage tank

Following the conclusion of the repair of the TK-12 storage tank located in the Commercial Port of Viana do Castelo, Galp Energia awarded Martifer the repair of the OP-T303 tank for JET A1 (aviation fuel), located in the Sines Refinery.

This award confirms and reinforces Martifer's position in this market segment within the scope of Industrial Maintenance.

04 2021

Martifer finishes the assembly of the coating of the roof for the Peace Stadium in the Ivory Coast

Martifer’s team concluded the assembly of the roof of the Peace Stadium in Bouaké, in the Ivory Coast.

It was assembled in record time since the duration scheduled for this task was three months, and it was carried out in only two. The effort of the entire team and the perfect coordination of the resources were fundamental to be able to anticipate the work and thus avoid the predictable April storms (rain, strong winds, thunderstorms and sand storms).

New Project | PLAET Wind Towers

Nordex awarded Martifer Metallic Constructions the supply of 7 wind towers model TS83 Delta4000, including the purchase of all materials, totalling 1,100 tonnes of steel.

New Project | Maintenance of the T- POWER combined cycle power plant

Siemens Energy - Belgium awarded Martifer the contract for the scheduled maintenance of the T-Power combined cycle power plant located in Tessenderlo, Belgium.

The maintenance work began in June and consisted of the inspection and maintenance of the gas turbine of the combined cycle power plant.

Martifer Renewables promotes a Renewable Energy Community in Viana do Castelo

Martifer Renewables, the City Council of Viana do Castelo and the Viana do Castelo Business Association (AEVC) presented the Renewable Energy Communities to entrepreneurs of the Industrial Area of Neiva.

The session took place on 7 April in Viana do Castelo and is part of the municipal policy for decarbonisation.

In the study developed for a Renewable Energy Community - Viana do Castelo designed for the Industrial Area of Neiva, the companies that are part of the Community would consume 41% of their energy through the Renewable Energy Community, which would produce 100% renewable energy, with cost reduction. Martifer's proposal will always be optimised according to the consumption profiles of each company that will be part of the Renewable Energy Community, allowing them to maximise energy savings and consumption.

Martifer Renewables has presented the potential of Renewable Energy Communities to some entities, promoting the development of projects for decarbonisation and sustainability of economic agents.

This project aims to offer companies not only the possibility of reducing their energy invoice but also to benefit from the added value in their products that will be produced using renewable energy sources and to access some distribution channels, clients or even tenders that have more and more restrictions and requirements associated with their partners' environmental footprint.

New Project | Repair of the OP-T204 Storage Tank

Galp Energia awarded Martifer the repair of the OP-T204 gasoline tank located in the Sines Refinery. This award, within the scope of the framework agreement executed in July 2020, confirms and reinforces Martifer's positioning in this market segment, currently within the scope of Industrial Maintenance.

New Project | Infinity Tower

Mota-Engil awarded Martifer Metallic Constructions the execution of the 13,000-sqm traditional façade for the Infinity Tower project. The works also include the supply and assembly of 956 doors in an aluminium system specific for the project, 10,561 sqm of vision glass, 720 sqm of serigraphed flat glass, 812 sqm of curved glass and 930 sqm of sandwich panel.

The proximity to the railway line (Sintra line) and its location under the air corridor of Lisbon Airport required the highest acoustic requirements of the building.

Vanguard Properties is the construction owner, and the architecture of this luxury residential building with 26 floors above ground and 195 apartments is by Saraiva+Associados. Its 80-metre height will make it one of the tallest buildings in Lisbon. Located in Campolide, it offers a panoramic view over the city, namely Monsanto, Lisbon and the Tagus River. Its cloverleaf shape branches off the central nucleus into three arms which extend widely over the city. Each wing has its own typological organisation, which results from the hierarchy of the system of views and solar exposure.

West Sea is one of CiTin's founding companies!

The deed of incorporation of CiTin - Association Centre of Industrial Technological Interface took place at the Escola Superior Agrária of the Polytechnic Institute of Viana do Castelo and included the presence of the 16 founding companies, among which West Sea.

CiTin is a new non-profit entity with the mission of developing applied research and technology transfer activities. Its main objective is to implement a structure responsible for promoting innovation in companies and supporting its development in Alto Minho, as a driver of innovation in the region, in a symbiotic and synergetic relationship with the other entities of the ecosystem. The creation of this project will leverage the competitiveness of the region and of the companies, as well as the institutions that integrate innovation.

Besides West Sea, CiTin includes other entities, such as the Municipality of Arcos de Valdevez, the Intermunicipal Community of Alto Minho, the Polytechnic Institute of Viana do Castelo, the Business Confederation of Alto Minho and the Incubator of Innovative Business Initiatives (IN.CUBO).

West Sea's participation will help to develop innovative projects and solutions applied to the naval industry, knowledge sharing and the connection to the scientific-technological system entities in Alto Minho.

05 2021

New Project | Navalria receives Santa Maria Manuela for repair works

In the month of its 84th anniversary, the sailboat Santa Maria Manuela returned to Navalria for a repair project that lasted almost two months.

Navalria's intervention included the full replacement of the deck with Burma Teak, replacement of the gunwale around the ship, dry-dock works, class services, and repair of accommodation, among other tasks.

Santa Maria Manuela is a Portuguese sailboat, a former cod-fishing boat, one of the last survivors of the so-called "Portuguese White Fleet". In 1993 it was considered obsolete and good for dismantling. In order not to let it disappear, the Santa Maria Manuela Foundation was created, and in 2007 it sold it to Pascoal & Filhos, and it was in Navalria that its recovery project began.

Now belonging to Jerónimo Martins, it is a touristic sailboat that transforms its history into unique sailing and leisure experiences.

New Project | Maintenance of the Hagit Power Plant, Israel

Martifer was awarded by Siemens Energy - Israel the contract for the scheduled maintenance of the Hagit Power Plant, located in Elyakim.

The intervention consisted of the inspection and maintenance of the gas turbines of the combined cycle power plant.

The Hagit Combined Cycle Power Plant is a gas-fired power plant with a capacity of 971 MWe. It has 7 units. The first unit was commissioned in 1996, and the last one in 2007. It is currently operated by the Israel Electric Corporation.

New Project | Félix Houphouët Boigny Stadium, Abidjan, Ivory Coast

Mota-Engil has awarded Martifer Metallic Constructions the design, manufacture, transport and assembly of the metallic structure of the Félix Houphouët Boigny stadium.

Félix Houphouët Boigny is an iconic stadium for the Ivory Coast, where its national football team usually plays and where the opening ceremony and the final match of the 2023 Africa Cup of Nations are expected to be held. It is located on a hillside in one of the noblest areas of Abidjan – the Plateau – next to one of the areas where the Atlantic enters Abidjan.

Félix Houphouët Boigny was the first President of the Ivory Coast in 1960 when the country became independent from France. The most important infrastructures in Ivory Coast inherit his name, such as the airport and this stadium.

The main objective of this stadium renovation project is to increase the stadium's capacity to 30,000 spectators.

High-Strength Steels in Metalworking 4.0 - Portugal 2020 Project

‘AARM 4.0 - High-strength steels in metalworking 4.0' is a project in a co-promotion led by Martifer Construções Metalomecânicas with the collaboration of the Faculty of Engineering of the University of Porto and co-financed by the Portugal 2020 programme, through the European Regional Development Fund. INEGI assumes the role of the subcontracted partner of the leading company.

This project aims to develop metallic structures with high-strength low alloy (HSLA) steels, reinforcing research, technological development and innovation, continuing on the Industry 4.0 path at Martifer Construções.

In this project, Martifer will focus on the development of solutions for data acquisition in an industrial environment, tools for the digital record of welding traceability and retrofitting solutions. The ultimate goal is to increase the welding sector's productivity by 30% and the overall productivity by 25%.

West Sea celebrated its 7th anniversary!

It was on 27 May 2014 that West Sea began operations in the shipyard of Viana do Castelo. 7 years of history, challenges, courage, determination, different projects and people who have never been discouraged by difficulties.

With West Sea, Martifer has increased its shipbuilding and ship repair capacity, with a total of 17 constructions to date (10 river cruise ships, 2 military ships, 3 polar expedition vessels, a dredger and a dock door), 2 conversions, 265 ships have been repaired, and it has 4 polar expedition vessels being built.

06 2021

New Project | Conversion of the Artabro vessel

ACSM Spain's Artabro (former Bourbon Opale) arrived at the shipyard in June for conversion works. Being 90.7 metres long and 18.8 metres in breadth, the vessel docked at the outfitting quay and then went to dock no. 1 to be converted from an offshore support vessel to a storage and production vessel.

The main works were the treatment and painting of the hull, the upgrade of the propellers, bow thruster and retractable thruster, the removal of all deck equipment and installation of new equipment and other works.

The World Voyager makes its inaugural voyage to the Portuguese islands

The World Voyager made its inaugural cruise to the Portuguese islands. Twelve dream days on board the World Voyager, the second polar expedition vessel entirely built in Portugal by West Sea.

Departing from Madeira - Funchal, the cruise made a first stop at the Desertas Islands, which included a walking tour. The World Voyager then went on to Porto Santo and the nine islands of the Azores.

There were 80 tourists on board, mostly German. The inaugural voyage of the World Voyager was featured on a television channel.

New Project | Repair of the Furnas and the Sonreiras vessels

The general cargo ship, the Furnas, owned by Mutualista Açoreana, arrived at the shipyard for repair works. With 100 metres in length and 18.8 metres in breadth, the works took place in dock no. 1.

The main works were the normal docking ones, the complete repair of the main engine, the replacement of hatch rubbers and minor steel works.

The general cargo vessel, the Sonreiras, owned by Navigasa, with 119.8 metres in length and 15.6 metres in breadth, entered dock no. 2, where the replacement of the seals and the shaft sleeve took place.

07 2021

Martifer Renewables wins a Renewable Energy Auction in Poland

Martifer Renewables' 9 MW Korczowa project was one of the winners of the auction for the sale of electricity from renewable energy sources held on 8 June in Poland.

Martifer guaranteed a tariff of 229 zł/MWh valid for 15 years, contract for difference (CFD).

This is a concrete objective set out in Martifer Group's 2021-2023 Strategic Plan, consistent with the positioning for the business unit and the country.

This step significantly values the project, exponentiating the chances of crystallising value for the Group in short/medium term and monetising through asset rotation.

Stories - The façade of the stunning building is complete

The Stories building, when lighted, illustrates well how Martifer Metallic Constructions's team overcame the challenges during its construction. The project was done during the pandemic, during a lockdown, and it gained this amazing form that only our façades can guarantee.

Designed by the architects Chartier Dalix, the project involved the demolition of a building complex and the construction of a 7-storey (64,500 sqm) building with four restaurant areas, 8,000 sqm of accessible terraces and outdoor spaces, a business centre with an auditorium and meeting rooms and a car park for 660 vehicles. A building with HQE certification 'exceptional level', 'BREEAM certification 'excellent level', WELL Core & Shell certification 'silver level'.

Martifer is responsible for the aluminium and glass façades and the coating of the building. The intervention included the manufacture and assembly of 17,500 sqm of modular façade, 5,600 sqm of curtain façade, 6,000 sqm of wall and ceiling cladding and 10,100 sqm of interior motorised blinds.

Harmony, Transparency, Sustainability - Martifer completes the Châteaudun

With the project already delivered to the client, the Allianz insurance company, Martifer Metallic Constructions worked on the last final touches of the Châteaudun. Located in the centre of Paris, in the 9th District, it consisted of the renovation of an 8-storey building with Art Déco architecture.

Martifer was responsible for the manufacture and assembly of the aluminium and glass façades and the coatings. The intervention included: 912 sqm of window frames, 1,321 sqm of curtain walling and 379 sqm of VEC façade, 220 linear metres of copings, application of composite plates, installation of the entrance hall on the northern façade, including the structure of the entrance shades and interior finishings' works. The architects DTACC Société d'Architecture are responsible for the renovation project, which completely transformed the building according to the most recent environmental and comfort requirements for working.

The building has 832 sqm of terraces with gardens, magnificent hanging gardens, and a large inner courtyard and counts on six environmental certifications: HQE Rénovation 2015: EXCEPTIONNEL, BREEAM International RFO 2015: VERY GOOD, WELL, Core & Shell: GOLD, WiredScore: GOLD, Effinergie Rénovation label and BiodiverCity.

World Traveller has already floated!

The World Traveller float went according to plan!

This is one of the most important milestones in the construction of a ship because it is when the first values of weight, trim and heel of the ship are measured. These data are all verified by the ship's draught and the vertical distance between the bottom of the keel and the waterline. It is also the moment when the leakproofness of the hull is checked and of all equipment and accessories connected to it (bottom plugs, valves, sea chest, anti-fouling painting, odometer, probe, navigation lights, shaft lines, cathodic protection and stabilisers).

The World Traveller is the fourth ocean polar vessel built by West Sea, and it is expected to be completed in June 2022.

08 2021

New Project - Marseille-Provence Airport

The Vinci-Martifer consortium won the project to build and renovate the Marseille-Provence Airport, which includes the construction of a new building and the partial renovation of Terminal 1.

Martifer Metallic Constructions is responsible for the execution project, supply, manufacture and assembly of about 4,900 tonnes of metallic structure and 34,000 sqm of façades, skylights and coatings.

The Marseille-Provence Airport, inaugurated on 22 October 1922, is one of the most important airports in France.

Foster+Partners is in charge of the architectural project of its extension and renovation, and stated that "Our goal is to create a building that will reconnect all parts of the existing buildings, simplifying the flow of people and creating a new welcome gate for the region".

The creation of a new “coeur” (‘heart’ in English), which rationalises the arrival and departure sequences in a single building, takes the form of a 20-metre-high glass corridor with a continuous grid of glass skylights.

Martifer is proud of its construction commitment and expects, in three years' time, to deliver another reference project to the client.

09 2021

New Project | Mareterra, Monaco

Mareterra is currently one of the boldest and most innovative projects in Europe. This complex is being built in Monaco bay, on an extension into the sea that has allowed the principality to gain 6 hectares of territory. It is an extension of the current coastline, from Forum Grimaldi to the Formula 1 Grand Prix tunnel. It will transform the Principality. Through a curved coastline stretching 35 metres, the development features a public park, a new harbour, underground public parking, offices, shops and housing areas.

Martifer is responsible for the manufacture, supply and assembly of 820 tonnes of metallic structure for the welded reconstituted profiles of the balconies, and for the metallic console structure coupled with reinforced concrete. It is also our responsibility to supply and assemble the emergency ladders for access to the buildings. Our client is Engeco, and the owner is J. B. Pastor, both companies from Monaco.

Renzo looks like a ship in a shipyard. The tilted poles that support it and allow unobstructed views on the ground floor resemble the cradle of a ship in a dry dock. The protrusions at the ends resemble the bow and stern, and the lower part of the building with rounded shapes resembles the hull. With 18 floors, it has 47 luxury apartments and is composed of two buildings, technically called QPC1 and QPC2, with a mixed concrete and steel structure.

West Sea participated in Porto Maritime Week 2021

Porto Maritime Week 2021 took place from 20 to 24 September at the Crowne Plaza Porto and Leixões Seaport. It was a week dedicated to the maritime sector in Portugal, which brought together hundreds of professionals and national and international speakers to reflect on and discuss the present and future of intermodality, ports, maritime transport, training, human resources, the cruise industry and the naval industry, among other issues.

West Sea was present on 22 September, with participation in two panels: "The future of merchant ships", with the participation of Marco Costa and "The Portuguese naval industry", with the participation of Vitor Figueiredo.

10 2021

Martifer Renewables & Energy signs a memorandum for the creation of a Renewable Energy Community

Martifer Renewables and a group of companies from the Neiva Industrial Area signed a memorandum of understanding in Viana do Castelo on 12 October to create a Renewable Energy Community, in a ceremony attended by the Assistant Secretary of State and Energy, João Galamba, and the Mayor of Viana do Castelo, José Maria Costa.

A Renewable Energy Community is a self-consumption project from renewable energy sources in which a set of entities come together to produce and consume energy, with the possibility of storing and selling surplus energy.

The signing of this memorandum of understanding between Martifer, Browning, Lacoviana, Portilame, and the Viana do Castelo City Council marks the beginning of the creation of the Community, which will enable the companies which integrate it to produce 47.6% of the energy they consume each year, from a 100% renewable source. For this, the construction of a 4.2 MW wind farm is planned, with an estimated annual production of 9,232 MWh.

This project, which results from a joint effort between the companies and the Viana do Castelo City Council, will allow a strong reduction in the electricity invoice of the companies, above 25%, with a strong contribution to the decarbonisation and sustainability of the region.

New Project | Hedy Lamarr - West Sea makes another liquefied natural gas conversion for Baleària

Baleària awarded West Sea the contract to convert the ro-ro (roll on-roll off - vehicle transport) and passenger vessel Hedy Lamarr to operate on liquefied natural gas (LNG).

The vessel arrived at the shipyard in October and docked at the Outfitting Quay. The works are identical to those carried out on the conversion of the Sicilia and the Martin I Soler and include the installation of two LNG storage tanks of 425 m3 and 140 m3 and also the modification of the two main engines to allow the vessel to run on both LNG and diesel.

Other works are also expected, such as the installation of about 80 tonnes of steel to create new spaces, the installation of various equipment for the new system, the installation of various plumbing systems, the installation of various electrical systems and the installation of "smartship" and an observatory.

Baleària is a Spanish transport company that operates passenger sea crossings in the Mediterranean and in the Caribbean. This is the third conversion project to LNG that West Sea develops for the company.

Martifer Angola finishes the General Hospital of Cabinda

Martifer Construções Angola finished its intervention in the General Hospital of Cabinda. With Mota-Engil Angola as its client, Martifer's intervention included the production and assembly of the façade cladding, which is subdivided into approximately 4,000 sqm of façade, 11,000 sqm of composite panel and 2,000 sqm of grilles, the production and assembly of the radiological and fireproof internal frames, the partitions of the intensive care units, the internal guards and the counters.

Located in Buco Ngoyo, 11 kilometres from the city of Cabinda, the hospital has 8 floors and an area of 41,000 sqm with a 350-bed capacity. It will include services of internal medicine, paediatrics, surgery, gynaecology and obstetrics, an intensive care unit and an emergency room. The project is part of the programme for the construction of large-scale health units that the Ministry of Health is carrying out in some regions of Angola.

Due to its geography, this project has become a major logistical challenge. Cabinda is an Angolan exclave, bordered in the north by the Republic of Congo, east and south by the Democratic Republic of Congo and west by the Atlantic Ocean.

This will be the largest health unit in the province, and it will also ensure the practical training process of students enrolled in the various Health courses, as well as facilitate the research activities on tropical diseases prevalent in the country in general, and especially in Cabinda, taking advantage of the several medical fields.

10 years of Saudi Martifer - Congratulations!

In 2021, Martifer Group celebrated 10 years in Saudi Arabia. Each one of us in the Group is proud of Martifer in Saudi Arabia. Due to the geographical, religious and cultural context, those who have lived or live in the country do so with dedication, commitment and great personal sacrifice.

10 years,10 Projects

King Abdullah Sports City Stadium | “Martifer's largest project in Saudi Arabia”

Karwest Bridge |“A viaduct between the main roads of Riyadh, where 600,000 cars go by per day”

Abi Bakr Bridge - Portugal Bridges AWARDS 2018 National Award | "Erection of the main structure, with 3,500 t of steel in just 3 months"

King Abdullah Petroleum Studies and Research Centre | “Architecture by Zaha Hadid, it is one of the most sustainable complexes in the country”

King Abdullah Financial District | “59 towers, 1.6 million sqm, a new city in the middle of the desert”

Prince Abdullah Al Faisal Stadium | “Inaugurated in September 2021, it was built in honour of Prince Abdullah”

Dammam University Multipurpose Hall | “5,000 seats on a steel structure that shapes the hall”

King Fahd Road Metro Riyadh Bridge/Line 2 | "a 264-metre viaduct crossing the city's main motorway"

Al Faisaliah Shopping Centre | "The city’s iconic shopping centre"

Park & Ride |“We continue on the great project of the Riyadh Metro”

West Sea was one of the awarded companies at the Export & Internationalisation Awards

West Sea was one of the companies awarded in the 11th edition of the Export & Internationalisation Awards, being the winner in the category Large Companies - Transactionable Goods.

The award ceremony took place on 18 October, in a ceremony at the Pousada de Lisboa. Vitor Figueiredo, a West Sea Board Member, received the award from Luís Ferreira (General Manager and Sales Director of Cofina) and António Ramalho (Novo Banco's CEO).

The Export & Internationalisation Awards, which are the result of a partnership between Novo Banco and Jornal de Negócios, with the support of Iberinform, point out companies with better export performance and award internationalisation success cases. The jury included Alberto Castro (Professor at the Catholic University), Gonçalo Lobo Xavier (Member of the European Economic and Social Committee and General Director of the Portuguese Association of Retailing Companies) and Luís Palha da Silva (President of the Board of Directors and Deputy Board Member of PHAROL, SGPS, S.A.).

For West Sea and Martifer, it is an honour to see acknowledged the work of a great team that daily overcomes the biggest challenges. We thank all our employees, suppliers, clients and partners.

11 2021

Martifer Renewables starts the first photovoltaic solar park in Portugal

Martifer Renewables is preparing the installation of a solar photovoltaic park in the Industrial Zone of Oliveira de Frades.

It is a project with 1 MWp installed power, which includes 1,755 photovoltaic modules, 4 inverters and occupies an area of 1.8 hectares.

The estimated production per year is 1,490 MWh, equivalent to an annual consumption of 480 dwellings. The operation of the plant will annually prevent the emission of 547 tonnes of CO_2.

This is Martifer Renewables’s first solar photovoltaic project in Portugal, and it is expected to be concluded in May 2022.

The project is part of the Small Production Units scheme, with the total sale of energy to the network, with a maximum installed capacity of up to 1 MW, including the micro and miniproduction regimes.

This type of project promotes decentralised production having in mind the objectives of the 2021-2030 National Energy and Climate Plan.

New Project | Douro Serenity Ship Repair

Douro Azul's passenger ship Douro Serenity (80 metres in length and 11.4 metres in breadth) arrived at the West Sea shipyard to begin normal docking repair works.

The Douro Serenity was built at the West Sea shipyard in 2017 and features the latest technologies and a strong environmental ethic while simultaneously maintaining a classic and refined elegance reminiscent of cruises of a bygone era.

This vessel was specially built to fit the unique size limitations of the five locks of the Douro River and features all the conditions you would expect from a first-class hotel.

The World Navigator has its first Antarctic cruise

The passenger vessel World Navigator, delivered in 2021 by West Sea, has successfully completed its first Antarctic cruise.

The polar expedition vessels combine modern design with full performance for active exploration of Antarctica and the Arctic, but also for small cruises in the Mediterranean. The ship was built to be fast, exquisite, comfortable and spacious. Built to the main standards of environmental sustainability and equipped with sophisticated water and waste treatment systems as well as water jet thrusters that provide up to five knots of thrust in any direction. They have a dynamic positioning system that avoids the use of anchors, thus protecting the seabed.

West Sea made its debut in the construction of Polar Expedition vessels in 2018 with the World Explorer, the first of seven to be built at West Sea.

12 2021

Geneva Airport is the winner of the 2021 European Steel Design Awards

The 13th edition of the Steel and Composite Construction Congress was held online on 25 and 26 November. The **Portugal Steel Design Awards 2021** and the **European Steel Design Awards** were awarded.

Both awards distinguished Martifer and the Geneva Airport. João Pinheiro, Commercial Director of Martifer Construções, received the awards on behalf of Martifer.

Portugal Steel Design Awards 2021 awards projects or constructions carried out by companies which are members of the Portuguese Steelwork Association (CMM), and the main objective is to give visibility and encourage the creative use of steel in architecture at a national level.

The European Steel Design Awards is organised by the European Convention for Constructional Steelwork (ECCS) every two years to encourage the creative and remarkable use of steel in architecture. The awards are dedicated to the project owners, architects, engineers, general contractors and metalworking companies.

New Project | Repair of the Douro Elegance ship

The passenger vessel Douro Elegance, belonging to Douro Azul, with 80 metres length and 11.4 metres beam, arrived at the West Sea shipyard to begin the normal docking repair works and hull painting.

The construction of the Douro Elegance started at the Navalria shipyard at continued at West Sea in 2017. It is a technologically advanced ship with a strong environmental ethic and retains a classic and refined elegance reminiscent of cruises of a bygone era.

This vessel was specially built to fit the unique size limitations of the five locks of the Douro River and features all the conditions you would expect from a first-class hotel.

The East Wing of Geneva Airport is now open

The East Wing of Geneva Airport opened to the public. The pandemic did not allow the inauguration event to take place, but the opening was signalled with a live guided visit for social media and with the inaugural flight between Geneva and New York.

A project that makes us very proud and that has our work and dedication inscribed in every square centimetre of the metallic structure of this magnificent building.

Renewable hydrogen production in Sines moves forward with the GreenH2Atlantic project

A consortium of 13 companies and research partners has been selected by the European Commission under the Green Deal to develop a 100 MW green hydrogen production project in Sines.

Under the name GreenH2Atlantic, the renewable hydrogen production project in Sines will be developed by a consortium of 13 entities, including companies such as EDP, Galp, Engie, Bondalti, Martifer, Vestas Wind Systems A/S, McPhy and Efacec, and academic and research partners such as ISQ, INESC-TEC, DLR and CEA, and the public-private Axelera cluster. GreenH2Atlantic was one of three projects selected under Horizon 2020 - Green Deal to demonstrate the viability of green hydrogen on an unprecedented scale of production and technological application. The EUR 30 million fund will help finance the construction of the hydrogen unit located at the Sines thermoelectric power plant. Construction should start in 2023 and operation in 2025, subject to the necessary authorisations from the authorities.

The 100 MW electrolyser will consist of innovative and scalable 8 MW modules with high capacity to achieve maximum efficiency, size, useful life and flexibility. Other innovative features include the interface system with advanced management technologies that will allow the electrolyzer to be directly connected to local hybrid renewable energy (solar and wind).

Green hydrogen is pointed out as one of the pillars of economic growth, being a decisive energy vector in the decarbonisation process of the main sectors of the economy. This project materialises the transition from the old coal-fired power plant in Sines to an innovative renewable hydrogen production unit, in line with the European strategy and objectives of carbon neutrality.

With the creation of a hydrogen 'cluster' in Sines, GreenH2Atlantic will significantly contribute to the Portuguese and the region’s sustainability goals, and it will be an important contribution to achieve the energy transition roadmap.

MAIN SUBSEQUENT EVENTS

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 the composite panel on 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 in charge of the construction management. The architecture project was done by GMP, with whom we worked on the Amazon Arena in Brazil, with local support from L35 and Ribas & Ribas.

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 gathers Martifer Group’s most important news of the year.

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

New Project | BARRACUDA, Toulon, France

Martifer Metallic Constructions is part of the Synavia consortium, to whom 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, and Soletanche Bachy), Martifer and Razel-BEC of the Fayat Group.

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

IMPACTS OF THE COVID-19 PANDEMIC

The spread of the SARS-COV-2 coronavirus and the disease caused by its infection (COVID-19) has also continued to mark 2021. The effects on the health of millions of people worldwide and on the world economy are destructive, with uncertainty remaining as to how negative the impacts will be and until when will they last.

Martifer Group followed and continues to follow, continuously, the information disclosed and to carefully comply with all the recommendations of the national and international authorities, namely, the Directorate-General for Health (Portuguese DGS) and the World Health Organization (WHO), implementing a set of measures to safeguard as much as possible the health and well-being of its employees and to minimise the economic and financial impacts on the Group to ensure its future sustainability.

Despite positive developments, both in terms of the seriousness of the disease and in terms of restrictive and containment measures of the various countries, the pandemic has not yet ended, meaning that uncertainty continues as to its duration and the scale of its effects on the world economy. Therefore, it is not yet possible for the Group to quantify, at this stage, the future impacts on its activity, but it is possible to assess the 2021 impacts and identify the main measures taken by the Group, namely:

Operational activity

<u>Naval Industry</u>

The states of emergency decreed in the first semester in Portugal had strong effects in 2021. Despite continuing to work, the protection measures adopted caused some drop, which essentially resulted from difficulties related to:

- loss of productivity due to absences for family support (<12-year-old children) and placing the administrative, technical and engineering teams in a work "mirror" scheme;
- difficulty in moving people, mainly foreign technical service providers, due to restrictions on flights and air travel, which did not allow the continuity of some of the activity.

There were also increased costs with the provision of cleaning and disinfection services of the spaces.

There was also some difficulty in the supply chain relating to some raw materials and greater difficulty in placing orders in the manufacturing process with equipment manufacturers, who experienced delivery delays in relation to the initial planning.

Slowly the activity started to recover in the second half of the year, and the difficulties experienced decreased.

The average collection term of this segment suffered a significant increase, which translated into a high amount of overdue receivables at the end of 2021, as a result of the fact that our main shipbuilding client, whose main activity is the operation of ocean cruise vessels, as a result of the constraints in the tourism sector, had some difficulties in meeting the agreed payment terms. In early 2022, the situation began to normalise, and the overdue credits started being received.

In commercial terms, essentially with clients who have a strong exposure to tourism activities, there is still a lot of uncertainty regarding the future with the successive postponement of decisions and the slowing down of their investment plans.

<u>Metallic Constructions</u>

There have been significant impacts with the scarcity and increased cost of raw materials and transport becoming a strong threat to decision-making by clients when awarding projects.

We favour monitoring the entire supply chain (Teams/ Suppliers/ Client) using virtual tools, enabling workflow tracking, expectations and task progress, increasing employee efficiency and communication with the Client and with Suppliers.

Training and awareness-raising sessions for employees, scheduling alternate meal times at the canteen, increased disinfection of sanitary facilities, organisation of work to promote the physical separation of employees or, when this was not possible, to ensure the mandatory use of face masks. Additionally, as long as justified, all employees were required to submit PLF forms, PCR tests performed and quarantine certificates.

The aluminium and glass façades plant and the metallic structures factory continued to operate, although with a slowdown in activity.

The activity of Industrial Maintenance strongly suffered due to the uncertainties created by the pandemic, which translated into the uncertainty of interventions in the facilities where we operate, with particular incidence on facilities outside Portugal, where the mobilisation of (human and material) resources was always accompanied by high instability and unpredictability.

We witnessed several unscheduled stops due to the delay of intervention decisions by clients, which resulted in the instability of the teams and the impossibility of stabilising them during the execution of the various interventions.

There were also some difficulties in the supply chain and increased delays in deliveries from suppliers compared to the initial planning and needs of the ongoing interventions.

Renewables

The total paralysis of the industry as a result of the lockdown measures imposed to combat the pandemic caused a great impact on the sale prices of energy, which fell sharply from March 2020 on and which will be reflected in the prices set for 2021. In the first semester of 2021, energy prices began an upward trajectory, reaching historic highs in August 2021, allowing recovery from pre-pandemic values in the definition of the energy price for 2022.

In this sector, the impact of the pandemic was also felt in licensing processes whose planning was penalised by lockdown periods, increasing the response times of the competent authorities.

Employees

Safeguarding employee health is a priority; therefore, the Group maintained the set of measures which were adopted in 2020.

In the naval industry segment, with the decreed states of emergency and the new lockdown, the companies continued to work, and, since the majority of the functions performed are not 100% compatible with teleworking, it was decided to put the administrative, technical and engineering teams in a rotating work "mirror" scheme.

The cleaning and disinfection teams were increased, and new workspaces were created to have people working further away from each other than before.

Temperature measuring was installed at the entrance to detect possible infections.

In the companies of the metallic constructions segment, we maintained the use of virtual communication, sending work plans/work instructions by e-mail, and we continued to make intensive use of videoconferencing platforms.

Teleworking has gained more prominence in the interface with clients. This new paradigm led the daily work dynamics to be a little different from usual, which at times required readjustments and re-planning. The unpredictability of everyday life and problem-solving were part of the teams' growth.

Liquidity

Despite the drop in activity and the slowdown of the operational rhythm in some works and supplies, as a result of the Group's financial consolidation in recent years, with the substantial and systematic reduction of debt and a set of treasury management measures adopted in this period, the Group maintained and maintains a balanced liquidity situation that allows it to look to the near future with some peace of mind.

MAIN SUBSEQUENT EVENTS

The year 2022 is being marked by geopolitical events in Ukraine following the military invasion of this country by Russia, with several countries, namely European countries and the United States of America have been applying strong economic sanctions on Russia. These events are strongly affecting the world economy, with the price increase of energy, oil and many raw materials, in addition to the impacts on logistics chains. Although Martifer Group has no direct exposure to Russia or Ukraine, the impact of the conflict on the world economy may affect the Group; however, it is not possible at this stage to estimate the impact.

Since the date of the financial statements, and with the exception of the aforementioned, there have been no other events that affect the disclosed financial information.

CONSOLIDATED FINANCIAL INFORMATION

Martifer chose to disclose the information on the consolidated non-financial statement, as required by article no. 508-G of the Commercial Companies Code, in Martifer Group's Sustainability Report, which is included in an autonomous chapter of the Annual Report.

MANAGEMENT REPORT

GUIDELINES

MARTIFER GROUP

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 construction 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 holding, 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 the annual budgets and business plans approved by Martifer SGPS, S.A.'s executive board.

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 geographic 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, Mons in Belgium, Bouaké and Abidjan in the Ivory Coast, Paris in France, Monaco, or London 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 in 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 2021.

NAVAL INDUSTRY

The companies whose 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 (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 310 employees, of which more than 50% were workers of the old shipyard. It is with this team that West Sea dominates the main shipbuilding and ship repair activities, taking advantage of the subcontractor market for accessory specialities.

After more than 7 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:

- **Naval Construction** – with a well-defined strategy, the company specialises in quality products and high technological incorporation. The segment of tourism vessels such as River Cruises and Ocean Expedition Cruise vessels are two examples of the segments the company has built, as well as Military Vessels which, due to their technological degree, standards of quality and versatility are the other side of the experience already gained, and the company is considered one of the references in shipbuilding 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 the capture of internationally renowned clients. This, combined with high-quality service and quick responsiveness, has allowed the West Sea shipyard to be among the best and most competitive in Western Europe. Always focused on customer satisfaction, West Sea has been able to consolidate a relationship of trust, allowing customer 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 ship-owner, thus projecting itself in the market as a crucial infrastructure for energy transition, so longed 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 the ship repair of small and medium-sized vessels. It is also always available to complement West Sea in carrying out some shipbuilding in partnership. Still, repair is the historical activity of the company, and this is the only company to operate in the area of Aveiro. Navalria has maintained and stimulated this segment by attracting new clients outside this region, especially fishing vessels from Northern Spain, tug vessels and tourism vessels. In 2019, it was awarded the construction of two ‘rabelo’ vessels destined for tourism in the Douro River, projects that began at the end of 2019. Navalria had 49 employees at the end of 2021.

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

RENEWABLES

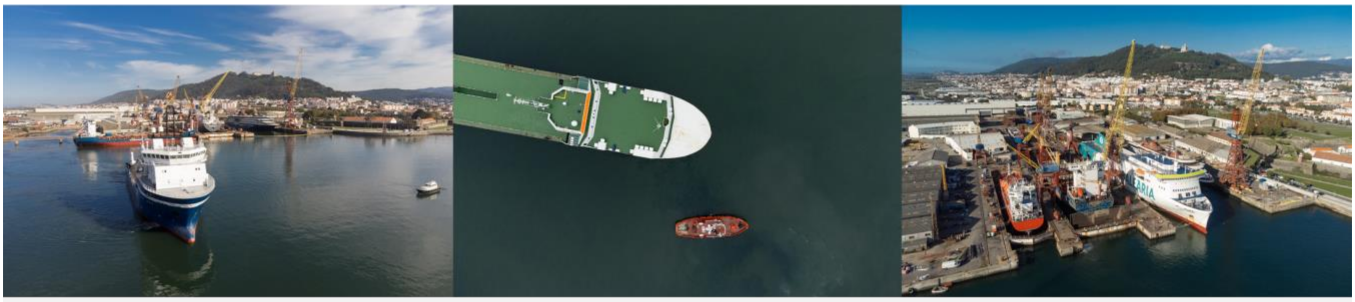
Martifer Renewables, SGPS, S.A, the sub-holding of the Renewables business segment and 100% held by Martifer, SGPS, S.A. acts as a developer of renewable energy, mainly in the development of wind and PV projects. More than accumulating power in operation, Martifer Renewables’s strategy is focused on 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 business area, which had 37 employees at the end of the year, has a wide experience in the development and management of wind farms and solar parks, and is present in the Iberian Peninsula and in Central Europe. Owning, fully or in partnership, a portfolio of over 58.3 MW in operation, Martifer Renewables has already developed and/or built more than 1,400 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, Statoil, 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 limited company, with the share capital of approximately 22,500 Euros (at the time: 4,500 thousand Escudos) and its headquarters are in the Industrial Zone of Oliveira de Frades, where it continues to be today.

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

1998
On 26 May, the company which already had 100 employees, is transformed into a Public Limited Company therefore changing its shareholder structure. The company's share capital was 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 this country.

2002
Martifer built its second industrial unit in Portugal, located in Benavente, to meet the 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 manufacturing of metallic towers for wind turbines and is based in the Industrial Zone of Oliveira de Frades.

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

2005
The metallic structures activity widens its market to Central Europe, opening branches in Romania, in the Czech Republic, in Slovakia and in Germany.

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

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

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

2006
In March, through the Ventinveste Consortium, Martifer submitted 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 Systems AG. 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 Systems. Martifer agrees to sell its participation in Repower Systems to Suzlon in 2009 for 270 million Euros.

The Ventinveste consortium - formed by Martifer, Galp Energia, Enersis, Efacec and REpower Systems AG - came in 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 to the production of electric power in wind farms.

In June, the Initial Public Offer (IPO) for the Company was concluded. The Company received 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 had 65 thousand new shareholders.

Martifer Solar formalised 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 was also awarded "Organic Grower of the Year 2007" by A.T. Kearney's "Global Growth Assessment".

2008

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

The Chairman and the Vice-Chairman of Martifer, Carlos Martins and Jorge Martins 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 created a Joint Venture for the production of wind energy components in the USA.

The metallic constructions plant in Angola (15,000 tonnes of capacity) begins production in the second semester of the year.

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

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

2010

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

Also in March, the subsidiary Martifer Metallic Constructions acquired 45% of the share capital of Martifer Alumínios from HSF SGPS, holding the company's entire share capital.

In April, Martifer Solar increased its capital to 50 million Euros to meet the company's investment needs, thereby 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 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.

2011

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

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

In February, and following the strategic guideline of the Group to focus itself on its core activities, Martifer sold its 50% participation 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 was 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 built Latin America's largest PV plant in Mexico (30 MW). The company was in charge of the Engineering, Procurement and Construction of the plant and was also responsible for the posterior O&M services.

Martifer Renewables concluded the third wind farm in Poland (Rymanów) for Ikea Group. The farm with 26 MW was inaugurated in June.

In November, following an international public tender, Martifer Energy Systems and Navalria, Martifer Group's subsidiaries, are awarded the subconcession of the lands and the infrastructures of the Viana do Castelo Shipyard (ENVC).

2014

In the beginning of the year, Martifer signed the contract for the subconcession of the lands and the infrastructures 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 administer the subconcession, started 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 participated in the construction of three stadiums: Arena Fonte Nova (Salvador da Bahía), Arena Castelão (Fortaleza) and Arena da Amazônia (Manaus). Martifer Solar was also present in this event, with the installation of the PV roof of the Mineirão Stadium, in Belo Horizonte.

2015

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

In the Renewables sector, the Group concluded and sold its fourth wind power project in Poland, Gizalki, to Ikea Group, and signed 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 was 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 was awarded the supply and assembly of the metallic structure for the expansion of the Geneva International Airport - East Wing, which consisted in 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 awarded West Sea the construction of a luxury cruise to navigate in Antarctica. With 126 metres of length and a breadth of 19 metres, it will have the capacity for 176 guests and 125 crew members.

Martifer Renewables won 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 was 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 has been in operation since 1978, and is one of the largest in Europe, with a distillation capacity of 10.9 million tonnes per year, or 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 19 metres breadth. The year ended with the award of another two polar expedition vessels: the World Voyager and the World Navigator.

In the Renewables area, Poland reached the milestone of 440 MW of wind power assets for third parties.

2019

The christening of the Portuguese Republic Ship - the NRP Setúbal - was 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, was held at the West Sea shipyard. The World Explorer is 126 metres long and has 16 metres breadth and, although it is 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.

In accordance with the Group's asset rotation strategy, Martifer sold 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.

2020

Martifer celebrated 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 began with the award of four more Polar Expedition “Ice” Class vessels for Mystic Cruises. The World Traveller, the World Seeker, the World Adventurer and the World Discoverer will fill the construction areas so that in 2023 West Sea has 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-Build Wind Farm in Poland was sold, and the Babadag wind farm in Romania had its best year ever in terms of operational 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. This way, it seeks to be at the forefront of new energy challenges. It is already 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 industrial level, in Viana do Castelo. In Poland, the company wins an auction guaranteeing a tariff of 229 zł/MWh, valid for 15 years.

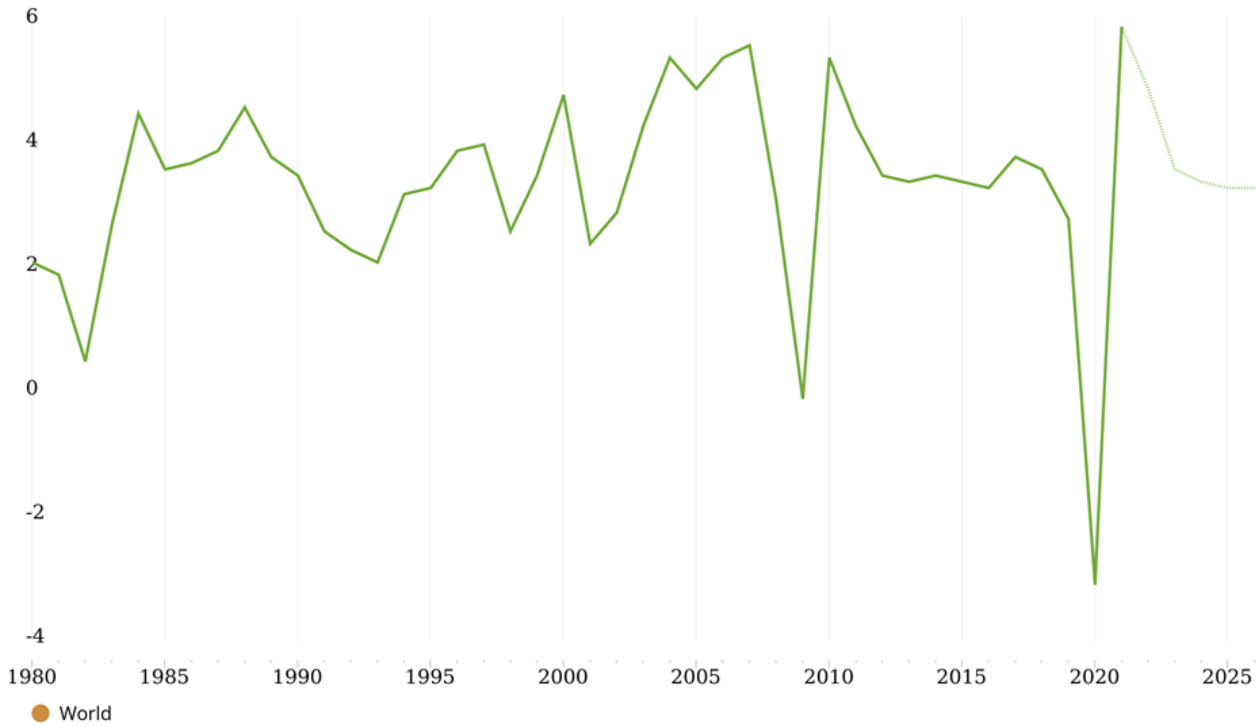
Martifer Metallic Constructions is chosen to participate in the construction of two reference projects: the Marseille-Provence Airport in Marseille with Foster+Partners architecture, which includes the construction of a new building and the rehabilitation of Terminal 1; and Mareterra with Renzo Piano's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

In the Naval Industry, the World Traveller floats. It is the fourth ocean vessel to be built by West Sea. And, the World Voyager 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.

MARKET ENVIRONMENT

GLOBAL ECONOMY

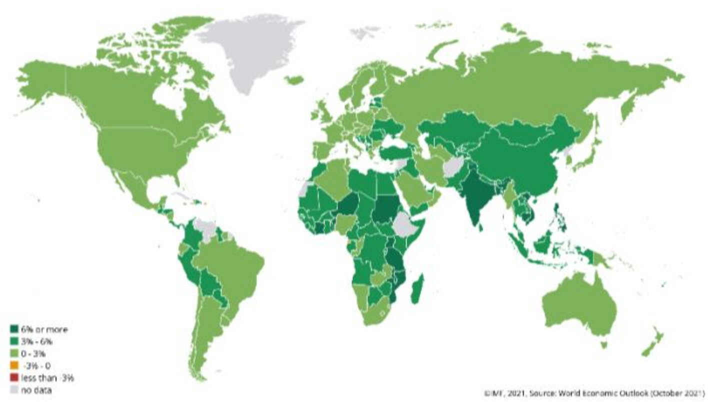
World GDP growth estimated for 2022, growth % compared to the previous year



Source: International Monetary Fund

Economic Growth

GDP growth estimated for 2022, growth % compared to the previous year



Source: International Monetary Fund

In 2021 there was a robust economic recovery after the crisis installed by the COVID-19 pandemic that left world economies in serious difficulties with the largest reduction in economic activity since 1929. The large-scale distribution of the vaccine allowed a reduction in restrictions on the movement of people; however, there were still some disruptions due to the high number of reported cases, particularly in China, which demonstrated a strong policy to combat the pandemic.

The *World Economic Outlook*, published in January 2022 by the International Monetary Fund (IMF), estimates that economic growth in 2021 will be 5.9% after a fall of 3.1% the year before. The overall economic growth of 5.9% is the highest recorded in the IMF's history (since 1980), and it also follows the largest decline, which was recorded in 2020 at 3.1%. The current projection for 2022 shows 4.3% growth after a downward revision of 0.5% compared to the October 2021 estimate due to the worsening of inflation recorded globally in several sectors also during 2021.

The more developed economies registered a growth of 5%, which is lower than the emerging economies, which registered a growth of 6.5%. In Europe, the United Kingdom showed the highest growth, with 7.2%, while the Euro Zone grew 5.2%. The United States of America grew by 6%, i.e. more than the Euro Zone.

Among the emerging economies, the Asian economic powers of China and India stand out, with growths considerably higher than world growth. While China presented an 8.1% growth, India managed to grow an impressive 9%. Despite the strong economic growth, the real estate sector in China is generating serious concerns due to high debt levels and a slowdown in investment.

	2017	2018	2019	2020	2021e	2022f	2023f
GBP, annual var. %							
USA	2.3	2.9	2.3	-3.4	6	5.2	2.2
Euro Zone	2.6	1.9	1.5	-6.3	5	4.3	2
Germany	2.7	1.1	1.1	-4.6	3.1	4.6	1.6
Portugal	3.5	2.8	2.7	-8.4	4.4	5.1	2.5
Inflation, annual var. %							
USA	2.1	2.4	1.8	1.2	4.3	3.5	2.7
Euro Zone	1.5	1.8	1.2	0.3	2.2	1.7	1.4
Germany	1.7	1.9	1.4	0.4	2.9	1.5	1.3
Portugal	1.6	1.2	0.3	-0.1	1.2	1.3	1.4
Unemployment rate, annual var. %							
USA	4.3	3.9	3.7	8.1	5.4	3.5	3
Euro Zone	9.1	8.2	7.6	7.9	8	8.1	7.8
Germany	3.8	3.4	3.2	3.8	3.7	3.6	3.5
Portugal	9.2	7.2	6.6	7	6.9	6.7	6.3
Weight of Deficit, % GDP							
USA	-4.6	-5.4	-5.7	-14.9	-10.8	-6.9	-5.7
Euro Zone	-0.9	-0.5	-0.6	-7.2	-7.7	-3.4	-2.4
Germany	1.3	1.9	1.5	-4.3	-6.8	-1.8	-0.4
Portugal	-3	-0.3	0.1	-5.7	-4.8	-3	-2.2
Price of Crude							
USD per Barrel	66.9	53.8	66	51.8	77.78	98	82
Interest rates, end of year (%)							
Interest rates							
- Fed (Fed Funds)	1.7%	2.6%	1.6%	0.1%	0.4%	1.2%	N/A
- BCE	-0.7%	-0.6%	-0.6%	-0.7%	-0.6%	-0.6%	N/A
- BoE	0.4%	0.8%	0.6%	-0.1%	0.5%	1.3%	N/A
Long-term interest rates (10Y Bonds)							
USA	2.4%	2.7%	1.9%	0.9%	1.5%	2.1%	N/A
Euro Zone	0.4%	0.2%	-0.2%	-0.6%	-0.2%	0.3%	N/A
United Kingdom	1.2%	1.3%	0.8%	0.2%	1.0%	1.6%	N/A
Exchange rates, end of year							
EUR/USD	1.20	1.15	1.12	1.22	1,14	1,13	1,25

Source: BdP, Reuters, FMI (October 2021), JPMorgan, Goldman Sachs

The IMF highlights the impact of supply disruptions during the second half of 2021, caused by the increased number of COVID-19 cases, interruptions in industrial production due to energy failures, the decrease in real estate investment and the anticipated reduction in public support. These disruptions were felt especially in Europe and the United States and were reflected in an inflation of 5.1% and 7%, respectively, according to their Central Banks. In advanced economies and in emerging markets and developing economies, the impact was 3.1% and 5.7%, respectively.

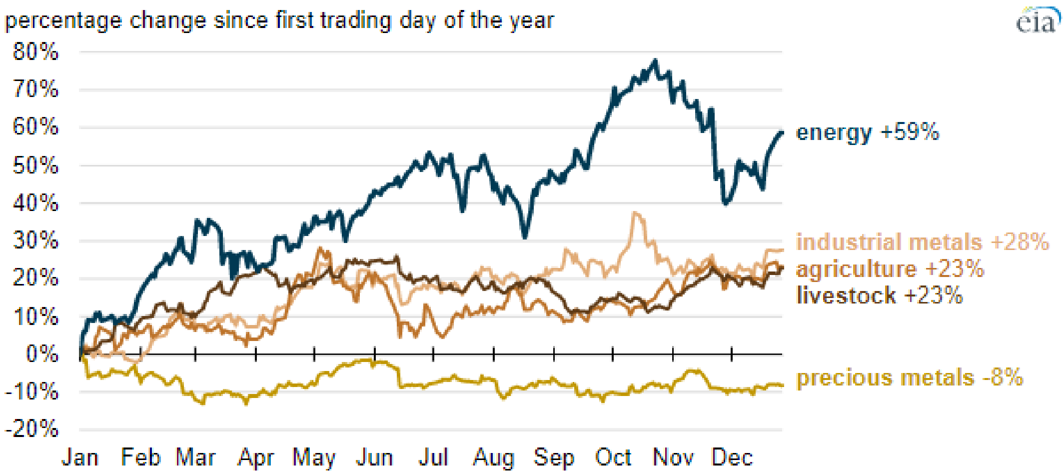
During the pandemic, one of the instruments used as an economic stimulus was interest rates through the adjustment of monetary policies. Central Banks reduced interest rates in order to encourage investment and reduce the difficulties in accessing capital to promote economic recovery. During 2021, one of the major debate topics was the possibility of readjusting these interest rates that had been reduced in order to fight escalating inflation. This debate focused on the doubt associated with the durability of high inflation figures, with members of various Central Banks characterising these figures as temporary for much of the year. The belief that these values were only temporary led to some reluctance to change monetary policy; however, in the last quarter of the year, Central Banks began to convey the need to adjust interest rates to tackle inflation. One of the first responses was from the Bank of England, which raised the rate from 0.1% to 0.25% in December 2021.

The increase in inflation was recorded in numerous world economies; however, the International Monetary Fund highlights this increase in Europe and the United States of America. The European Central Bank indicates that the energy sector, which is fundamental for many economic activities, has been the most affected by the increase in prices, causing a knock-on effect that is reflected in the most diverse sectors of activity. The need to fight this rise in prices has been assumed by the European Central Bank, which has declared to be ready to readjust all the instruments for combating inflation in order to achieve the inflation target of 2%.

Global economic growth remained resilient throughout 2021; however, by the end of the year, constraints were still felt in supply chains caused by the pandemic and exacerbated in the last quarter by the new Omicron variant characterised by higher transmissibility. Despite these constraints in this last quarter of the year, production levels reached pre-pandemic values but did not prevent economic growth in the Euro Zone from weakening 0.3%, according to the European Central Bank. The tourism and entertainment sectors stand out negatively, as the measures to combat the pandemic have still caused great difficulties in these areas.

In the monetary and foreign exchange markets, the year 2021 was characterised by the strength of the dollar compared to various currencies due to the change in monetary policy by the United States Federal Reserve System (FED). The Chairman of the FED, Jerome Powell, was one of the first to assume the need to combat inflation, which led to a rise in interest rates on US debt and consequently strengthened the US dollar index, which rose by approximately 6% during the year, while the Euro fell by approximately 6.5%. Compared to the US dollar, the Euro depreciated by 6.9%, the Pound Sterling fell by approximately 1% while the Japanese Yen depreciated by approximately 11.5%.

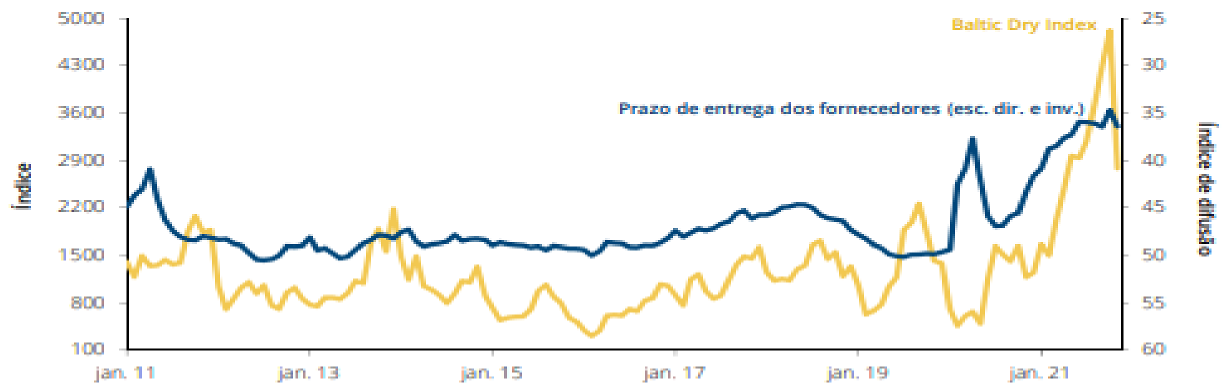
Components of the S&P Goldman Sachs Commodity Index



Source: International Energy Agency

The biggest commodity index, the S&P GSCI, grew by 40.35%, which is more than twice as much as the commodity index with the second one, which was the S&P GSCI Industrial Metals. Energy prices rose the most, rising by 59%; however, coffee prices also rose by approximately 80% during the year. Agriculture and livestock also appreciated, while precious metals were the only ones to depreciate, with a drop of 5.13%. The inflation recorded in raw materials was also influenced by constraints in supply chains, which is reflected in shipping costs and supplier delivery times that rose throughout the year.

Sea freight costs and supplier delivery times



Fontes: Baltic Exchange e IHS Markit. | Notas: O Baltic Dry Index fornece uma referência para o preço da movimentação das principais matérias-primas por mar (granéis sólidos). Prazo de entrega dos fornecedores – PMI global da indústria transformadora; valores abaixo de 50 indicam uma deterioração nos prazos de entrega.

Source: Bank of Portugal

In the energy sector, the US Energy Information Administration reports a partial normalisation of the sector which may not be able to recover in its entirety. During 2021 there was a reduction in inventories of approximately 1.4 million barrels per day as a result of a faster-than-expected recovery in demand without supply keeping up with this growth. The price of the nearest futures contract for WTI (West Texas Intermediate) rose 55%; however, the price of Brent showed a higher increase. The Brent price ended 2020 at 51.8 USD/barrel, and at the end of 2021, it hit 91.21 USD/barrel, an increase of more than 76%. The price of benchmark natural gas in Europe was one of the most serious concerns associated with inflation due to product scarcity, and its price even exceeded EUR180/MW after ending the year 2020 at EUR19.08/MW. Even before the end of the year, the price fell to EUR69/MW; however, it still represents a growth of 261.64%.

In agricultural markets, the Organisation for Economic Co-operation and Development (OECD) characterises the year 2021 as another turbulent year with enormous volatility as a result of climate disturbances. Coffee recorded the biggest increase by appreciating 83.31%, while rapeseed ended 2020 at EUR418.25/tonne and, after an appreciation of 80.27%, reached EUR754/tonne on 31 December 2021. Soybean oil rose 32.53%, as Malaysian palm oil rose 34.52%. Other commodities like cotton, wheat and maize rose by approximately 47%, 20% and 23%, respectively.

The impact of inflation was also evident in the metals sector, with some emphasis on industrial metals due to a rapid recovery in demand, especially in China, which led the price of aluminium on the London Metal Exchange to record its biggest rise since 2009, up 42%, while copper rose 25%. Growth in the carbon transition market has also influenced this demand, with increased sales of electric vehicles fuelling inflation with lithium carbonate up 485.8% in China. On the supply side, mining activity had strong recovery difficulties with labour-related problems, pandemic-related restrictions and port congestion while freight and storage costs increased.

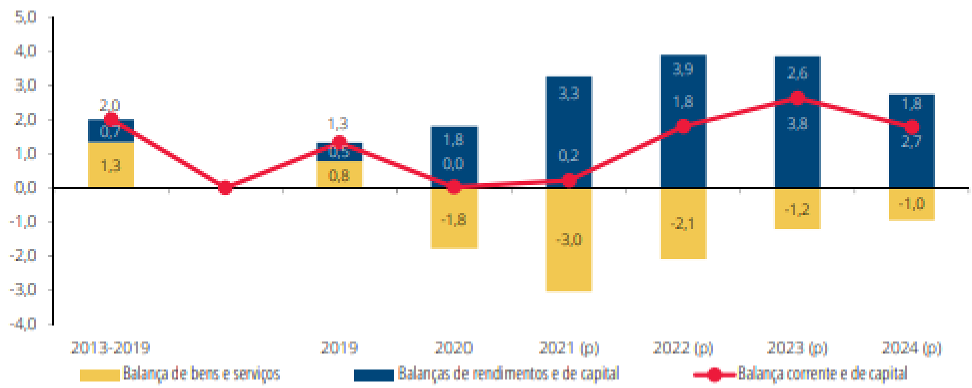
PORTUGUESE ECONOMY

The Bank of Portugal (BoP), along with the rest of the world, highlights the constraints in the supply chains affecting the Portuguese economy as well as the impact on tourism due to the restrictions caused by the Omicron variant at the end of 2021. These constraints are the basis for an increase in inflation in Portugal to 0.9%, with energy assets once again being the main contributor, with an increase of 7.8%, while inflation in other prices was 0.4%. Despite the difficulties, growth in the gross domestic product is estimated by the Bank of Portugal at 4.8% after a fall of 8.4% in the previous year. The application of economic and tax stimuli during the pandemic crisis was essential to the acceleration of the Portuguese economy, and their withdrawal shall be reflected in a slowdown in the following years.

Industrial activity was impacted by constraints in supply chains, with inflation being noted in energy sourcing or the price of carbon emissions. The October economic bulletin also states that approximately 14% of companies in the industrial sector were directly affected by the shortage of materials, whereas in the construction sector, there was an impact of 20%.

The December 2021 economic bulletin reports that the unemployment rate decreased from 7% to 6.6% as a result of the economic growth experienced during the year. Exports grew by 9.6%, less than the 10.3% growth in imports. The current balance and capital account reached a surplus of 0.2%, driven by the income account surplus of 3.3%, which countered the assets and services account reported at -3%.

Current balance and capital account | As a percentage of GDP



Source: Bank of Portugal

MAIN RISKS FOR 2022

The year 2021 was marked by sharp economic growth in response to the pandemic crisis installed in 2020 around the world, with the vaccination process proving to be essential for economies and societies to take the step to normalise their activities. Despite this growth, inflation reached worrying values and is no longer considered only temporary. The inflation factor is one of the greatest visible risks to economic development and should depend on the various factors and uncertainty such as the evolution of the pandemic, economic stimuli and geopolitical tensions with emphasis on the conflict between Russia and Ukraine.

COVID-19 Pandemic

The evolution of the pandemic is one of the great uncertainties for 2022, and the implementation of restrictions could have a strong impact on economic activity. The size of infection waves is also likely to strongly influence, leaving doubts as to the size of the economic slowdown during 2022. The emergence of new variants may prolong the pandemic and mean a lower efficacy of developed vaccines considering their mortality rates as determinants for government decisions to respond to the increase in the number of infections.

Tax and economic policies

The expectation for 2022 is that there will be a change in international monetary policy, with various Central Banks transmitting the need to adjust this policy by increasing interest rates due to the strong inflation recorded. At the same time, the application of various economic stimuli is expected to be reduced over the course of the year, fostering a slowdown in economic growth. The adjustment of these policies and the speed of this process should have an impact on the economic performance of several nations.

Geopolitical tensions

In the first quarter of 2022, concerns over geopolitical tensions became the focus of international markets due to the conflict between Russia and Ukraine in Eastern Europe. There has not been a war in Europe since the Second World War, and Russian concerns over Ukraine's approach to the West, more specifically through possibly joining NATO, have led to a conflict between these two nations. The disruption of Russian international trade through sanctions and the impossibility for Ukraine to develop its economic activity, which is fundamental for the European and world agricultural sector, are factors that seriously aggravate world inflation, with Russia being Europe's main energy supplier. At this moment, this conflict is the greatest risk to the world economy, and the possibility of a third world war involving the greatest nuclear powers on the planet cannot be ruled out.

Natural disasters

Natural disasters continue to be a strong threat to economies, and knowing that the number of records 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.

FINANCIAL PERFORMANCE

03 | FINANCIAL PERFORMANCE

INTRODUCTORY NOTE

In June 2020, Martifer, SGPS, S.A. acquired 25% of the share capital of Martifer Metallic Constructions, SGPS, S.A., holding 100% of the company's share capital; and consequently, controlling 100% of the 'Metallic Constructions' and 'Naval Industry' segments.

CONSOLIDATED RESULTS ANALYSIS

€M	DEC -21	DEC -20	VAR.%
Revenues	228.7	249.3	-8%
EBITDA	**25.8**	**19.4**	**33%**
EBITDA margin	12.3%	8.6%	3.8 pp
Depreciation & Amortisation	-5.5	-6.0	8%
Provisions & Impairment Losses	-2.0	-0.3	<-100%
EBIT	**18.2**	**13.0**	**40%**
EBIT margin	8.7%	5.8%	2.9 pp
Financial Results	-3.8	-4.9	23%
Profit before taxes	14.4	8.1	78%
Income tax	-1.8	-1.4	-25%
Net Profit	**12.7**	**6.7**	**89%**
Attributable to non-controlling interests	1.4	0.4	>100%
Attributable to shareholders	11.3	6.3	79%
Earnings per share €	0.115	0.064	79%

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

(b) EBITDA Margin = EBITDA/ Turnover

OPERATING INCOME

REVENUES	DEC -21		DEC -20		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	**228.7**	100%	**249.3**	100%	**-8%**
Metallic Constructions	125.2	55%	121.3	49%	3%
Naval Industry	91.7	40%	118.9	48%	-23%
Renewables	13.4	6%	11.1	4%	21%
Others	-1.5	-1%	-1.9	-1%	21%

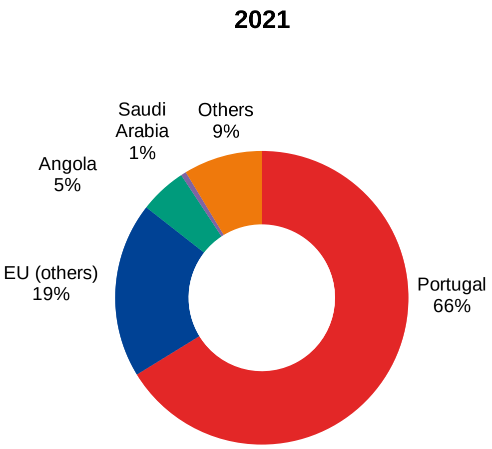
In 2021, the total operating income was 228.7 million Euros (249.3 million Euros in 2020), 55% of which in the Metallic Constructions segment, 40% in the Naval Industry segment and 6% in the Renewables segment. "Others" refers to intersegment transactions.

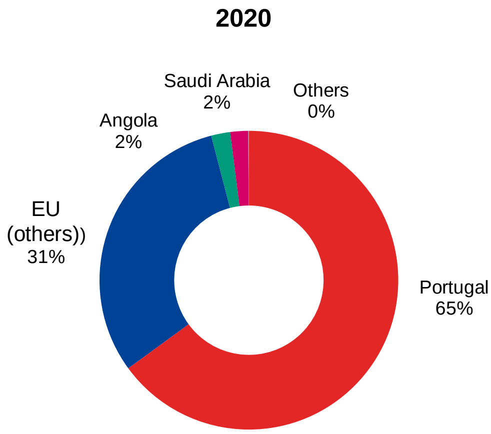
The Metallic Constructions operating income reached 125.2 million Euros, a 3% increase versus the same period last year, due to the increase in activity in some countries. The Naval Industry segment presents a value of 91.7 million Euros in 2021 (a 23% decrease compared to 2020), which results from the slowdown of activity in this segment in the last year. In the Renewables segment, it amounts to 13.4 million Euros in 2021, and results from the activity of the projects in operation as well as from the sale of a solar project in Poland (PV Sol 7).

As regards turnover (sales and services rendered), in 2021, it amounted to 209.3 million Euros compared to 226.1 million Euros in 2020.

Analysing the turnover by geography - considering the location of the Group **companies** that generated the turnover – in 2021, Portugal accounts for 66% of total sales and services rendered and the remaining 34% are divided as follows: European Union (excluding Portugal) - 19%, Angola - 5%, Saudi Arabia - 1% and Others (mainly the United Kingdom) - 9%.

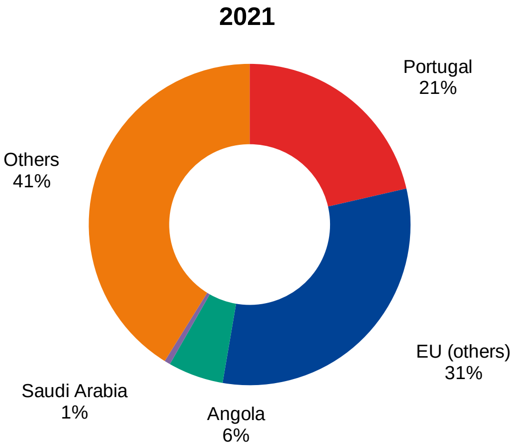
BREAKDOWN OF SALES AND SERVICES RENDERED BY ORIGIN – 2021 VERSUS 2020

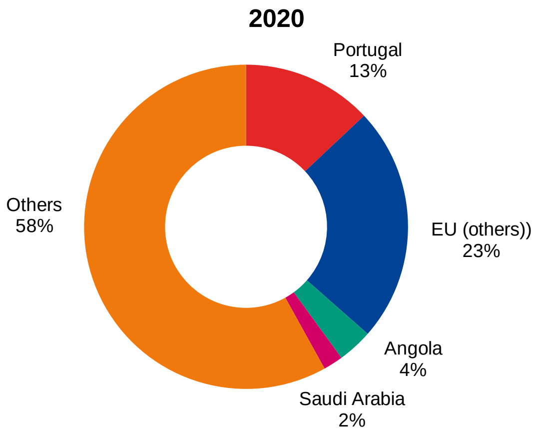




Analysing the turnover by geography - considering the location of the **Clients** and the destination of the sales and services rendered - in 2021, Portugal accounts for only 21% of the total sales and services rendered (mainly in Metallic Constructions) and the international market 79%, divided as follows: European Union (excluding Portugal) - 31%, Angola - 6%, Saudi Arabia - 1% and Others (essentially the turnover associated with the construction of cruise ships for sailing in the Arctic and Antarctic) - 41%.

BREAKDOWN OF SALES AND SERVICES RENDERED BY DESTINATION – 2021 VERSUS 2020





EBITDA AND NET PROFIT

EBITDA	DEC -21		DEC -20		VAR. (%)
	€M	MARGIN	€M	MARGIN	
Martifer Consolidated	**25.8**	**12%**	**19.4**	**9%**	**33%**
Metallic Constructions	11.1	10%	2.2	2%	>100%
Naval Industry	13.6	15%	13.0	11%	4%
Renewables	1.9	19%	4.6	71%	-60%
Others	-0.8		-0.5		-57%

In 2021, consolidated EBITDA registered a positive value of 25.8 million Euros, with positive contributions from the three operating segments. The Naval Industry segment contributed with 13.6 million Euros, the Metallic Constructions segment with 11.1 million Euros and the Renewables segment with 1.9 million Euros.

EBITDA registered a 33% increase compared to 2020. This variation is due to the improvement of EBITDA in Metallic Constructions and the Naval Industry segments and the reduction in the Renewables segment. In the 'Metallic Constructions' segment, EBITDA in 2021 was 11.1 million Euros, showing an improvement of around 9 million Euros compared to 2020. This increase was mainly due to the completion of projects in Portugal (manufacturing for export) and Angola with very interesting margins, the operational exchange rate differences in Angola and the capital gain (2.4 million Euros) obtained with the sale of the Benavente plant (recorded in 2020 under the heading 'Non-current assets held for sale'). In the Naval Industry segment, the improvement in EBITDA of 0.6 million Euros was due to the improved profitability of the projects it executed. In the Renewables segment, there was a reduction in EBITDA of 2.8 million Euros, mainly due to the reduction in the production and sale of wind power and green certificates (Romania) and to the fact that in 2020 a wind farm project was sold in Poland (Wind Farm Warta) with a higher capital gain than the one obtained with the sale in 2021 of a solar project also in Poland (PV Sol7).

Amortisation and Depreciation recorded a decrease in 2021, reaching 5.5 million Euros compared to 6 million Euros in 2020, while the net amount of Provisions and Impairment Losses on non-financial assets increased from 0.3 million Euros in 2020 to 2 million Euros in 2021.

Operating Results (EBIT) were positive in 18,2 million Euros in 2021, compared to 13 million Euros in 2020. Thus, registering an increase of 5.2 million Euros compared with the same period of the previous year.

The consolidated Financial Results were negative at 5.7 million Euros, and the earnings on associate companies and joint ventures amounted to 1.9 million Euros.

The financial period’s Consolidated Net Profit amounted to 12.7 million Euros in 2021 (11.3 million Euros attributable to the Group), showing a significant increase compared to 2020 (6.7 million Euros, of which 6.3 million Euros are attributable to the Group).

The impact of applying IAS 29 was negative by 0.04 million Euros at EBITDA level, negative by 0.27 million Euros at EBIT level and positive by 0.1 million Euros in Net Result.

NET RESULT	DEC -21		DEC -20		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	**12.7**	**100%**	**6.7**	**100%**	**89%**
Metallic Constructions	4.4	35%	-5.3	-79%	n.m.
Naval Industry	9.1	72%	8.6	128%	6%
Renewables	-2.4	-19%	3.8	58%	n.m.
Others	1.5	12%	-0.5	-7%	n.m.

CONSOLIDATED CAPEX

The value of the investment in tangible fixed assets, intangible assets and assets under the right of use in 2021 was 4.3 million Euros and mainly derives from the Renewables segment (2.3 million Euros).

CAPEX	DEC -21		DEC -20		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	**4.3**	**100%**	**3.6**	**100%**	**19%**
Metallic Constructions	1.2	27%	0.8	22%	44%
Naval Industry	0.8	19%	0.6	16%	35%
Renewables	2.3	54%	2.2	61%	6%
Others	0.0	0%	0.0	0%	n.m.

Excluding the assets under the right of use relating to lease contracts accounted for under IFRS 16 - Leases, the value of investment in tangible fixed assets and intangible assets in 2021 was 3.8 million Euros, mostly applied in the Renewables segment (2.3 million Euros), essentially in the wind and solar projects in Central Europe.

CAPEX	DEC -21		DEC -20		VAR. (%)
	€M	WEIGHT	€M	WEIGHT	
Martifer Consolidated	**3.8**	**100%**	**3.3**	**100%**	**16%**
Metallic Constructions	0.8	22%	0.6	18%	42%
Naval Industry	0.6	17%	0.6	18%	11%
Renewables	2.3	61%	2.1	65%	10%
Others	0.0	0%	0.0	0%	n.m.

CONSOLIDATED CAPITAL STRUCTURE ANALYSIS

FINANCIAL POSITION

€ M	DEC -21	DEC -20	VAR. %
Fixed Assets (including Goodwill and right-of-use assets)	80.7	84.7	-5%
Other non-current assets	41.2	43.3	-5%
Inventory and Receivables	97.0	95.6	1%
Cash and cash equivalents	41.0	43.8	-6%
Non-current assets held for sale	0.0	2.2	n.m.
Total Assets	**259.9**	**269.7**	**-4%**
Shareholders Equity	18.7	7.4	>100%
Non-controlling interests	-0.3	-1.5	78%
Total Equity	**18.3**	**5.8**	**>100%**
Non-current debt and lease liabilities	127.3	138.0	-8%
Other non-current liabilities	10.3	13.2	-21%
Current debt and lease liabilities	4.4	3.2	40%
Other current liabilities	99.6	109.6	-9%
Total Liabilities	**241.6**	**263.9**	**-8%**

On 31 December 2021, the total Assets amounted to 259.9 million Euros (269.7 million Euros on 31 December 2020), while the value of non-current assets reached 121.9 million Euros (128 million Euros on 31 December 2020).

The total Equity on 31 December 2021 amounted to 18.3 million Euros, which compares with 5.8 million Euros on 31 December 2020, with 18.7 million Euros attributable to the Group in 2021 and 7.4 million Euros in 2020.

On 31 December 2021 the general liquidity recorded 133% (126% in 2020) and the solvency ratio 128% (123% in 2020).

NET DEBT

During 2021, the decreasing trend of the net debt was maintained, in line with the goals set in Martifer Group's Strategic Plan.

On 31 December 2021, the consolidated Net Debt (bank loans + other loans - cash and cash equivalents) reached 69.6 million Euros, reflecting a 6.7 million Euro reduction when compared to the previous year.

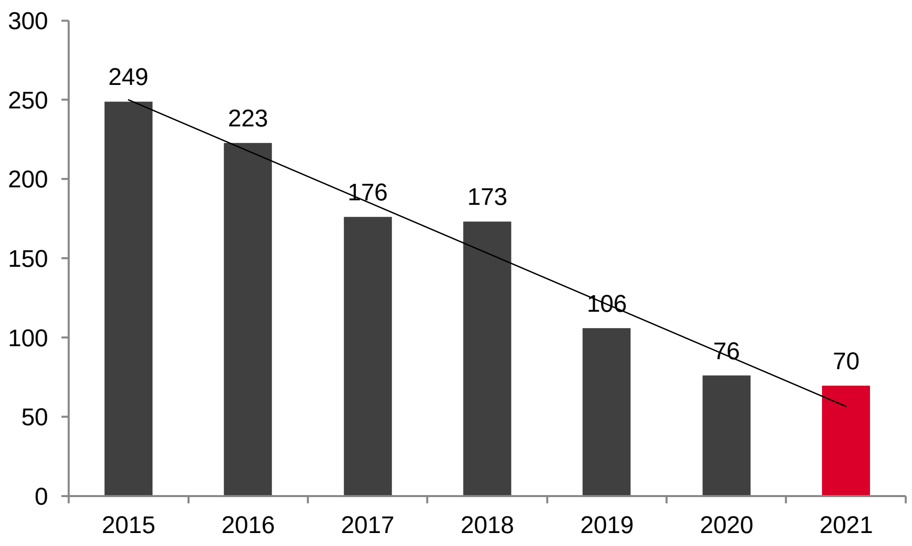
This reduction results from the fulfilment of the Group's bank debt service, having had the contribution of an operation under Martifer Group's Non-core Asset Disposal plan, the sale of the asset "Benavente plant" whose net proceeds of the sale were fully allocated to the repayment of bank debt (4.5 million Euros).

There were also some receipts of advance payments from clients with an impact on the Group's cash and cash equivalents, which will be used for purchases of material in the coming months.

In June 2020, due to the current situation of uncertainty caused by the COVID-19 pandemic, the Group accepted the moratorium regime in accordance with the provisions of Decree-Law no. 10-J/2020 of 26 March 2020 as amended by Decree-Law no. 26-J/2020 of 16 June 2020, with the consequent application of the suspension of the payment of interest instalments on the loans contracted by the companies of the 'Metallic Constructions' segment with banks in Portugal between 30 June 2020 and 31 March 2021 and of capital until 30 September 2021. This measure had a total impact of 2.8 million Euros in the 2021 financial year.

€M	METALLIC CONSTRUCTIONS	NAVAL INDUSTRY	RENEWABLES	HOLDING	MARTIFER CONSOLIDATED
Net Debt 2021	63,9	-7,0	12,8	-0,1	69,6
Net Debt 2020	72,6	-7,7	11,8	-0,5	76,3

NET DEBT DECREASE 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 topic. The above chart was adjusted in the years 2015 to 2018 to be comparable with 2019 and the following years. The amounts referring to financial leases were excluded.

In 2022, the Group will continue its strategy of containing the value of its debt so that both the value of the debt and its maturity remain aligned with operating cash flows in pursuit of the strategic guidelines defined in the Strategic Plan. The Group will also continue the fulfilment of the non-core asset disposal plan.

ANALYSIS BY SEGMENT

MARTIFER GROUP

04 | ANALYSIS BY SEGMENT

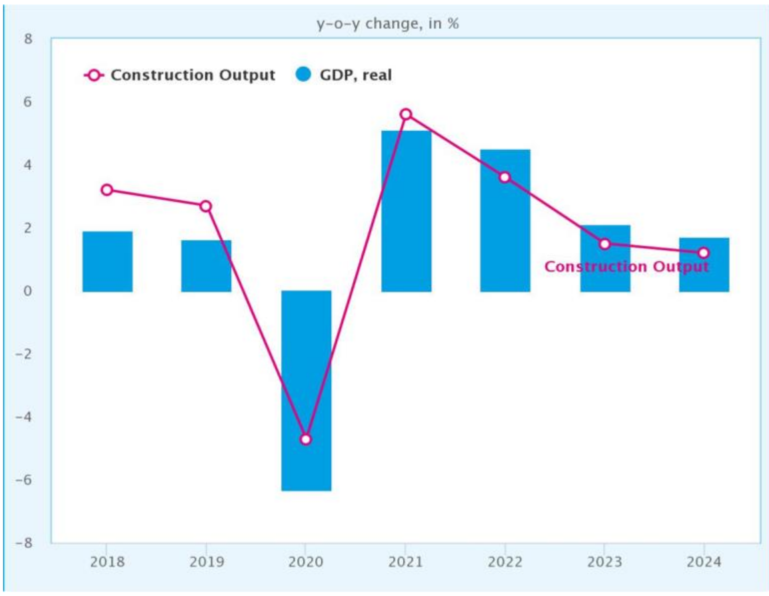
METALLIC CONSTRUCTIONS

SECTOR TREND

INTERNATIONAL OUTLOOK

- In November 2021, Euroconstruct estimates that European construction activity will have reached 1,740 billion Euros by 2021, fully recovering the declines seen in 2020. This figure mirrors the European economic growth since it represents a growth of 5.6% after the 4.7% drop in the previous year.
- Despite a positive year at European level, there was a great asymmetry in the development of the different activities of the nations in this sector. In the Euroconstruct analysis, there were 6 countries that showed similar activity to 2019, whereas another seven countries exceeded the activity recorded before the pandemic and the remaining six countries remained at levels below those of 2019.
- Short-term forecasts indicate growth of 3.6% in 2022 with Ireland, Spain, Hungary and the UK all growing by over 4% and Germany will remain at 2021 levels. The prices of raw materials should influence the performance of this sector, as well as the availability of labour. The non-residential construction sector is expected to perform better than the residential sector.

GDP vs Construction, % variation compared to the previous year



Source: Euroconstruct

- AIMMAP (Association of Metallurgical and Mechanical Engineering Industry and Similar industries of Portugal) reveals a record year for exports in the metalworking sector in Portugal with a 16.2 growth compared to 2020 and 1.5% more than in 2019. The main export destinations were Spain, France and Germany with 27%, 16% and 14% respectively.

ACTIVITY

The order book at the end of 2021 reached 240 million Euros, spread over several countries.

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

- In Portugal:
  - Several wind tower projects for various wind farms in Italy (San Severo), France (Hangest and Eben), Spain (Aldeire) and Norway
  - Infinity Tower - Luxury Housing, in Lisbon
  - Abidjan Stadium for the Ivory Coast
  - Kinaxixi Complex for Angola
  - Maintenance of the Sines Refinery

- In Spain:
  - Requalification of the JHM4 Office Building, in Madrid
  - Alcalá Office Building, in Madrid
  - Coating of the roof of the Santiago Bernabéu Stadium, in Madrid
  - Requalification of the Commercial and Office Building - Castellana 83-85, in Madrid

- In the United Kingdom:
  - Midland Metropolitan Hospital, in Birmingham
  - The Royal Liverpool University Hospital, in Liverpool
  - Railway bridges for the HS2 project, in Birmingham

- In France:
  - "Gare de Lyon" Train Station, in Lyon
  - "Gare de Noisy-Champs" Train Station, in Paris
  - Marseille Airport, in Marseille
  - Luxury Residential, Commercial and Office Complex in Monaco

- In Angola:
  - Integrated Communication Project in Luanda

- 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	**23**	**10%**
Sub-Saharan Africa	23	10%
Eastern Europe and the Middle East	**9**	**4%**
Western Europe	**208**	**86%**
Metallic Constructions	180	75%
Oil & Gas	28	12%
	240	**100%**

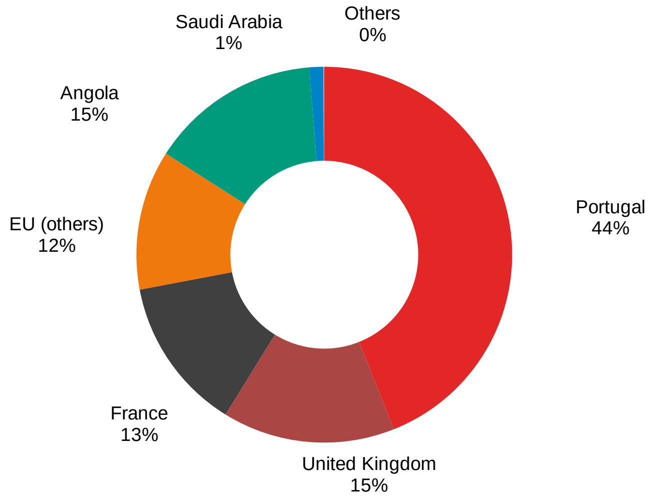
RESULTS

€M	DEC-21	DEC -20	VAR.%
Revenues	125.2	121.3	3%
EBITDA	**11.1**	**2.2**	**>100%**
EBITDA margin	10.1%	2.1%	8 pp
Depreciation & Amortisation	-2.2	-2.7	18%
Provisions & Impairment Losses	0.2	-0.6	n.m.
EBIT	**9.1**	**-1.1**	**n.m.**
EBIT margin	8.3%	-1.1%	9.4 pp
Financial Results	-3.4	-3.6	5%
Profit before taxes	5.7	-4.7	n.m.
Income tax	-1.3	-0.6	<-100%
Net Profit	**4.4**	**-5.3**	**n.m.**
Attributable to non-controlling interests	1.3	0.0	>100%
Attributable to shareholders	3.1	-5.3	n.m.

(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and 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 125.2 million Euros in 2021, which corresponds to an increase of about 3% compared with 2020, with Portugal representing approximately 44%, the United Kingdom 15%, France 13%, and the remaining 28% distributed among various countries. This increase is the result of increased activity in Portugal, Belgium and Spain, which more than offset the reduction in activity in some countries, particularly France, the United Kingdom and Saudi Arabia.



EBITDA in 2021 stood at 11.1 million Euros, showing an improvement of around 9 million Euros compared to 2020. This increase was mainly due to projects in Portugal (manufacturing for export) and Angola with very interesting margins, the operational exchange rate differences in Angola and the capital gain (2.4 million Euros) obtained with the sale of the Benavente plant.

EBIT was positive at 9.1 million Euros, compared with a negative value of 1.1 million Euros in 2020.

Results in associate companies and jointly controlled companies in 2021 amounted to 1.6 million Euros, compared to 0.1 million Euros in 2020.

The Net Financial Debt of the Metallic Constructions area on 31 December 2021 reached 64 million Euros, recording a decrease of about 9 million Euros compared to 31 December 2020.

Total CAPEX, excluding 'Assets under right of use', at the end of 2021 was 0.8 million Euros.

MARTIFER GROUP

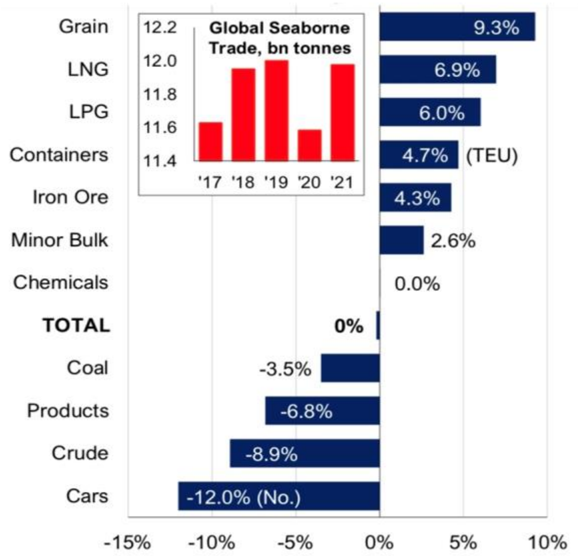
NAVAL INDUSTRY

SECTOR TREND

INTERNATIONAL OUTLOOK

- According to Clarksons Research, maritime trade grew 3.4% globally with the boost from strong economic growth reaching figures very close to those in 2019. Compared to pre-pandemic levels, there are still several products with lower volumes as is the case in cars or oil which are still 12% and 8.9% down, respectively. The transport of grains was the one that grew most in this period with an increase of 9.3% followed by liquefied natural gas and liquefied petroleum gas.
- The Naval industry also showed growth in 2021 with the volume of new vessel orders reaching 45.73 million tonnes, the highest since 2014. China stood out by surpassing South Korea to become the leading shipbuilder with a 49% market share while South Korea obtained 38% of the overall order volume.
- The United Nations Conference on Trade and Development (UNCTAD) announces that China, the Republic of Korea and Japan continue on the podium of shipbuilding with 92.5% of the accumulated market share. While Japan led the construction of chemical ships, the Republic of Korea was the one that built the most oil and gas tankers, and China surpassed in the construction of bulk carriers or general cargo ships.

World maritime trade, % variation in 2021 compared to 2019



Source: Clarksons Research

ACTIVITY

This segment is integrated in the Martifer Metallic Constructions sub-holding and includes the construction of vessels and the rendering of ship repair and ship conversion services. The companies whose 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. In 2019, it also won a tender for the shipbuilding area of two 'rabelo' boats intended for tourism on the Douro River, projects that entered the final phase in 2020/2021.

The order book at the end of 2021 amounted to 252 million Euros. The projects that stand out the most are the Polar Expedition vessels of the Explorer series: the World Adventurer, the World Discoverer and the World Seeker.

RESULTS

The operating income of the Naval Industry amounted to 91.7 million Euros in 2021, a decrease of about 23% compared to the same period last year, with shipbuilding accounting for 73% and ship repair about 27%.

EBITDA in 2021 amounted to a positive 13.6 million Euros, having registered a growth of 4% compared to the previous year. This good performance is due to the fact that the companies were able to optimise their resources (docks and quays) and improve profitability in projects. Despite the difficulties encountered due to the current pandemic, which were reflected in income, the maturity of the companies and their resources allowed them to achieve better profitability from the projects they executed, essentially through better planning, better procurement and increased productivity.

€M	DEC-21	DEC-20	VAR.%
Revenues	91.7	118.9	-23%
EBITDA	**13.6**	**13.0**	**4%**
EBITDA margin	14.9%	11.0%	3.8 pp
Depreciation & Amortisation	-1.1	-1.0	-6%
Provisions & Impairment Losses	0.0	0.0	n.m.
EBIT	**12.5**	**12.1**	**3%**
EBIT margin	13.7%	10.2%	3.5 pp
Financial Results	-0.5	-0.4	-17%
Profit before taxes	12.0	11.7	3%
Income tax	-2.9	-3.1	6%
Net Profit	**9.1**	**8.6**	**6%**
Attributable to non-controlling interests	0.0	0.0	n.m.
Attributable to shareholders	9.1	8.6	6%

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

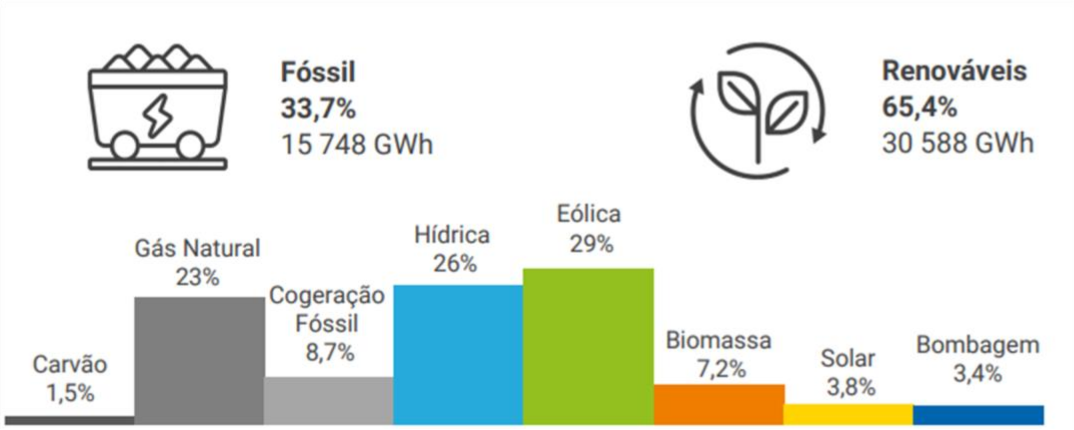
(b) EBITDA Margin = EBITDA/ Turnover

RENEWABLES

SECTOR TREND

- The International Energy Agency estimates that electricity generation capacity from renewable sources has achieved the highest growth in new installations despite the price increase in raw material to produce solar panels and wind turbines. The increase in solar energy production should be the big driver of this global growth with an increase of 17%, i.e. 160 Gigawatts. Wind energy production in 2021 shall also present a 25% growth compared to the average of the 2015-2020 period with offshore wind production expected to triple by 2026. The biofuels sector also shows growth and it is estimated to have exceeded 2019 figures.
- In Portugal, according to APREN (Associação Portuguesa de Energias Renováveis - Portuguese Renewable Energy Association), electricity generation through fossil fuels fell once again, representing 33.7% of the market share compared to 38% in 2020, with natural gas remaining the main fossil source at 23%. Electricity from renewable sources accounted for 65.4% of total generation, with wind and hydroelectric power accounting for the largest share of electricity in Portugal, with approximately 29% and 26%, respectively. According to the Portuguese Renewable Energy Association (APREN), 61.7% of Portuguese electricity was produced using renewable sources.

Accumulated Generation - December 2021 (Jan.-Dec.)



Source: REN, APREN Analysis

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 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 is currently developing a wind farm in the north of Portugal, with an installed capacity of 12.6 MW, and also identifies locations for new wind farms. In addition, it will start the construction of the production unit for self-consumption in Oliveira de Frades. 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.

In October 2021, a memorandum of understanding was signed between Martifer Renewables, three companies located in the Neiva Industrial Area and the Municipality of Viana do Castelo for the first Industrial Renewable Energy Community that will be built in the Neiva Industrial Area.

Martifer Renewables, through its subsidiary Volume Cintilante, has started the construction of the 1 MWp small production unit in Oliveira de Frades, which is expected to start operating in 2022.

In October 2021, the Korczowa project in the "ready to build" phase, a 9 MWp solar park in Poland, was sold to Echo Renewable Energy sp. z o.o.. This project obtained a guaranteed tariff at an auction.

During 2021, three 1 MWp solar parks were built in Poland with a guaranteed tariff at auction. Currently, they are already in operation, thus totalling four solar parks in operation in this country.

Martifer Renewables has around 100 MW with guaranteed connection to the grid in Poland, which is a relevant asset nowadays. It opens the way to the development of new wind and solar projects.

In Romania, and in order to mitigate the variations of wind energy production during the year, Martifer Renewables started in 2020 and continued during 2021 the hybridisation of the Babadag wind project, through the development of a 12 MWp solar project on the land of the Babadag I Wind Project.

RESULTS

€M	DEC-21	DEC-20	VAR.%
Revenues	13.4	11.1	21%
EBITDA	**1.9**	**4.6**	**-60%**
EBITDA margin	18.9%	70.5%	-51.7 pp
Depreciation & Amortisation	-2.2	-2.3	2%
Provisions & Impairment Losses	-2.2	0.2	n.m.
EBIT	**-2.6**	**2.6**	**n.m.**
EBIT margin	-26.0%	39.4%	-65.5 pp
Financial Results	-0.1	1.6	n.m.
Profit before taxes	-2.7	4.2	n.m.
Income tax	0.2	-0.3	n.m.
Net Profit	**-2.4**	**3.8**	**n.m.**
Attributable to non-controlling interests	0.1	0.0	>100%
Attributable to shareholders	-2.5	3.8	n.m.

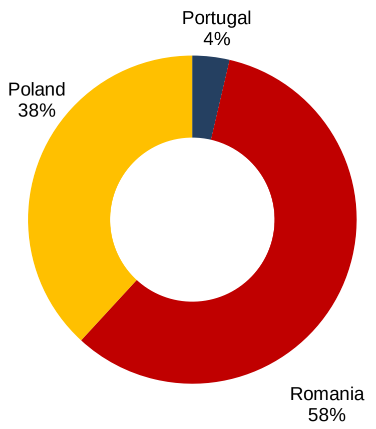
(a) EBITDA = Sales and services rendered + Other Operating income – Cost of goods sold and consumed – Subcontracts – External supplies and services - Personnel expenses - Impairment losses on financial assets - Other operating expenses

(b) EBITDA Margin = EBITDA/ Turnover

The total Operating Income of the Renewables segment reached 13.4 million Euros and results essentially from the sale of electricity and Green Certificates in Romania (8.4 M€) and the sale of the Korczowa solar project in Poland (PV Sol 7), with a positive impact of around 1.4 million Euros.

EBITDA reached a positive 1.9 million Euros in 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 Korczowa solar park.



The Financial Results amounted to negative 0.1 million Euros and essentially result from the paid bank interest subsequent to the bank loans contracted during 2020 in Portugal and the bank interest from project finance in Romania.

The total investment in the development of wind and solar projects totalled 2.3 million Euros.

The Net Debt in December 2021 amounted to 12.8 million Euros.

SEPARATE FINANCIAL INFORMATION

MARTIFER GROUP

05 | SEPARATE FINANCIAL INFORMATION

During the 2021 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 those of previous years.

The net profit of Martifer, SGPS, S.A. was positive by 0.7 million Euros, which compares with a net profit of 31.3 million Euros the year before.

Financial expenses and losses amounted to only 3 thousand euros, which compare with 2.8 million Euros in the previous financial year. This variation is explained by the fact that Martifer SGPS in 2021 has no financial debt.

Financial income and gains amounted to 0.1 million Euros, which represents a reduction compared to the previous financial year (0.2 million Euros).

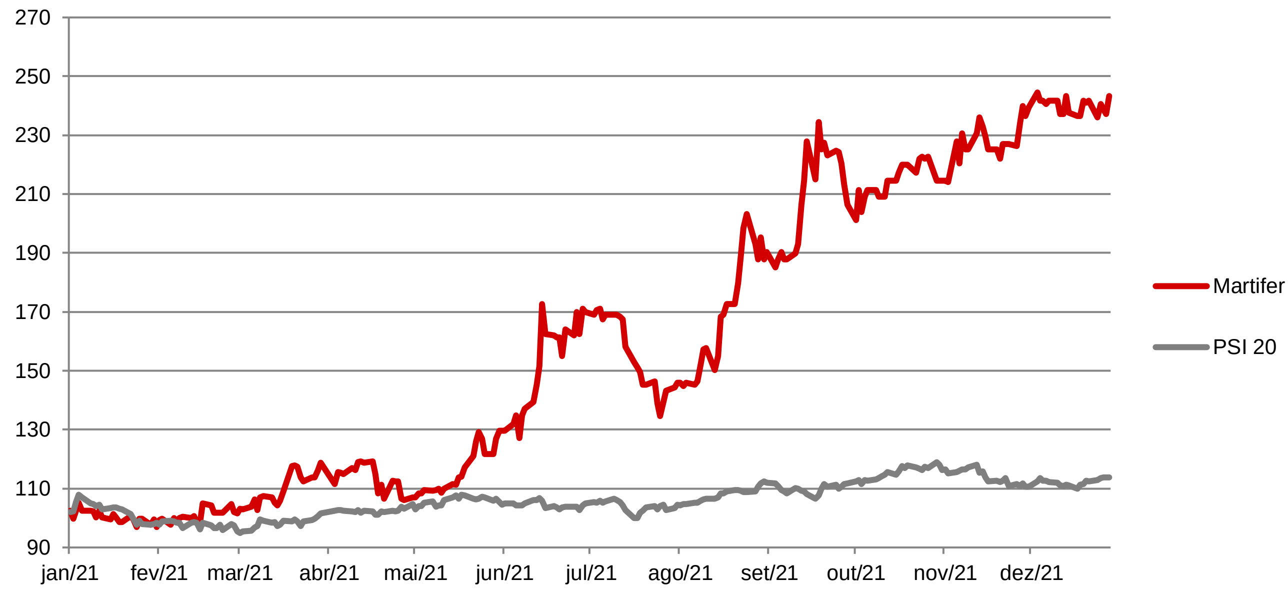
The Company's equity amounts to around 89 million Euros, with total assets of 98.8 million Euros and total liabilities of 9.8 million Euros.

MARTIFER SHARE PERFORMANCE

MARTIFER GROUP

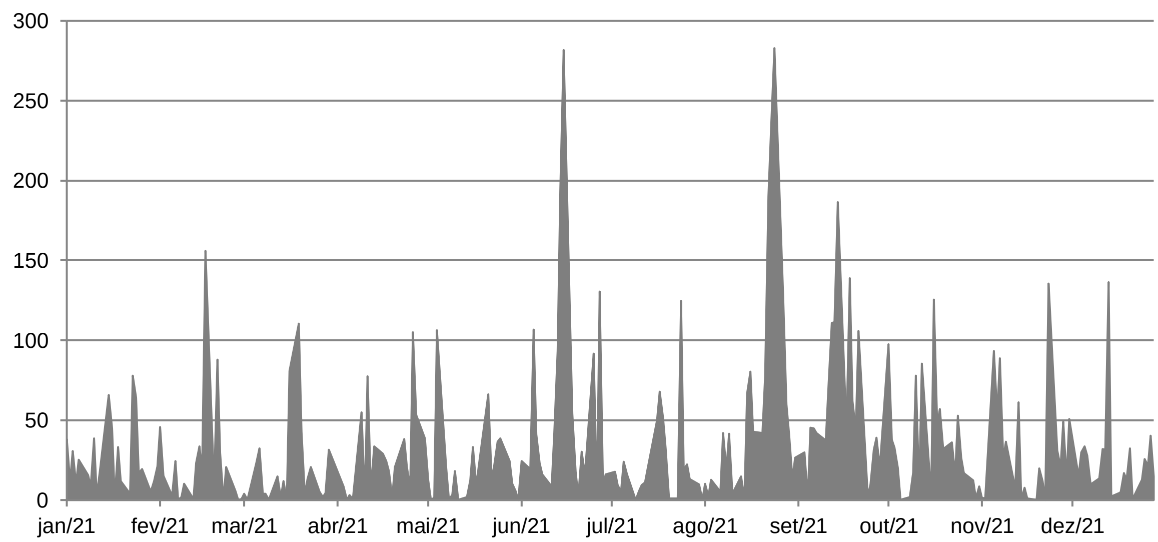
06 | MARTIFER SHARE PERFORMANCE

SHARE PERFORMANCE | 2021 – variation %



Source: Reuters

TRADED VOLUME | 2021 – ’000 shares



Source: Reuters

The year 2021 was positive for the stock market, with widespread valuations recorded in the various economies in response to the pandemic after a negative year in 2020. The EURO STOXX 50 Index rose 21.2% after the 5.14% drop the previous year, reflecting the generalised growth in Europe**.** The various indices of the European nations showed similar behaviour throughout 2021; for example, the indices of the United Kingdom, Italy and Portugal grew 14.3%, 23% and 13.7%, respectively. The DAX Index demonstrated the strength of the German economy by closing the year with a gain of 15.79%, while the CAC 40 Index in France appreciated 27.75%.

The United States of America showed greater growth than Europe throughout 2021. The Dow Jones Index rose by more than 21.34%, while the NASDAQ Index appreciated by 26.63%. NASDAQ surpassed the other indices by showing a total growth of 26.89% during 2021. The Asian markets that performed the best in 2020 ended up with lower growth in 2021, with the Shanghai Index up 4.8%.

Martifer SGPS, S.A.'s shares appreciated 119.49%, reaching 0.856 Euros/share after starting the year at 0.39 Euros/share. Throughout this period, they reached their lowest value of 0.378 Euros/share on 27 January and 3 February, and their highest value of 0.88 Euros/share on 16 November.

In terms of the daily trading volume of Martifer, SGPS, S.A. shares, the lowest volume was registered on 8 October, with only 10 transactions, as opposed to 27 August, which reached the maximum value of the year with 282,949 transactions. The total transaction volume increased from 7,158,640 shares in 2020 to 8,857,048 shares in 2021.

PURCHASE AND SALE OF OWN SHARES

In the terms and for the purposes of the provisions of the Securities Market Commission Regulation no. 5/2008 (amended by CMVM Regulation no. 7/2018), namely numbers 1 and 2 of Article 11, we confirm that Martifer, SGPS, S.A. did not acquire nor sell own shares during 2021.

Therefore, the position was not changed, holding a total of 2,215,910 own shares, representing 2.22% of its share capital.

MARTIFER GROUP

FUTURE PROSPECTS

07 | FUTURE PROSPECTS

In 2021, the shareholders renewed their confidence in the management team for another term of office; and for the three-year term 2021-2023, we defined a new strategic plan based on the pillars that have sustained the success of these last years, but with the renewed ambition of sustained and sustainable growth.

For the coming years, we have a clear strategy and ambitious goals:

- In Metallic Constructions, we will maintain our focus on strengthening the Group's export profile, seeking opportunities in markets and clients that value quality and excellence, on organisation and valuing people, and on productivity;
- In the Naval Industry, we aim to increase our ship repair capacity, positioning ourselves as one of the most important shipyards in Europe in this area, and to make ship repair and shipbuilding activities increasingly balanced in the relative weight of turnover;
- We will continue to reinforce the Industrial Maintenance activity;
- In Renewables & Energy, we want to grow gradually and consistently, increasing the relative weight of this business unit in the Group, taking advantage of the opportunities associated with energy transition, decarbonisation of the economy and hydrogen (through the GreenH2Atlantic consortium of which we are part);
- We will also pay close attention to environmental, social, innovation and sustainability issues and ESG (Environmental, Social and Governance) goals.

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 recent years, the evolution of steel and aluminium prices has been marked by the trade war between the USA and China, which has led to the implementation of fees on the import of steel and aluminium from third countries; there has been a sharp rise in the price of steel that has reached values close to historic highs in September 2018. With the beginning of the COVID-19 pandemic in late 2019, prices stabilised at lower values as a result of a sharp decline in steel and aluminium prices as a result of the sharp drop in demand and supply of this commodity as a consequence of the industry shutdown. However, with the recovery of the economy, there has been an increase in demand, combined with a reduction on the supply side as a result of the interruptions in production caused by the pandemic, which increased the prices of these commodities in 2021.

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 are causing 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.

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 purchase, which enables the achievement of economies of scale in the purchased quantity, and 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 through the price review mechanism.

The Group is also subject to the risk associated with the variation of energy sale 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 largely accentuated by the war in Ukraine, given Europe's heavy dependence on fossil fuels from Russia.

As a way to control the energy sale price risk, particularly in projects that do not have a regulated tariff, the Group has a policy of fixing the sale price of energy on at least an annual basis to mitigate the risk of falling energy sales prices in the profitability of renewable source energy production projects in operation. The upward trend in prices has benefited the fixed price 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 58.3 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 is able to make a natural hedge for this risk.

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 its decarbonisation strategy, 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, with reference to the country risk, through the evolution of economies and its impact on inflation and interest rates and credit risk, due to the possibility of currency 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 4 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 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.

In what concerns the operational activity of all subsidiaries, the company strives for transactions to be carried out in their local currency. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currency, 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 involved risk level. However, whenever considered appropriate, the Group hires the coverage of exchange rates in order to cover the risk.

2021 was strongly marked by the expectation of economic recovery as a result of the expected control of the COVID-19 pandemic in Europe and the USA, where high vaccination rates and the predominance of less aggressive variants of the disease boosted the improvement in the confidence levels of economic agents.

In this context, with the increase in global demand levels combined with the scarcity of some production factors as a result of the breakdown of production chains during the most acute phase of the pandemic, there was increased pressure on inflation rates globally.

This inflationary pressure, combined with an expectation of economic growth, led the ECB and the FED to give the first signs of slowing down their asset buyback programmes. In December 2021, FED even anticipated that it might end the asset buyback programme in March 2022 in order to control inflation levels. This measure represents a sharp reduction in the volume of dollars in circulation, and in parallel, the improvement in the dollar's profitability as a consequence of the increase in interest rates.

However, a moderate appreciation of the dollar was expected, as there are arguments to justify a weaker dollar against the euro, namely, a larger trade deficit and higher budget expenditure in the US which lead to a greater depreciation of the dollar and a reduction in the dollar's attractiveness as a refuge asset in a context of less uncertainty regarding the recovery from the pandemic.

The recent invasion of Ukraine by Russia has, however, increased uncertainty as to global economic developments and may change this expectation, namely by making the dollar's role as a refuge asset even more attractive against the euro given the greater geographical proximity of the Euro Zone to the epicentre of the conflict.

The expectation of rising inflation simultaneously with the possibility of economic slowdown as a consequence of the conflict will represent a new challenge for Central Banks. They will certainly seek a balance between controlling escalating inflation and raising interest rates with direct impacts on currency behaviour.

USD Evolution

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

In England, the Pound, which had been suffering the impacts of *Brexit* and the pandemic, also underwent severe pressure. However, in 2021 with the recovery of employment and the expectation of rising interest rates, the Pound was expected to appreciate against the Euro. Given the reduced dependence of the UK economy on Russia, the impact on currency behaviour is expected to be small.

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, both because of their strong dependence on Russia for energy and because of the economic effort undertaken with the wave of refugees streaming into these countries. The expectation of support from the European Union could reduce this pressure.

In developing economies, such as Angola and Mozambique, the increase in the price of oil and natural gas as a result of the war is 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 2022 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.

In this context, the Group has mitigated this risk, seeking to make a natural exchange rate coverage through contracts fixing the payments in tradable currency, with lesser volatility and simultaneously used in the payment of raw materials. Currently, the evolution of the various currencies is constantly being monitored in order to assess the feasibility of using coverage 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 fees 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 on a period of less than one year (especially the Euribor 6m) and added risk premiums in a timely manner. Thus, variations 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, consequently causing cash variations.

In 2021, interest rates in the Euro Zone remained in negative terrain, and according to information recently released by the European Central Bank (March 2022 ECB Staff Macroeconomic Projections), despite the upward trend of interest rates, they should remain in negative terrain until the end of 2022, and are expected to enter positive terrain in 2023, but still at fairly contained levels in the coming years. The forward rates traded on the market also show this trend (forward rates published by Reuters on 10/03/2022).

It should be noted that the inflationary pressure caused by the war in Ukraine combined with an expected economic slowdown will certainly force Central Banks, namely the ECB, to review some of the policies they had defined for the year 2022, namely the end of the asset repurchase programme, in order to balance the effort that the war will cause on European economies.

Martifer Group's exposure to interest rate risk is currently moderate, not only by the expected maintenance of reference interest rates at still low levels, but also as a consequence of the restructuring agreements signed with banks in 2015, which enabled the temporal stability of the spreads at very competitive levels.

D) LIQUIDITY RISK

Liquidity risk reflects the Group’s ability to satisfy its financial responsibilities 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 responsibilities and to pursue the outlined strategies, honouring all commitments made with third parties through appropriate management of the cost vs maturity ratio of the financing.

Currently, the Group maintains the adequacy levels of the maturity of the debt to the degree of permanence of its long-term assets, allowing the cash surpluses to be sufficient to comply with its responsibilities as a result of the implementation of the Group’s Strategic Plan.

Thus, given the medium/long-term nature of the investments that were made, the debt service shall accompany the maturity of the associated assets, not jeopardising the commitment deriving from its short-term operational activity in pursuit of the objective of the Group to match the maturity of the inflows of the operational activity and of the investment/divestment to the outflows of the financing activity.

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

The COVID-19 pandemic continued to pose a liquidity risk to companies in 2021. The paralysis of a significant part of the economic activity as a result of measures to contain the pandemic's progress, with consequences in terms of company payments and receipts that may be felt during 2022, particularly by the most affected sectors.

European governments have implemented a number of measures to support the liquidity of companies. In Portugal, the credit moratorium regime to which Martifer adhered in the Metallic Constructions segment should be highlighted. It allowed the company to overcome possible treasury gaps caused by the delays imposed by the measures to fight the pandemic, namely lockdowns and circulation limitations.

It should be noted that, in the ‘Metallic Constructions’ segment, given that Martifer’s main clients do not operate in the sectors most affected by the crisis, the liquidity risk for the Group was not increased by the effect of the pandemic. In the 'Naval Industry' segment, given that, currently, the main client in the construction area is a Group that operates in the tourism sector, one of the sectors most affected by the pandemic, the liquidity risk is more significant. By 2022, a strong recovery is already expected in the tourism sector, especially in Portugal, which will benefit not only from the fact that it managed to control the pandemic through high vaccination rates, but also from its geographical location far from the epicentre of the conflict in Ukraine.

In 2022, several announcements are expected within the scope of the Recovery and Resilience Plan, which will allow the injection of liquidity in the economy and support investments in companies, which, among others, will privilege the decarbonisation and energy dependency of the companies and the modernisation/ innovation at the process level. They may also represent good business opportunities for 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 spectre of 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 obligation of banks 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 may lead to a more careful selection of 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 whose 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 is to ensure effective collection of credits within the established deadlines in order to minimise the exposure to each of the clients.

With this objective in mind, the Group uses financial information and credit assessment agencies and performs regular risk analysis and credit control, as well as collection and management of litigation processes. 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, and its ability to meet agreed commitments may be affected if the recovery in the tourism sector is slower than expected. The Group maintains regular contact with this client and is following the evolution of the situation in order to minimise credit risk. In the year 2022, given the previously mentioned expectation of recovery in the tourism sector, this risk is expected to be minimised throughout the year.

OPERATIONAL RISKS

A) METALLIC CONSTRUCTIONS

Operating risks in the Metallic Constructions segment are currently grouped in 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. With regard to the volatility of demand, it should be noted that the business area depends, in part, on tenders for public infrastructures (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 with regard to 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, subcontracts other companies many times, which in turn may fail in the execution of its contracts and compromise compliance with the project delivery deadline in a domino effect. 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 COVID-19 pandemic, with all the negative impacts on the world economy that are known, the uncertainty as to the impacts it will still have and for how long it will last represent a problem for Martifer, despite the measures that many countries are taking to minimise the impact of the crisis are a sign of hope. The conflict in Ukraine and the expected impacts on the growth of the world economy represent another challenge for Martifer. The weak public and private investment and the significant lack of liquidity in the financial system, which often leads to the fact that despite the existence of attractive projects, there is no corresponding capital to allow their execution, can also constitute a risk for Martifer. Martifer's attempt to mitigate these external or market risks has been through the dispersion of 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 needs and the needs of new and innovative projects. 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 causing satisfaction. Based on these issues, there is always the risk of incurring in penalties;
- risk in the fluctuation of the price of raw material, 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 versus 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 personnel for two major reasons: on one hand, there is not a sufficient number of employees being trained to cater the needs of West Sea, even though the company is making an internal effort in this direction; on the other hand, the competitive pressure from Spain, more specifically from Galicia, and its shipyards that, given the geographical proximity and offering inflated conditions, are capturing a large number of professionals in the region.

C) RENEWABLES

The indices of productivity linked to the renewable energy business depend not only on operational costs, but also on revenues (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 generator 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 turbines in the wind farms, allowing the set-off of wind velocity variations on each farm and ensuring the relative stability of the volume of the total produced energy.

In what concerns solar photovoltaic energy, the exogenous factors are more easily foreseen so that the variation of revenue ends up being minimised.

LICENSING:

Wind farms and solar parks are subject to strict regulation in terms of development, construction, licensing and operation of power plants. 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.

REGULATION:

Electricity generation from renewable sources has been promoted in Europe through mechanisms of Feed-In Tariffs (in Portugal, Germany, Denmark and France, for example) or through Green Certificate schemes (in Italy, the United Kingdom, Romania, Poland, etc.). These mechanisms allowed the remuneration of producers of renewable energy above the prices of the wholesale market but have resulted, in some countries, in excessive cost that has led to legislative changes in the incentive systems for renewable energy. In some cases, such as in Romania, these changes have affected not only the new projects but also the projects in operation, having significantly affected their profitability.

The technological evolution in recent years has allowed a significant reduction of the costs of electricity generation from renewable sources, and the majority of the countries implemented an auction system that covers wind and solar energy, such as Poland; thus, ensuring that the price to be paid for the electricity generated by new wind farms and solar parks is aligned with the price of the electricity wholesale market.

LEGAL RISKS

Martifer is subject to national 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 maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may involve the conditions of the Group's activities and, consequently, impair or impede the fulfilment of strategic objectives imply the constant adaptation by the companies to the new regulation reality.

Legal risk management is carried out by the Legal department of the Holding and each of the Group's business areas and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate in dependence on the administration 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 comprising the abovementioned legal and advisory departments have specialised training and regularly participate in training 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.

PROPOSAL OF RESULTS ALLOCATION

09 | PROPOSAL OF RESULTS ALLOCATION

The Board of Directors recommends to the Board of the General Meeting that the positive net result determined in the separate financial statements, in the amount of 717,125.62 Euros recorded in 2021, has the following application:

- Retained Earnings 717,125.62 Euros.

Oliveira de Frades, 27 April 2022

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)

OTHER INFORMATION

10 | OTHER INFORMATION

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

Besides being part of the Board of Directors of Martifer, SGPS, S.A., a publicly-traded company, the non-executive Board Members, with the exception of two (including the President of the Board of Directors) are part of at least one of the Committees appointed by the Board of Directors (Corporate Governance Committee, Ethics and Conduct Committee or Risk Committee), whose regulation is disclosed in the Group's website and whose functions and activities developed during 2021 are described in the Corporate Governance Report.

Throughout the year, the non-executive members of the Board have shared and expressed relevant opinions regarding specific business areas based on their performance, the risks incurred and the future outlook, maintaining regular communication with the Executive Board Members and the Board Members and Directors of the business areas.

AUTHORISATIONS GIVEN TO BUSINESS TRANSACTIONS BETWEEN THE COMPANY AND ITS BOARD MEMBERS, ACCORDING TO ARTICLE 397 OF THE PORTUGUESE COMPANIES CODE

In 2021, there were no transactions subject to the regime of article no. 397 of the Portuguese Commercial Companies Code.

OTHER INFORMATION

Martifer, SGPS, SA doesn’t present any debt to the State or any other public entity, including Social Security.

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

- Tax consultancy services to Eviva Beteiligungsverwaltungs GmbH (service provided by Deloitte Tax Wirtschaftsprüfungs GmbH);
- Review of the covenants calculation in the company Eviva Nalbant (service provided by Deloitte Audit S.R.L.).

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 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 under 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 services and supplies - Personnel costs - Impairment losses on financial assets - Other operating costs
EBITDA margin	EBITDA / Turnover
EBIT	Sales and services rendered + Other operating income - Cost of goods sold and materials consumed - Subcontracts - External services and supplies - Personnel costs - Impairment losses on financial assets - Other operating costs - Amortisations and depreciations - Provisions - Impairment losses on non-financial assets
EBIT margin	EBIT / Turnover
Turnover	Sales and services rendered
Revenues	Sales and services rendered + Other operating income
Gross Value Added (GVA)	Sales and services rendered + Production variation + Own work capitalized + Supplementary income + Operating subsidies – Cost of goods sold and materials consumed – External services and supplies – 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 + Assets under right of use
Other non-current assets	Investment properties + Investments in associated and jointly controlled companies + Financial assets at fair value through profit or loss + Trade debtors and other debtors + Deferred tax assets
Inventory and Receivables	Inventories + Financial assets at fair value through profit or loss + Trade debtors and other debtors + Assets from Contracts with Customers + Advances on purchases + Income tax + State and other public entities + Other current assets
Shareholders Equity	Share Capital + Own Shares + Reserves and Retained Earnings + Net income for the period
Non-current debt and lease liabilities	Non-current loans + Non-current lease liabilities
Other non-current liabilities	Trade creditors and other creditors + Provisions + Other non-current liabilities + Deferred tax liabilities
Current debt and lease liabilities	Current loans + Current lease liabilities
Other current liabilities	Trade creditors and other creditors + Customer Contract Liabilities + Income tax + State and other public entities + Other current liabilities

MANDATORY INFORMATION

MANDATORY INFORMATION

SHAREHOLDINGS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

In accordance with 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 2021 to 31 December 2021, are the following:

HOLDERS	CORPORATE BODY	NO. SHARES HELD ON 31/12/2021
Carlos Manuel Marques Martins*	Board of Directors	2,768,547
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	8,000
Maria Sílvia 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	-
Luis Leitão Marques Vale Lima	General Meeting Board	-
Luis 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, they are sole shareholders).

** Shares held by the spouse.
*** Martifer's Board Members, 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.

Transactions by the members of the governing bodies in 2021:

NAME OF THE MEMBER OF THE CORPORATE BODY	DATE	ACQUISITIONS	SALE	AVERAGE PRICE
Carlos Manuel Marques Martins*	08-09-2021	41,190	-	0.70 €
Carlos Manuel Marques Martins*	09-09-2021	27,744	-	0.70 €
Carlos Manuel Marques Martins*	10-09-2021	40,000	-	0.70 €

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

HOLDERS OF QUALIFYING SHAREHOLDINGS

In accordance with Article 8.1.b of CMVM Regulation no. 5/2008, we hereby present below a list of the holders of qualifying holdings on 31 December 2021 representing at least 2% 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:

SHAREHOLDER	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS[1)]
I'M – SGPS, S.A.	**38,005,689**	**38.00%**	**38.87%**
Carlos Manuel Marques Martins*	2,768,547	2.77%	2.83%
Jorge Alberto Marques Martins*	2,430,260	2.43%	2.48%
Total attributable to I'M – SGPS, S.A.	**43,204,496**	**43.20%**	**44.18%**
Mota-Engil, SGPS, S.A.	37,500,000	37.50%	38.35%
Mário Nuno dos Santos Ferreira	2,060,000	2.06%	2.11%

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 29-G.1.C OF THE PORTUGUESE SECURITIES CODE

Dear Shareholders,

Pursuant to the terms set forth in Article no. 245.1.c of the Portuguese Securities Code (in force on 31 December 2021), cuurently article no. 29-G.1.c of the Portuguese Securities Code (after the entry in force on 31 January 2022 of Law no. 99-A/2021), we hereby inform you that, to the best of our knowledge:

(i) the information contained in the consolidated management report faithfully reports the evolution of trading, the performance and the position of Martifer, SGPS, SA and the companies in its consolidation perimeter and contains a description of the main risks and uncertainties that it faces; and

(ii) the information contained in the separate and consolidated financial statements, as well as in their annexes, was prepared in accordance with the applicable accounting standards, i.e. in accordance with the international financial reporting standards ("IFRS") as adopted in the European Union, giving a true and fair picture of the financial position, financial performance and cash flows of Martifer, SGPS, SA, a publicly-traded company, and of the companies included in its consolidation perimeter.

Oliveira de Frades, 27 April 2022

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)

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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)

CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

MARTIFER GROUP

11 | CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIODS ENDED ON 31 DECEMBER 2021 AND 2020

€	NOTES	FY 2021	FY 2020
Sales and services rendered	3, 4	209,321,019	226,121,546
Other operating income	5	19,386,923	23,132,718
Cost of goods sold	6	(44,192,816)	(70,964,787)
Subcontractors	7	(73,074,114)	(70,765,306)
External services and supplies	8	(36,725,937)	(30,354,904)
Staff costs	9	(38,522,085)	(36,738,171)
Impairment losses on financial assets	24, 25	244,484	3,265,548
Other operating expenses	10	(10,636,122)	(24,327,072)
	3	**25,801,352**	**19,369,572**
Amortisations	3, 18, 19, 20	(5,529,115)	(6,006,771)
Provisions	3, 11, 35	154,868	(551,291)
Impairment losses on non-financial and non-current assets	3, 11	(2,187,191)	222,415
	3	**18,239,914**	**13,033,925**
Financial income	12	415,278	2,407,918
Financial expenses	12	(6,404,856)	(7,802,665)
Gains / (losses) on associate companies and joint arrangements	3, 13	1,857,955	248,900
Net monetary gain / (loss)	43	319,252	207,623
Profit before tax		**14,427,543**	**8,095,701**
Income tax	14	(1,761,717)	(1,411,517)
Profit for the year	**3**	**12,665,826**	**6,684,184**
Attributable to:			
non-controlling interests	31	1,398,941	385,981
owners of Martifer	16	11,266,885	6,298,203
Earnings per share:	16		
Basic and diluted		0.1152	0.0644

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS ENDED ON 31 DECEMBER 2021 AND 2020

€	NOTES	FY 2021	FY 2020
Profit for the year		**12,665,826**	**6,684,184**
Amounts that will be reclassified by results			
Revaluation surplus	21	(137,831)	137,831
Tax effect of the revaluation surplus	21	22,053	(22,053)
		(115,778)	**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		(1,623,726)	904,673
Exchange differences reclassified to income for the year	10	1,803,146	108,770
Adjustments to equity on associate companies and joint arrangements	22	(50,261)	204,381
		129,159	**1,217,824**
Total comprehensive income for the period		**12,679,207**	**8,017,786**
Attributable to:			
non-controlling interests		1,175,924	708,826
owners of Martifer		11,503,283	7,308,960

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

MARTIFER GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ON 31 DECEMBER 2021 AND 2020

€	NOTES	FY 2021	FY 2020
ASSETS			
Non-current assets			
Goodwill	17	10,974,649	10,974,649
Intangible assets	18	495,950	447,059
Tangible fixed assets	19	53,744,720	57,193,053
Right-of-use assets	20	15,443,456	16,111,241
Investment properties	21	21,005,000	21,327,267
Investments in associate companies and joint arrangements	3, 22	6,198,821	4,203,938
Financial assets at fair value through profit or loss	23	2,490,507	3,171,389
Trade receivables and other receivables	25	5,661,824	8,685,115
Deferred tax assets	14	5,891,114	5,924,735
		121,906,041	**128,038,446**
Current assets			
Inventories	24	12,343,449	8,973,088
Financial assets at fair value through profit or loss	13	2,375,323	1,300,398
Trade receivables and other receivables	25	52,578,542	27,081,768
Contract Assets	27	8,812,836	25,356,596
Prepayments	24	9,379,526	10,168,655
Income tax	14, 26	1,264,254	547,916
Current tax assets	26	3,853,822	9,187,679
Other current assets	28	6,421,116	13,005,351
Cash and cash equivalents	29	41,011,467	43,797,581
		138,040,335	**139,419,032**
Non-current assets held for sale	19, 30	-	2,242,712
Total assets	**3**	**259,946,376**	**269,700,190**
EQUITY			
Shared capital	31	50,000,000	50,000,000
Own shares	31	(2,868,519)	(2,868,519)
Reserves and Retained Earnings	31	(39,746,688)	(46,042,457)
Profit for the year	31	11,266,885	6,298,203
Equity attributable to owners of Martifer		**18,651,678**	**7,387,227**
Non-controlling interests	31	(335,337)	(1,544,289)
Total equity	**31**	**18,316,341**	**5,842,938**
LIABILITIES			
Non-current liabilities			
Loans	32	107,099,309	117,529,482
Lease liabilities	33	20,175,726	20,464,474
Trade payables and Other payables	34	2,085,737	2,676,527
Provisions	35	3,378,570	4,795,655
Other non-current liabilities	39	2,235,359	2,972,718
Deferred tax liabilities	14	2,636,534	2,707,641
		137,611,235	**151,146,497**
Current liabilities			
Loans	32	3,494,217	2,526,860
Lease liabilities	33	917,006	624,513
Trade payables and Other payables	34	41,975,796	51,345,919
Contract Liabilities	38	38,702,433	39,558,639
Income tax	14, 37	2,357,908	1,236,422
Current tax liabilities	37	2,721,667	3,443,213
Other current liabilities	39	13,849,773	13,975,189
		104,018,800	**112,710,755**
Total liabilities	**3**	**241,630,035**	**263,857,252**
Total equity and liabilities		**259,946,376**	**269,700,190**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED ON 31 DECEMBER 2021 AND 2020

€	NOTES	SHARE 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 1 January 2020		50,000,000	(2,868,519)	-	(30,357,329)	(32,765,185)	23,546,244	7,555,211	(38,953,345)	(31,398,134)
Appropriation of the profit of 2019		-	-	-	-	23,546,244	(23,546,244)	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	6,298,203	6,298,203	385,981	6,684,184
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries		-	-	-	775,077	-	-	775,077	322,845	1,097,922
Exchange differences arising on goodwill		-	-	-	(84,479)	-	-	(84,479)	-	(84,479)
Equity method application effect		-	-	-	-	204,381	-	204,381	-	204,381
Revaluation surplus, net of tax		-	-	115,778	-	-	-	115,778	-	115,778
Total comprehensive income for the year		**-**	**-**	**115,778**	**690,598**	**204,381**	**6,298,203**	**7,308,960**	**708,826**	**8,017,786**
Loss coverage		-	-	-	-	24,654,706	-	24,654,706	1,114,572	25,769,278
Hyperinflationary restatement		-	-	-	-	(118,807)	-	(118,807)	-	(118,807)
Other changes in equity of parent company and subsidiaries		-	-	-	-	950,872	-	950,872	(157,757)	793,115
Changes in the consolidation perimeter		-	-	-	-	6,278,419	-	6,278,419	1,281	6,279,700
Non-controlling interests transactions		-	-	-	-	(39,242,134)	-	(39,242,134)	35,742,134	(3,500,000)
Balance on 31 December 2020		**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**
Balance on 1 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		-	-	-	-	(50,261)	-	(50,261)	-	(50,261)
Revaluation surplus, net of tax		-								
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 31 December 2021		**50,000,000**	**(2,868,519)**	**-**	**(30,473,376)**	**(9,273,312)**	**11,266,885**	**18,651,678**	**(335,337)**	**18,316,341**

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED ON 31 DECEMBER 2021 AND 2020

€	NOTES	FY 2021	FY 2020
OPERATING ACTIVITIES			
Receipts from customers		209,152,135	232,917,702
Payments to suppliers		(177,538,858)	(203,754,619)
Payments to employees		(27,478,537)	(25,688,164)
Cash generated from operations		**4,134,740**	**3,474,919**
Income tax paid / received		(2,019,210)	(1,116,108)
Other receipts/(payments) relating to operating activities	44	4,006,923	8,240,358
Cash generated from other operating activities		**1,987,713**	**7,124,250**
Net cash generated by operating activities (1)		**6,122,453**	**10,599,169**
INVESTING ACTIVITIES			
Receipts arising from:			
Financial assets	44	1,723,394	7,372,455
Tangible fixed assets	5	4,873,013	80,963
Interest and similar income		466,415	483,649
Others		-	228,282
		7,062,822	**8,165,349**
Payments arising from:			
Financial assets	44	(2,000)	131,132
Tangible fixed assets		(1,798,738)	(1,753,159)
Intangible assets		-	(7,335)
Others		(135,011)	(131,700)
		(1,935,749)	**(1,761,062)**
Net cash generated by investing activities (2)		**5,127,073**	**6,404,287**
FINANCING ACTIVITIES			
Receipts arising from:			
Loans	32	55,275	1,631,965
Others		1,188	-
		56,463	**1,631,965**
Payments arising from:			
Loans	32	(10,208,969)	(2,776,254)
Lease liabilities		(1,115,149)	(3,031,919)
Interest and similar costs		(2,565,715)	(2,345,694)
Lease interest		(616,906)	(620,507)
Others		(92,912)	(129,056)
		(14,599,651)	**(8,903,430)**
Net cash generated by financing activities (3)		**(14,543,188)**	**(7,271,465)**
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)		(3,293,662)	9,731,991
Changes in the consolidation perimeter and others		118,235	380,276
Effect of foreign exchange currencies		389,313	(1,319,126)
Cash and cash equivalents at the beginning of the period	29	43,797,581	35,004,440
Cash and cash equivalents at the end of the period	29	41,011,467	43,797,581

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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0. INTRODUCTORY NOTE

Martifer SGPS, SA, with head office in Zona Industrial, Apartado 17, Oliveira de Frades, Portugal ('Martifer SGPS' or 'Company'), and its subsidiaries ('Group') have as their main activities Metallic Constructions (metallic structures, aluminium and glass façades, infrastructures 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 Martifer Group held in Martifer - Construções, S.A., a subsidiary incorporated in 1990, and which at the time was the parent company of the current Martifer Group. Martifer SGPS is the holding company of Martifer 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.

On 31 December 2021, 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 expressed in Euro (rounded to the unit unless otherwise indicated.

1. BASIS OF PREPARATION AND CONSOLIDATION, AND ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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 2021. 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") that 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 assumption of continuity of operations.

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. 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 is considered appropriate to use the assumption of continuity of operations 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 property) and certain financial instruments, which are recorded at fair value.

The accounting policies and mensuration criteria adopted by the Group in the 2021 financial period are consistent with those applied by the Group in the preparation of the financial statements of the previous financial period, presented for comparative purposes, except in respect of the standards and interpretations entering into force on or after 1 January 2021, the adoption of which has not had a significant impact on the Group's comprehensive income or on the Group's financial position.

Changes to effective standards on 1 January 2021 and 1 April 2021:

	EFFECTIVE DATE
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) - Interest rate benchmark reform – Phase 2	01/01/2021
Proposed Amendments to IFRS 16 Leases: Covid-19 -Related Rent Concessions beyond 30 June 2021	01/04/2021
IFRS 4 (amendment) - Insurance contracts – Extension of the Temporary Exemption from Applying IFRS 9	01/01/2021

Amendment to standards IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2, the interest rate benchmark reform (IBOR Reform). Corresponds to additional amendments to Standards IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, related to the second phase of the Interest Rate Benchmark Reform project (known as "IBOR reform"), relating to changes in reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosure. The adoption of this amendment did not cause significant changes in the presented consolidated financial statements.

Amendment to Standard IFRS 16-Leases - "Covid-19-Related Rent Concessions beyond 30 June 2021". This amendment extends the application until 30 June 2022 of the optional practical expedient by which lessees are exempted from analysing whether rent concessions until that date, typically suspensions or reductions in rent related to the "COVID-19" pandemic, correspond to contractual modifications. The adoption of this amendment did not cause significant changes in the presented consolidated financial statements.

Amendment to Standard IFRS 4 Insurance Contracts - deferral of IFRS 9. This corresponds to the amendment to standard IFRS 4 that extends the deferral of the application of IFRS 9 for financial periods beginning on or after 1 January 2023. The adoption of this amendment did not cause significant changes in the presented consolidated financial statements.

(New) standards (and amendments) which become effective on or after 1 January 2022, already endorsed by the EU:

	EFFECTIVE DATE
IFRS 3, IAS 16, IAS 37 (amendment)	01/01/2022
Annual improvements 2018-2020	01/01/2022
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	01/01/2023
Amendment to IAS 12 Income Taxes – Deferred Taxes	01/01/2023
IFRS 17 – Insurance contracts	01/01/2023

Amendment to Standards IFRS 3, IAS 16, IAS 37 (effective for annual periods beginning on or after 1 January 2022). These amendments correspond to a set of updates to the various mentioned standards, namely: - IFRS 3 – update the reference to the 2018 conceptual framework; additional requirements for analysing obligations under Standard IAS 37 or IFRIC 21 at the date of acquisition; and explicit clarification that contingent assets are not recorded in a business combination; - IAS 16 – prohibition of deducting the cost of a tangible asset from revenue related to the sale of products before the asset is available for use; - IAS 37 - clarification that costs of performance of a contract correspond to costs directly related to the contract.

Annual improvements 2018-2020 (effective for annual periods starting on or after 1 January 2022). They essentially correspond to amendments to 4 standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

IFRS 17- Insurance Contracts (effective for financial periods beginning on or after 1 January 2023). This standard lays down, for insurance contracts within its scope, the principles for their recognition, calculation, 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 monetary amounts in financial statements that are subject to measurement uncertainty.

Amendments to Standard 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 tax does not apply in transactions that produce equal amounts of taxable and deductible temporary differences.

To this date, no significant impacts are expected resulting from the adoption of the standards and amendments referred to above.

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(New) standards (and amendments) that become effective on or after 1 January 2023, not yet endorsed by the EU

	EFFECTIVE DATE
IAS 1 (amendment) - Presentation of financial statements - Classification of liabilities as current or non-current	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 IFRS 17 - Insurance contracts - initial application of IFRS 17 and IFRS 9 - comparative information	01/01/2023

Amendment to IAS 1 - Presentation of financial statements – Classification of liabilities as current and non-current (to be applied in financial periods beginning on or after 1 January 2023). This amendment is still subject to the process of endorsement by the European Union. This amendment published by IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date.

Amendments 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). These amendments are still subject to approval by the European Union. This amendment, published by IASB in February 2021, clarifies that material accounting policies, rather than significant accounting policies, should be disclosed, and it introduced examples for identifying a material accounting policy.

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). These amendments are still subject to approval by the European Union. This amendment, published by IASB in December 2021, introduces changes in comparative information to be presented when an entity simultaneously adopts IFRS 17 and IFRS 9.

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

The consolidated financial statements were presented in Euro since it is the main currency of the Group's operations. The financial statements of subsidiaries in foreign currency were converted into Euro in accordance with the accounting policies described in Note 1.4.xiv.

In the preparation of the consolidated financial statements, in accordance with IFRS, the Group's Board of Directors adopted certain assumptions and estimates that can affect the assets and liabilities reported, as well as the profits and losses incurred in the reported periods (Note 1.4.xxv). All the Board of Directors' estimates and assumptions were made, taking into consideration the best knowledge available at the financial statements' approval date, based on the information available at that time.

Given the current context resulting from the COVID-19 pandemic and the geopolitical situation created by the war in Ukraine, the Board of Directors has analysed the current situation and future perspectives taking into account all the uncertainty that exists to assess the Company's ability to operate in continuity, the ability of assets to recover in the medium and long term and the record of liabilities and commitments at their fair value. The Board concluded that the Group has adequate resources to maintain the activities and that the financial position adequately presents the Group's situation in the current context, according to the information it possesses.

1.2 COMPARABILITY OF INFORMATION

The consolidated financial statements of Martifer Group on 31 December 2021 were prepared in accordance with the accounting policies and calculation methods similar to those presented in the 2020 Consolidated financial statements.

1.3 BASIS 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 annexed consolidated financial statements by the full consolidation method. The Group controls an investee when it is exposed, or it is the holder of rights concerning variable results through its relationship with the investee, and it 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 participation of third parties in them, are presented in the consolidated financial position statement (under the heading 'own capital - non-controlling interests') and on the consolidated profit and loss statement (included in the consolidated 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 the difference of positive acquisition of the asset (*Goodwill*, or to be added to the respective item, which originated the difference, when identified) and in case there is a negative acquisition of the asset (*Badwill*), after reconfirmation of the process of recovery of the fair value, and in case this is maintained, in the profit and loss 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 the combinations of business activities 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 less than the fair value of the net assets of the acquired subsidiary, the difference is directly recognised in the income statement of the period under 'Other operating income'. The transaction costs relating to business combinations that occurred after this date are recognised in expense when incurred.

Transactions in the sale or acquisition of shareholdings in 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 determined difference between the value of the transaction and the book value of the transacted shareholding 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 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 headings '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 with specific purposes, even if they do not have capital holdings in these entities, they are consolidated by the full consolidation method. On 31 December 2021 and 2020, there were no entities in this situation.

b) Associate Companies and jointly controlled Companies

Investments in associate companies (companies where the Group holds a significant influence but does not have control of them through the participation in making financial and operating policies 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 under the equity method under the heading 'Investments in associate companies and jointly controlled companies'.

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

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

An evaluation of the investments in associate companies and in jointly controlled companies is carried out when there are signs that the asset may be impaired. In that case, a loss is registered in the P&L statement.

When the proportion of the Group in the accumulated losses of the associate or jointly controlled company exceeds the value at which the investment is registered, the investment is reported by null value while the equity of the associate or jointly controlled company is not positive, except when the Group made commitments to the entity, registering in such cases a provision under the heading of Liabilities 'Provisions' to meet those obligations.

The unrealised gains on transactions with associate companies and jointly controlled companies are eliminated, in proportion to the interest of the Group in them, in return for the investment in these entities. The 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 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 associate 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 heading 'Goodwill' (in the case of investments in Group companies) or the value of the investment in associate companies and jointly controlled entities (in the case of investments in associate companies and jointly controlled entities).

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

The value of Goodwill is not amortised, being annually tested, at the end of each financial year, to check if there are any impairment losses, i.e., if Goodwill is not recorded by a superior value than its recoverable amount. Impairment losses of Goodwill, verified in the financial period, are recorded in the P&L statement under the heading 'impairment losses on non-financial assets'. The recoverable amount 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, minus 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 amount is estimated for each asset individually or, if it is not possible, for the cash-generating unit to which the asset belongs.

Impairment losses relating to *Goodwill* may not be reverted.

Goodwill resulting from investments in Group companies (jointly controlled entities and associate companies 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 these companies and converted into the reporting currency of the Group (Euro) at the exchange rate prevailing on the date of the financial position statement. 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 during 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 lowest of their book value, or their fair value, minus the expenses with their alienation, and, in the case of fixed assets affected to the operating unit held for sale, the depreciation is interrupted during that period.

iii) Intangible assets

Intangible assets are recorded at acquisition cost, minus amortisation and any accumulated 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, and they are amortised by the straight-line method over a period of three years, as well as the expenses incurred with obtaining licenses to operate wind farms, which are amortised according to the period of the granted licenses (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 wind farms; and
- the expenditure related to the stage of licensing of wind farms is reliably measured.

The expenses incurred by the Group during the research phase of wind farms are recognised in the income statement at the moment in which they are incurred.

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

The intangible assets identified in the acquisition of a subsidiary are recorded separately from the heading '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 from the acquisition of a subsidiary are recorded at acquisition cost, minus amortisation and any accumulated impairment losses, in the same way as the 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 depreciation and accumulated impairment losses.

The Group did not register 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 ascribed on a systematic basis over the estimated useful lives of the assets, and land is not depreciable.

The ongoing tangible assets represent assets still in the construction/development phase, and they are recorded at acquisition cost minus accumulated impairment losses. These tangible assets are depreciated from the moment in which the underlying assets are available for use and are in the necessary conditions in terms of technical quality and reliability to operate. Depreciation is ascribed on a systematic basis by the straight-line method over its useful life, which is determined taking into account the expected usage of the asset by the Group, the expected natural wear and tear and the fact that it is subject to 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 costs that neither increase the useful life nor create significant improvements in tangible fixed assets are recognised as costs in the year in which they are incurred.

v) Leases

Recognition

At the start date of each contract, the Group evaluates 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 a price.

To determine whether a contract grants the right to control the use of an identifiable asset for a given period of time, the Group evaluates whether, during the period of use of the asset, it cumulatively has: (i) the right to obtain substantially all 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 an asset under the right of use and a lease liability on the date of entry into force of the lease. The asset under the right of use 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, in addition to any initial direct incurred costs, as well as an estimate of the costs of dismantling and removal of the underlying asset (if applicable), less any incentive granted.

The lease liability is initially recognised by the present value of the rent 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, consider 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) minus any incentives already received;
- variable lease payments, dependent on a certain rate or index;
- amounts due under a guarantee of the residual value;
- the exercise price of the purchase option if it is reasonably certain that the lessee exercises the option;
- payment of penalties for termination of the contract if it is reasonably certain that the lessee cancels the contract.

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

The lease liability is calculated at the amortised cost using the effective interest method. It is recalculated 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 guarantee of residual value occurs, or if the Group changes its assessment on the option to exercise the purchase, its extension or termination.

When the lease liability is recalculated, the value of the asset under the right of use is also adjusted accordingly, or a profit or loss is recorded in the profit and loss statement if the carrying amount of the asset under the right of use 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 with undue rents on lease contracts, discounting 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 assets under the right of use and lease liabilities under properly segregated items in the statement of financial position.

Short-term financial leases or low-value asset leases

The Group does not recognise lease contracts of a duration of less than 12 months or low-value leases as assets under the right of use or lease liabilities. The Group recognises expenditure associated with these leases as a cost of the financial period during the period of life 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 nor the asset under the right of use. Such payments are recognised as expenses in the period in which the event or condition giving rise to payments occurs.

Depreciation

The asset under the right of use is depreciated using the linear depreciation method, based on the lowest between the useful life of the asset under the right of use or the end of the lease term. The estimated useful life of assets under the right of use is determined on the same basis as for other tangible assets.

Impairments

The asset under the right of use is periodically reduced by impairment losses and adjusted by certain variations in the obligation for leases associated with the asset.

vi) Investment Properties

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

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 recognition of changes in fair value in the results for the year in which they occur.

The expenses incurred (maintenance, repairs, insurance and taxes on properties), as well as revenues and rents obtained with the investment properties, are recognised in the income statement for the year to which they relate.

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

vi) 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 the issue of financial assets and liabilities (which are not financial assets or liabilities calculated at fair value through results) are added to or deducted from the fair value of the asset or financial liability, as the case may be, on initial recognition.

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

vii.1) Financial assets

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

All recognised financial assets are subsequently calculated 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 and receivables instruments

Debt instruments of fixed income and receivables that comply with the following conditions are measured subsequently at amortised cost:

(i) the financial asset is held taking into account a business model whose goal is to keep it in order 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 capital and interest on the amount of capital in debt.

The effective interest rate method calculates the amortised cost of a financial instrument and allocates 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 discounts exactly 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 in 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 in the initial recognition deducted from capital repayments, plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted in any possible impairment losses.

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

Debt instruments and receivables that comply with the following conditions are subsequently calculated at fair value through other comprehensive income:

(i) the financial asset is held taking into account a business model whose objective foresees the receipt of its contractual cash flows and its divestiture; and
(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of capital and interest on the amount of capital in debt.

(b) Capital instruments designated at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable choice (financial instrument by financial instrument) 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 combination of business activities.

An equity instrument is held for trading, if:

i) it is purchased mainly with the purpose of sale in the short term;
(ii) on initial recognition, it is part of a portfolio of identified financial instruments that Martifer administers together, and in 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 assigned to a hedging operation).

Investments in equity instruments recognised at fair value through other comprehensive income are measured initially at their fair value plus transaction costs. Subsequently, they are measured at their fair value with gains and losses arising from their variation recognised in other comprehensive income. At the moment of their sale, the accumulated gain or loss generated with these financial instruments is not reclassified for the consolidated income statement but transferred only to the item '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 assigned/determined unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the consolidated statement of results under the item 'Income and financial gains'.

c) Financial assets at fair value through profit and loss

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

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

d) Green certificates

Green Certificates are instruments that approve the production of a given amount of electricity from renewable energy sources.

In Romania, until 2017, green certificates of two types were attributed: green certificates that could be traded until the end date of the Romanian renewable incentive scheme, which is by 2032, and suspended green certificates (which could be traded between 2018 and 2025). Since 2018, only one green certificate for each MW produced has been awarded to Martifer Renewables, and they are traded on the free market.

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

When the certificates are received, the company recognises an asset in 'Financial assets at fair value through results' (current or non-current, depending on the period in which they will be sold) and the corresponding 'Deferred Income'. The revenue is recognised in a P&L caption when the certificates are sold. After initial recognition, the certificates are valued at the transactionable price available to date. At the end of each period, these are evaluated using the fair value at that date, which corresponds to market rates. The resulting difference is recorded under the same heading, "Deferred income". The value of the reversed certificates, for not having been used within the term of validity, shall 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 assets associated with contracts with clients.

The amount of expected impairment losses for the financial assets mentioned above is updated at every reporting date to reflect changes in credit risk that occurred since the initial recognition of the respective financial assets.

The expected impairment losses for credit granted (receivables from clients and other debtors and assets associated with contracts with clients) are estimated using a matrix of uncollectability based on the credit history of the Group's debtors in the last four years, adjusted by specific factors attributable to debtors, as well as by macroeconomic conditions that are estimated for the future. For this purpose, the balances of clients and other debtors were grouped, taking into account 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 impairment losses expected for credit granted for the entire life cycle of receivables from clients and other debtors, as well as for the assets associated with contracts with clients.

In the specific case of concrete situations of overdue balances representing material amounts, the present value of the estimated receivable flows is estimated discounted at the original effective interest rate or based on the interest rate at the date of analysis if the former is not available.

As regards balances receivable from jointly controlled companies and associates, which are not considered part of the financial investment in those companies, the credit impairment is assessed taking into account 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 the 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 the term is less than 12 months, Martifer only assesses the probability of occurrence 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 the initial recognition of the asset. If there hasn't 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-offs Policy

Martifer shall write-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 cancelled financial assets 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 does not transfer or retain 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 an equivalent liability 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 the amount received in the meantime.

In the derecognition of a financial asset calculated 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 alienation of own shares are registered under the item 'Other reserves and retained earnings'.

Financial liabilities

After initial recognition, all financial liabilities are subsequently calculated at amortised cost or fair value through results.

Financial liabilities are recorded at fair value through results when:

(i) the financial liabilities result from a contingent consideration due to a concentration of business activities;
(ii) when the liability is not held for trading; or
(iii) when 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, if 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) if it is a derivative financial instrument (except if it is affected to a hedging operation).

The financial liabilities recorded at fair value through results are measured at fair value with the respective gains or losses arising from their variation recognised in the consolidated income statement, except if they are affected to hedging transactions.

Financial liabilities measured subsequently to amortised cost

The financial liabilities that are not designated for registration at fair value through results are measured subsequently at amortised cost using the effective interest rate method.

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

Types of financial liabilities

Loans in the form of emissions of commercial paper are classified as non-current liabilities when they have a guarantee of placement 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 financial leasing operations, which are initially recorded at their fair value. These financial liabilities are, subsequent to their initial recognition, calculated 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 the substantial modifications in terms of an existing liability, or part of it, with 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 discounted of the 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 discounted cash flows remnant 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 future cash flows after the modification is recognised in the income statement as a gain or loss of the modification, in financial income/expenses.

vii.3) Financial derivatives

The Group uses financial derivatives to manage its financial risks solely as a means of hedging these risks, and financial derivatives are not used for the purpose of speculation. The use of financial derivatives has been duly regulated by the Group.

Financial derivatives are initially recognised at their fair value at the date on which they are contracted, being subsequently recalculated at their fair value at each reporting date. The resulting gain or loss is recognised immediately in the income statement unless the financial derivative 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, the financial derivatives used by the Group are hedging instruments of interest rate and exchange rate mainly associated with obtained loans. 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, hedging is highly effective.

The criteria used by the Group in the initial recognition to classify financial derivatives 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 make 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 changes in value that result from that economic relationship; and
- (iii) The hedging ratio of the hedging relationship is the same that 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 financial derivatives for interest rate and exchange rate hedging are initially recorded at their fair value. Subsequent changes in the fair value of financial derivatives assigned to cash flow hedges, associated with the actual hedging part, are recognised in the consolidated statement of other comprehensive income under the caption “variation, net of taxes, at fair value of financial derivatives of cash flow hedge” and are transferred to results in the same period in which the instrument object of hedging affects the results.

Any potential hedging inefficiencies are recorded under the items "Income and financial gains" and "Expenses and financial losses" of the consolidated income statement of the period.

The accounting of cash flow hedging 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 designation of the hedging relationship. In these cases, the accumulated gain or loss resulting from the hedging instrument should remain recognised separately in equity, being reflected in results in the same period of the recognition in results of gains or losses on the hedged item.

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

Financial derivatives are not compensated in the consolidated financial statements unless the Group has a legal right and the intention to compensate them.

A financial derivative is presented as a non-current asset or non-current liability if its residual maturity term does not exceed 12 months from the report date, and it is not expected that it is materialised or settled within 12 months from the date referred to above. The remaining financial derivatives 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 hierarchy of fair value as defined in IFRS 13 - Fair Value: measurement and disclosure.

In case there isn't an active market, which is the case for certain financial assets and liabilities, assessment techniques which are generally accepted by the market are used based on market assumptions. This is level 2 of the hierarchy of fair value as defined in IFRS 13.

The Group applies evaluation techniques for the unlisted financial instruments, such as derivatives, financial instruments at fair value through results and for financial assets held for sale. The valuation models that are most often used are models of discounted cash flows 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 evaluating 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 hierarchy of fair value 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, current and term bank 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 and for consumption) are valued at the lowest of the average acquisition cost or of the respective market value (estimation of its sale price minus 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.

Impairments are recognised whenever it is estimated that the net realisable value is lower than the book value, and the impairments are recognised in the item 'Other operating expenses' of the consolidated P&L Statement (Note 10).

Inventories allocated to a specific project of the ‘Metallic Constructions’ segment were until 31 December 2020 recorded in “Other current assets – Expenses to be recorded – works in progress” (Note 28) until they were actually consumed in the production process. On 31 December 2020, the value of inventories in this condition amounted to 2,954,067 Euros. On 31 December 2021, these are recorded in "Inventories" in the item 'Raw, subsidiary and consumable materials - works in progress', and the amount is 3,413,026 Euros (Note 24).

x) Accruals and deferrals

Revenue and expenses are recorded in the period to which they relate, regardless of their date of payment or receipt. The differences between the amounts received and paid for and the corresponding revenues and expenses are recorded under the caption '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 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 provides repair and vessel conversion services;

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

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

Nature, performance bonds and moment of recognition of revenue

(i) Metallic Constructions

In these types 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. This way, typically, each construction agreement is 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) as a method of preparation.

Therefore, the Group recognises the results of construction contracts, contract by contract, in accordance with the percentage of completion that results from the method of 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 items assets/ liabilities related to contracts with clients. 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.

In order to cover the expenses to be incurred during the warranty period of the construction contracts, the Group recognises a provision to accommodate such legal obligation, which is calculated taking into account the historical production values and expenses incurred with contracts in the warranty period. Since the quality guarantees 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 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 remnant of it (in particular in the real estate activity), revenue is recognised when the Group transfers the control of the asset to the client (usually at the time of signature of the deed of sales and purchase of the property).

(ii) Shipbuilding

In these types of revenue, the Group executes with public and private entities agreements to render naval 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. This way, generally, each construction contract is 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 revenue being recognised in accordance with the percentage of completion based on the total incurred costs vs total estimated costs (described below).

Therefore, the Group recognises the results of shipbuilding contracts, contract by contract, in accordance with the percentage of completion method (inputs method), which is understood as the relation between the costs incurred in each contract up to a certain date and the sum of these expenses with the estimated expenses to complete it. The differences obtained between the amounts resulting from the application of the degree of completion to the estimated total income and the amounts invoiced so far are accounted for under the item ‘assets/liabilities associated with contracts with customers’. Additionally, the Group's Board of Directors believes that the percentage of completion method is the most appropriate method to apply to measure the stage of fulfilment of 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 a deferred income is recognised in 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 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, in these services, the way revenue is recognised in this type of contract is always when a certain cost is incurred associated with a project. It is possible to recognise revenue in 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 usually amounts to six months for repair services and one year for conversion, this constitutes a component of the contract, and a deferred income is recognised in 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 recognised when the Group is entitled to invoice the services provided.

(v) Sale of Energy

In this business revenue, under the executed agreements, the Group sells, in particular to companies that manage energy networks, the energy that it produces. Thus, each agreement on the sale of energy 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 performance of the Group 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 typology of services performed by the Group, the allocation of the price to the different performance obligations is detailed in the agreements executed with the clients.

Significant financing components

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 receipt, the Group assesses the existence of a significant financing component in the agreement. 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 cost over the estimated financing period. In 2020 and 2021, no significant funding component was identified.

Variable revenue components

For the purpose of determining the total price of the agreement, the Group takes into account 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 the price revisions, given that the calculation formula inherent to its calculation generally comprises some indices of difficult estimation, the associated revenue is only recognised at the moment in which it can be calculated with reliability.

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, submission for recovery of costs incurred (which include, among others, claims) is 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 agreements with clients

Assets associated with agreements with clients 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 method of performance measurement reports and the shipbuilding ones by the percentage of completion method, using the total costs incurred vs total estimated costs as a basis). When the respective invoice is issued, and the right to its receipt is unconditional, the balance of this item is transferred to the item "Trade receivables and other receivables".

Liabilities related to agreements with clients

The liabilities associated with the agreements with clients correspond to pre-payments 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 method of performance measurement reports, in particular, the metallic constructions and shipbuilding contracts in progress, respectively.

Costs associated with the fulfilment of agreements with clients

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

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

Thus, labour costs, costs of material and other indirect costs or other specific costs with the installation, mobilisation and demobilisation of work sites in construction agreements are recognised under this heading.

The costs associated with the fulfilment of agreements with clients are recognised throughout the duration of the construction agreement in operational costs items.

When it is likely that the total expenditure foreseen in the construction agreement exceeds the income defined therein, the expected loss is recognised immediately in the consolidated P&L Statement as a provision for onerous agreements.

xii) Own work capitalised

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 generate future economic benefits; and
- 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 P&L Statement for 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 date of the financial position statement. Costs and revenue, as well as cash flows, are equally translated into Euro at the average foreign exchange rate for the financial period. In addition, some medium- and long-term loans or 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 heading 'currency translation reserves'. At the time of disposal of such foreign entities, the accumulated foreign exchange translation differences are recorded in the P&L 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 Euro using the exchange rates at the closing date of the financial position statement.

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

1 € EQUALS:	CLOSING RATE			AVERAGE RATE		
	FY 2021	FY 2020	EVOLUTION IN %	FY 2021	FY 2020	EVOLUTION IN %
Polish Zloty	4.597	4.560	0.8%	4.565	4.443	2.7%
Romanian New Leu	4.948	4.868	1.6%	4.920	4.838	1.7%
US Dollar	1.133	1.227	-7.7%	1.183	1.142	3.5%
South African Rand	18.063	18.022	0.2%	17.477	18.765	-6.9%
Brazilian Real	6.310	6.374	-1.0%	6.378	5.894	8.2%
Angolan Kwanza	647.887	828.370	-21.8%	762.934	684.027	11.5%
Moroccan Dirham	10.519	10.871	-3.2%	10.624	10.819	-1.8%
Pound Sterling	0.840	0.899	-6.5%	0.860	0.890	-3.4%
Mozambique Metical	71.850	90.620	-20.7%	76.635	78.888	-2.9%
Saudi Riyal	4.264	4.588	-7.1%	4.439	4.277	3.8%
Argentinian Peso	116.371	103.530	12.4%	116.371	103.530	12.4%
Swiss Franc	1.033	1.080	-4.4%	1.081	1.071	1.0%
United Arab Emirates Dirham	4.268	4.505	-5.3%	4.360	4.193	4.0%
Peruvian Nuevo Sol	4.530	4.420	2.5%	4.583	3.993	14.8%

xv) Income Taxes

The Income tax for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated on the basis of 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 on the basis of the balance sheet liability method and refer to temporary differences between the amount 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 evaluated using the tax rates in force, or announced to be in force, at the date of reversal of the temporary differences.

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

Deferred tax liabilities are recognised for all temporary taxable 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 concentration of business activities, and which, at the date of the transaction, do not affect the accounting or tax result. However, with regards to the temporary taxable differences associated with investments in associate companies 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 temporary difference; and (ii) it is probable that the temporary 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 items, not affecting the income statement.

For jurisdictions in which there was no clarification regarding the acceptance as a tax cost of registering asset rights and their subsequent depreciation, of 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 the amount of rent paid is only accepted as tax 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 temporary 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, regarding the application of the tax rules and their recent developments.

The Group, with regard to the measurement of uncertain tax positions, takes into account 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 cost of 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 obtained loans are recognised as an expense in the period 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 financial position statement and are adjusted to reflect the best estimate at that date, taking into consideration all the risks and uncertainties inherent to such estimates. When a provision is determined, taking into account the future cash flows necessary to settle such an obligation, it is recorded at its current value.

The provisions constituted by Martifer Group essentially result from:

a) Construction guarantees

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

b) Onerous contracts

The Group recognises a provision for onerous contracts on the date on which the cost incurred is determined (to comply with the obligation) exceeds the estimated economic benefits. This analysis is carried out on an individual basis.

c) Ongoing legal claims

Provisions for legal claims 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) Associate companies and joint ventures recorded using the equity method

A provision is recognised whenever the subsidiary has negative equity, and it is considered that the Group took responsibility in addition to its participation in the share capital.

xviii) Subsidies granted by the State

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

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

xix) Impairment of assets that are not Goodwill

An impairment assessment is made at the date of each financial position statement whenever an event or change in the 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 amount, an impairment loss is recognised in the P&L statement under the caption 'Impairment losses'. The recoverable amount is the highest between the two: net sale price and value in use. The net sale price is the amount that would be obtained with the sale of the asset in a transaction within reach of the parties involved, minus 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 amount is estimated for each asset individually or, if it 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 P&L 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 and depreciation) if the impairment loss had not been recorded in previous years.

xx) Employee benefits

Benefits granted to current and non-current employees

A liability is recognised for the benefits granted to employees related to salaries, holidays and holiday allowances 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 benefits granted to current employees are measured at the undiscounted amount of the benefits expected to be paid for the services provided.

Recognised liabilities relating to benefits granted to non-current employees are measured at the current value of expected future payments for services rendered by 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 governing bodies. Variable remuneration is recorded in the results of the period to which it relates.

xxi) Classification in the financial position statement

Assets to be realised and liabilities to be settled 12 months after the financial reporting 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 when future economic benefits are probable.

xxiii) Cash Flow Statement

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

The cash flow statement is classified into operating, investment 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 subsidiaries and receipts and payments arising from the purchase and sale of tangible and intangible assets.

The cash flows covered in the financial activities include, in particular, payments and receipts relating to obtained loans, 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 to 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 the periods ended on 31 December 2021 and 2020 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 amortisation/depreciation to be applied and the estimated losses deriving from the replacement of equipment before the end of its useful life due to technological obsolescence is essential to determine the amount of amortisation/depreciation to be recognised in the consolidated P&L statement of each period.

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

b) fair value of investment property (see Note 1.4.vi)

The investment properties are measured at their fair value, which is determined based on assessments made by independent specialised entities and in accordance with generally accepted valuation criteria for the real estate market. These ratings are based on observable market data and require judgment by the evaluator as regards to transaction conditions of each property in the market, which may differ from the results calculated in the future.

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

c) impairment to 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 units that generate cash flows to which Goodwill is assigned is determined on the basis of 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 of 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 used assumptions 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 amount of assets imply a high degree of judgment by the Board in relation to the identification and evaluation 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 of assumptions, is disclosed in Note 19.

f) impairment losses of receivables (see Note 1.4.vii.1)

The impairment losses on receivables are calculated as indicated in Note 1.4.vii.1. Thus, the determination of impairment through the 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 warranties, with the consequent impact on expected future cash flows. On the other hand, expected impairment losses in credit granted are calculated taking into account 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 on accounts receivable is disclosed in Note 1.4 xxix.e and in Note 25.

g) recognition of revenue on projects in progress and warranties (see Note 1.4.xi

The Group recognises the results of construction 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 construction contract refers. The assessment of the degree of performance of each contract is reviewed periodically, taking into consideration 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 profits available for the use of temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The evaluation of deferred tax assets is made by the management at the end of each financial period, taking into account the expected future tax performance (Note 14).

The above estimates were 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 whose functional currency is the currency of a hyperinflationary economy

As a result of high levels of inflation registered in the last 3 years, from 2015 to 2017, 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 the last report for Angola within hyperinflation was on 30 June 2019, and the values of this country are maintained until the restated balance 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.

For Argentina in 2021, the IMF considers that it is still hyperinflationary since in the cumulative period of 3 years ending on 31 December 2021 it still maintains in accumulated terms above 100%.

The financial statements of an entity whose 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 the 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 the following:

2021 PRICE INDEX	
DATE	ARGENTINA
31/12/2017	463.592
31/03/2018	431.275
30/06/2018	401.835
30/09/2018	361.642
31/12/2018	312.248
31/03/2019	285.092
30/06/2019	255.463
30/09/2019	234.099
31/12/2019	205.302
31/03/2020	189.714
30/06/2020	178.121
30/09/2020	166.413
31/12/2020	151.182
31/03/2021	134.882
30/06/2021	119.669
30/09/2021	109.899
31/12/2021	**100.000**

b) Financial Position Statement

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 increase of inflation from the date of the original registration until the report date. When information is not available, an estimate is made based on the exchange rate variations between the reporting currency and the currency of reference.

(iii) Restatement of items of equity: at the beginning of the first period of application of IAS 29, the items of equity, 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 financial position statement. 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) P&L Statement and the 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 items of income and expenses were initially recorded in the financial statements.

(ii) P&L 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 items of income and expenses were initially recorded in the financial statements.

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

(iv) The determination of the rate of inflation to be applied, taking into account the date of registration 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 the 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 of the financial period.

e) Cash Flow Statement

All items in the cash flow statement 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 whose 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 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) Segment 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, coinciding with that in which the Board of Directors conducts business.

xxviii) Earnings per share

The basic result 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 result diluted 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, a characteristic of the financial markets, has a number of risks to which the activities of Martifer Group are exposed, namely price risk, foreign exchange 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 recent years, the evolution of steel and aluminium prices has been marked by the trade war between the USA and China, which has led to the implementation of fees on the import of steel and aluminium from third countries; there has been a sharp rise in the price of steel that has reached values close to historic highs in September 2018. With the beginning of the COVID-19 pandemic in late 2019, prices stabilised at lower values as a result of a sharp decline in steel and aluminium prices as a result of the sharp drop in demand and supply of this commodity as a consequence of the industry shutdown. However, with the recovery of the economy, there has been an increase in demand, combined with a reduction on the supply side as a result of the interruptions in production caused by the pandemic, which increased the prices of these commodities in 2021.

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 are causing 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.

Martifer has sought to mitigate this risk through rigorous planning of raw material purchase, which enabled the achievement of economies of scale in quantity purchased and 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 through the price review mechanism.

The Group is also subject to the risk associated with the variation of energy sale 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 largely accentuated by the war in Ukraine, given Europe's heavy dependence on fossil fuels from Russia.

As a way to control the energy sale price risk, particularly in projects that do not have a regulated tariff, the Group has as its policy the fixing of the sale price of energy on at least an annual basis to mitigate the risk of falling energy sales prices in the profitability of renewable source energy production projects in operation. The upward trend in prices has benefited the fixed price 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 58.3 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 is able to make a natural hedge for this risk.

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 its decarbonisation strategy, whether through renewable source production solutions or through the optimisation of production processes.

b) Foreign exchange risk

Exchange rate risk has a strong interdependence with the other types of risks, with reference to the risk of countries, through the evolution of economies and its impact on inflation and interest rates and credit risk, due to the possibility of currency 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 4 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 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.

In what concerns the operational activity of all subsidiaries, the company strives for transactions to be carried out in their local currency. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currency, thus allowing the local matching of the cash flows and the consequent annulment of exchange 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 level of the risks involved. However, whenever considered appropriate, the Group hires the coverage of exchange rates in order to cover the risk.

The year 2021 was strongly marked by the expectation of economic recovery as a result of the expected control of the COVID-19 pandemic in Europe and the USA, in which the high vaccination rates and the predominance of less aggressive variants of the disease boosted the improvement in the confidence levels of economic agents.

In this context, with the increase in global demand levels combined with the scarcity of some production factors as a result of the breakdown of production chains during the most acute phase of the pandemic, there was increased pressure on inflation rates globally.

This inflationary pressure, combined with an expectation of economic growth, led the ECB and the FED to give the first signs of slowing down their asset buyback programmes. In December 2021, FED even anticipated that it might end the asset buyback programme in March 2022 in order to control inflation levels. This measure represents a sharp reduction in the volume of dollars in circulation and, in parallel, the improvement in the dollar's profitability as a consequence of the increase in interest rates.

However, a moderate appreciation of the dollar was expected, as there are arguments to justify a weaker dollar against the euro; namely, a larger trade deficit and higher budget expenditure in the US lead to a greater depreciation of the dollar and a reduction in the dollar's attractiveness as a refuge asset in a context of less uncertainty regarding the recovery from the pandemic.

The recent invasion of Ukraine by Russia has, however, increased uncertainty as to global economic developments and may change this expectation, namely by making the dollar's role as a refuge asset even more attractive against the euro given the greater geographical proximity of the Euro Zone to the epicentre of the conflict.

The expectation of rising inflation at the same time as the possibility of economic slowdown as a consequence of the conflict will represent a new challenge for Central Banks, which will certainly seek a balance between controlling rising inflation and increasing interest rates with direct impacts on the behaviour of the currency.

In England, the pound, which had been suffering the impacts of Brexit and the pandemic, also underwent severe pressure. However, in 2021 with the recovery of employment and the expectation of rising interest rates, the pound was expected to appreciate against the euro. Given the reduced dependence of the UK economy on Russia, the impact on currency behaviour is expected to be small.

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, both because of their strong dependence on Russia for energy and because of the economic effort undertaken with the wave of refugees streaming into these countries. The expectation of support from the European Union could reduce this pressure.

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

The year 2022 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.

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

The amount of assets and liabilities (in Euro) of the Group, recorded in materially relevant subsidiaries with functional currencies other than the Euro, can be summarised as follows:

	ASSETS		LIABILITIES	
	FY 2021	FY 2020	FY 2021	FY 2020
Romanian New Leu	89,364,696	97,742,570	47,344,310	55,265,724
Polish Zloty	42,235,585	41,402,682	71,984,713	72,970,366
Swiss Franc	229,774	1,045,568	51,427	778,400
Angolan Kwanza	13,228,375	13,833,397	11,467,252	15,218,706
Brazilian Real	2,442,195	1,522,494	1,706,978	1,692,957
Moroccan Dirham	-	146,729	1,362,627	1,517,373
Pound Sterling	9,136,806	12,463,635	6,441,503	12,080,147
Saudi Riyal	3,633,697	4,649,533	4,560,251	2,599,468

The amounts shown include balances of assets and liabilities with Group companies, which are eliminated in the consolidation process.

An analysis of fluctuations in exchange rates that occurred between 2020 and 2021 was done and consequently projected potential reductions that will occur in 2022. Any impacts generated in the Group's consolidated financial statements by the transposition of the financial statements of its subsidiaries, which report in a currency other than the Euro, considering average values of depreciation of the abovementioned exchange rates, may be summarised as follows (amounts in Euro)

	FY 2021			FY 2020		
	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	2%	86,585	(840,408)	2%	(8,270)	(832,879)
Polish Zloty	3%	6,430	892,474	4%	(107,118)	1,214,142
Swiss Franc	1%	965	(1,783)	1%	(116)	(2,645)
Pound Sterling	4%	132,333	(107,812)	3%	20,771	(11,170)
Moroccan Dirham	2%	4,969	27,253	2%	6,723	26,875
Angolan Kwanza	12%	(315,185)	(211,334)	23%	67,371	259,042
Brazilian Real	8%	369	(58,817)	34%	1,234	43,252
Saudi Riyal	4%	120,222	37,062	9%	(660)	(169,271)

c) Interest rate risk

The Interest rate risk reflects the possibility of fluctuations in the amount of future financial fees 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 on a period of less than one year (especially the Euribor 6m) and added risk premiums in a timely manner. Thus, variations 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, consequently causing cash variations.

In 2021, interest rates in the Euro Area remained in negative terrain, and according to information recently released by the European Central Bank (*March 2022 ECB staff macroeconomic projections*), despite the upward trend of interest rates, they should remain in negative territory until the end of 2022. They are expected to enter positive terrain in 2023 but still at rather contained levels for the coming years. The forward rates traded on the market also show this trend (forward rates published by Reuters on 10/03/2022).

It should be noted that the inflationary pressure caused by the war in Ukraine combined with an expected economic slowdown will certainly force Central Banks, namely the ECB, to review some of the policies they had defined for the year 2022, namely the end of the asset repurchase programme, in order to balance the effort that the war will cause on European economies.

Martifer Group's exposure to interest rate risk is currently moderate, not only by the expected maintenance of reference interest rates at still low levels but also as a consequence of the restructuring agreements signed with banks in 2015, which enabled the temporal stability of the spreads at very competitive levels.

A sensitivity analysis on the variation of more or less 0.5 p.p. in the interest rate is presented in Note 32 - Loans.

d) Liquidity Risk

Liquidity risk reflects the Group’s ability to satisfy its financial responsibilities 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 responsibilities and to pursue the outlined strategies, honouring all commitments made with third parties through appropriate management of the cost vs maturity ratio of the financing.

Currently, the Group maintains the levels of the adequacy of the maturity of the debt to the degree of permanence of its long-term assets, allowing the cash surpluses to be sufficient to comply with its responsibilities as a result of the implementation of the Group’s Strategic Plan.

Thus, given the medium/long-term nature of the investments that were made, the debt service shall accompany the maturity of the associated assets, not jeopardising the commitment deriving from its short-term operational activity in pursuit of the objective of the Group to match the maturity of the inflows of the operational activity and of the investment/divestment to the outflows of the financing activity.

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

The COVID-19 pandemic continued to pose a liquidity risk to companies in 2021. The paralysis of a significant part of the economic activity as a result of measures to contain the pandemic's progress, with consequences in terms of company payments and receipts that may be felt during 2022, particularly by the most affected sectors.

European governments have put in place a number of measures to support the liquidity of companies. In Portugal, the credit moratorium regime to which Martifer adhered in the Metallic Constructions segment should be highlighted, allowing the company to overcome possible treasury gaps caused by the delays imposed by the measures to fight the pandemic, namely lockdowns and circulation limitations.

It should be noted that, in the ‘Metallic Constructions’ segment, given that Martifer’s main clients do not operate in the sectors most affected by the crisis, the liquidity risk for the Group was not increased by the effect of the pandemic. In the 'Naval Industry' segment, given that the main client in the construction area is currently a Group that operates in the tourism sector, one of the sectors most affected by the pandemic, the liquidity risk is more significant. On 31 December 2021, the balance due with this client amounted to 29.1 million Euros (to which must be added values recognised with works in progress in contract assets with customers of 3.7 million Euros and liabilities of contracts with customers of 10.7 million Euros), and there is an informal payment agreement that provides for the settlement of the entire debt during 2022, with most of the amount to be settled during the first half of the year. Until the date of this report, the agreement has been honoured, with the sum of 7.2 million Euros having been settled. It should also be noted that the vessels that are at the origin of the debt are under construction in West Sea's shipyard and serve as a guarantee for that debt.

By 2022, a strong recovery is already expected in the tourism sector, especially in Portugal, which will benefit not only from the fact that it managed to control the pandemic through high vaccination rates, but also from its geographical location far from the epicentre of the conflict in Ukraine.

In 2022, several notices are expected under the Recovery and Resilience Plan that will allow the injection of liquidity into the economy and support investments in companies that, among others, will privilege the decarbonisation and energy dependence of companies and the modernisation/innovation in processes and that may also represent good business opportunities for Martifer Group.

As a result of the previously mentioned measures, it appears that on 31 December 2021, the Current Assets largely surpassed the Current Liabilities. Therefore, the liquidity risk is quite reduced, given Martifer's capacity to transform its current assets into liquidity.

The table below analyses the Group's financial liabilities according to relevant maturity groups based on the remaining period up until the contractual maturity at the date of the financial reporting. The amounts shown in the table are future cash flows contractualised but not discounted:

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**
FY 2020	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Financial institutions loans:			
- Bank loans	2,287,635	20,262,716	96,488,851
- Authorised overdrafts	132,791	-	-
- Interest estimated to maturity, not discounted	3,092,987	10,760,149	5,119,760
Other loans	106,434	616,596	161,320
Trade Creditors and Other Creditors, non-Group	51,345,919	2,651,527	-
	56,965,766	**34,290,987**	**101,769,931**

In what concerns payments via confirming, priority is given to labour suppliers, allowing to gain deadlines and, at the same time, providing liquidity to the respective suppliers. The ceiling is managed so as to use 500,000 Euros/month of the confirming line contracted with a ceiling of 3 million Euros, and the amount used on 31 December 2021 amounted to 2,332,955 Euros (2,659,523 Euros on 31 December 2020). Cash flow is only recognised at the moment when the payment of the amount to the financial entity occurs.

On 31 December 2021, Martifer Group's Liquidity Reserve was 41,678,512 Euros, which corresponds to the sum of the cash and cash equivalents balance and the unused ceiling 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 spectre of 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 obligation of banks in the interbank market and may constitute a greater incentive to save and consequently to increase the remuneration of deposits.

The spectre of uncertainty caused by the current geopolitical situation may lead to a more careful selection of 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 whose 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 is to ensure effective collection of credits within the established deadlines in order to minimise the exposure to each of the clients.

With this objective in mind, the Group uses financial information and credit assessment agencies and performs regular risk analysis and credit control, as well as collection and management of litigation processes. These are essential procedures to manage 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, and its ability to meet agreed commitments might be affected if the recovery in the tourism sector is slower than expected. The Group maintains regular contact with this client and is following the evolution of the situation in order to minimise credit risk. In the year 2022, given the previously mentioned expectation of recovery in the tourism sector, this risk is expected to be minimised throughout the year.

In order to assess whether there was a significant increase in credit risk, the Group takes into account, among others, the following indicators:

- Internal credit risk;

- External credit risk (if available);

- Current or expected adverse changes in the debtor's operating results;

- Meaningful increases in the credit risk of other financial instruments of the debtor;

- Significant changes in the value of collaterals on the responsibilities or the quality of guarantees to third parties;

- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment conditions to 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 overdue more than 90 days from the contractual date of payment. Default is considered when the debtor does not comply with the contractual payments up to 360 days from the date of expiration of the invoices.

The Group applies the simplified approach to calculate and record the estimated credit losses as required by IFRS 9, which allows the use of impairments for estimated losses for all balances for "Clients" and "Other debtors". In the calculation of estimated credit losses, the balances of "Clients", "Other debtors" and "Assets associated with the contracts with clients" are aggregated on the basis of credit risk characteristics and seniority. A risk matrix is applied to the balances in question, calculated as explained in Note 1.4.vii.1 and impairments are calculated for estimated losses. Additionally, impairments recognised under IFRS 9 are also considered specific impairments for higher risk values. This analysis is done individually by each of the Group's companies.

In 2021 and 2020, the risk matrix, excluding debtors for which a specific analysis was carried out, with estimated average loss rates (excluding companies that ascertained immaterial rates) by geography was as follows:

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%**

FY 2020 - GEOGRAPHY	NOT DUE	PAST DUE			
		UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Portugal	1.16%	1.71%	7.45%	10.50%	33.27%
Angola	12.69%	14.92%	23.50%	34.42%	77.69%
Saudi Arabia	0.38%	0.41%	1.77%	2.69%	11.02%
Romania	0.76%	0.85%	1.94%	3.14%	5.76%
Estimated average rate of impairment	**3.75%**	**4.47%**	**8.66%**	**12.68%**	**31.93%**

The Group's maximum exposure to credit risk is as follows:

	FY 2021	FY 2020
Trade debtors (Note 25)	76,362,618	54,552,240
Other debtors (Note 25)	6,139,257	4,648,804
Other current assets (Note 28)	3,707,356	2,930,056
Cash equivalents (Note 29)	40,968,439	43,750,101
	127,177,670	**105,881,201**

In addition, there is also another asset that is also exposed to credit risk, registered in ‘Customer Contract Assets’ (Note 27), whose amount at the end of 2021 amounted to 8,812,836 Euros (in 2020, it was 25,356,596 Euros). It should also be noted that the increase in the item 'Customers' results mainly from the 'Naval Industry' segment, and its most relevant balance is analysed in Note 1.4.xxix.d.

The rating of financial institutions on the Group's cash equivalents is as follows:

RATING MOODY'S	CASH EQUIVALENTS VALUES	
	FY 2021	FY 2020
Not assigned*	323,046	8,742,494
A+	69,195	-
A1	2,552,039	439,633
A2	755,855	98,928
A3	2,115,785	534,722
AA3	1,667	403,550
B1	20,957,718	-
B3*	5,979,213	-
BA1	58	2,964,440
BAA1	1,008,000	44,527
BAA2	7,205,861	-
BAA3	-	16,921
BAAA1	-	3,731,203
BAAA3	-	6,866,468
CAA1	-	398,403
CAA2	-	19,500,705
CAAA2	-	8,109
	40,968,439	**43,750,101**

*In 'Not attributed' in 2020, 5.6 million Euros are considered from Angolan financial institutions. In 2021, 5.9 million Euros are considered and they are classifies in 'B3'. See Note 29.

Of the abovementioned cash equivalents, 1,357,585 Euros were pledged as collateral. In 2021, they totalled 755,963 Euros and were classified under current 'Financial assets at fair value through profit or loss' (Note 23).

xxx) Management of 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. With regard to the volatility of demand, it shall be noted that the business area depends, in part, on tenders for public infrastructures (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 with regard to 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, subcontracts other companies many times, which in turn may fail in the execution of its contracts and compromise in a domino effect the compliance with the project delivery deadline. 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 terms of external or market risks, since the Metallic Constructions segment is strongly correlated with economic growth and with gross fixed capital formation, it is sensitive to the economic environment. In this sense, the COVID-19 pandemic, with all the negative impacts on the world economy that are known, the uncertainty as to the impacts it will still have and for how long it will last represent a problem for Martifer, despite the measures that many countries are taking to minimise the impact of the crisis are a sign of hope. The conflict in Ukraine and the expected impacts on the growth of the world economy represent another challenge for Martifer. The weak public and private investment and the significant lack of liquidity in the financial system, which often leads to the fact that despite the existence of attractive projects, there is no corresponding capital to allow their execution, can also constitute a risk for Martifer. Martifer's attempt to mitigate these external or market risks has been through the dispersion of 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 the needs of the market and new and innovative projects. 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 causing satisfaction. Based on these issues, there is always the risk of incurring in penalties;
- risk in the fluctuation of the price of raw-material, 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 carried out;
- risk related to the level of competitiveness of ship repair versus 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 personnel for two major reasons: on the one hand, there is not a sufficient number of employees being trained to cater for the needs of West Sea, even though the company is making an internal effort in this direction; on the other hand, the competitive pressure from Spain, more specifically from Galicia and its shipyards that, given the geographical proximity and offering inflated conditions, are capturing a large number of professionals in the region.

c) Renewables

The indices of productivity linked to the renewable energy business depend not only on operational costs, but also on revenues (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 generator 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 turbines in the wind farms, allowing the set-off of wind velocity variations on each farm and ensuring the relative stability of the volume of the total produced energy.

In what concerns solar photovoltaic energy, the exogenous factors are more easily foreseen so that the variation of the revenue ends up being minimised.

LICENSING:

Wind farms and solar parks are subject to strict regulation in terms of development, construction, licensing and operation of power plants. 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.

REGULATION:

Electricity generation from renewable sources has been promoted in Europe through mechanisms of Feed-in Tariffs (in Portugal, in Germany, in Denmark and in France, for example) or through Green Certificate schemes (in Italy, in the United Kingdom, in Romania, in Poland, etc.). These mechanisms allowed the remuneration of producers of renewable energy above the prices of the wholesale market but have resulted, in some countries, in a high cost that has led to legislative changes in the incentive systems for renewable energy. In some cases, such as in Romania, these changes have affected not only the new projects but also the projects in operation, having significantly affected their profitability.

The technological evolution in recent years has allowed a significant reduction of the costs of electricity generation from renewable sources and the majority of the countries implemented an auction system that covers wind and solar energy, such as Poland; thus, ensuring that the price to be paid for the electricity generated by new wind farms and solar parks is aligned with the price of the electricity wholesale market.

xxxi) Management of legal risks

Martifer is subject to national 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 maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may involve the conditions of the Group's activities and, consequently, impair or impede the fulfilment of strategic objectives imply the constant adaptation by the companies to the new regulation reality.

Legal risk management is carried out by the Legal department of the Holding and each of the Group's business areas and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate in dependence of the administration 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 comprising the abovementioned legal and advisory departments have specialised training and regularly participate in training 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 objective of the Group regarding capital management is to maintain an optimal capital structure, through the prudent use of debt, seeking thereby to reduce its cost.

Debt contracting is analysed periodically through the weighting of factors such as financing costs and the investment needs of the operational companies of the Group.

On 31 December 2021, the Group's consolidated Equity was positive by 18.3 million Euros, recording a very significant increase compared to 2020, when it was 5.8 million Euros.

Martifer Group's financial autonomy is as follows:

	FY 2021	FY 2020
Equity	18,316,341	5,842,938
Assets	259,946,376	269,700,190
Financial autonomy	7.0%	2.2%

As regards gross debt (bank loans + other loans), it decreased significantly compared to the previous year, with a reduction of around 9.5 million Euros.

On 31 December 2021, gross debt represented 46% of liabilities (46% on 31 December 2020).

2. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

On 31 December 2021 and 2020, the companies included in the consolidation, their methods of consolidation, as well as their head office and proportion of capital held, are as follows:

COMPANIES CONSOLIDATED BY THE FULL CONSOLIDATION METHOD

				PROPORTION OF CAPITAL HOLDING BY MARTIFER SGPS			FY 2020
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%	100.00%	100.00%
Martifer Aluminium UK Limited	London	United Kingdom	Martifer Aluminium Reino Unido	-	-	-	100.00%
Martifer Construções Sucursal Genebra	Geneva	Switzerland	MTC Sucursal Genebra	-	100.00%	100.00%	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%	100.00%	100.00%
Jubimax Sp. Zo.o.	Gliwice	Poland	Jubimax	-	100.00%	100.00%	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%
Sociedade de Madeiras do Vouga, S.A. 1)	Albergaria-a-Velha	Portugal	Madeiras do Vouga	-	-	-	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%

MARTIFER GROUP

COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	PROPORTION OF CAPITAL HOLDING BY MARTIFER SGPS			FY 2020
				DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Martifer Energia S.R.L.	Bucharest	Romania	Martifer Energia Roménia	-	-	-	100.00%
Martifer Energy Systems PTY	Capetown	South Africa	Martifer Energia África do Sul	-	-	-	85.00%
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%
Martifer Construcciones Peru, S.A.	Lima	Peru	Martifer Peru	-	-	-	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 SA	-	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%
Eviva Agighiol S.R.L.	Bucharest	Romania	Eviva Agighiol	-	-	-	100.00%
Eviva Casimcea S.R.L.	Bucharest	Romania	Eviva Casimcea	-	-	-	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%
PV Sol 7 Sp. z o.o.	Krakow	Poland	PV Sol 7	-	-	-	100.00%
Wind Farm Piastowo Sp. z o.o.	Krakow	Poland	Wind Farm Piastowo	-	100.00%	100.00%	100.00%
Eviva Beteiligungsverwaltungs GmbH	Vienna	Austria	Eviva GmbH	-	100.00%	100.00%	100.00%
Martifer Deutschland GmbH	Berlin	Germany	Martifer Deutschland	-	-	-	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%	100.00%	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%
Martifer Renewables Italy BV	Amsterdam	Netherlands	Renewables Italy Holanda	-	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 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	-	52.00%	52.00%	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%

[1] The change from December 2020 was due to the merger of Sociedade de Madeiras do Vouga, S.A. into Martifer - Construções Metalomecânicas, S.A..

COMPANIES CONSOLIDATED BY THE EQUITY METHOD

The companies consolidated by the equity method, their head offices and the proportion of held capital are as follows:

				PROPORTION OF CAPITAL HOLDING BY MARTIFER SGPS			FY 2020
COMPANY	HEAD OFFICE	COUNTRY	DESIGNATION	DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Construção Metálica							
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 SA	6.00%	42.50%	48.50%	48.50%
Parque Eólico de Vale Grande. S.A.	Lisbon	Portugal	PE Vale Grande	-	48.50%	48.50%	48.50%

During the first half of 2021 and 2020, the changes in the consolidation perimeter were as follows:

CONSTITUTION OF COMPANIES

In 2021:

There was no incorporation of companies.

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Metallic Constructions		
Subsidiary Companies:		
Martifer Construções Sucursal Bélgica	Saint-Josse-ten-Noode	Belgium
Renewables		
Subsidiary Companies:		
PV Sol 7 Sp. z o.o.	Krakow	Poland
Wind Farm Piastowo Sp. z o.o.	Krakow	Poland
Volume Cintilante Unipessoal, Lda	Oliveira de Frades	Portugal
Volumevistoso, Lda	Oliveira de Frades	Portugal

ACQUISITION OF COMPANIES

In 2021:

There was no acquisition of companies.

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Others		
Vetor Diálogo - SGPS, SA	Oliveira de Frades	Portugal

SALE OF COMPANIES

In 2021:

FY 2021	HEAD OFFICE	COUNTRY
Renewables		
Subsidiary Companies:		
PV Sol 7 Sp. z o.o.	Krakow	Poland

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Renewables		
Subsidiary Companies:		
FW Warta Sp. Z.o.o	Krakow	Poland

TERMINATION OF COMPANIES

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

In 2020:

FY 2020	HEAD OFFICE	COUNTRY
Metallic Constructions		
Subsidiary Companies:		
Martifer Energia LLC	Kiev	Ukraine
Promoquatro – Investimentos Imobiliários, Lda.	Oliveira de Frades	Portugal
Others		
Vetor Diálogo - SGPS, SA	Oliveira de Frades	Portugal
Duelobrigatório, S.A.	Oliveira de Frades	Portugal

CHANGE IN THE CONSOLIDATION METHOD

In 2021:

There were no changes in the consolidation method.

In 2020:

Duelobrigatório, S.A. - from equity to full consolidation. This company started to be consolidated by the full consolidation method because Martifer, SGPS, SA acquired 25% of this shareholding from the company Shiningasset, SA. The impact on the net consolidated result was non-existent.

OTHER CHANGES IN THE CONSOLIDATION PERIMETER

In 2021:

Sociedade de Madeiras do Vouga, S.A. In December 2021, the merger of Sociedade de Madeiras do Vouga, S.A. with 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 inexistent.

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 inexistent.

In 2020:

Vetor Diálogo, SGPS, S.A.. In 2020, Martifer SGPS, SA acquired the company Vetor Diálogo, SGPS, S.A., which owns 25% of the company Martifer Metallic Constructions SGPS, SA. With this operation, Martifer SGPS, SA now owns 100% of Martifer Metallic Constructions SGPS, SA and its subsidiaries. This was an operation within the control zone, and the only impact was the consideration of a transaction with interests that they do not control (passing from Equity from Non-Controlling Interests to Group Equity). See also Note 31. Also, in 2020, the company Vetor Diálogo, SGPS, S.A. was liquidated. No impact on the Consolidated Income Statement. This entity was acquired for EUR 3,500,000 based on an evaluation carried out by an independent third party on a date prior to the elimination of its financial debt.

Martifer Alumínios Angola, S.A.. During 2020 it was merged into Martifer Construções Metálicas Angola, SA. The impact of this operation on the net consolidated result was non-existent.

ASSETS AND LIABILITIES OF SUBSIDIARIES WITH LOSS/GAIN OF CONTROL

The assets and liabilities of subsidiaries in which occurred loss of control in 2021 are as follows:

€	ASSETS	Tangible Fixed Assets	Intangible Assets	Right of Use Assets	Financial investments	Trade Debtors and Other Debtors NC	Deferred tax assets	Trade Debtors and Other Debtors NC	Cash and cash equivalents
Martifer Deutschland GmbH	**-**	-	-	-	-	-	-	-	-
Martifer Aluminium UK Limited	**46,821**	-	-	-	-	-	-	29,205	17,615
Martifer Construcciones Peru, S.A.	**-**	-	-	-	-	-	-	-	-
PV Sol 7 Sp. z o.o.	**1,743,948**	1,335,396	-	-	-	-	-	406,556	1,997
Eviva Agighiol S.R.L.	**1,552**	-	-	-	-	-	-	1,551	1
Eviva Casimcea S.R.L.	**2,298**	-	-	-	-	-	-	1,878	420
Martifer Energia S.R.L.[1)]	**-**	-	-	-	-	-	-	-	-
Martifer Energy Systems Pty. Ltd.	**-**	-	-	-	-	-	-	-	-

1) At the date of liquidation, this company no longer had any assets or liabilities, since it had previously passed them to the parent company.

€	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
Martifer Deutschland GmbH[2)]	**41,913,769**	-	41,725,457	-	-	177,652	10,660	-	-
Martifer Aluminium UK Limited	**703**	-	-	-	-	-	-	703	-
Martifer Construcciones Peru, S.A.	**77,457**	-	-	-	-	75,155	2,302	-	-
PV Sol 7 Sp. z o.o.	**1,759,769**	-	1,050,317	-	-	533,477	-	107	175,868
Eviva Agighiol S.R.L.	**1,417,772**	-	-	-	-	924,798	492,975	-	-
Eviva Casimcea S.R.L.	**1,468,126**	-	-	-	-	1,031,373	436,753	-	-
Martifer Energia S.R.L.[1)]	**-**	-	-	-	-	-	-	-	-
Martifer Energy Systems Pty. Ltd.	**241,788**	-	236,637	-	-	-	5,151	-	-

1) At the date of liquidation, this company no longer had any assets or liabilities, since it had previously passed them to the parent company.
2) The amount under the item Suppliers and Other Creditors NC of the company Martifer Deutschland GmbH relates to a liability with a Martifer Group company.

3. OPERATING SEGMENTS

For management purposes, the Group uses its internal organisation as a basis for its reporting of information by operating segments.

The Group is organised in three operating segments: 'Metallic Constructions', 'Naval Industry' and 'Renewables', all of which are coordinated and supported by Martifer SGPS.

The operational segment 'Metallic Constructions' includes the activities of metallic constructions, aluminium and glass façades, infrastructures for oil & gas and industrial maintenance. 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.

Until 2016, the operating segment 'Metallic Constructions' included the naval industry, but given the characteristics of this industry and the weight that it already assumed in the Group's total activity, it became an operational segment in 2017 and started being reported from then on as such. Martifer Metallic Constructions, SGPS, SA remains as the subholding aggregating the operational segments 'Metallic Constructions' and 'Naval Industry'.

The values included in the line 'Other' relate to services rendered by the Holding company.

The accounting policies and valuation criteria used in the preparation of the information by segments were the same as those of the attached consolidated financial statements (Note 1.4 xxvii).

In the periods ended on 31 December 2021 and 2020, sales and services rendered by operating segments can be analysed as follows:

	SALES TO EXTERNAL CUSTOMERS (NOTE 4)		INTERSEGMENT SALES		TOTAL	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Metallic Constructions	108,552,540	101,646,682	1,412,463	1,670,284	109,965,003	103,316,966
Naval Industry	91,062,956	117,899,521	234,845	546,776	91,297,801	118,446,297
Renewables	9,705,523	6,575,344	134,115	1,303	9,839,638	6,576,647
Others	-	-	1,526,382	1,348,139	1,526,382	1,348,139
	209,321,019	**226,121,546**	**3,307,805**	**3,566,501**	**212,628,824**	**229,688,049**
Intersegment eliminations					(3,222,138)	(3,326,582)
Own work capitalised (Note 5)					(85,668)	(239,921)
					209,321,019	**226,121,546**

Sales and services rendered to external clients, by geography of origin and by segment present the following breakdown:

	FY 2021	FY 2020
Portugal		
Metallic Constructions	47,566,363	28,983,366
Naval Industry	91,062,956	117,899,521
Renewables	-	352
Rest of Europe		
Metallic Constructions	48,913,335	63,585,558
Renewables	9,705,522	6,574,992
Other markets		
Metallic Constructions	12,072,843	9,077,757
	209,321,019	**226,121,546**

In 2021 the sales and services rendered registered a decrease of approximately 16.8 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 26.8 million Euros compared to 2020. In the opposite direction, there was an acceleration of activity in some countries in the Metallic Constructions segment, namely in Portugal, Belgium, Angola and Spain, despite a decrease in activity in France, the

United Kingdom and Saudi Arabia. The positive variation of 3 million Euros in the Renewables segment compared to 2020 stems essentially from the increase in the energy selling price in Romania.

In the 'Naval Industry' segment, around 65.6 million Euros of turnover was generated with clients that are part of the same economic Group (93.3 million Euros in 2020), which operates mostly in the tourism sector. At the end of 2021, the outstanding balances with these clients amount to approximately 29.2 million Euros (4 million Euros in 2020) and the outstanding order book to approximately 151.2 million Euros (215.5 million Euros in 2020).

As regards sales and services rendered by country of origin, the main contributions are from Portugal with approximately 138.6 million Euros, France with approximately 16.1 million Euros (31.5 million Euros in 2020) and the United Kingdom with nearly 18.1 million Euros (27.3 million Euros in 2020). 'Other markets' include Angola and Saudi Arabia, with sales and services of 10.8 million Euros (4.7 million Euros in 2020) and 1.2 million Euros (4.4 million Euros in 2020), respectively.

On 31 December 2021 and 2020, operating income, as well as EBITDA and EBIT and Net Income for the year, by operating segments, can be analysed as follows:

	OPERATING PROFIT		EBITDA		EBIT		NET PROFIT FOR THE YEAR	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Metallic Constructions	125,185,871	121,255,672	11,144,944	2,164,275	9,075,880	(1,136,904)	4,443,726	(5,288,940)
Naval Industry	91,661,053	118,850,124	13,550,644	13,044,303	12,476,810	12,056,226	9,106,339	8,582,782
Renewables	13,380,166	11,062,091	1,856,679	4,639,108	(2,560,669)	2,593,644	(2,430,793)	3,848,571
Others	(1,519,149)	(1,913,623)	(750,915)	(478,115)	(752,108)	(479,041)	1,546,555	(458,229)
	228,707,942	**249,254,264**	**25,801,352**	**19,369,572**	**18,239,914**	**13,033,925**	**12,665,826**	**6,684,184**

Note: The definition of EBITDA and EBIT according to APM is available in the Management Report.

In 2021, consolidated EBITDA recorded a positive value of 25.8 million Euros. For that, all operating segments contributed positively: the Naval Industry segment with 13.6 million Euros, the Metallic Constructions segment with 11.1 million Euros and the Renewables segment with 1.9 million Euros. In the 'Naval Industry' segment, despite the decrease in Operating Income, there was an increase in EBITDA as a result of greater optimisation of available resources, which allowed better profitability to be achieved for the projects carried out, and of the adoption of a new policy of after-sales warranties which led to a reduction in deferred income. In the 'Metallic Constructions' segment, EBITDA in 2021 was 11.1 million Euros, showing an improvement of around 9 million Euros compared to 2020. This variation was mainly due to projects in Portugal (manufacturing for export) and Angola with very interesting margins, the operational exchange rate differences in Angola and the accounting gain (2.4 million Euros) obtained with the sale of the Benavente Factory. In the 'Renewables' segment, there was a 2.8 million Euro decrease in EBITDA, for which contributed the positive variation in sales (price effect, mentioned above), the increase in fees supported in Romania (Note 8), the reduction in production and sale of wind power (quantity effect) and the decrease in the sale of green certificates (Romania). Additionally, the fact that in 2020 a wind farm project was sold in Poland (Wind Farm Warta) with a greater gain than the one obtained with the sale in 2021 of a solar project also in Poland (PV Sol7) (Note 5) also contributed to this reduction.

The losses and gains in associate companies, the value in the balance sheet of financial assets in associate companies, as well as the constitution and reversal of provisions and impairment losses by operating segments 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 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Metallic Constructions	-	-	1,573,596	85,112	2,072,497	361,972	-	-
Naval Industry	-	-	-	-	-	-	-	-
Renewables	-	-	284,359	172,586	4,126,324	3,841,965	-	-
Others	-	8,798	-	-	-	-	-	-
	-	**8,798**	**1,857,955**	**257,698**	**6,198,821**	**4,203,938**	**-**	**-**

	PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR		REVERSALS OF PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR	
	FY 2021	FY 2020	FY 2021	FY 2020
Metallic Constructions	154,122	1,385,565	332,072	831,544
Naval Industry	9,218	-	-	18,071
Renewables	2,243,861	71,992	42,806	279,066
	2,407,201	**1,457,557**	**374,878**	**1,128,681**

The investment (acquisition of right of use assets, tangible and intangible fixed-use assets) and the depreciations/ amortisations of the Group by operational segments until 31 December 2021 and 2020 are as follows:

	CAPITAL EXPENDITURES		AMORTISATIONS	
	FY 2021	FY 2020	FY 2021	FY 2020
Metallic Constructions	1,159,360	802,453	2,247,014	2,747,158
Naval Industry	801,320	594,636	1,064,616	1,006,148
Renewables	2,339,433	2,216,435	2,216,293	2,252,539
Others	-	1,507	1,192	926
	4,300,113	**3,615,031**	**5,529,115**	**6,006,771**

It should be noted that the values of the ‘Investment’ column in 2021 and 2020 include the impact of applying IFRS 16 by registering assets under the right of use. Excluding this impact, the total value of the investment in 2021 amounts to around 3.8 million Euros (3.3 million in 2020).

The Group's assets and liabilities by operating segments on 31 December 2021 and 2020 are as follows:

	ASSETS		LIABILITIES	
	FY 2021	FY 2020	FY 2021	FY 2020
Metallic Constructions	148,204,541	153,894,306	169,325,271	191,429,562
Naval Industry	77,089,065	76,946,913	60,683,139	62,147,325
Renewables	52,138,901	62,361,101	26,306,413	33,425,463
Holding	308,166,191	304,375,276	10,296,925	8,052,432
Intra-group eliminations	(325,652,322)	(327,877,408)	(24,981,713)	(31,197,533)
	259,946,376	**269,700,190**	**241,630,035**	**263,857,252**

The Net Financial Debt of the Metallic Constructions segment on 31 December 2021 amounted to 63.9 million Euros, less 9.1 million Euros than on 31 December 2020.

The Renewables area's Net Financial Debt in December 2021 amounted to 12.8 million Euros (11.8 million Euros on 31 December 2020).

The assets held and the investments made by geography can be analysed as follows:

	ASSETS		CAPITAL EXPENDITURES	
	FY 2021	FY 2020	FY 2021	FY 2020
Portugal	149,358,664	149,354,666	1,828,312	1,302,973
European Union	79,849,068	101,287,675	2,304,559	2,299,756
Other markets	30,738,644	19,057,848	167,242	12,303
	259,946,376	**269,700,190**	**4,300,113**	**3,615,031**

4. SALES AND SERVICES RENDERED

The breakdown of sales and services rendered for the periods ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Revenue from the sale of goods	45,768,572	36,180,176
Services rendered	163,552,447	189,941,370
	209,321,019	**226,121,546**

In 2021, sales and services rendered decreased 7% compared to 2020 to 209 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 2021 and 2020 is as follows:

	FY 2021	FY 2020
Metallic Constructions	108,552,540	101,646,682
Naval Industry	91,062,956	117,899,521
Renewables	9,705,523	6,575,344
	209,321,019	**226,121,546**

The breakdown of sales and services by type of revenue on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Metallic Constructions - Metal structures and aluminium building	92,050,593	91,454,443
Metallic Constructions - Operation and maintenance	15,001,270	8,721,055
Metallic Constructions - Others	1,500,675	1,471,184
Metallic Constructions - Total	**108,552,540**	**101,646,682**
Naval Industry - Building	66,398,216	99,043,947
Naval Industry - Repair	24,430,172	18,513,927
Naval Industry - Others	234,567	341,647
Naval Industry - Total	**91,062,956**	**117,899,521**
Renewables - Sale of energy	6,030,042	2,456,640
Renewables - Sale of Green Certificates	2,499,497	2,949,040
Renewables - Operation and maintenance	1,145,729	1,149,292
Renewables - Others	30,255	20,373
Renewables - Total	**9,705,523**	**6,575,344**
	209,321,019	**226,121,546**

The future component of revenue allocated to not yet fulfilled or partially fulfilled performance obligations can be analysed as follows:

	FY 2022	FY 2023 AND FOLLOWING	TOTAL
Metallic Construction	113,844,264	125,736,297	239,580,561
Naval Industry	91,236,552	160,848,364	252,084,916
	205,080,816	**286,584,661**	**491,665,477**

Of the total 'Naval Industry', approximately 151.2 million Euros are related to customers belonging to the same Economic Group.

MARTIFER GROUP

5. OTHER OPERATING INCOME

Other operating income for the years ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Change in production	(135,382)	356,514
Own work capitalised (Note 3)	85,668	239,921
Taxes	324,190	10,201
Other impairment losses	321,835	-
Supplementary income	2,720,540	879,147
Gains in inventories	2,312	45,167
Capital gains on non-financial assets	1,500,462	2,485,263
Capital gains on non-current assets held for sale	2,407,287	-
Operating subsidies	158,606	349,580
Investments subsidies	56,603	55,708
Exchange rate gains	8,634,856	14,919,482
Investment properties rents	528,557	537,341
Other operating income	2,781,390	3,254,396
Total	**19,386,923**	**23,132,718**

On 31 December 2021, the 'Capital gains on non-financial assets' result mainly from the sale of the company PV Sol 7 Sp. z o.o. of the 'Renewables' segment (1.4 million Euros, which is net of the component of exchange rate differences that were generated in the past and recycled for the consolidated income statement). In 2020, it referred essentially to the sale of FW Warta SP. Z.o.o also from the 'Renewables' segment (2.4 million Euros).

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 gain (2.4 million Euros) was recorded in 'Capital gains on non-current assets held for sale' (Note 30). The sale of this asset resulted in a cash inflow of 4,650,000 Euros, recorded under Receipts from 'Tangible Fixed Assets'.

The item 'Other impairment losses', in 2021, relates to an impairment reversal recorded in Martifer Construções, regarding inventories.

'Supplementary Income' of 2020 essentially includes revenue of the ‘Metallic Constructions’ area (0.6 million Euros), of which we highlight the contributions of Portugal and France. The item 'Supplementary income' in 2021 has as its main contribution the sale of projects surpluses that are no longer used (such as materials, scrap and waste) that in Portugal in 'Metallic Constructions' amounted to 1.5 million Euros. Also in 'Metallic Constructions' and in Portugal, there was an income of around 0.2 million Euros from the partial rental of premises, while in France there were 0.4 million Euros which refer essentially to debts to suppliers for over costs incurred by the Group in various projects.

The ‘Favourable exchange rate differences’ are related to the occurrence of exchange rate variations in credits receivable from customers and accounts payable to suppliers, essentially in the Group's subsidiaries outside the Euro area (Note 1.4 xiv).

The item ‘Other operating income’ in 2020 includes the impacts of contractual penalties received by Eviva Nalbant S.R.L.of the Renewables segment in Romania (1.5 million Euros). In the ‘Metallic Constructions’ segment, the contributions of Romania (0.8 million Euros) and the recovery of outstanding receivables in Portugal (0.2 million Euros) stand out. In 2021, the contribution of Poland in 'Renewables' arising from the development of projects susceptible to capitalisation (2 million Euros), as well as income from Romania and Angola in 'Metallic Constructions' stand out.

6. COST OF GOODS SOLD AND MATERIALS CONSUMED

The cost of goods sold and materials consumed for the years ended on 31 December 2021 and 2020 can be analysed as follows:

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

FY 2020	TOTAL
Opening balance (Note 24)	18,663,861
Purchases	71,172,270
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(2,988,923)
Closing balance (Note 24)	15,882,420
	70,964,787

Note: Cost of goods sold and consumed materials = Initial stock + Purchases + Changes in perimeter, exchange rate differences, transfers and others - Final stock.

The reduction in this item in 2021 is essentially a consequence of the decrease in activity and respective sales in the 'Naval Industry' segment.

7. SUBCONTRACTS

The value of subcontracts in the years ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Metallic Constructions	35,658,910	24,026,646
Naval Industry	35,371,041	46,347,610
Renewables	2,044,163	391,050
	73,074,114	**70,765,306**

The subcontracts relate to subcontracts for the works carried out, mainly in the 'Naval Industry' and 'Metallic Constructions' segments. The increase verified in 2021 is explained by the increase in activity in the 'Metallic Constructions' segment, which was greater than the decrease verified in the 'Naval Industry' segment in what regards subcontracts.

8. EXTERNAL SERVICES AND SUPPLIES

The breakdown of external services and supplies for the periods ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Specialised works	10,683,955	6,892,492
Leases and rents	6,463,019	6,183,268
Service Fees	5,020,681	1,908,444
Maintenance and repairs	2,715,860	2,573,978
Insurance	2,691,127	2,735,397
Electricity and Fuel	2,484,423	2,014,538
Transport of goods	2,276,960	3,864,562
Cleaning services	1,130,181	791,071
Travelling expenses	1,108,154	975,313
Security	623,165	660,332
Communications	233,063	259,124
Legal and notarial fees	205,942	183,829
Commissions	158,750	391,968
Tools and devices	146,502	84,152
Advertising	76,201	105,141
Other	707,954	731,295
	36,725,937	**30,354,904**

The specialised works include expenses with auditing services, consultancy, information systems, studies and opinions and subcontracting of industrial maintenance services, having registered an increase compared to 2020, especially in the 'Metallic Constructions' segment, regarding Operation and Maintenance services.

The item 'Fees' in 2021 increased compared to 2020, which is mainly due to an increase in the fees that must be supported with the sale of green certificates in Romania in the ‘Renewables’ segment.

'Transport of Goods' suffered a decrease compared to 2020, due to less activity in the United Kingdom and in France in the 'Metallic Constructions' segment.

On 31 December 2021, due to the application of IFRS 16, 248,418 Euros (124,002 Euros in 2020) were recorded in 'Rents and Leases’ relating to rents from low-value lease contracts, as well as 6,214,601 Euros (6,059,266 Euros in 2020) from lease contracts with a duration of less than 12 months.

The item 'Travel and accommodation' had only a slight increase compared to 2020, since in 2021 the constraints remained on the displacement of people due to the COVID-19 pandemic.

9. STAFF COSTS

The Staff costs for the periods ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Salaries	29,844,389	28,288,916
Social contributions and others	8,677,696	8,449,255
	38,522,085	**36,738,171**

The value of social contributions and other contributions is essentially related to Social Security payments, meal allowances and sickness benefits, with occupational accident insurance and indemnities/compensations related to the termination of employment contracts.

AVERAGE NUMBER OF EMPLOYEES

For the years ended 31 December 2021 and 2020, the average number of staff employed by the Group can be analysed as follows:

	FY 2021	FY 2020
Directors	11	13
Other employees	1,375	1,420
	1,386	1,433
Portuguese	1,088	1,120
Portuguese in foreign countries and foreigners	298	313
	1,386	1,433

10. OTHER OPERATING EXPENSES

Other operating expenses for the years ended on 31 December 2021 and 2020 are as follows:

	FY 2021	FY 2020
Taxes	835,715	1,212,660
Trade debtors	158,212	1,316,300
Other impairment losses	66,775	138,645
Losses in inventories	6,895	4,523
Capital losses on non-financial assets	2,084,599	6,545
Exchange rate losses	3,437,898	19,109,671
Trade debtors write-off	232,103	181,773
Fines and penalties	560,226	119,571
Other operating expenses	3,253,699	2,237,382
Total	**10,636,122**	**24,327,072**

In 2020, the value of the item 'Fair value adjustment in investment properties' refers to the reduction in fair value, according to valuations made (see Note 21), of investment properties: Martifer Constructions Factory (947,000 Euros), Benavente Business Centre (364,000 Euros) and the Warehouse in Albergaria-a-Velha (5,300 Euros). In 2021, the 'Fair value adjustment of investment properties' (see Note 21) occurred in the Warehouse in Albergaria-a-Velha (5,000 Euros) and in the Land in Aricestii of Martifer Romania (153,212 Euros).

The item 'Impairment losses in inventories' in 2020 relates essentially to an impairment recorded in Jubimax Sp. Zo.o., referring to inventories. In 2021 the amount registered relates to Martifer Construções.

The item 'Capital losses on non-financial assets' in 2021 refers essentially to losses resulting from the liquidation of the companies Martifer Energy Systems PTY, Martifer Aluminium UK Limited, Martifer Energia S.R.L. and Martifer Construcciones Peru, S.A. (from 'Metallic Constructions'), Martifer Deutschland GmbH, Eviva Agighiol S.R.L. and Eviva Casimcea S.R.L. (from 'Renewables') (Note 2). It should be noted that following these operations, exchange rate differences amounting to 1.8 million Euros were reclassified to the item 'Capital losses on non-financial assets'.

The item ‘Exchange rate losses’ is related to the occurrence of exchange rate variations in non-financial transactions, mainly in the Group's subsidiaries outside the Euro Area (Note 1.4 xiv). Both in 2021 and in 2020, the countries that contributed the most to the increase in this item were Angola and Portugal.

The item 'Fines and penalties' in 2021 has as its main contribution the 'Metallic Constructions' segment in Portugal.

The item ‘Other operating expenses’ in 2020 mainly includes expenses associated with the ‘Metallic Constructions’ segment in Romania, France and Morocco, as well as the ‘Renewables’ segment contribution in Romania. 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 loss for the periods ended on 31 December 2021 and 2020 are as follows:

	FY 2021	FY 2020
Impairment losses		
In tangible fixed assets (Note 19)	2,187,191	(222,415)
	2,187,191	**(222,415)**
Provisions (Note 35)		
Quality guarantees	11,573	73,465
Onerous contracts	(210,576)	(274,078)
Ongoing legal claims	-	795,360
Provisions on contractual obligations	44,135	(43,456)
	(154,868)	**551,291**

The impairment in tangible fixed assets recorded in 2021 was in the 'Renewables' segment and resulted from the change in the assumption for 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, having considered as the net recoverable amount the value of a proposal received for the acquisition of some of the turbines. In 2020, there was a reversal of the impairment in tangible fixed assets in the 'Renewables' segment in Poland, which resulted from the fact that the Piastowo project is viable and will enter the next auction.

The 'Provisions for onerous contracts' regard the ongoing construction contracts where the cost to be incurred to comply with the undertaken obligation is expected to exceed the foreseen economic benefits. These provisions relate essentially to the 'Metallic Constructions' segment. In 2021 and in 2020, the value of provisions related to onerous contracts had a negative value due to the fact that part of the provisions previously constituted was reversed.

12. FINANCIAL RESULTS

The financial results for the periods ended on 31 December 2021 and 2020 may be analysed as follows:

FINANCIAL INCOME	FY 2021	FY 2020
Loans and accounts receivable (including bank deposits)		
- Interest income	45,997	24,184
Other financial income related to other financial assets		
- Exchange rate gains	366,745	2,382,857
- Other financial income	2,536	877
	415,278	**2,407,918**

FINANCIAL EXPENSES	FY 2021	FY 2020
Loans and accounts payable		
- Interest expenses on bank loans	3,095,140	4,210,266
- Interest expenses on leases	847,647	896,010
Other financial income related to other financial liabilities		
- Exchange rate losses	1,299,922	1,434,414
- Impairment losses on other financial investments	197	-
- Other financial expenses	1,161,950	1,261,974
	6,404,856	**7,802,665**

The items 'Exchange Rate Gains/Losses' are related to the occurrence of exchange rate variations, mainly in the Group's subsidiaries outside the Euro Area (Note 1.4.xiv).

The 'Interest on bank loans' item showed a decrease compared to the same period in 2020 as a result of the reduction in gross debt.

13. GAINS/(LOSSES) IN ASSOCIATE COMPANIES AND JOINTLY CONTROLLED COMPANIES

The gains and losses in associate companies and jointly controlled companies in the years ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Equity method		
Ventinveste, S.A.	284,359	172,586
Duelobrigatório	-	(8,798)
Martifer-Visabeira, S.A.	1,573,596	85,112
	1,857,955	**248,900**

The positive amount of 248,900 Euros which results from the application of the Equity Method in 2020, the positive value of 257,698 Euros impacts on variations of 'Investments in associate companies and jointly controlled companies' (Note 22), whereas the negative amount of 8,798 Euros is used in the movements of Provisions resulting from the application of the Equity Method (Note 35).

The positive amount of 1,857,955 Euros resulting from the application of the equity method in 2021 totally impacts the variations of the 'Investments in associate companies and jointly controlled companies' (Note 22).

The information on associate companies and jointly controlled companies is in Notes 22 and 35.

14. INCOME TAX

The breakdown of assets and liabilities giving rise to deferred tax in the periods ended on 31 December 2021 and 2020 may be analysed as follows:

	FY 2021		FY 2020	
DEDUCTIBLE TEMPORARY DIFFERENCES	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
With impact in Net Profit				
Provisions not accepted for tax purposes	2,981,098	664,653	2,441,956	549,159
Tax losses	24,468,352	5,095,055	24,835,196	5,168,424
Others	522,458	117,553	1,007,686	195,757
	27,971,908	**5,877,261**	**28,284,838**	**5,913,339**
With impact in Equity				
Others	46,175	13,853	37,986	11,396
	46,175	**13,853**	**37,986**	**11,396**
	28,018,083	**5,891,114**	**28,322,824**	**5,924,735**

TAXABLE TEMPORARY DIFFERENCES	FY 2021 BASIS	FY 2021 DEFERRED TAX	FY 2020 BASIS	FY 2020 DEFERRED TAX
With impact in Net Profit				
Differences between cost and fair value	9,765,575	2,179,440	9,770,575	2,180,490
Others	1,184,646	440,621	30,033	9,010
	10,950,221	**2,620,061**	**9,800,608**	**2,189,500**
With impact in Equity				
Others	54,910	16,473	1,699,304	518,141
	54,910	**16,473**	**1,699,304**	**518,141**
	11,005,131	**2,636,534**	**11,499,912**	**2,707,641**

The impacts arising from the application of IAS 29 were recorded under the item 'Others' of deferred tax liabilities with impact in net result as well as with impact in equity.

The distribution of deferred taxes by country can be presented as follows:

	DEFERRED TAX ASSETS FY 2021	DEFERRED TAX ASSETS FY 2020	DEFERRED TAX LIABILITIES FY 2021	DEFERRED TAX LIABILITIES FY 2020
Portugal	4,962,529	4,893,539	2,179,440	2,180,490
Angola	-	78,203	432,138	482,845
Romania	-	-	-	22,053
United Kingdom	865,976	809,386	-	-
Others	62,608	143,607	24,956	22,253
	5,891,114	**5,924,735**	**2,636,534**	**2,707,641**

The amount of 432,138 Euros for Angola derives from the application of IAS 29, as well as the amount of 24,956 Euros in the item 'Others' refers to the application of IAS 29 in Argentina.

According to the tax returns and estimates of income tax of the companies that record deferred tax assets related to tax losses, on 31 December 2021 and 2020, using for the purpose tax rates at that time, they were reportable as follows:

TIME LIMIT	FY 2021 BASIS	FY 2021 DEFERRED TAX	FY 2020 BASIS	FY 2020 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	4,329,880	865,976	4,696,724	939,345
	24,468,352	**5,095,055**	**24,835,196**	**5,168,424**

On 31 December 2021, the deferred tax assets and liabilities amounted to 5,891,114 Euros and 2,636,534 Euros, respectively (in 2020: 5,924,735 Euros and 2,707,641 Euros, respectively), and the effect on the consolidated P&L positive in 52,134 Euros (in 2020 a negative effect of 511,442 Euros).

On 31 December 2021 and 2020, considering the tax legislation in force in Portugal concerning the taxation of dividends, the temporary differences related to the appropriated earnings of subsidiaries, associate companies and affiliates for which deferred tax liabilities were not recorded are not materially relevant for the attached financial statements.

On 31 December 2021, there were reportable tax losses, calculated in the companies taxed under the Special Regime for Taxation of Corporate Companies (RETGS), of which Martifer SGPS is the dominant company, before and during the application of RETGS, amounting to 72,632,174 Euros (83,824,858 Euros on 31 December 2020), whose potential deferred tax assets amount to 15,252,757 Euros (17,603,220 Euros on 31 December 2020). 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 2021			FY 2020		
	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	4,504,590	945,964	2024
Generated in 2019	8,686,316	1,824,126	2026	15,859,457	3,330,486	2026
Generated in 2020	666	140	2032	-	-	-
	72,492,242	**15,223,371**		**83,824,858**	**17,603,220**	

In relation to the above tax losses, the following should be noted:

i. Tax losses of 2017: the reduction in the value of tax losses reported in 2021 compared to 2020 arises from: (i) a correction of the tax losses of the company Martifer Renewables, SGPS in the course of a tax inspection (437,500 Euros); (ii) following the previous item, a positive correction of the lost share arising from the liquidation of Martifer Solar, SGPS (6,998 Euros); (iii) difference between the estimated tax result and the one determined in the 2020 financial period (466,283 Euros); and (iv) tax losses used in the 2021 financial period (3,263,355 Euros). The Group now only has tax losses amounting to 344,449 Euros, incurred by Cedilhas ao Vento, before integrating RETGS, and that can only be deducted from the Group's taxable income up to the limit of the taxable income of Cedilhas ao Vento;

ii. Tax losses 2019: decrease in tax losses determined in 2019, taking into consideration the consumption of tax losses in the amount of 7,033,211 Euros in the 2021 financial period. Note that the used tax losses take into consideration the result of the RETGS, calculated for the 2021 financial period, for estimation purposes;

iii. Tax losses 2020: considers the tax losses ascertained in the 2020 financial period by the companies Volume Cintilante and VolumeVistoso, which became part of the RETGS with effect on 01/01/2021. These tax losses may be deducted from the taxable income of the RETGS, up to the limit of the taxable income calculated by those companies;

iv. Tax losses 2021: no tax losses were considered in the 2021 financial period. For estimation purposes, RETGS is calculating a tax result amounting to 14,709,381 Euros and is using tax losses amounting to 10,296,566 Euros, of which 3,263,355 Euros relate to 2017 and 7,033,211 Euros relate to 2019.

The reconciliation of tax for the period and current tax can be analysed as follows:

	FY 2021	FY 2020
Current tax	**1,813,851**	**900,075**
Deferred tax - generated by temporary differences	(382,886)	(229,747)
Deferred tax - reversal of temporary differences	313,312	973,395
Deferred tax assets - tax losses recognition	89,814	(139,311)
Others	(72,375)	(92,895)
Deferred tax	**(52,134)**	**511,442**
Income tax	**1,761,717**	**1,411,517**

On 31 December 2021 and 2020, the reconciliation between the nominal and effective tax rate is as follows:

	FY 2021	FY 2020
Profit before tax	**14,427,543**	**8,095,701**
Income tax rate (nominal rate of 21%)	3,029,784	1,700,097
Non-taxable gains and losses:		
Gains/Losses of financial assets	(995,241)	(2,006,250)
Reversions/Amortisations and Provisions not accepted for tax purposes	(251,591)	432,678
Impairment losses	309,471	(2,188,804)
Results of associate companies using equity method	(390,171)	(52,269)
Tax benefits	(31,585)	(6,247)
Tax losses of the year for which deferred tax assets were not recognised	1,049,750	2,283,300
Use of tax losses generated in previous years for which no deferred tax assets were recognised	(2,038,629)	(844,920)
Recognition of the effect of hyperinflationary economies (IAS29)	(21,246)	(26,601)
Use/Cancellation of deferred tax assets related to reportable tax losses	134,324	(139,404)
Different tax rates	9,713	(2,480)
Municipality surcharge and autonomous taxes	1,075,503	746,924
Excess/Insufficiency of income tax estimate	(213,684)	(9,944)
Non-deductible net financing expenses	720,858	732,314
Others	(625,538)	793,124
Effective income tax (current + deferred)	**1,761,717**	**1,411,517**
Effective tax rate	**12.21%**	**17.44%**

In 2021, Martifer SGPS, SA and its Portuguese subsidiaries were subject to taxation on Corporate Income Tax ("IRC") at the normal rate of 21%, plus a municipality 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 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. In the financial period 2021, the companies VolumeVistoso - Lda. and Volume Cintilante - Unipessoal, Lda. were included in this tax perimeter.

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 position of the tax group – Martifer SGPS – which will be responsible for the global calculation and the reverse charge of the tax.

The remaining participated companies, which are not included in the special scheme of taxation of Martifer Group are taxed individually based on the respective tax base and the applicable tax rates.

The results generated in foreign subsidiaries are taxed at the rates of local income tax, 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%, 26.5%, 19%, 16%, 25%, 19% and 25%.

For the calculation of deferred taxes in Spain, in Angola, in Romania, in the United Kingdom and in Argentina, the rates used were 25%, 25%,16%, 19% and 25%, respectively.

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 undergoing, in which cases, depending on the circumstances, the time limits may be extended or suspended.

In respect of transactions carried out with entities headquartered 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 2018 to 2021 (2017 to 2021 for Social Security) may still be subject to review and amendments.

In the financial period 2018, tax inspections on the 2014 period were completed, 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 a settlement; therefore, Martifer SGPS, as the dominant company of the group of companies taxed within the framework of RETGS in 2019, appealed against such settlement of tax in legal terms, having submitted a guarantee regarding the amount settled by the Tax Authority. Martifer SGPS is awaiting a decision by the Court in this case.

In 2020, a tax inspection action in the sphere of Martifer Construções Metalomecânicas S.A. in respect of Value Added Tax ("VAT") of the period June 2020 was concluded, under which the Tax Authority proceeded to cancel the VAT payment 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, in 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 in force.

CFEI II concerns a tax benefit that can be used by taxable IRC persons mainly engaged in a commercial, industrial or agricultural activity, provided that certain requirements are met.

Specifically, this benefit corresponds to a deduction of 20% of investment expenses on assets related to the exploration (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 collection of IRC recorded in the 2020 and 2021 financial periods. In the case of the groups of companies taxed under RETGS, the deduction is made up to 70% of the collection of IRC from the Group and cannot exceed 70% of the collection of IRC established by the company that made the investments.

The importance that is not deducted in the 2020 and 2021 financial periods, due to insufficient collection of IRC, may be made in the five subsequent tax periods.

In the scope of this benefit, the group of companies taxed under the RETGS in 2021 is deducting to the income tax collection for estimation purposes a tax credit regarding CFEI II, calculated in the previous year by Martifer Construções Metalomecânicas S.A. in the amount of 28,862 Euros.

At the date of approval of the accompanying consolidated financial statements, the company Martifer Construções Metalomecânicas S.A. is calculating the CFEI II tax benefit arising from the investment made in tangible and intangible fixed assets in the period between 1 January 2021 and 30 June 2021, which can be deducted in 2021, and in case of insufficient collection, in the five subsequent tax periods.

On 31 December 2021 and 2020, the balance of income tax receivable and payable can be shown as follows:

	ANO 2021	ANO 2020
income tax – assets	1,264,254	547,916
income tax – liabilities	(2,357,908)	(1,236,422)
Net Income Tax	**(1,093,654)**	**(688,506)**

15. DIVIDENDS

In 2021 and 2020 dividends were not 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 50,000,000.00 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 31).

As of 31 December 2021 and 2020, 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 2021	FY 2020
Profit for the year (I)	**11,266,885**	**6,298,203**
Weighted average number of shares outstanding (II)	97,784,090	97,784,090
Basic and diluted earnings per share (I) / (II)	**0.1152**	**0.0644**

17. GOODWILL

The changes in 'Goodwill' in the periods ended on 31 December 2021 and 2020 are as follows:

	FY 2021	FY 2020
Gross amount		
Opening balance	**10,974,649**	**14,148,579**
Sale of subsidiaries	-	(3,173,930)
Closing balance	**10,974,649**	**10,974,649**
Carrying amount at the beginning of the period	**10,974,649**	**14,148,579**
Carrying amount at the end of the period	**10,974,649**	**10,974,649**

The detail of 'Goodwill' for the years ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
	CARRYING AMOUNT	CARRYING AMOUNT
Metallic Construction	9,355,974	9,355,974
Naval industry	1,618,675	1,618,675
	10,974,649	**10,974,649**

In 2020 the company FW Warta Sp. Z.o.o. was sold; therefore, Goodwill was derecognised.

The Group adopts the procedure of making annual impairment tests for Goodwill at the end of each period, as defined in Notes 1.4 i) and 1.4 xxv) (c).

For the purposes of Goodwill impairment analysis, the procedures in 2021 were as follows:

- Naval Industry - the recoverable amount 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 taking into account the risks inherent to the business. On 31 December 2021, the assumptions used to calculate the existence or not of Goodwill impairment were as follows:

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 of turnover registered is underlied by the following estimates and expectations: (i) in 2022, a value in line with 2021; (ii) in 2023, a growth of 8% that takes into account the fact that the construction 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 as a consequence of the investments that are foreseen to be made in the coming years.

- Metallic Constructions – the recoverable amount 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 with a smaller margin since they are dedicated to assembly and completion of projects, so they generate a marginal valuation;

Considering the valuations carried out, the Board of Directors understands that reasonable variations in the main indicators would not imply the impairment of the net assets associated with the cash-generating units to which Goodwill was allocated.

18. INTANGIBLE ASSETS

This item is analysed as follows:

	FY 2021	FY 2020
Gross amount, reduced by impairment losses:		
Software and other rights	15,228,315	15,136,376
	15,228,315	**15,136,376**
Accumulated depreciation:		
Software and other rights	14,732,365	14,689,316
	14,732,365	**14,689,316**
Carrying amount	**495,950**	**447,059**

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 asset, minus impairment losses, for the years ended on 31 December 2021 and 2020, can be analysed as follows:

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

FY 2020	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2020	**15,321,461**	**-**	**15,321,461**
Additions	16,830	-	16,830
Effect of foreign currency exchange differences	(210,569)	-	(210,569)
Impact of Hyperinflationary Economies (Note 1.4)	2,497	-	2,497
Changes in the consolidation perimeter	4,386	-	4,386
Transfers and other movements	1,771	-	1,771
Closing balance 31 December 2020	**15,136,376**	**-**	**15,136,376**

The information related to the accumulated amortisation values of the intangible asset, with reference to the years ended on 31 December 2021 and 2020, can be analysed as follows:

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**

FY 2020	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Opening balance 1 January 2020	**14,706,140**	**-**	**14,706,140**
Additions	39,000		39,000
Effect of foreign currency exchange differences	(63,478)	-	(63,478)
Transfers and other movements	1,771	-	1,771
Impact of Hyperinflationary Economies (Note 1.4)	1,498	-	1,498
Changes in the consolidation perimeter	4,386	-	4,386
Closing balance 31 December 2020	**14,689,317**	**-**	**14,689,317**
Carrying Amount:			
31 December 2020	**447,060**	**-**	**447,060**
31 December 2021	**495,950**	**-**	**495,950**

The net impact of the application of IAS 29 to the Angolan and Argentinian companies in this item is around 0.9 million Euros (Note 43).

19. TANGIBLE FIXED ASSETS

This item is analysed as follows:

	FY 2021	FY 2020
Gross amount, reduced by impairment losses:		
Land and buildings	46,487,717	47,217,412
Equipment	70,788,368	69,881,473
Tangible assets in progress	11,488,268	11,632,696
Other tangible assets	2,444,116	2,433,727
	131,208,469	**131,165,308**
Accumulated depreciation:		
Land and buildings	19,216,363	18,126,942
Equipment	56,337,359	53,926,878
Other tangible assets	1,910,027	1,918,436
	77,463,749	**73,972,256**
Carrying amount	**53,744,720**	**57,193,053**

The accumulated impairment on 31 December 2021 amounts to 29.8 million Euros (31.3 million Euros on 31 December 2020).

The information regarding the gross values of land and buildings, equipment, fixed assets in progress and other fixed assets, less accumulated impairment losses, on 31 December 2021 and 2020 can be analysed as follows:

FY 2021	LAND AND BUILDINGS	EQUIPMENT	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**

FY 2020	LAND AND BUILDINGS	EQUIPMENT	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2020	**55,855,529**	**71,867,850**	**10,929,703**	**2,343,810**	**140,996,892**
Additions	78,567	465,087	2,655,503	63,100	3,262,257
Sales, disposals and write-offs	-	(101,495)	-	-	(101,495)
Effect of foreign currency exchange differences	(2,307,923)	(2,560,192)	(276,243)	(49,308)	(5,193,666)
Impairment losses (Note 11)	-	11,136	211,279	-	222,415
Transfers and other movements	(6,408,762)	340,489	(724,643)	-	(6,792,916)
Impact of Hyperinflationary Economies (Note 1.4)	-	1,205	38,756	6,024	45,985
Changes in the consolidation perimeter	-	(142,608)	(1,201,662)	70,101	(1,274,169)
Closing balance 31 December 2020	**47,217,411**	**69,881,472**	**11,632,693**	**2,433,727**	**131,165,308**

The investment in tangible fixed assets in 2021 occurred in the 'Metallic Constructions' segment (0.8 million Euros), in the ‘Naval industry’ segment (0.6 million Euros) and in the 'Renewables' segment (2.3 million Euros), essentially with the acquisition of equipment and capitalised costs in projects under development.

The sale and write-off of 'Land and buildings' in 2021 essentially relates to the sale of the campaign plant in Saudi Arabia in the 'Metallic Constructions' segment. In 2021, the sale and write-off of 'Tangible fixed assets in progress' is mostly related to the write-off of old and discontinued projects, which were already fully impaired in Romania in the 'Renewables' segment.

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 2021 and 2020 can be analysed as follows:

FY 2021	LAND AND BUILDINGS	EQUIPMENT	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
Transfers and other movements	5,084	(39,866)	-	-	(34,782)
Impact of Hyperinflationary Economies (Note 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**

FY 2020	LAND AND BUILDINGS	EQUIPMENT	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2020	**20,518,311**	**53,296,800**	**-**	**1,834,880**	**75,649,991**
Additions	1,722,689	3,016,772	-	46,337	4,785,798
Sales, disposals and write-offs	-	(95,159)	-	-	(95,159)
Effect of foreign currency exchange differences	(1,245,893)	(2,152,384)	-	(38,909)	(3,437,186)
Changes in the consolidation perimeter	(2,868,167)	(466)	-	-	(2,868,633)
Impact of Hyperinflationary Economies (Note 1.4)	-	952	-	1,506	2,458
Changes in the consolidation perimeter	-	(139,639)	-	74,620	(65,019)
Closing balance 31 December 2020	**18,126,940**	**53,926,876**	**-**	**1,918,434**	**73,972,250**
Carrying Amount:					
31 December 2020	**29,090,471**	**15,954,596**	**11,632,693**	**515,293**	**57,193,053**
31 December 2021	**27,271,354**	**14,451,009**	**11,488,268**	**534,089**	**53,744,720**

In December 2020, following a decision of the Board of Directors, the Benavente Factory was classified as a ‘Non-current asset held for sale’. The new classification of this asset, which was in the item ‘Land and Buildings’, justifies the amounts of around -5.1 million Euros and -2.9 million Euros in the ‘Transfers and other movements’ movement in gross and accumulated depreciation, respectively. Also, in December 2020, Martifer Romania SRL transferred a land located in Aricestii, Romania, from the item ‘Land and buildings’ to ‘Investment Properties’, which represents -1.7 million Euros in the gross values of ‘Transfers and other movements’; consequently, revaluation was carried out at fair value, which caused an increase in the item “Revaluation reserves” in the amount of 137,830 Euros, deducted from the deferred tax liability in the amount of 22,053 Euros.

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 item is around 5.8 million Euros (Note 43).

During the year, the Group estimated the recoverable amount of some tangible fixed assets, taking into account internal and external factors that indicated that they could be accounted for in a superior value than their recoverable amount.

The measurement of the existence of impairment for tangible fixed assets of the Group was done based on the business plans of various companies whose assumptions are detailed below.

RENEWABLES

	POLAND	ROMANIA
Tangible fixed assets (1)	4,066	21,691
Period used	23 years	14 years
Growth rate (g) (2)	n.a.	n.a.
CAGR turnover [2023; 2046], [2022; 2036] (3)	2.50%	-2.18%
Weighted average cost of capital rate (WACC) (4)	7.86%	7.40%

(1) Values in thousands of Euros;
(2) Growth rate used to extrapolate cash flows beyond the period considered in the business plan;
(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 projected cash flows.

Cash flow projections were based on historical performance, in the case of Babadag I and II wind farms (Romania), and on expectations of efficiency improvement for the two projects: Dzwola (Poland) and Babadag (Romania). 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:

POLAND:

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 Dzwola wind farm; the conclusion was impairment in the scenarios with an increase of WACC by 1.0 p.p. or negative variation in turnover by 1.0 p.p. according to the detail below:

	INCREASE WACC 1,0 P.P.	VAR. TURNOVER -1,0 P.P. (1)
Weighted average cost of capital rate (WACC)	8.86%	7.86%
CAGR turnover [2023; 2046] (3)	2.50%	1.47%
Average EBITDA Margin/Turnover [2023; 2046]	79.47%	79.47%
Net book value (4)	4,066	4,066
Total recoverable amount (4)	3,352	3,614
Impact on the recoverable amount (4)	(714)	(452)
Conclusions of the sensitivity analysis	Impairment	Impairment

(1) Annual variation of turnover in 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 business plan of the company 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) Values in thousands of Euros.

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 impairment in the scenarios with an increase of WACC by 1.0 p.p. or negative variation in turnover by 1.0 p.p., and reduction in EBITDA margin/turnover in 0.5 p.p., according to the detail below:

	INCREASE WACC 1,0 P.P.	VAR. TURNOVER -1,0 P.P. (1)	REDUCTION OF THE EBITDA MARGIN/TURNOVER 0,5 P.P. (2)
Weighted average cost of capital rate (WACC)	8.40%	7.40%	7.40%
CAGR turnover [2022; 2036] (3)	-2.18%	-3.16%	-2.18%
Average EBITDA Margin/Turnover [2022; 2036]	42.06%	42.06%	41.56%
Net book value	21,691	21,691	21,691
Total recoverable amount	20,731	20,721	21,541
Impact on the recoverable amount (4)	(960)	(970)	(151)
Conclusions of the sensitivity analysis	Impairment	Impairment	Impairment

(1) Annual variation of turnover in 1 p.p. (2022 = 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 business plan of the company 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) Values in thousands of Euros.

In the case of Poland, the projection starts in 2023 because the works are estimated to be completed then, and the project shall begin its activity.

The Group believes that the different sensitivity analyses in which the conclusion is 'Impairment'' are possible, but unlikely scenarios, so additional impairment was not recorded.

METALLIC CONSTRUCTIONS

	MARTIFER ANGOLA	MARTIFER CONSTRUÇÕES	MARTIFER ROMANIA
Fixed assets 1)	2,103	16,643	5,174
Period used	5 years	5 years	6 years
Growth rate (g) (2)	2.00%	1.68%	2.50%
Average turnover growth rate over 5 or 6 years (3)	17.96%	3.05%	17.95%
Discount rate used (4)	17.09%	6.28%	7.38%

(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 business plan of the company 5 years (Martifer Angola and Martifer Construções) or 6 years (Martifer Romania) 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) Discount rate applied to projected cash flows.

In Martifer Angola, the average growth rate of the turnover has underlying a decrease in 2022 when compared to 2021, and a significant increase from 2023 onwards, taking into account some relevant projects in the order book and the expectation of success in some proposals presented; and from 2024 onwards, a turnover in line with 2023 and an annual growth of around 2% of the activity.

In Martifer Construções, the calculated average growth rate of turnover is based on a stable growth rate of around 3%, which is the average GDP growth rate of the main countries for which Martifer Construções produces.

In Martifer Romania, taking into account that the strategy for this industrial unit is that it complements the industrial unit of Oliveira de Frades, the average growth rate of turnover has an underlying growth in 2022 compared to 2021 as a result of some works in progress (projects won in previous years) such as the Gare de Lyon or Mareterra. For the following years, an annual growth of 5% was considered.

The cash flow projections were based on historical performance and on the expectation of improvement in 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 of 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.; the conclusion was that there was no evidence of impairment.

20. ASSETS UNDER RIGHT OF USE

Assets under right of use on 31 December 2021 and 2020 are as follows:

	FY 2021	FY 2020
Gross amount, reduced by impairment losses:		
Land and buildings	11,934,173	12,165,480
Equipment	3,904,514	3,494,443
Other right-of-use assets	9,945,402	10,136,365
	25,784,089	**25,796,288**
Accumulated depreciation:		
Land and buildings	6,449,618	6,450,684
Equipment	2,866,041	2,551,433
Other right-of-use assets	1,024,975	682,930
	10,340,633	**9,685,047**
Carrying amount	**15,443,456**	**16,111,241**

The ‘Other assets under the right of use’ relate to subconcessions of shipyards and correspond to all land, buildings and associated equipment.

The information related to the gross values of land and buildings, equipment and other assets under right of use, less accumulated impairment losses, on 31 December 2021 and 2020 can be analysed as follows:

FY 2021	LAND AND BUILDINGS	EQUIPMENT	OTHER RIGHT-OF-USE 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**

FY 2020	LAND AND BUILDINGS	EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2020	**12,204,071**	**3,170,272**	**10,136,365**	**25,510,708**
Additions				
Sales, disposals and write-offs	-	(11,774)	-	(11,774)
Transfers and other movements	(38,591)	-	-	(38,591)
Closing balance 31 December 2020	**12,165,480**	**3,494,443**	**10,136,365**	**25,796,288**

The increase in 'Equipment' in 2021 is mostly related to forklift contracts rented by West Sea and vehicles of Martifer Construções. In 2020, increases in ‘Equipment’ were mainly due to forklifts acquired by Martifer Construções.

The information regarding the values of accumulated amortisations of land and buildings, equipment and other assets under right of use on 31 December 2021 and 2020 can be analysed as follows:

FY 2021	LAND AND BUILDINGS	EQUIPMENT	OTHER RIGHT-OF-USE 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
Sales, disposals and write-offs	(346,278)	(171,076)	-	(517,354)
Closing balance 31 December 2021	**6,449,618**	**2,866,041**	**1,024,975**	**10,340,633**

FY 2020	LAND AND BUILDINGS	EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Opening balance 1 January 2020	**6,061,495**	**2,125,966**	**335,468**	**8,522,929**
Additions	409,062	425,468	347,462	1,181,992
Transfers and other movements	(19,872)	-	-	(19,872)
Closing balance 31 December 2020	**6,450,685**	**2,551,434**	**682,930**	**9,685,047**
Carrying Amount:				
31 December 2020	**5,714,795**	**943,008**	**9,453,435**	**16,111,241**
31 December 2021	**5,484,555**	**1,038,473**	**8,920,427**	**15,443,456**

21. INVESTMENT PROPERTY

The item 'Investment Property' includes the following properties held by Group Martifer: Benavente Business Centre, warehouses in Albergaria-a-Velha and the "Martifer Construções OF1 building", all intended to be leased or valued in the long-term. In December 2020, the company Martifer Romania SRL transferred a land located in Aricestii, Romania, from the item 'Tangible fixed assets' to 'Investment property'; thus, the Group now holds 4 assets classified as 'Investment property', a situation that still remains on 31 December 2021.

These assets, with the exception of the land in Aricestii, are recorded at market value according to an independent assessment, based on the normal use of each property, performed by specialised entities, according to international practices of RICS Valuation Standards (RICS Red Book). The land in Aricestii is also registered at market value but for the value of the promissory contract of sale and purchase signed in early 2022. Martifer Group carries out regular evaluations of these properties, and gains and losses arising from changes in the fair value are recognised in the income statement.

The assessment reports carried out by an independent entity were done in accordance with Law no. 16/2015 of 24 February and Law no. 153/2015 of 14 September, and with the CMVM Regulation no. 2/2015 of 17 July.

The methods for calculating the value of property were the following:

- Market comparative method, income method and replacement costs method;
- Market comparative 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 assessment.

The assessments were made based on the information provided by the Group, visits to sites, geographical location and market research. In all the assessments, the assumption that it is possible to transact the property was made, as well as that it is free from any encumbrances, charges or liabilities.

The movement occurred in the years 2021 and 2020 under the item 'Investment Property' was as follows:

	FY 2021	FY 2020
Opening balance	21,327,267	20,826,300
Changes in fair value	(293,820)	(1,178,470)
Transfers	-	1,679,436
Effect of foreign currency exchange differences	(28,447)	-
Closing balance	**21,005,000**	**21,327,267**

In 2020, the amount of around 1.7 million Euros in 'Transfers and others' relates to a plot of land located in Aricestii, Romania, which was transferred by the company Martifer Romania SRL, from the item 'Tangible fixed assets' to 'Investment properties' (Note 19).

Note that the item Variations in fair value 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 evaluation method, yield and total value of the independent evaluations performed during the financial period, as well as the amount by which the assets are recorded in the accounts of the Group:

FY 2021	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 Centre	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
Land Aricestii 'Martifer Romania'	Comparison, Revenue and Cost of Replacement	n/a	-	1,500,000	1,500,000
				21,005,000	**21,005,000**

As determined by accounting policies (Note 1.4.vi), the fair value recorded is exactly the same as the independent evaluation, and for this, the Group had to record losses of fair value of around 0.3 million Euros.

The income obtained from investment properties in 2021 was 528,557 Euros (in 2020, it was 537,341 Euros) and it is recorded in 'Other operating income' (Note 5).

The expenses associated with these investment properties amounted to 179,723 Euros in 2021(130,561 Euros in 2020) and are reflected in different items of the consolidated income statement.

22. INVESTMENTS IN ASSOCIATE COMPANIES AND JOINTLY CONTROLLED COMPANIES

On 31 December 2021 and 2020, the information relating associate companies and jointly controlled companies, as well as the value of the shares is as follows:

	% CAPITAL HELD	TOTAL EQUITY WITHOUT SUPPLEMENTARY CAPITAL	FINANCIAL PARTICIPATION BY EQUITY METHOD	SUPPLEMENTARY CAPITAL	SUPPLEMENTARY CAPITAL IMPAIRMENTS	NET INCOME	FY 2021
	FY 2021						
Martifer-Visabeira, S.A.	50.00%	1,856,783	928,392	1,144,105	-	3,147,193	2,072,497
Ventinveste, S.A	48.50%	8,507,885	4,126,324	-	-	586,307	4,126,324
CNA Chantier Naval d'Arzew, SPA [1)]	49.00%	-	-	-	-	-	-
							6,198,821

Note: The information presented corresponds to the values of the financial statements of the companies.

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	% CAPITAL HELD	TOTAL EQUITY WITHOUT SUPPLEMENTARY CAPITAL	FINANCIAL PARTICIPATION BY EQUITY METHOD	SUPPLEMENTARY CAPITAL	SUPPLEMENTARY CAPITAL IMPAIRMENTS	NET INCOME	FY 2020
	FY 2020						
Martifer-Visabeira, S.A.	50.00%	(1,189,888)	-	956,917	(594,944)	170,224	361,973
Ventinveste, S.A	48.50%	7,921,578	3,841,965	-	-	355,848	3,841,965
CNA Chantier Naval d'Arzew, SPA [1)]	49.00%	-	-	-	-	-	-
							4,203,938

1) In 2019 the shareholding in CNA Chantier Naval d'Arzew, SPA was cancelled as there is no prospect of recoverability of the investment made, and it remains unchanged on 31 December 2021.

Provisions were constituted for the remaining financial shareholdings due to having negative equity and they are disclosed in Note 35.

The movement occurred in this item in the periods ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Opening balance	4,203,938	3,972,553
Application of the equity method		
- From performance in results [2)]	1,857,955	257,698
- Other equity changes	(50,261)	204,381
Supplementary Capital Payments / Receipts	-	(5,180,694)
Effect of foreign currency exchange differences	187,188	-
Impairment movements	-	4,950,000
Closing balance	**6,198,821**	**4,203,938**

On 31 December 2021 and 2020, the summarised information on the main financial investments in associate companies and jointly controlled companies with positive equity, extracted from their individual financial statements, is as follows:

FY 2021	Martifer-Visabeira, S.A.	Ventinveste, S.A.
% Capital Held	50.0%	48,5%
Non-current 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-current Liabilities	-	2,815,971
Current 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
Amortisations and Depreciations	377,071	1,004,054
Income Tax	18,398	121,737
Net Profit for the year	3,147,193	586,307

FY 2020	Martifer-Visabeira, S.A.	Ventinveste, S.A.
% Capital Held	50.0%	48.5%
Non-current Assets	6,164,199	10,761,532
Cash and Cash equivalents	1,242,182	1,907,891
Other current assets	1,595,049	672,785
Non-current Liabilities	1,354,287	3,650,128
Current Liabilities	6,203,176	1,770,503
Equity	1,443,967	7,921,578
Total supplementary capital	2,633,855	-
Equity without supplementary capital	(1,189,888)	7,921,578
Supplementary capital from Group	956,917	-
Supplementary capital from Group Impairments	(594,944)	-
Sales and Services Rendered	7,031,559	2,349,756
Amortisations and Depreciations	365,318	1,001,501
Income Tax	(143,927)	86,662
Net Profit for the year	170,224	355,848

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

NON-CURRENT

On 31 December 2021 and 2020, the detail of the non-current 'Financial assets at fair value through profit or loss' is as follows:

	FY 2021	FY 2020
Green Certificates	2,222,701	2,955,211
Others	267,806	216,178
	2,490,507	**3,171,389**

The movement occurred in the 2021 and 2020 periods under the item non-current 'Financial assets recorded at fair value through profit or loss' was as follows:

	FY 2021	FY 2020
Opening balance	3,171,389	3,840,278
Additions	78,637	63,405
Reductions	(767,988)	(739,016)
Impairments	(197)	-
Others	8,665	6,721
Closing balance	**2,490,507**	**3,171,389**

The decrease in this item in 2021 essentially results from the attribution of non-current green certificates to Eviva Nalbant, SRL. with the unit price considered in 2021 of 142.2 RON, which was the minimum value defined by law for that year.

On 31 December 2021 and 2020, the detail of the non-current green certificates held by the Group is as follows:

	FY 2021	FY 2020
Number of green certificates held	77,337	103,125
Unit Price (RON)	142.211	139.509
Total Amount (RON)	10,998,149	14,386,855
Total Amount (EUR)	2,222,701	2,955,211

On 31 December 2021, there is an amount of deferred income of 2,222,701 Euros (Note 39) relating to these certificates in accordance with the accounting policy referred to in Note 1.4.vii (2,955,211 Euros on 31 December 2020).

CURRENT

On 31 December 2021 2020, the detail of current 'Financial assets at fair value through profit or loss' is as follows:

	FY 2021	FY 2020
Green Certificates	1,607,764	1,288,802
Deposits given as security	755,963	-
Others	11,596	11,596
	2,375,323	**1,300,398**

The movement occurred in the 2021 and 2020 period under the item current 'Financial assets recorded at fair value through profit or loss' was as follows:

	FY 2021	FY 2020
Opening balance	1,300,398	1,364,783
Additions	3,172,237	3,041,888
Reductions	(2,490,447)	(3,108,353)
Transfers	393,135	2,079
Closing balance	**2,375,323**	**1,300,398**

The movements of this item, essentially refer to the purchase and sale of current green certificates by Eviva Nalbant, SRL, and the unit price considered in 2021 was 142.2 RON, which was the minimum value defined by law for this year.

On 31 December 2021 and 2020, the detail of the current green certificates held by the Group is as follows:

	FY 2021	FY 2020
Number of green certificates held	55,941	44,974
Unit Price (RON)	142.211	139.509
Total Amount (RON)	7,955,409	6,274,273
Total Amount (EUR)	1,607,764	1,288,802

On 31 December 2021, there is an amount of deferred income in the amount of 1,607,764 Euros, relating to these certificates in accordance with the accounting policy referred to in Note 1.4.vii (1,288,802 Euros on 31 December 2020) (Note 39).

24. INVENTORIES

The information on inventories for the periods ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Gross Value:		
Raw materials, subsidiaries and other consumables (Note 6)	3,673,772	3,563,410
Raw materials, subsidiaries and other consumables - Work in progress (Note 6) (Note 27)	3,413,026	-
Merchandise (Note 6)	12,243,589	12,319,010
Finished goods	57,520	192,902
	19,387,907	**16,075,322**
Accumulated impairment losses:		
Raw materials, subsidiaries and other consumables	117,353	263,964
Merchandise	6,870,116	6,672,770
Finished goods	56,989	165,501
	7,044,458	**7,102,234**
Net value - Inventories	**12,343,449**	**8,973,088**

The item '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 4.6 million Euros (including an impairment of 5.8 million Euros), with this figure taking as reference the last purchase offer received by the Group in 2017. In 2021, an evaluation was carried out by an independent valuer that evaluated the land in an outright sale perspective (which considers a 25% discount) at around 6.2 million Euros. Considering that the land has a very considerable area, but without any kind of sewage, electricity and other infrastructures that will imply an enormous investment and long timings to obtain the licenses, the land is available for sale and no offers have been presented; also, adding the fact that the war in Ukraine, a country that borders Poland, may lead investors, namely foreigners, to freeze investments as a matter of prudence, the Group decided not to reverse any amount of impairment in the financial year 2021 and to maintain the amount recorded.

Until 2020, the inventories allocated to a specific project of the 'Metallic Constructions' segment were recognised in "Other current assets - Expenses to be recognised - work in progress" (Note 28) until the moment they were effectively consumed in the production process. On 31 December 2020, the value of inventories in this condition amounted to 2,954,067 Euros. On 31 December 2021, these assets were recorded in inventories under the item 'Raw materials, subsidiares and other consumables - work in progress', with a value of 3,413,026 Euros.

The item 'Advance payments on purchases' mainly concerns purchases made by West Sea for incorporation in the construction of vessels, with a balance of 9,379,526 Euros in 2021 (in 2020 the amount was 10,168,655 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 item 'Impairment losses on financial assets' (Note 25).

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25. TRADE RECEIVABLES AND OTHER RECEIVABLES

The information relating to 'Clients and Other Debtors' for the periods ended on 31 December 2021 and 2020 can be analysed as follows:

	NON-CURRENT		CURRENT	
	FY 2021	FY 2020	FY 2021	FY 2020
Gross Value:				
Trade receivables:				
Trade receivables	4,905,661	8,182,912	52,618,687	27,091,927
Notes receivables	-	-	-	436,390
Doubtful trade receivables	254,304	-	18,583,966	18,841,011
	5,159,965	**8,182,912**	**71,202,653**	**46,369,328**
Other receivables:				
Related companies	500,463	500,362	-	-
Advances to suppliers	-	-	223,967	214,017
Others	967,149	959,478	4,447,678	2,974,947
	1,467,612	**1,459,840**	**4,671,645**	**3,188,964**
Total Gross Value	**6,627,577**	**9,642,752**	**75,874,298**	**49,558,292**

In the year 2021, there is an increase in the item 'Clients, current account' that essentially results from the resumption of the construction of the Polar Class Tourist Vessels whose construction suffered some delay due to the pandemic situation that affected the tourism sector in the last 2 years. This increase is transitory and will be recovered during 2022 (Note 1.4.xxix).

Excluding this effect, customer balances continue to fall as a result of greater efficiency in collection processes combined with efforts to optimise payment conditions at the contract stage.

On 31 December 2021, the current and non-current balances with 'Associate companies, subsidiaries and other shareholders' relate essentially to loans granted to associate companies and jointly controlled companies, which bear interest at the 3-month Euribor rate plus a spread of 3.5%.

The item 'Others' in 'Other debtors' relates essentially to Angola, Portugal and the United Kingdom, 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 item 'Customers, current account' includes amounts related to retentions in construction contracts, and both in 2021 and 2020, the vast majority of these retentions are found in the “Non-current” column. The total retention recorded on 31 December 2021 amounts to 4,893,538 Euros, of which 2,785,232 Euros relate to works in progress (Note 27). In 2020, there was a total of 8,180,034 Euros of retentions, of which 6,047,354 Euros relate to works in progress (Note 27).

The accumulated impairment losses on Clients and Other Debtors are as follows:

	NON-CURRENT		CURRENT	
	FY 2021	FY 2020	FY 2021	FY 2020
Accumulated impairment losses:				
Trade receivables	-	-	22,593,789	22,308,552
Other receivables	965,753	957,638	701,967	167,972
	965,753	**957,638**	**23,295,756**	**22,476,524**
Carrying amount – trade receivables	**5,159,965**	**8,182,912**	**48,608,864**	**24,060,776**
Carrying amount – other receivables	**501,859**	**502,203**	**3,969,678**	**3,020,992**
Total	**5,661,824**	**8,685,115**	**52,578,542**	**27,081,768**

The movement of accumulated impairment losses on receivables is as follows:

	TRADE RECEIVABLES		OTHER RECEIVABLES	
	FY 2021	FY 2020	FY 2021	FY 2020
Opening balance	22,308,552	29,696,615	1,125,610	1,581,104
Additions	2,220,892	5,965,010	454,945	9,675
Reductions	(2,113,463)	(9,240,233)	-	-
Applications	(64,828)	-	(859)	(106,739)
Changes in consolidation perimeter, foreign currency exchange rate difference and transfers	242,636	(2,567,288)	88,025	(358,429)
Closing balance	**22,593,789**	**22,308,552**	**1,667,720**	**1,125,610**

The increase and reversal of impairment losses of 'Customers' in 2021 relate primarily to the recognition of customer impairments under IFRS 9. In 2020, there was an increase in impairments for balances receivable from certain clients, considering that, given the available information, there is a high probability of these not being recoverable and a significant reversal of impairments resulting from the application of IFRS 9 as a result of the aforementioned impairments that reduced the net balance of accounts receivable, or an improvement in terms of receipts in 2020.

The net amount between increases and reversals of 'Impairment losses' in 2021 is negative by 562,374 Euros, and there was a reversal of impairments of 'Advances on account of purchases' in 2021 in the amount of 806,858 Euros (see Note 24). Thus, the amount resulting from the sum of the above amounts is positive 244,484 Euros, and the same can be seen in the Consolidated Income Statement in the item 'Impairment losses on financial assets'.

On 31 December 2021 and 2020, the ageing of the balances of accounts receivable, net of accumulated impairment losses, can be detailed as follows:

FY 2021			PAST DUE			
	TOTAL	NOT 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**

FY 2020			PAST DUE			
	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	31,807,299	21,903,009	6,317,001	1,692,120	474,016	1,421,152
Notes receivables	436,390	436,390	-	-	-	-
Other receivables	3,523,194	1,552,018	35,232	997,449	542	937,954
Total	**35,766,883**	**23,891,416**	**6,352,232**	**2,689,569**	**474,558**	**2,359,107**

Past due balances include a credit over a client from the 'Naval Industry' segment relating to the construction of two vessels, which amounts to 29.1 million Euros. In 2022, 7.2 million Euros have already been received, and there is an agreement with the client to settle the balance throughout 2022 through monthly payments.

The impairments recorded are mostly balances overdue for more than 360 days.

The average collection period of accounts receivable of the Group was 90 days in 2021, having decreased in relation to the previous year (95 days in 2020). This positive evolution that has been registered in recent years stems from a great improvement at the non-Group customer level.

The Board of Directors of the Group believes that the amounts of 'Trade and Other receivables' recorded in the balance sheet are very close to their fair value, and in particular in regards to debt 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 credits are concentrated. However, the Group has taken many steps and established agreements in order to define payment plans and obtain guarantees regarding the receipt.

During 2021, the Group maintained the policy of not using factoring lines as a collection mechanism, accepting the receipt through confirming in particular cases, maintaining the focus on negotiating advance payment in contracts as a way of balancing the financial cash flow of the works and projects in which it is involved.

26. CURRENT TAX/ INCOME TAX - ASSETS

On 31 December 2021 and 2020, the balance of the item 'Current Tax/Income Tax - Assets' is as follows:

	FY 2021	FY 2020
Income tax (Note 14)	**1,264,254**	**547,916**
Value added tax	1,303,009	3,721,998
VAT requested refunds	2,506,994	5,425,653
Other taxes	43,819	40,028
Current tax assets	**3,853,822**	**9,187,679**

The value of the VAT items 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 contract assets by business segment, net of advance payments, on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Accrued income net of advance payments from customers:		
Metallic Constructions	3,513,589	7,720,734
Naval Industry	5,299,247	17,635,862
	8,812,836	**25,356,595**

The movement occurred in the financial periods 2021 and 2020 in assets and liabilities related to contracts with clients, excluding the component of advance payments, can be analysed as follows:

	FY 2021
Balances on 1 January 2021	**(4,654,233)**
- Contract Assets	25,356,596
- Contract Liabilities (Note 38)	(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 others	489,140
Balances on 31 December 2021	**(17,663,855)**
Balances on 31 December 2021	
- Contract Assets	8,812,836
- Contract Liabilities (Note 38)	(26,476,691)
	(17,663,855)

	FY 2020
Balances on 1 January 2020	**(5,621,859)**
- Contract Assets	27,835,936
- Contract Liabilities (Note 38)	(33,457,795)
Increases resulting from accomplishing new performance obligations not yet invoiced	23,473,140
Performance bonds from 2019 invoiced in 2020	(25,823,431)
Advanced invoicing in 2019 for performance bonds from 2020	16,446,055
Invoicing in 2020 without corresponding performance obligation	(12,018,547)
Exchange differences, changes in perimeter and other	(1,109,590)
Balances on 31 December 2020	**(4,654,233)**
Balances on 31 December 2020	
- Contract Assets	25,356,596
- Contract Liabilities (Note 38)	(30,010,828)
	(4,654,233)

The value of income accruals net of advance payments in 2020 mainly regards the ‘Naval Industry’ in Portugal.

On 31 December 2021 and 2020, the information on construction contracts in progress is as follows:

	FY 2021	FY 2020
Total costs incurred with construction contracts in progress:	499,207,590	455,215,062
Costs incurred with construction contracts in progress in the year:	188,715,921	160,627,699
Total revenue incurred with construction contracts in progress	589,220,860	554,448,646
Revenue incurred with construction contracts in progress in the year:	160,731,626	198,547,897
Advance payments received from customers of construction contracts in progress (Note 38)	12,225,742	9,547,811
Retentions performed by customers in construction contracts in progress (Note 25)	2,785,232	6,047,354
Guarantees provided to customers in relation to construction contracts in progress (Note 40)	23,572,454	18,997,803
Accrued income net of advance payments from customers related to construction contracts in progress (Note 27)	8,812,836	25,356,596
Deferred income and accounts payable related to construction contracts in progress (Note 38)	26,476,691	30,010,828
Deferred Cost related to construction contracts in progress (Note 28)	1,591,485	9,018,204
Accrued Cost related to construction contracts in progress (Note 39)	5,127,169	6,892,711
Provision to Onerous Contracts related to construction contracts in progress (Note 35)	301,207	510,917
Inventory related to construction contracts in progress (Note 24)	3,413,026	-

The guarantees granted to project owners in the 'Metallic Constructions' segment, as referred to in Note 40, relate to projects in progress and to completed projects within the warranty period, for which the average period is 5 years.

Also, the retentions made by clients in construction contracts in the ‘Metallic Constructions’ segment, referred to in Note 25, concern work in progress and completed works in the warranty period.

As far as shipbuilding is concerned, the value associated with the guarantee remains recognised in deferred income until the end of the project, and on 31 December 2021 it amounted to 15,223,121 Euros (16,970,217 Euros on 31 December 2020).

On 31 December 2021 and on 2020, the Group's main ongoing projects that justify the balance of Contract Assets' are as follows:

	FY 2021	FY 2020
World Traveller (West Sea)	3,292,647	11,084,927
Gare de Mons (Martifer Construções)	2,488,907	2,974,949
Hedy Lamarr (West Sea)	1,068,099	-
Aerogare de Marseille Provence (Martifer Construções and Martifer France)	357,477	-
West End Gate (Martifer Construções and Martifer UK)	249,916	1,081,665
World Seeker (West Sea)	-	3,004,442
World Navigator (West Sea)	-	1,585,055
Le Havre Project (Martifer Construções)	-	842,063
Martin I Soler (West Sea)	-	622,050
Kensington Row Phase II - Block E,H (Martifer Construções and Martifer UK)	-	427,328
Meenbog Ireland (Martifer Construções)	-	380,794
Open Sky Buchelay (Martifer Construções and Martifer France)	-	213,502
Others	1,355,790	3,139,821
	8,812,836	**25,356,596**

28. OTHER CURRENT ASSETS

On 31 December 2021 and 2020, the breakdown of the item ‘Other current assets’ may be analysed as follows:

	FY 2021	FY 2020
Accrued income:		
Interest to be received	5,544	5,019
Other accrued income	3,701,812	2,925,037
	3,707,356	**2,930,056**
Prepayments:		
Insurances	606,874	221,956
Financial expenses	20,885	34,319
Rents	160,793	122,991
Other prepayments	333,723	677,826
Deferred Cost - Work in Progress	1,591,485	9,018,204
	2,713,761	**10,075,295**
	6,421,116	**13,005,351**

The item 'Other accrued income' is strongly related to the invoicing to be issued by the Metallic Constructions segment in Portugal, both on 31 December 2021 and 31 December 2020. In Portugal, this effect is due, in particular, to the invoicing to companies that consolidate by the equity method (approximately 2.5 million Euros to Martifer-Visabeira S.A. (Mozambique) on 31 December 2021 and 2.7 million Euros on 31 December 2020).

On 31 December 2021, the item 'Other multiannual expenses paid in advance' essentially includes the disbursements made by the Group associated with specialised services, which will be rendered/used in 2022.

Until 2020, the inventories allocated to a specific project of the 'Metallic Constructions' segment were recorded in "Other current assets - Expenses to be recorded - work in progress", until the moment they were actually consumed in the production process. On 31 December 2020, the value of inventories in this condition amounted to 2,954,067 Euros. On 31 December 2021, these assets were recorded in "Inventories" under the item "Raw and subsidiary materials and consumables - work in progress", with a value of 3,413,026 Euros (Note 24).

Thus, on 31 December 2021 and 2020, the main ongoing projects of the Group that justify the balance of 'Expenses to be recorded - ongoing projects' is as follows:

	FY 2021	FY 2020
Study CFD Stade d'Abidjan (Martifer Construções)	599,442	-
London Dock - Building C1 (Martifer UK and Martifer Construções)	377,255	921,974
Alcalá 546 - A546 (Martifer Construções and Martifer Spain)	311,719	-
Torre Infinity (Martifer Construções)	277,478	-
Gare de Mons (Martifer Construções)	-	2,066,577
Meenbog Ireland (Martifer Construções)	-	1,357,079
STORIES (Martifer France and Martifer Construções)	-	1,228,867
Le Havre Project (Martifer Construções)	-	1,000,471
West End Gate (Martifer UK and Martifer Construções)	-	533,015
Cabinda General Hospital (Martifer UK)	-	282,922
Effect of the restatement of the hyperinflationary economy in Angola (IAS 29)	1,240	970
Others	24,352	1,626,329
	1,591,485	**9,018,204**

29. CASH AND CASH EQUIVALENTS

The item ‘Cash and cash equivalents’ may be analysed as follows:

	FY 2021	FY 2020
Cash and cash equivalents:		
Bank deposits	40,968,439	43,750,101
Cash	43,028	47,479
	41,011,467	**43,797,581**

On 31 December 2021 and 2020, no restrictions existed as to the use of the balances recorded in the item ‘‘Cash and cash equivalents’’.

On 31 December 2021, the line 'Bank deposits' includes 18,343 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 2021, in the item 'Bank deposits' about 6.7 million Euros were included for 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 2021	FY 2020
Portugal	27,924,279	29,244,330
Angola	6,659,569	6,679,865
United Kingdom	2,477,807	439,633
Poland	1,575,075	643,742
Romania	957,643	2,758,526
Spain	544,981	536,404
Belgium	430,272	403,550
France	230,895	2,688,152
Switzerland	69,195	34,540
Saudi Arabia	45,411	136,840
Ireland	34,337	191,761
Argentina	33,659	13,221
Netherlands	10,771	7,489
Austria	9,690	3,421
Malta	6,237	13,983
United Arab Emirates	1,519	1,998
Brazil	125	124
	41,011,467	**43,797,581**

30. NON-CURRENT ASSETS HELD FOR SALE

In December 2020, by decision of the Board of Directors, an active plan was initiated to sell the land, and the industrial building of Martifer Construções located in Benavente (the Benavente Factory) of the 'Metallic Constructions' segment since there were already potential buyers and this sale was highly probable. This way, the conditions foreseen by IFRS 5 for the classification of this asset as a Non-current Asset held for sale were met.

Prior to its transfer to this item, this asset was assessed, and it was verified that its fair value was higher than its net book value.

The sale of this asset occurred in June 2021, the sale value was 4.6 million Euros, and the accounting gain was 2.4 million Euros, which was recorded in 'Other operating income - Capital gains on non-current assets held for sale' (Note 5).

The detail of non-current assets held for sale on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Gross amount, reduced by impairment losses:		
Land and buildings	-	5,110,879
	-	**5,110,879**
Accumulated depreciation:		
Land and buildings	-	2,868,167
	-	**2,868,167**
Carrying amount	**-**	**2,242,712**

31. EQUITY

Share capital

Martifer SGPS's share capital, fully subscribed and paid-up, on 31 December 2021 and 2020, 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 2021 and 2020 financial periods, there were no changes in the number of shares representing the Company's share capital.

During the 2021 financial period, Martifer SGPS didn't acquire nor sell own shares. Martifer holds 2,215,910 own shares, corresponding to 2.22% of its share capital, the cost of which is 2,868,519 Euros (equal to the amount on 31 December 2020).

On 31 December 2021, 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), 5.20% 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 (a company listed on the stock exchange), 2.22% in own shares, and the remaining 17.08% dispersed in 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 an unavailable reserve on the amount of the acquisition of own shares, included in 'Other reserves and retained earnings'.

Reserves

Legal reserves

The Portuguese commercial legislation establishes that at least 5% of the annual net income 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 item 'Other Reserves and Retained Earnings' and amounts to 10,000,000 Euros (8,575,019 Euros on 31 December 2020).

Foreign currency translation reserves

The foreign currency translation reserves reflect the foreign-exchange fluctuations that occurred: (i) in translating the financial statements of subsidiaries in a currency other than the Euro; (ii) in the update of the net investment in subsidiaries; and (iii) in updating the Goodwill, which are not likely to be distributed or used to absorb losses, being transferred to results when the affiliates are sold or liquidated.

OTHER RESERVES AND RETAINED EARNINGS

In addition to the legal reserve in the amount of 10,000,000 Euros (8,575,019 Euros on 31 December 2020), this item includes the results of previous years and an unavailable reserve in the amount of 2,868,519 Euros relating to the value of the own shares (2,868,519 Euros on 31 December 2020).

Under Portuguese legislation, the amount of reserves considered distributable is determined based on the Company's individual financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

On 31 December 2021, Martifer SGPS, SA had 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 the management of the financial debt and to liquidity risk.

<u>Non-controlling interests</u>

The evolution of non-controlling interests can be analysed as follows:

	FY 2021	FY 2020
Opening balance	x	(38,953,345)
Loss coverage	-	1,114,572
Profit for the year	1,398,941	385,981
Other changes in equity of subsidiaries	(223,017)	322,845
Changes in the consolidation perimeter	33,028	1,281
Transactions with non-controlling interests	-	35,742,134
Others	-	(157,757)
	(335,337)	**(1,544,289)**

In 2021, the main impacts that justify the variation in non-controlling interests are the positive net profit for the year, as well as the 'Other changes in equity', which has a negative impact that essentially results from the exchange rate devaluation in some countries.

Movements with non-controlling interests in 2020 essentially reflect the transaction with non-controlling interests that occurred due to the acquisition of Vetor Diálogo, SGPS, SA. (it held 25% of Martifer Metallic Constructions SGPS) by Martifer, SGPS, S.A., which now holds 100% of it, as well as a loss coverage which occurred in Martifer Angola, carried out exclusively by Martifer Metallic Constructions.

The detail of the main non-controlling interests can be analysed as follows:

	'% NON-CONTROLLING INTERESTS		FY 2021	FY 2020
	FY 2021	FY 2020		
Metallic Contructions				
Martifer – Construções Metálicas Angola, S.A.	21.25%	21.25%	374,768	(745,291)
Liszki Green Park Sp. z o.o.	10.00%	10.00%	(915,676)	(908,600)
Other non-controlling interests	-	-	87	(32,942)
Renewables			-	-
Martifer Renewables O&M Sp. z o.o.	48.00%	48.00%	205,484	142,543
			(335,337)	**(1,544,289)**

On 31 December 2021, the summarised financial information on the main subsidiaries controlled by the Group with non-controlling interests was the following:

FY 2021	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	NET PROFIT FOR THE YEAR
Martifer - Construções Metálicas Angola, S.A.	4,508,756	10,479,485	480,024	9,917,328	6,177,749
Liszki Green Park Sp. z o.o.	-	4,688,984	12,851,095	994,647	(32,767)
Martifer Renewables O&M Sp. z o.o.	18,685	767,696	22,857	335,433	186,346

Regarding Martifer - Construções Metálicas Angola, S.A, on 31 December 2021, the value of non-controlling interests corresponds to 21.25% of Equity excluding Supplementary capital contributions (-1,090,705 Euros), to which the value of the Supplementary capital contributions of the minority shareholding (606,543 Euros) is added.

32. LOANS

The borrowings obtained, with reference to the periods ended on 31 December 2021 and 2020 are as follows:

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**

FY 2020	UNTIL 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Loans from Financial institutions:					
Bank loans	2,287,635	4,796,855	15,465,861	96,488,851	119,039,202
Authorised overdrafts	132,791	-	-	-	132,791
Other loans:					
Other loans	106,434	467,727	148,869	161,320	884,350
	2,526,860	**5,264,582**	**15,614,730**	**96,650,171**	**120,056,343**

In 2021, the value of the Group's loans consolidated its downward trajectory, registering a reduction of about 8% compared to the previous year in all of the Group's financing, which amounted to 110,593,526 Euros on 31 December 2021.

This reduction results from the fulfilment of the Group's bank debt service, having also had the contribution resulting from the accomplishment of Martifer's Non-core Assets Sale Plan, in which the sale of the asset "Benavente Factory" stands out, whose net sale amount was fully allocated to the repayment of bank debt (4.5 million Euros) (Note 30).

On 31 December 2021, the short-term debt was 3,494,217 Euros with a weight of 3% on all of the Group's loans.

In June 2020, due to the current uncertainty caused by the COVID-19 pandemic, the Group accepted the moratorium regime in accordance with Decree-Law no. 10-J/2020 of 26 March 2020, with the amendments introduced by Decree-Law no. 26-J/2020 of 16 June 2020 and by Decree-Law no. 78-A/2020 of 29 September 2020, with the consequent application of the suspension of the payment of the capital of loans contracted by the companies of the 'Metallic Constructions' segment with the banks in Portugal.

The period of suspension of payment of capital and interest began on 30 June 2020 and ended on 31 March 2021 for interest instalments and was extended until 30 September 2021 for capital instalments. This measure had an impact of 2.8 million Euros in the financial year 2021 (4.2 million Euros in 2020) on the Group's cash flow.

The amount registered in the item 'Other loans' corresponds essentially to a development support operation obtained by the Portuguese Agency for Foreign Trade and Investment (AICEP) and the Institute for Support to Small and Medium-sized Companies and to Investment (IAPMEI).

The variation of loans between 31 December 2020 and 2021 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 interest associated with contracts in which capitalisation is planned (0.78 million Euros) and exchange rate updates (0.09 million Euros).

The variation of loans between 2019 and 2020 is as follows:

	FY 2019	CASH-FLOWS	CHANGES OF CONSOLIDATION PERIMETER	TRANSACTIONS WITH NO EFFECT IN CASH-FLOWS	FY 2020
Bank loans	140,809,073	(1,144,290)	(21,850,061)	2,241,619	120,056,342
Total	**140,809,073**	**(1,144,290)**	**(21,850,061)**	**2,241,619**	**120,056,342**

Between 2019 and 2020, there were variations in loans that did not affect cash flows, namely the operation to cover Martifer's losses, which had in its genesis the use of the Holding's bank debt that had been acquired by the reference shareholders (I'M SGPS and Mota-Engil, SGPS), of around 21.9 million Euros. Additionally, there were 2.2 million Euros that did not affect cash flows due to capitalisation of interest as a result of adherence to the moratorium regime described above (1.9 million Euros); interest associated with contracts in which capitalisation is planned (0.6 million Euros); and exchange rate updates (-0.3 million Euros).

On 31 December 2021 and 2020, the amounts relating to loans are in the following currencies:

FY 2021	FINANCIAL INSTITUTIONS	OTHER LOANS	TOTAL
Euro	109,815,610	777,916	110,593,526
	109,815,610	**777,916**	**110,593,526**

FY 2020	FINANCIAL INSTITUTIONS	OTHER LOANS	TOTAL
Euro	114,282,834	884,350	115,167,183
New Leu	4,756,368	-	4,756,368
Kuanza	132,791	-	132,791
	119,171,992	**884,350**	**120,056,342**

The average interest rates supported on loans are the following:

FY 2021	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Loans from Financial institutions:		
Bank loans	2.37%	[2.00% a 2.46%]
Other loans:		
Other loans	0.27%	[0.00% a 5.30%]

FY 2020	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Loans from Financial institutions:		
Bank loans	2.48%	[1.53% a 5.9%]
Authorised overdrafts	17.66%	[17.66%]
Other loans:		
Other loans	0.62%	[0.00% a 5.30%]

1) Refers to Angola (and in local currency – AKZ)

The interest rates supported on bank loans by country are the following:

COUNTRY	INDEX	SPREAD
Portugal	Euribor	[2.00 a 3.00]

Martifer's debt is fully subject to variable interest rates. In 2021, interest rates in the Euro Area remained in negative terrain, and according to information recently released by the European Central Bank *(March 2022 ECB staff macroeconomic projections*), despite the upward trend of interest rates, they should remain in negative terrain until the end of 2022, and are expected to enter positive terrain in 2023, but still at very contained levels for the coming years. The forward rates traded on the market also show this trend (forward rates published by Reuters on 10/03/2022).

On 31 December 2021, 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. [PT]	EUR	2,150,000	30/06/2028	4 months + 4 Years + 1 Quarter + 12 months + 6 months	Quarterly	32,673	970,298
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,500,000	30/06/2028	4 months + 4 Years + 1 Quarter + 12 months + 6 months	Quarterly	22,795	676,928
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	6,500,000	30/06/2028	2 Years + 4 Years + 1 Quarter + 12 months + 6 months	Quarterly	325,000	1,601,879
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	20,000,000	30/06/2028	1 Years + 4 Years + 1 Quarter + 12 months + 6 months	Quarterly	1,250,000	12,531,301
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	5,250,000	30/06/2028	1.5 Years + 4 Years + 1 Quarter + 12 months + 6 months	Quarterly	76,924	1,677,406
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	5,000,000	30/06/2028	1 Quarter + 6 Years + 1 Quarter + 12 months + 6 months	Quarterly	12,522	429,279
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,500,000	30/06/2028	2 Years + 5 Years + 1 Quarter + 12 months + 6 months	Quarterly	64,103	1,746,476
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	851,052	30/06/2028	5 Years + 1 Quarter + 12 months + 6 months	Quarterly	2,128	653,929
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	14,000,000	30/06/2028	5 Years + 1 Quarter + 12 months + 6 months	Quarterly	33,852	10,392,540
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,500,000	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	6,277	1,926,869
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,600,000	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	6,504	1,996,647
Martifer Metallic Constructions SGPS, S.A. [PT]	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. [PT]	EUR	59,922	30/06/2028	3 Years + 1 Quarter + 12 months + 6 months	Quarterly	150	45,988
Martifer - Construções Metalomecânicas, S.A. [PT]	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. [PT]	EUR	513,233	30/06/2028	3 Years + 1 Quarter + 12 months + 6 months	Quarterly	1,283	393,902
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	2,035,204	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	5,088	1,563,645
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	3,048,379	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	7,621	2,342,066
Navalria – Docas, Construções e Reparações Navais, S.A. [PT]	EUR	254,032	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	635	195,172
Navalria – Docas, Construções e Reparações Navais, S.A. [PT]	EUR	1,624,246	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	4,061	1,247,906
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	310,155	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	775	238,292
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,016,422	30/06/2028	4 Years + 1 Quarter + 12 months	Quarterly	2,541	780,915
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,016,126	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	2,540	780,689
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	3,299,532	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	8,249	2,535,026
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	4,318,537	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	10,796	3,317,927
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	3,299,468	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	8,249	2,534,977
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	3,048,645	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	7,622	2,342,270
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	351,719	30/06/2028	4 Years + 1 Quarter + 12 months + 6 months	Quarterly	879	270,225
Martifer - Construções Metalomecânicas, S.A. [PT]	EUR	1,631,965	30/06/2028	12 months + 6 months	Quarterly	14,280	1,263,312
Martifer Renewables SGPS SA [PT]	EUR	10,000,000	31/12/2028	3.5 Years	Half-yearly	-	10,000,000
Martifer Renewables SGPS SA [PT]	EUR	9,488,214	20/05/2030	10 Years	Half-yearly	-	9,815,570
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	4,500,000	31/03/2028	7.5 Years	Quarterly	-	4,607,932
Martifer Metallic Constructions SGPS, S.A. [PT]	EUR	1,527,689	31/12/2031	6.5 Years	Quarterly	76,385	76,384
WestSea, Lda [PT]	EUR	188,000	31/07/2022	-	Monthly	4,830	5,635

On 31 December 2021, the Group's sensitivity to changes in indexed interest rates can be analysed as follows:

	ESTIMATED IMPACT 2021
Change in financial results due to a 0.5 p.p. alteration of the interest rate applied to the entire debt	552,968
Fixed-rate hedging	3,890
Sensitivity of the financial results due to interest rate changes	**549,078**

For this financing, the guarantees identified in Note 40 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 2020 as amended by Decree-Law no. 26-J/2020 of 16 June 2020, with the consequent application of the suspension of the payment of capital instalments associated with the Group's financing.

33. LEASE LIABILITIES

On 31 December 2021 and 2020, the value of rents and the current value of rents associated with lease liabilities are as follows:

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	FY 2021	FY 2020	FY 2021	FY 2020
No later than 1 year	1,771,460	1,488,646	917,006	624,513
Later than 1 year and no later than 5 years	6,103,884	5,883,530	2,968,934	2,664,091
Later than 5 years	27,222,391	29,461,564	17,206,792	17,800,383
	35,097,735	**36,833,740**	**21,092,732**	**21,088,987**
Future finance charges	(14,005,003)	(15,744,753)	-	-
Present value of minimum lease payments	**21,092,732**	**21,088,987**	**21,092,732**	**21,088,987**
Included in the financial statements as:				
Current lease payments	1,771,460	1,488,646	917,006	624,513
Non-current lease payments	19,321,272	19,600,341	20,175,726	20,464,474
	21,092,732	**21,088,987**	**21,092,732**	**21,088,987**

On 31 December 2021, lease liabilities refer essentially to:

- sub-concessions of the shipyards of Viana do Castelo and Aveiro, with the current value of rents from lease liabilities 9,692,736 Euros (of which 148,633 Euros are recorded as current and 9,544,103 Euros as non-current);
- previous commitments with finance leases, with the current value of the rents from lease liabilities 10,063,082 Euros (of which 366,810 Euros were recorded as current and 9,696,273 Euros as non-current).

34. TRADE PAYABLES AND OTHER PAYABLES

The information regarding trade payables and other payables for the periods ended on 31 December 2021 and 2020 may be analysed as follows:

	NON-CURRENT		CURRENT	
	FY 2021	FY 2020	FY 2021	FY 2020
Trade payables	**2,061,386**	**2,651,527**	**39,456,554**	**47,904,634**
Other payables:				
Fixed assets suppliers	-	-	201,280	208,686
Related companies and other shareholders	4,351	-	822,507	835,365
Other payables	20,000	25,000	1,495,455	2,397,234
Other payables	**24,351**	**25,000**	**2,519,242**	**3,441,285**
Total	**2,085,737**	**2,676,527**	**41,975,796**	**51,345,919**

In 2021, and despite the high volume of projects in progress, there is an 18% reduction in the value of current and non-current suppliers, with a 22% reduction in the value of debts to suppliers and other non-current creditors and 18% in the value of current suppliers and other accounts payable.

On 31 December 2021 and 2020, the ageing of the balances in the items 'Trade payables' and 'Other payables' is as follows:

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**

FY 2020			NOT DUE			
	TOTAL	PAST DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	50,556,161	19,937,426	23,529,255	3,439,833	998,120	2,651,527
Other payables	3,466,285	2,304,715	1,001,720	5,000	129,850	25,000
Total	**54,022,446**	**22,242,141**	**24,530,975**	**3,444,833**	**1,127,970**	**2,676,527**

The average term of payment for purchases and services acquired by the Group is around 129 days, reflecting a great improvement compared to the previous year, in which the average term of payment was around 160 days, corresponding to a 19% reduction.

Similar to what happens with clients (Note 25), the retentions made to 'Trade Payables' (1,728,734 Euros in 2021 and 2,332,693 Euros in 2020) are included in the item 'Trade Payables', except those in which the bank guarantee is issued by the supplier and not by Martifer, these being considered as 'not overdue'.

The Group uses confirming lines to manage payments to some suppliers. Cash flow is only recognised at the moment when the payment of the amount is made to the financing entity. On 31 December 2021, the value of the debt assigned in confirming amounted to 2,332,955 Euros (2,659,523 Euros on 31 December 2020), and it is guaranteed by Martifer SGPS, S.A.. The unused confirming ceiling was 667,045 Euros on 31 December 2021 (340,477 Euros on 31 December 2020).

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35. PROVISIONS

The information regarding provisions for the periods ended on 31 December 2021 and 2020 may be detailed as follows:

	FY 2021	FY 2020
Quality guarantees	1,339,799	1,417,477
Ongoing legal claims	293,662	1,453,103
Onerous Contracts	301,207	510,917
Provisions on contractual obligations	1,443,901	1,414,158
	3,378,570	**4,795,655**

The movement occurred in the item 'Provisions' in the periods ended on 31 December 2021 is as follows:

	OPENING BALANCE	ADDITIONS (Note 11)	DEDUCTIONS (Note 11)	APPLICATIONS	CHANGE OF CONSOLIDATION PERIMETER, EXCHANGE RATE DIFFERENCES, TRANSFERS	CLOSING BALANCE
Quality guarantees	1,417,477	11,573	-	-	(89,250)	1,339,799
Ongoing legal claims	1,453,103	-	-	(1,250,000)	90,559	293,662
Onerous contracts (Note 11)	510,917	121,497	(332,073)	-	866	301,207
Provisions on contractual obligations (Note 11)	1,414,158	86,941	(42,806)	(14,684)	292	1,443,901
	4,795,655	**220,011**	**(374,879)**	**(1,264,684)**	**2,467**	**3,378,570**

The financial investments which are registered using the Equity Method and for which provisions were constituted, on 31 December 2021 and 2020, were as follows:

	% CAPITAL HELD	EQUITY	NET PROFIT	FY 2021
	FY 2021	FY 2021	FY 2021	
Martimetal, SPA [1]	49.00%	-	-	-
				-

	% CAPITAL HELD	EQUITY	NET PROFIT	FY 2020
	FY 2020	FY 2020	FY 2020	
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 the financial year 2021.

The movement that occurred in these provisions, in the periods ended on 31 December 2021 and 2020, is as follows:

	FY 2021	FY 2020
Opening balance	-	(7,932,197)
Change in consolidation method of Duelobrigatório, S.A	-	7,940,995
- From performance in results [1]	-	(8,798)
Closing balance	**-**	**-**

On 31 December 2021 and 2020, there is no associate company and jointly controlled company with negative equity, which justifies the inexistence of provisions resulting from the 'Application of the equity method'.

The provisions for quality guarantees 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 the incurred historical costs.

In 2020, we highlight the reversal of 0.4 million Euros in 'Ongoing legal claims' associated with the end of processes in Poland in the 'Metallic Constructions' segment, as well as the constitution of a provision of 1.3 million Euros by Martifer Metallic Constructions

SGPS, S.A. to face a legal process in Brazil. In 2021, this same provision of 1.3 million Euros was used by Martifer Metallic Constructions SGPS, S.A., when the payment occurred, having the process reached an end.

In the year 2021 and 2020, the provisions for onerous contracts essentially relate to projects in the 'Metallic Constructions' segment, with the main contribution being from Portugal and the United Kingdom. The detail for each project can be analysed below:

	FY 2021	FY 2020
London Dock - Building C1 (Martifer UK)	101,672	-
Services F.C.P (Martifer Construções)	101,219	166,122
Luz Stadium_Maintenance 2013-2020 (Martifer Construções)	60,855	114,300
Pod peste raul Dombovia (Martifer Romania)	-	124,570
Others	37,461	105,925
	301,207	**510,917**

Given the unpredictability of the moment of the reversal of provisions and given the nature for which they are intended, the Group did not financially update them.

36. CONTINGENT ASSETS AND LIABILITIES

On 31 December 2021, 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 Particular Contract for the Supply and Assembly of Metallic Structures and PTFE Membranes of the Arena of Amazonia stadium, totalling 4.3 million Euros for return and 2.4 million BRL for additional costs, ongoing at CCBC - Chamber of Commerce Brazil Canada, in articulated 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 reallocated 12.7 million BRL as additional costs and additional work. In 2021, no further progress was made in this process, and work is underway to produce a joint report by technical experts from the parties.

37. CURRENT TAX/ INCOME TAX - LIABILITIES

On 31 December 2021 and 2020, the balance of the caption 'Current Tax/Income Tax - Liabilities' is as follows:

	FY 2021	FY 2020
Income Tax (Note 14)	**2,357,908**	**1,236,422**
Value added tax	1,499,648	2,042,062
Social security contributions	627,326	839,870
Withholding tax	543,775	454,275
Other taxes	50,918	107,006
Current tax liabilities	**2,721,667**	**3,443,213**

38. CONTRACT LIABILITIES

The information regarding contract liabilities by business segment, on 31 December 2021 and 2020, can be analysed as follows:

	FY 2021			FY 2020		
	ADVANCE PAYMENTS FROM CUSTOMERS	DEFERRED INCOME	TOTAL	ADVANCE PAYMENTS FROM CUSTOMERS	DEFERRED INCOME	TOTAL
Metallic Constructions	12,225,742	4,471,565	16,697,307	9,547,811	11,002,374	20,550,185
Naval Industry	-	22,005,126	22,005,126	-	19,008,454	19,008,454
Total of Contract Liabilities	**12,225,742**	**26,476,691**	**38,702,433**	**9,547,811**	**30,010,828**	**39,558,639**

The movement that occurred in the 2021 financial year on advance payments received from clients can be analysed as follows:

	FY 2021
Balance on 1 January 2021	**9,547,811**
Revenue recognised in the year associated with liabilities recorded in previous years	(3,826,309)
Advance payments compensated	(1,228,256
Advance payments received in the year	7,732,496
Balance on 31 December 2021	**12,225,742**

On 31 December 2021 and 2020, the Group's main projects in progress that justify the deferred income balance in the item 'Contract Liabilities' are as follows:

	FY 2021	FY 2020
Ocean Patrol Vessels (West Sea)	9,600,632	9,630,983
World Seeker (West Sea)	4,996,968	-
World Navigator (West Sea)	3,527,269	-
World Voyager (West Sea)	1,764,162	4,657,401
Integrated communication project (Martifer Angola)	1,694,469	3,167,866
Hall e Galerie Béraudier de la Gare de Lyon Part Dieu (Martifer France)	749,644	-
Alcalá 546 - A546 (Martifer Spain and Martifer Construções)	525,173	-
Polar Express (West Sea)	403,377	219,011
London Dock - Building C1 (Martifer UK and Martifer Construções)	372,116	1,003,097
Bouaké Stadium (Martifer Construções)	-	2,555,604
Le Havre Project (Martifer France and Martifer Construccions Romania)	-	2,485,424
Arosa (West Sea)	-	1,442,272
Amadouro (West Sea)	-	914,939
Sicilia (West Sea)	-	601,294
SS Douro (West Sea)	-	324,623
Cabinda General Hospital (Martifer UK)	-	154,705
Others	2,842,881	2,853,609
	26,476,691	**30,010,828**

39. OTHER NON-CURRENT/CURRENT LIABILITIES

NON-CURRENT

The information regarding other non-current liabilities for the periods ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Deferred income		
Subsidies / Government grants (Note 41)	12,658	17,507
Other deferred income	2,222,701	2,955,211
	2,235,359	**2,972,718**

The item 'Other deferred income' in 2021, as well as in 2020, results exclusively from the recognition of the deferred income with the attribution of Green Certificates in Eviva Nalbant S.R.L, whose sale will only occur in more than 365 days (Note 23).

CURRENT

The information regarding other current liabilities for the periods ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Accrued expenses		
Accrued Expenses - Work in progress	5,127,169	6,892,711
Holiday pay and bonuses	4,576,792	3,586,997
Interest borne but not yet overdue	414,402	496,838
Insurance to be paid	29,010	122,757
Production performed by third parties not yet invoiced	35,478	28,376
Other accrued expenses	1,927,023	1,434,475
	12,109,874	**12,562,154**
Deferred income		
Subsidies / Government grants (Note 41)	57,898	54,232
Other deferred income	1,682,001	1,358,802
	1,739,899	**1,413,034**
	13,849,773	**13,975,189**

The 'Other accrued expenses' on 31 December 2021 correspond to supplies and external services rendered in 2021 and not yet invoiced.

The item 'Other deferred income' in 2021, as in 2020, mainly results from the recognition of deferred income with the allocation of the Green Certificates in Eviva Nalbant S.R.L. (Note 23).

The heading 'Accrued expenses - Work in Progress' includes work executed and material supplied and incorporated in the manufacturing process but not yet invoiced by suppliers.

Thus, on 31 December 2021 and 2020, the main projects in progress that justify the balance of 'Accrued expenses - Work in Progress' are as follows:

	FY 2021	FY 2020
Al Faisaliah Redevelopment Project - Early Works Façade Package (Martifer Saudi Arabia)	1,731,407	-
MMH - Completion of remaining works (Martifer Construções and Martifer Construções UK)	714,034	-
Park & Ride Building 3A1, 3D1+3G2, 3K1 (Martifer Saudi Arabia)	477,491	-
Cabinda General Hospital (Martifer Angola)	316,381	525,523
East Wing of Geneva Airport (Martifer Construções Sucursal Genebra)	265,007	920,847
Gare de Mons (Martifer Construções Sucursal Bélgica)	200,481	837,530
STORIES (Martifer France)	133,491	170,984
Bouaké Stadium (Martifer Construções)	26,117	1,936,226
Le Havre Project (Martifer France)	15,327	961,386
Metz Stadium (Martifer France)	-	218,306
Others	1,247,433	1,321,909
	5,127,169	**6,892,711**

40. COMMITMENTS

Financial guarantees

On 31 December 2021 and 2020, the guarantees provided by the Group to third parties, relating to bank guarantees and guarantee insurance, provided to project owners for which various Group companies are responsible, indicated by currency, are as follows:

	FY 2021	FY 2020
Euro	25,442,020	31,148,458
Zlotys	336,596	363,489
New Leu	139,435	141,746
US Dollar (*)	4,492,687	3,392,738
Moroccan Dirham	85,486	82,325
Pound Sterling	3,431,006	7,382,542
	33,927,230	**42,511,299**

(*) Bank guarantees for proper execution, issued in Angola and in Portugal, mainly to guarantee works in Saudi Arabia.

The detail per Group company is as follows:

	FY 2021	FY 2020
Martifer Construções Metalomecânicas S.A.	9,553,981	13,768,204
Martifer Metallic Constructions SGPS	13,621,290	16,663,519
Navalria S.A.	120,000	120,000
West Sea Lda	7,629,167	8,909,542
Martifer Romania Srl	181,442	181,442
Martifer Construções Metálicas Angola S.A.	2,484,754	2,505,103
Wind Farm Lada Sp. Zoo	294,981	318,549
PV Sol 2 Sp. z o.o	12,334	13,320
PV Sol 3 Sp. z o.o	13,026	14,067
PV Sol 4 Sp. z o.o.	16,254	17,553
	33,927,230	**42,511,299**

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 given 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 by invoices, and the client cancels the guarantee once the entire advance payment is deducted;
- The proper execution guarantees aim to ensure the fulfilment of the contract (execution deadlines, quality, etc.). The validity of this kind of guarantee is defined contractually and 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 giving the guarantee of proper execution that is necessary in case the tender is awarded.

The amount of active bank guarantees on 31 December 2021 is 33.9 million Euros, having decreased 20% compared to the year 2020. The decrease in guarantees in the 'Metallic Constructions' and 'Naval Industry' segments largely contributed to this decrease.

On 31 December 2021 and 2020, there are no commitments with documentary credits on import.

On 31 December 2021 and 2020, there aren't any active credit insurances.

Disbursements related to the commitments mentioned above are not expected.

Real Guarantees

On 31 December 2021, the real guarantees given 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	16,347,296
1st degree mortgage of administrative building, 2nd degree mortgage of industrial building Tower's plant (article 1914)	Martifer Construções SA	3,306,984
	Martifer Construções SA	3,306,920
	Navalria SA	1,627,914
Mortgage of industrial building Martifer Construções (article 2079)		3,131,295
1st degree share pledge of 25% of Martifer Renewables SGPS (no. Shares 25,000,000)	Martifer Construções SA	3,055,530
	Martifer Construções SA	1,018,421
	Martifer Construções SA	2,039,801
	Martifer Construções SA	3,055,264
Mortgage of Land and Warehouse in Albergaria	Martifer Construções SA	2,604,661
	Martifer Construções SA	2,513,634
	Martifer Metallic Constructions SGPS	15,084,936
Generic Mortgage Land at Oliveira de Frades (article P-2003) OF MTC Factory	Martifer Metallic Constructions SGPS Martifer Renewables SGPS	24,423,502
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 8 Wind Turbines Suzlon S88 - 2,1 MW Hub height 79 m		
Multipark Paços de Ferreira		
Other Lands MGI		
Various Mercantil equipment pledge	Navalria	513,851
Mercantil Equipment pledge	Martifer Construções	113,309
		82,143,319

During 2021, no new additional real guarantees were provided, and there was a clear reduction in the outstanding amount.

41. SUBSIDIES

The detail of the investment subsidies allocated to the Group with impact in the year ended on 31 December 2021 is as follows:

	INVESTMENT AMOUNT	SUBSIDIES GRANTED	DEFERRED INCOME (NOTE 39)	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 5)
Buildings and other constructions	5,797,465	4,203,885	11,838	2,959
Basic equipment	7,832,920	2,373,768	5,669	51,273
Office equipment	97,183	96,965	5,221	2,371
Tools and utensils	61,233	53,023	-	-
Ongoing Assets	-	-	47,827	-
Closing balance 31 December 2021	**13,788,801**	**6,727,641**	**70,556**	**56,603**

The detail of operating subsidies registered in the P&L Statement for the financial period ended on 31 December 2021, in the item Other operating income/(expenses) is as follows:

COMPANY	DESIGNATION	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 5)
Martifer Construções, S.A.	IEFP	96,148
Martifer Construções, S.A.	IAPMEI	2,704
Navalria, S.A.	IEFP	1,584
Martifer Renewables, S.A.	IEFP	3,719
West Sea, Lda.	IEFP	54,451
		158,606

42. RELATED PARTIES

a) Balances and transactions

The Group's subsidiaries have relations between them that qualify as transactions with related parties. All of 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 from the holding and its subsidiaries as if they were a single company.

The balances and transactions with associate 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 34)	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Associate companies	-	-	-	-	10,441	10,441	-	-
Joint Ventures	-	-	386,220	379,936	5,703,635	5,906,330	-	18,360
Shareholders	392,181	334,000	18,108	18,630	3,845	21,850	675,620	497,621
Other related parties	1,679,393	145,791	4,257,681	9,714,010	6,580,370	5,015,709	2,084,404	60,512
	2,071,575	**479,791**	**4,662,009**	**10,112,576**	**12,298,292**	**10,954,330**	**2,760,024**	**576,493**

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 and payable to related companies will be settled in cash and are not covered by guarantees. During the years ended on 31 December 2021 and 2020, 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 item "Shareholders" are as follows:

SHAREHOLDERS
Mota-Engil SGPS, S.A.
I'M - SGPS, S.A.

The main companies included in the item "Other Entities" (companies with balances and/or transactions in amounts over 10,000 Euros) are the following:

OTHER ENTITIES
MRP - Promoção Imobiliária, Lda
Mota Engil Angola, S.A.
Mota-Engil, Engenharia e Construção África - Suc. Costa Marfim
Mota-Engil, Engenharia e Construção
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 the years ended on 31 December 2021 and 2020 amounted to 1,896,682 Euros and 1,295,128 Euros, respectively.

These remunerations are determined by the Remuneration Committee, taking into account the 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 (values in Euro):

	FY 2021	FY 2020
Fixed remuneration	1,896,682	1,295,128
	1,896,682	**1,295,128**

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.

In addition, the Board Members of Martifer SGPS are:

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

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43. 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 have activity in this country and whose 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 report for Angola within hyperinflation was on 30 June 2019, and the values of this country are maintained until the restated balance 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 Argentine pesos had to be adjusted to those effects, a situation which is maintained in 2021.

The general price indices were calculated based on information on inflation provided by the Central Bank of the Argentine Republic.

The effect of the restatement in the consolidated statement of results for the financial year 2021 can be summarised as follows:

FY 2021	ANGOLA	ARGENTINA	TOTAL
Restatement of expenses and income	(168,874)	(36,124)	(204,998)
Monetary result	-	319,253	319,253
Impact on net income for the year	**(168,874)**	**283,129**	**114,254**

The effect of the restatement in the consolidated statement of financial position on 31 December 2021 can be summarised as follows:

FY 2021	ANGOLA	ARGENTINA	TOTAL
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 Income 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**

On the other hand, the effects of the restatement in the consolidated statement of financial position on 31 December 2020 can be summarised as follows:

FY 2020	ANGOLA	ARGENTINA	FY 2020
Intangible assets	861,030	3,459	864,489
Tangible fixed assets	5,811,705	159,888	5,971,593
Inventory	145,930	-	145,930
Deferrals	3,403	16,499	19,902
Impact on Assets	**6,822,069**	**179,846**	**7,001,915**
Reserves	4,860,487	(8,367)	4,852,120
Net Income for the year	(220,980)	157,965	(63,015)
Impact on Equity	**4,639,507**	**149,598**	**4,789,106**
Deferred tax liabilities	1,988,360	28,613	2,016,973
Deferrals	194,202	1,634	195,836
Impact on Liabilities	**2,182,563**	**30,247**	**2,212,809**

44. ANNEX TO THE CONSOLIDATED CASH FLOW STATEMENT

The receipts and payments of financial assets occurred in the periods ended on 31 December 2021 and 2020 may be analysed as follows:

	FY 2021	FY 2018
Cash Receivables:		
Sale of PV Sol 7 Sp. z o.o.	1,743,426	-
Sale of FW Warta Sp. z o.o.	-	7,714,162
Total Receivables	**1,743,426**	**7,714,162**
Cash and cash equivalents derecognised with loss of control	(20,032)	(341,707)
Total Net Receivables	**1,723,394**	**7,372,456**
Cash Payments:		
Acquisition of minority interest of CiTin – Centro de Interface Tecnológico Industrial	2,000	-
Total Payments	**2,000**	**-**
Cash and cash equivalents derecognised with gain of control	-	-
Total Net Payments	**2,000**	**-**

Regarding the sale of FW Warta, in December 2020, the amount to be received was 4,547,567 Polish Zlotis. This value will be received when the wind farm enters into operation, and an additional amount may be received if the entity is successful in tax proceedings concerning the recovery of value added tax. It is the Board of Directors' understanding that the estimated value of the sale price is adequate, taking into account the contractual conditions and the information existing at the time. On 31 December 2021, no further amounts had been received regarding this sale.

In 2021, as in 2020, the item '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).

45. SUBSEQUENT EVENTS

The year 2022 is being marked by geopolitical events in Ukraine following the military invasion of this country by Russia, with several countries, namely European countries and the United States of America, applying strong economic sanctions on Russia. These events are strongly affecting the world economy, with the price increase of energy, oil and many raw materials, in addition to the impacts on logistics chains. Although Martifer Group has no direct exposure to Russia or Ukraine, the impact of the conflict on the world economy may affect the Group, although it is not possible at this stage to estimate the impact.

Since the reference date of the accounts, and with the exception of the aforementioned, there have been no other events that affect the disclosed financial information.

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46. FINANCIAL INSTRUMENTS

The financial instruments, in accordance with the accounting policies described in Note 1.4 (vii), were classified as follows:

On 31 December 2021 and 2020, the financial instruments are as follows:

€	FY 2021	FY 2020
FINANCIAL ASSETS		
Financial assets at amortised cost		
Cash and cash equivalents	41,011,467	43,797,581
Non-current trade debtors and other debtors	5,661,824	8,685,115
Current trade debtors and other debtors	52,578,542	27,081,768
Prepayments	9,379,526	10,168,655
State and other public entities (without income tax)	3,853,822	9,187,679
	71,473,714	**55,123,217**
Financial assets at fair value through profit or loss		
Green Certificates non-current	2,222,701	2,955,211
Others non-current	267,806	216,178
Green Certificates current	1,607,764	1,288,802
Deposits given as security	755,963	-
Others current	11,596	11,596
	4,865,830	**4,471,787**
Carrying amount of Financial Assets	**117,351,011**	**103,392,585**

€	FY 2021	FY 2020
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Non-Current Loans	107,099,309	117,529,482
Non-current Lease liabilities	20,175,726	20,464,474
Non-current trade creditors and other creditors	2,085,737	2,676,527
Current Loans	3,494,217	2,526,860
Current Lease liabilities	917,006	624,513
Current trade creditors and other creditors	41,975,796	51,345,919
State and other public entities (without income tax)	2,721,667	3,443,213
	178,469,458	**198,610,988**
Carrying amount of financial liabilities	**178,469,458**	**198,610,988**

47. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 27 April 2022. In addition, the accompanying consolidated financial statements on 31 December 2021 are pending approval by the General Shareholders Meeting.

Oliveira de Frades, 27 April 2022

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)

SEPARATE FINANCIAL INFORMATION

SEPARATE FINANCIAL STATEMENTS

MARTIFER GROUP

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SEPARATE FINANCIAL STATEMENTS AND OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2021 AND 2020

	NOTES	FY 2021	FY 2020
Sales and services rendered	2	1,526,382	1,348,139
External services and supplies	3	(579,347)	(602.542)
Staff costs	4	(1,910,710)	(1,026,849)
Other income	6	264,697	91,788
Other expenses	6	(51,937)	(274,301)
Profit before depreciation, provisions, impairments, financial expenses and tax		**(750,915)**	**(463,765)**
Amortisation and depreciation costs	7 e 8	(1,194)	(926)
Provisions and impairment losses	5	(829,296)	31,721,446
Operating income (before financial expenses and tax)		**(1,581,404)**	**31,256,755**
Interest and similar revenue	9	115,942	239,078
Interest and similar expenses	9	(3,085)	(2,813,151)
Gains/losses recognised on subsidiary, associates and joint ventures	9	(134)	(19,446)
Earnings before taxes		**(1,468,680)**	**28,663,236**
Income tax	10	2,185,806	2,607,616
Net profit for the year		**717,126**	**31,270,853**
Other comprehensive income		-	-
Total comprehensive income for the period		**717,126**	**31,270,853**
Earnings per share / Total comprehensive per share			
Basic	**11**	**0,0073**	**0,3198**
Diluted	**11**	**0,0073**	**0,3198**

The accompanying notes are part of these financial statements.

SEPARATE STATEMENTS OF THE FINANCIAL POSITION ON 31 DECEMBER 2021 AND 2020

	NOTES	FY 2021	FY 2020
ASSETS			
Non-current assets			
Intangible assets	7	-	-
Tangible fixed assets	8	1,000	2,194
Investments in subsidiaries and associate companies	12	86,005,192	82,835,753
Group companies	13	3,872,289	3,797,289
Financial assets at fair value through profit or loss		4,052	3,445
Deferred tax assets	10	4,229,079	4,229,079
		94,111,613	**90,867,761**
Current assets			
Trade receivables	14	7,189	929,742
Group companies	13	4,533,619	3,803,238
Other receivables	14	30,811	30,449
Deferred expenses	16	1,449	1,449
Cash and cash equivalents	17	97,231	492,840
		4,670,299	**5,257,719**
TOTAL ASSETS		**98,781,912**	**96,125,479**
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	8,575,019
Other reserves	18	2,868,519	2,868,519
Retained earnings	18	28,272,381	(1,573,491)
Profit for the year		717,126	31,270,853
TOTAL EQUITY		**88,989,507**	**88,272,381**
LIABILITIES			
Current liabilities			
Trade payables	19	350,489	466,616
State and other public entities	15	168,206	145,037
Income tax	10	1,791,338	1,010,785
Group companies	13	7,018,887	5,994,380
Other payables	19	463,485	236,281
		9,792,405	**7,853,098**
TOTAL LIABILITIES		**9,792,405**	**7,853,098**
TOTAL EQUITY AND LIABILITIES		**98,781,912**	**96,125,479**

The accompanying notes are part of these financial statements.

MARTIFER GROUP

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 31 DECEMBER 2021 AND 2020

DESCRIPTION	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL EQUITY
BALANCE AT THE BEGINNING OF 2020	**50,000,000**	**(2,868,519)**	**8,575,019**	**2,868,519**	**(19,196,723)**	**(8,154,379)**	**31,223,917**
Appropriation of the profit of 2019	-	-	-	-	(8,154,379)	8,154,379	-
Losses Coverage (Note 20)	-	-	-	-	21,850,061	-	21,850,061
Other changes in equity (Note 19)	-	-	-	-	3,927,551	-	3,927,551
Integral result	**-**	**-**	**-**	**-**	**-**	**31,270,853**	**31,270,853**
BALANCE AT THE END OF 2020	**50,000,000**	**(2,868,519)**	**8,575,019**	**2,868,519**	**(1,573,491)**	**31,270,853**	**88,272,381**
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 (Note 18)	-	-	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**

To be read as the accompanying notes to the financial statements.

SEPARATE STATEMENTS OF THE CASH FLOWS FOR THE PERIODS ENDED ON 31 DECEMBER 2021 AND 2020

	NOTES	FY 2021	FY 2020
OPERATING ACTIVITIES			
Receipts from customers		2,773,593	1,421,606
Payments to suppliers		(700,474)	(646,874)
Payments to employees		(1,337,196)	(848,106)
Cash generated from operations		**735,923**	**(73,374)**
Income tax paid/received		3,121,609	2,143,185
Other receipts/payments relating to operating activities		(413,473)	(2,829,533)
Net cash generated by operating activities (1)		**3,444,060**	**(759,722)**
INVESTING ACTIVITIES			
Payments arising from:			
Tangible fixed assets		(1,854)	(1,339)
Financial assets	22	(4,075,000)	(430,000)
		(4,076,854)	**(431,339)**
Receipts arising from:			
Tangible fixed assets		52	-
Financial assets	22	1,131	27,029,134
Interest and similar income	22	239,078	386,509
		240,261	**27,415,643**
Net cash generated by investing activities (2)		**(3,836,593)**	**26,984,303**
FINANCING ACTIVITIES			
Receipts arising from:			
Loans	22	-	8,922,000
		-	**8,922,000**
Payments arising from:			
Loans	22	-	(34,737,334)
Interest and similar costs		(3,076)	(147,937)
		(3,076)	**(34,885,272)**
Net cash generated by financing activities (3)		**(3,076)**	**(25,963,272)**
Net increase in cash and cash equivalents (1 + 2 + 3)		**(395,609)**	**261,309**
Cash and cash equivalents at the beginning of the year	**17**	**492,840**	**231,531**
Cash and cash equivalents at the end of the year	**17**	**97,231**	**492,840**

The accompanying notes are part of these financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

14 | NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTORY NOTE

Martifer, SGPS, S.A. "("Company"") is a publicly-traded company, with its registered office at Zona Industrial, Apartado 17, Oliveira de Frades - Portugal, incorporated on 29 October 2004 and 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, and following the successful Initial Public Offer (IPO), Martifer, SGPS, S.A. 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 mentioned 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 expressed in Euro, unless otherwise indicated.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

1.1 BASIS 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 2021. 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") that have been endorsed by the European Union.

The attached financial statements were prepared from the accounting records of the Company, under the assumption of continuity of operations and taking as a basis the historical cost.

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 the assessment, the Board of Directors concluded that the Company has the adequate resources to maintain the activities, having no intention of terminating them in the short term; therefore, it considered appropriate to use the assumption of continuity of operations in the preparation of the financial statements.

The accounting policies and calculation criteria adopted by the Company in the 2021 financial period are consistent with those applied in the financial statements of the previous financial period, presented for comparative purposes, except regarding the standards and interpretations entering into force on or after 1 January 2021, the adoption of which has not had a significant impact on the 'Company's comprehensive income or financial position.

Changes to effective standards on 1 January 2021 and 1 April 2021:

	EFFECTIVE DATE
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) - Interest rate benchmark reform – Phase 2	01-01-2021
Proposed Amendments to IFRS 16 Leases: Covid-19 Leases Concessions after June 30, 2021	01-04-2021
IFRS 4 (amendment) - Insurance contracts – Extension of the Temporary Exemption from Applying IFRS 9	01-01-2021

Amendment to standards IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2, the interest rate benchmark reform (IBOR Reform). Corresponds to additional amendments to Standards IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, associated with the second phase of the Interest Rate Benchmark Reform project (known as ""IBOR reform""), relating to changes in reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosure. The adoption of this amendment did not cause significant changes in the presented separate financial statements.

Amendment to Standard IFRS 16-Leases - "Covid-19-Related Rent Concessions beyond 30 June 2021". This amendment extends the application until 30 June 2022 of the optional practical expedient by which lessees are exempted from analysing whether rent concessions until that date, typically suspensions or reductions in rent related to the ""COVID-19"" pandemic, correspond to contractual modifications. The adoption of this amendment did not cause significant changes in the presented separate financial statements.

Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9. This corresponds to the amendment to standard IFRS 4 that extends the deferral of the application of IFRS 9 for financial periods beginning on or after 1 January 2023. The adoption of this amendment did not cause significant changes in the presented separate financial statements.

(New) standards (and amendments) which become effective on or after 1 January 2022, already endorsed by the EU:

	EFFECTIVE DATE
IFRS 3, IAS 16, IAS 37 (amendment)	01/01/2022
Annual improvements 2018-2020	01/01/2022
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 12 Income Taxes – Deferred Taxes	01/01/2023

Amendment to Standards IFRS 3, IAS 16, IAS 37 (effective for annual periods beginning on or after 1 January 2022). These amendments correspond to a set of updates to the various mentioned standards, namely: - IFRS 3 – update the reference to the 2018 conceptual framework; additional requirements for analysing obligations under a Standard IAS 37 or IFRIC 21 at the date of acquisition; and explicit clarification that contingent assets are not recorded in a business combination; - IAS 16 - prohibition of deducting the cost of a tangible asset from revenue related to the sale of products before the asset is available for use; - IAS 37 - clarification that costs of performance of a contract correspond to costs directly related to the contract.

Annual improvements 2018-2020 (effective for annual periods starting on or after 1 January 2022). They essentially correspond to amendments to 4 standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

IFRS 17- Insurance Contracts (effective for financial periods beginning on or after 1 January 2023). This standard lays down, for insurance contracts within its scope, the principles for their recognition, calculation, 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 IASB in February 2021 changes the definition of accounting estimate to monetary amounts in financial statements that are subject to measurement uncertainty.

Amendments to Standards IAS 12 - Income Taxes - Deferred Tax (effective for annual periods beginning on or after 1 January 2023). This amendment published by IASB in May 2021 clarifies that the exemption from initial recognition of deferred tax does not apply in transactions that produce equal amounts of taxable and deductible temporary differences.

To this date, no significant impacts are expected resulting from the adoption of the standards and amendments referred to above.

(New) standards (and amendments) that become effective on or after 1 January 2023, not yet endorsed by the EU

	EFFECTIVE DATE
IAS 1 (amendment) - Presentation of financial statements - Classification of liabilities as current or non-current	01/01/2023
Amendment to IAS 1 Presentation of Financial Statements and Statement of Practice IFRS 2: Disclosure of Accounting Policies	01/01/2023
Amendment to IFRS 17 - Insurance contracts - initial application of IFRS 17 and IFRS 9 - comparative information	01/01/2023

Amendment to IAS 1 – Presentation of financial statements – Classification of liabilities as current and non-current (to be applied in financial periods beginning on or after 1 January 2023). This amendment is still subject to the process of endorsement by the European Union. This amendment published by IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date.

Amendments to Standard 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). These amendments are still subject to approval by the European Union. This amendment published by IASB in February 2021 clarifies that material accounting policies, rather than significant accounting policies, should be disclosed and it introduced examples for identifying a material accounting policy.

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). These amendments are still subject to approval by the European Union. This amendment published by IASB in December 2021 introduces changes on comparative information to be presented when an entity simultaneously adopts both IFRS 17 and IFRS 9.

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

In the preparation of the financial statements, in accordance with IFRS, the 'Company's Board of Directors adopted certain assumptions and estimates that can affect the reported assets and liabilities, as well as the profits and losses incurred related to the reported financial periods. All the Board of 'Directors' estimates and assumptions were made, taking into consideration the best knowledge available at the financial 'statements' approval date based on the information available at that time.

Given the current context resulting from the COVID-19 pandemic and the geopolitical situation created by the war in Ukraine, the Board of Directors has undertaken an analysis of the current situation and future perspectives taking into account all the uncertainty that exists to assess the Company's ability to operate in continuity, the ability of assets to recover in the medium and long term and the record of liabilities and commitments at their fair value. The Board concluded that the Group has adequate resources to maintain the activities and that the financial position adequately presents its situation in the current context, according to the information it possesses.

1.2 COMPARABILITY OF INFORMATION

The 'Company's financial statements on 31 December 2021 were prepared in accordance with the accounting policies and calculation methods similar to those presented in the 2020 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 presented financial periods, are as follows:

i) Financial investments in subsidiaries and associate 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 it has the ability to allocate these results through the power it has over the entity.

Associate companies are entities on which the Company has a significant influence in the definition of the financial and operational policies.

ii) Tangible fixed assets

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

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

Office equipment	3 to 5 years

Maintenance and repair costs that neither increase the useful life nor create significant improvements in tangible fixed assets are recorded as costs in the period in which they are incurred.

iii) Financial assets and liabilities

Financial assets and liabilities are recorded in the Company's statement of financial position when this becomes part of the instrument's contractual provisions.

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

The transaction costs directly attributable to the acquisition of financial assets or liabilities recorded at fair value under results are recorded immediately in the income statement.

iii.a) Financial assets

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

All of the recognised financial assets 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.

<u>Classification of financial assets:</u>

a) Debt instruments and receivables

Debt instruments of fixed income and receivables that comply with the following conditions are measured subsequently at amortised cost:

(i) the financial asset is held taking into account a business model whose goal is to keep it to receive their 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 capital and interest on the amount of capital in debt.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and to allocate 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 discounts exactly the estimated future cash flows (including fees and commissions paid or received, 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 in 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 in the initial recognition deducted from capital repayments, plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted in any possible impairment losses.

The income associated with interest is recorded in the income statement in the item' 'Interest and similar earnings', through the method of effective interest rate for financial assets subsequently recorded at amortised cost or fair value through the income statement. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

The debt instruments and receivables that comply with the following conditions are subsequently measured at fair value through other comprehensive income:

(i) the financial asset is held taking into account a business model whose objective foresees the receipt of its contractual cash flows and its divestiture; and

(ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of capital and interest on the amount of capital in debt.

(b) Capital instruments designated at fair value through other comprehensive income

On initial recognition, the Company may make an irrevocable choice (financial instrument by financial instrument) 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 contingent consideration recognised in the context of a concentration of business activities.

An equity instrument is held for trading, if:

i) it is purchased mainly with 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 administers in conjunction and in 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 allocated to a hedging operation).

Investments in equity instruments recognised at fair value through other comprehensive income are measured initially at their fair value plus transaction costs. Subsequently, they are measured at their fair value with gains and losses arising from their variation recognised in other comprehensive income. At the moment of their sale, the accumulated gain or loss generated with these financial instruments is not reclassified for the income statement but transferred only to the item 'Reserves and retained earnings'.

The dividends associated with investments in equity instruments recorded at fair value through other comprehensive income are recorded in the income statement at the moment they are assigned/ determined unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the income statement in the item 'Interest and similar earnings'.

(c) Financial assets at fair value through results

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

Financial assets recorded at fair value through results are calculated at fair value determined at the end of each reporting period, being the respective gains or losses recorded in the income statement, except if they are part of a hedging relation.

Impairment of financial assets

The Company recognises expected impairment losses for debt instruments measured at amortised cost, as well as accounts receivable from clients and other debtors.

The amount of expected impairment losses for the financial assets mentioned above is updated at every reporting date to reflect changes in credit risk that occurred since the initial recognition of the respective financial assets.

With regard to balances receivable from associate companies, which are not considered part of the financial investment in these companies, credit impairment is assessed taking into account the following criteria: (i) if the amount receivable is payable on demand; (ii) if the amount receivable is low risk; (iii) if it has a term of 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 is 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 the term is less than 12 months, then the Company only assesses the probability of occurrence of a default for the cash flows that are due in the following 12 months.

For all other situations and natures of balances receivable, the Company applies the general impairment approach, assessing on each reporting date if there has been a significant increase in the credit risk since the date of the 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 maturity of the asset. The credit risk assessment is made according to the criteria published in the credit risk management policies contained in the Management Report.

Write-offs Policy

The Company shall write-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 written-off financial assets 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 does not transfer or substantially retain 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 an equivalent liability to the amount that will have to return. If the Company retains substantially all the risks and benefits associated with the ownership of a transferred financial asset, then it continues to recognise it and additionally recognises a loan in the amount received in the meantime.

In the derecognition of a financial asset calculated at amortised cost, the difference between its carrying 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 classifies as equity instruments those whose contracts evidence a residual interest of a third party in a 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 by its acquisition cost as a deduction from equity. The gains or losses inherent to the alienation of own shares are registered under the item "Reserves and retained earnings".

Financial liabilities

After initial recognition, all financial liabilities are subsequently calculated at amortised cost or fair value through results.

Financial liabilities are recorded at fair value through results when:

(i) the financial liabilities result from a contingent consideration due to a concentration of business activities;
(ii) when the liability is not held for trading; or
(iii) when 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 disposal in the short term; or
(ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Company administers in conjunction and in 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 affected to a hedging operation).

The financial liabilities recorded at fair value through results are calculated at their fair value with the respective gains or losses arising from their variation recorded in the income statement, except if they are affected to hedging operations.

Financial liabilities subsequently recorded at amortised cost

The financial liabilities that are not designated for registration at fair value through results are measured subsequently at amortised cost using the effective interest rate method.

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

Types of financial liabilities

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

Other financial liabilities, mainly factoring operations, are initially recorded at their fair value. These financial liabilities are, subsequent to their 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, cancelled or expire.

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

When the Company changes with a certain creditor a debt instrument for another in substantially different terms, this change is accounted for as a cancellation of the original financial liability and the recognition of a new financial liability.

Similarly, the Company accounts for the substantial modifications in terms of an existing liability, or part of it, as a cancellation 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 discounted of the 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 discounted cash flows remnant 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 future cash flows after the modification is recognised in the income statement as a gain or loss of the modification, in financial income/ expenses.

iv) Cash and cash equivalents

'Cash and cash equivalents' include cash on hand, current account and term bank 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).

v) Accrual based accounting

Revenue and expenses are recorded in the period 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 items' Other 'debtors', '"Deferrals' and 'Other accounts 'payable'.

vi) Revenue

Nature, performance bonds and moment of recognition of revenue

The primary source of revenue of the Company is the support and management services rendered to its subsidiaries.

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 customer. The revenue is recorded net of any assigned taxes, trade discounts and financial discounts.

In determining the value of the revenue, the Company evaluates for each transaction the performance obligations that it assumes before 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.

vii) Balances and transactions expressed in foreign currency

All the assets and liabilities expressed in foreign currencies are translated to the functional currency using the official exchange rates at the reporting date. The favourable or unfavourable exchange 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 period.

viii) Income Taxes

The Income tax for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated based on the taxable profit, in accordance with the local tax laws applicable to the location where the Company has its registered office.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit as well as in respect of some fiscal credits attributed to the Company, and it is accounted for using the balance sheet liability method.

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

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

Deferred tax liabilities are recognised for all temporary taxable 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 concentration of business activities, and which at the date of the transaction do not affect the accounting or tax result. However, with regards to the temporary taxable differences associated with investments in subsidiaries and associate companies, these should not be recorded to the extent that: i) the parent company has the ability to control the period of the reversal of the temporary difference; and (ii) it is likely that the temporary difference does not reverse in the near future.

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

Compensation between deferred tax assets and liabilities is only mandatory when: (i) the Company has a legal right to compensate such assets and liabilities for termination purposes; (ii) such assets and liabilities relate to income taxes levied by the same tax authority; and (iii) the Company intends to compensate for termination purposes.

ix) Financial costs on loans

Financial costs related to obtained loans are recognised as an expense for the year in accordance with the accruals basis.

x) Provisions

Provisions are recorded when, and only when, the Company has an existing obligation (legal or implicit) as a result of a past event; it is probable that for the resolution of that obligation, an outflow of resources will occur, and the amount of the obligation can be reasonably estimated. The provisions are reviewed on the date of each financial position statement and are adjusted to reflect the best estimate at that date, taking into consideration the risks and uncertainties inherent to such estimates. When a provision is determined, taking into account the future cash flows necessary to settle such obligation, it is recorded at its current value.

xi) Impairment of assets

An impairment assessment is carried out on the date of each financial position statement, and whenever an event or change in circumstances is identified, which 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 amount, an impairment loss is recorded, and registered in the income statement under the item 'Provisions and impairment losses'. The recoverable amount is the highest of the net selling price (fair value minus costs to sell) 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 between two independent parties minus 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 amount is estimated for each asset individually or, if it 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 recorded in the income statement in the item 'Provisions and impairment losses'. However, the reversal of an impairment loss is only recorded up to the amount that would be recorded (whether using the historical cost or the revalued amount, net of amortisation and depreciation) if the impairment loss had not been recorded in previous periods.

xii) Employee benefits

<u>Benefits granted to current and non-current employees</u>

A liability is recognised for the benefits granted to employees related to salaries, holidays and holiday allowances 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 benefits granted to current employees are measured at the undiscounted amount of the benefits expected to be paid for the services provided.

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

<u>Variable remuneration</u>

According to the Articles of Association of the Company, the shareholders approve at a General Meeting or at a Remuneration Committee elected by the shareholders, when elected, the fixed and variable remuneration to be distributed to members of governing bodies. Variable remuneration is recorded in the results of the period to which it relates.

xiii) Classification in the statement of financial position

Assets to be realised and liabilities to be settled twelve months after the financial reporting 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 in the notes to the financial statements 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 when future economic benefits are probable.

xv) Cash Flow Statement

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

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

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

xvi) Subsequent events

Events occurring after the balance sheet date that provide additional information about conditions existing at the balance sheet date (adjusting events) are reflected in the financial statements. Events occurring after the balance sheet date that provide information on conditions occurring after the balance sheet date (non-adjusting events), if material, are disclosed in the notes to the financial statements.

xvii) Judgements and estimates

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

The most significant accounting estimates reflected in the financial statements for the periods ended on 31 December 2021 and 2020 include:

- Impairment tests made to investments in subsidiaries and associate companies (Note 12). Investments in subsidiaries and associate companies are subject to an impairment test whenever there is evidence of a possible loss of value. The recoverable value of the units that generate cash flows to which the investment is assigned is determined on the basis of 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 considered discount rates. The Board of Directors believes that the methodology described above leads to reliable results on the existence of possible impairment of investments in subsidiaries and associate companies, since they consider the best information available at the time of preparation of the financial statements.

- Registration of provisions. 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 number of internal resources required to pay the obligations may lead to significant adjustments, either due to variations in the used assumptions or due to the future recognition of provisions previously disclosed as contingent liabilities.

- The recoverability of deferred tax assets arising from reportable tax losses generated by companies included in the tax perimeter of the Special Taxation Regime for Groups of Companies "("RETGS"") (Note 10). Deferred tax assets are recorded only when there are reasonable expectations that there will be future taxable profits available for the use of reportable tax losses within the reporting periods defined by the tax legislation in Portugal. The evaluation of deferred tax assets is made by management at the end of each financial year, taking into account the expectation of future tax performance.

Estimates used are based on the best information available during the preparation of the financial statements. However, events may occur in subsequent periods that, not being predictable at the time, were not considered in these 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) Management of Financial Risks

Uncertainty, which is a dominant feature of the markets, involves in itself a variety of risks to which the Company's activities 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 risk, with reference to the risk of countries, through the evolution of economies and their impact on inflation and interest rates and credit risk, due to the possibility of currency 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 subsidiaries, the Company carries out transactions in Euro, not being subject to a significant exchange rate risk.

b) Liquidity Risk

Liquidity risk reflects the 'Company's ability to satisfy its financial responsibilities with the available financial resources.

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 responsibilities and to pursue the outlined strategies, honouring all commitments made with third parties.

The financial management direction monitors the implementation of the risk management policies defined by the Board in order 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 the operational activity - Clients and Other Debtors. To the extent that the majority of their transactions are with subsidiaries, 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 its exposure to each client.

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

The Company considers the likelihood of default with the initial recognition of the asset and, depending on the occurrence of significant increases in the credit risk, continuously in each reporting period. In order to assess whether there was a significant increase in credit risk, the Company compares the default risk occurring by reference to the date of report, with the default risk assessed by reference to the date of initial recognition.

The main value to be received is from Martifer Metallic Constructions (Note 21), a subsidiary company, and the risk of uncollectability is scarce.

xiv) Capital management

Capital management is made to ensure the continuity and development of operational activities, and focus is given to liquidity management.

The objective of the Company, in relation to capital management, is to maintain an optimal capital structure.

On 31 December 2021, the Company's Equity was positive at approximately 89 million Euros (88.3 million Euros on 31 December 2020). The Company has no financial debt.

2. SALES AND SERVICES RENDERED

The sales and services rendered for the periods ended on 31 December 2021 and 2020 refer, essentially, to management fees charged to Group companies:

	FY 2021	FY 2020
Services rendered - Note 24	1,526,382	1,348,139
	1,526,382	**1,348,139**

3. EXTERNAL SERVICES AND SUPPLIES

The breakdown of external services and supplies for the periods ended on 31 December 2021 and 2020 is as follows:

	FY 2021	FY 2020
Specialised works	459,125	456,835
Advertising and publicity	7,445	523
Service Fees	34,838	70,083
Maintenance and repairs	-	12
Books and technical documentation	112	-
Office material	216	253
Offers	902	622
Fuel	191	480
Travel and accommodation	39,430	29,498
Leases and rents	74	-
Communications	653	808
Insurance	28,406	35,508
Legal and notarial fees	759	5,497
Representation expenses	7,196	2,164
Cleaning, health and safety	-	260
	579,347	**602,542**

4. STAFF COSTS

Staff costs for the periods ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Salaries	1,790,888	925,389
Social charges		
Social contributions and others	107,983	95,093
Others	11,838	6,367
	1,910,710	**1,026,849**

During the financial periods 2021 and 2020, the 'company's average staff number was as follows:

	FY 2021	FY 2020
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 2021 and 2020 are as follows:

	FY 2021	FY 2020
Impairment losses net of reversals in financial assets - Note 12	(829,296)	31,275,666
Provisions for financial investments – Note 19	-	445,781
	(829,296)	**31,721,446**

In 2021, the intensification of impairment on financial investments was recorded in the amount of 829,296 Euros related to the participation in Martifer Renewables SGPS (Note 12).

In 2020, reversals of impairment in financial investments were recorded, totalling EUR 31,275,666 (EUR 28,862,251 relating to the participation in Martifer Metallic Constructions and EUR 2,413,415 relating to the participation in Martifer Renewables SGPS). The use of impairments and provisions in the total amount of 3,178,038 Euros related to the participation in the company Duelobrigatório, which was terminated at the end of the year, was also recorded.

The movement of 'Impairment losses on financial investments' and 'Provisions' is as follows:

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**

31 DECEMBER 2020	OPENING BALANCE	INCREASES	REVERSIONS	UTILISATION	CLOSING BALANCE
Impairment losses in financial assets - Note 12	239,967,750	-	31,275,666	641,621	208,050,464
Provisions	2,982,198	-	445,781	2,536,416	-
	242,949,948	**-**	**31,721,446**	**3,178,038**	**208,050,464**

6. OTHER INCOME AND EXPENSES

These items can be analysed as follows:

	FY 2021	FY 2020
Social services	705	609
Exchange rate gains	3,453	29,355
Sales of tangible fixed assets	42	-
Other income and gains	41,559	60,985
Tax restitution	218,938	839
	264,697	**91,788**

	FY 2021	FY 2020
Legal expenses	2,443	1,377
Taxes	6,712	6,375
Trade debtors write-off	29,863	-
Corrections for previous periods	-	251,131
Contributions	12,650	12,590
Others non-specified	269	352
Exchange rate losses	-	2,476
	51,937	**274,301**

7. INTANGIBLE ASSETS

The information on the gross values of the intangible asset, with reference to the years ended on 31 December 2021 and 2020, can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2021					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	**-**	**-**	**-**	**43,614**
31 DECEMBER 2020					
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 2021 and 2020 can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2021					
Software and other rights	1,349	-	-	-	1,349
Other intangible assets	42,265	-	-	-	42,265
	43,614	**-**	**-**	**-**	**43,614**
31 DECEMBER 2020					
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 2021 and 2020, is 0 Euro.

8. TANGIBLE FIXED ASSETS

Information related to the gross values of tangible fixed assets for the periods ended on 31 December 2021 and 2020 can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2021					
Office equipment	32,835	-	20,247	-	12,588
	32,835	**-**	**20,247**	**-**	**12,588**
31 DECEMBER 2020					
Office equipment	31,328	1,507	-	-	32,835
	31,328	**1,507**	**-**	**-**	**32,835**

The information regarding the amounts of accumulated depreciation and impairment losses of administrative equipment for the periods ended on 31 December 2021 and 2020 can be analysed as follows:

	OPENING BALANCE	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	CLOSING BALANCE
31 DECEMBER 2021					
Office equipment	30,641	1,194	20,247	-	11,587
	30,641	**1,194**	**20,247**	**-**	**11,587**
31 DECEMBER 2020					
Office equipment	29,715	926	-	-	30,641
	29,715	**926**	**-**	**-**	**30,641**

The net amount of tangible fixed assets on 31 December 2021 and 2020 is 1,000 Euros and 2,194 Euros, respectively.

9. FINANCIAL RESULTS

The financial results for the periods ended on 31 December 2021 and 2020 may be analysed as follows:

	FY 2021	FY 2020
Interest and similar revenue		
Loans and accounts receivable (including bank deposits)		
Interest income	115,942	239,078
	115,942	**239,078**

	FY 2021	FY 2020
Interest and similar expenses		
Loans and accounts payable		
Interest expenses on bank loans	-	2,668,332
Other financial expenses	3,085	144,819
	3,085	**2,813,151**

The amount of other expenses and financial losses results, essentially, from the fees incurred in current accounts.

	FY 2021	FY 2020
Gains/losses in subsidiaries, associate companies and joint arrangements		
Sale of Martifer Romania SRL.	(134)	-
Liquidation of Vetor Diálogo, SGPS, S.A.	-	(19,446)
	(134)	**(19,446)**

10. INCOME TAX

The breakdown of assets giving rise to deferred tax in the periods ended on 31 December 2021 and 2020 may be analysed as follows:

	FY 2021	FY 2020
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 2021 and 2020, 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 2021			
Generated in 2014	20,138,472	4,229,079	2028
	20,138,472	**4,229,079**	
31 DECEMBER 2020			
Generated in 2014	20,138,472	4,229,079	2028
	20,138,472	**4,229,079**	

On 31 December 2021, 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 72,632,174 Euros (83,824,858 Euros on 31 December 2020), whose potential deferred tax assets amount to 15,252,757 Euros (17,603,220 Euros on 31 December 2020). 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 2021			FY 2020		
	TAX LOSSES CARRIED FORWARD	TAX CREDIT	TIME LIMIT	TAX LOSSES CARRIED FORWARD	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	4,504,590	945,964	2024
Generated in 2019	8,826,246	1,853,512	2026	15,859,457	3,330,486	2026
Generated in 2020	666	140	2032	-	-	-
	72,632,174	**15,252,757**		**83,824,858**	**17,603,220**	

In relation to the above tax losses, the following should be noted:

i. Tax losses of 2017: the reduction in the value of tax losses reported in 2021 compared to 2020 arises from: (i) a correction of the tax losses of the company Martifer Renewables, SGPS in the course of a tax inspection (437,500 Euros); (ii) following the previous item, a positive correction of the lost share arising from the liquidation of Martifer Solar, SGPS (6,998 Euros); (iii) difference between the estimated tax result and the one determined in the 2020 financial period (466,283 Euros); and (iv) tax losses used in the 2021 financial year (3,263,355 Euros). The Group now only has tax losses amounting to 344,449 Euros, incurred by Cedilhas ao Vento before integration of the RETGS, and that can only be deducted from the Group's taxable income up to the limit of the taxable income of Cedilhas ao Vento;

ii. Tax losses 2019: decrease in tax losses determined in 2019, taking into consideration the consumption of tax losses in the amount of 7,033,211 Euros in the 2021 financial period. Note that the used tax losses take into consideration the result of the RETGS, calculated for the 2021 financial period, for estimation purposes;

iii. Tax losses 2020: considers the tax losses ascertained in the 2020 financial period by the companies Volume Cintilante and Volumevistoso, which became part of the RETGS with effect on 01/01/2021. These tax losses may be deducted from the taxable income of the RETGS, up to the limit of the taxable income calculated by those companies;

iv. Tax losses 2021: no tax losses were considered in the 2021 financial period. For estimation purposes, RETGS is calculating a tax result amounting to 14,709,381 Euros and is using tax losses amounting to 10,296,566 Euros, of which 3,263,355 Euros relate to 2017, and 7,033,211 Euros relate to 2019.

The reconciliation of tax for the period and current tax can be analysed as follows:

	FY 2021	FY 2020
Current tax	**(2,409,256)**	**(2,678,992)**
Excess/Insufficiency of income tax estimate	223,450	71,376
Tax charge for the period	**223,450**	**71,376**
Income tax	**2,185,806**	**2,607,616**

On 31 December 2021 and 2020, the reconciliation between the normal and effective rate is as follows:

	FY 2021	FY 2020
Earnings before taxes	**(1,468,680)**	**28,663,236**
Income tax rate (nominal rate of 21%)	(308,423)	6,019,279
Non-deductible expenses for tax purposes:		
Impairment losses	174,152	(7,194,151)
Restitution of not deductible taxes	(9,397)	-
Capital gains and losses on disposal of financial investments	28	4,084
Accounting capital losses	(55)	(1,372,456)
Restriction on deductibility of net financing expenses	-	329,799
Others	101,964	60,708
Accounting capital gains	-	(292,138)
Tax benefits	(1,322)	(1,322)
Tax losses of the year for which deferred tax assets were not recognised	80,567	2,446,197
Excess/ Insufficiency of income tax estimate	223,450	71,376
Autonomous taxation	1,487	3,799
Consolidated tax net effect	(2,448,257)	(2,682,791)
Effective income tax	**(2,185,806)**	**(2,607,616)**

In 2021, 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 S.A.
Martifer Metallic Constructions SGPS S.A.
Martifer Renewables S.A.
Martifer Renewables SGPS S.A.
Martifer SGPS S.A.
Navalria - Docas Construções e Reparações Navais S.A.
Volumevistoso, Lda.
Volume Cintilante - Unipessoal, Lda.
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 2018 to 2021 (2017 to 2021 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 2021.

On 31 December 2021 and 2020, the detail of the Tax on the income of legal entities was the one indicated below:

	FY 2021	FY 2020
Income tax		
Special on account payment	33,155	33,155
Payments on account	470,943	165,757
Group income tax estimate (RETGS)	(1,970,907)	(885,168)
Tax payable	(324,530)	(324,530)
	(1,791,338)	**(1,010,785)**

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.

MARTIFER GROUP

11. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares, so there are no special dividend 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 50,000,000.00 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 2021 and 2020, 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 2021	FY 2020
Net profit for the year (I)	717,126	31,270,853
Weighted average number of shares outstanding (II)	97,784,090	97,784,090
Basic and diluted earnings per share (I) / (II)	**0,0073**	**0,3198**

12. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

On 31 December 2021 and 2020, the breakdown of financial investments in subsidiaries and associate companies was as follows:

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSSES	TOTAL
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	6%	3,000	-	-	3,000
		291,152,659	**3,732,292**	**208,879,759**	**86,005,192**
31 DECEMBER 2020					
Martifer Metallic Constructions SGPS *	100%	15,773,756	127,425,777	87,921,713	55,277,820
Martifer Renewables SGPS *	100%	143,925,126	3,732,292	120,128,750	27,528,668
Martifer Romania SRL	2%	1,265	-	-	1,265
Patris Investimentos SGPS	0,12%	25,000	-	-	25,000
Ventinveste	6%	3,000	-	-	3,000
		159,728,147	**131,158,069**	**208,050,464**	**82,835,753**

* 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 direct and indirect investment (via Martifer Renewables, SGPS) in Ventiveste is 48.5%.

The movement that occurred in this item, in the periods ended on 31 December 2021 and 2020, is as follows:

	FY 2021	FY 2020
Opening balance	82,835,753	145,630,964
Sale of the 2% stake - Martifer Romania SRL	(1,265)	-
Acquisition - Vetor Diálogo SGPS (Company which owns 25% of Martifer Metallic Constructions)	-	3,500,000
Reimbursement of supplementary capital - Martifer Renewables SGPS	-	(97,570,877)
Losses coverage - Martifer Metallic Constructions SGPS	4,000,000	-
Impairment losses on supplementary capital	(829,296)	31,275,666
	86,005,192	**82,835,753**

The 2% shareholding in Martifer Romania SRL was sold to Martifer Metallic Constructions, SGPS, S.A., which now directly holds 100% of the company's share capital.

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.

In June 2020, Martifer SGPS acquired the company Vetor Diálogo, SGPS, S.A., which had as its sole relevant asset a 25% participation in the share capital of Martifer Metallic Constructions, SGPS, S.A. (MMC), with the objective of controlling the entire capital of MMC (*subholding* of the Group that aggregates the holdings in the business segments' Metallic 'Constructions' and 'Naval 'Industry'). The transaction was made with related parties ('I'M - SGPS, S.A. and Mota-Engil, SGPS, S.A.) for the price of 3.5 million Euros (a value supported in an evaluation carried out by an independent third party on a date prior to the elimination of its financial debt). Also, in June, Vetor Diálogo was terminated and liquidated and its assets and liabilities were transferred to the Martifer SGPS, which thus directly detains the entire share capital of Martifer Metallic Constructions. The payment of the price was made by offsetting accounts with credits that Martifer SGPS held on companies of the 'I'M and Mota-Engil groups, therefore having no impact on cash flows.

In December 2020, at two General Meetings of Martifer Renewables, SGPS, SA, it was decided to reduce the company's share capital from 100 million Euros to 20 million Euros, covering negative retained earnings in the amount of 80 million Euros and the coverage of negative retained earnings in the amount of 44,159,158 Euros, through the use of supplementary payments.

Of the reimbursement of supplementary payments by Martifer Renewables SGPS, 19,488,214 Euros had an impact on cash flows and the rest was made by offsetting accounts with credits that Martifer Renewables held on Martifer SGPS.

The equity and the net result of subsidiaries and associate companies on 31 December 2021 is the following:

	EQUITY	NET PROFIT FOR THE YEAR
Martifer Renewables SGPS *	25,627,004	(2,520,240)
Martifer Metallic Constructions SGPS *	(13,883,450)	12,240,569
Ventinveste	9,446,110	134,302
	21,189,664	**9,854,631**

* Consolidated financial statements prepared in accordance with IFRS.

Financial investments are calculated as to their recoverable value whenever there is evidence of impairment, and evidence is considered whenever the Equity of the participated companies (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 participation in Martifer Metallic Constructions, SGPS, S.A. (MMC), the valuation supported in the transaction of Vetor Diálogo, SGPS, S.A. was considered appropriate (a vehicle company that held 25% of MMC) made in 2020 and in the independent valuation that supported this operation, which 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 2021 there were no relevant changes in the assumptions that supported the previous year's evaluation, so it was considered that the net value of the recorded investment is adequate, and no impairment loss was recorded or reversed in 2021.

- For Martifer Renewables, SGPS, S.A., the value of the shareholding in 2020 was considered a valid indicator, added to the gain obtained with the accounting capital gain generated in 2021 with the sale of the subsidiary PV Sol 7 and the impairment recorded in the subsidiary Cedilhas ao Vento was deducted, having recorded an impairment of 829,296 Euros as a result.

Supplementary payments 'don't bear interest nor have a repayment term.

13. GROUP COMPANIES

On 31 December 2021 and 2020, the open positions related to supply contracts and other active financial operations are as follows:

	31 DECEMBER 2021			31 DECEMBER 2020		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Martifer Construções	-	753,446	753,446	-	127,300	127,300
Martifer Metallic Constructions SGPS	3,872,289	115,942	3,988,231	3,797,289	239,078	4,036,367
Martifer Renewables	-	10,385	10,385	-	15,419	15,419
Martifer Renewables SGPS	-	-	-	-	318,354	318,354
Navalria	-	16,243	16,243	-	10,680	10,680
West Sea - Estaleiros Navais	-	3,637,603	3,637,603	-	3,092,408	3,092,408
	3,872,289	**4,533,619**	**8,405,908**	**3,797,289**	**3,803,238**	**7,600,527**

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 2021, of the amount referred to in "Other financial operations", 4,417,677 Euros relate 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.

On 31 December 2020, of the amount referred to in "Other financial operations", 3,564,160 Euros relate to the tax estimated by the controlled companies that form part of the RETGS tax group (Martifer Construções: 127,300 euros, Martifer Renewables S.A.: 15,419 Euros, Martifer Renewables SGPS: 318.354 Euros, Navalria: 10,680 Euros and West Sea - Estaleiros Navais: 3,092,408 Euros). The remaining value, EUR 239,078, refers to interest on supplies.

The balances presented in liabilities by the Company, with Group companies, on 31 December 2021 and 2020, are as follows:

	FY 2021	FY 2020
Martifer Construções	4,195,923	4,152,540
Martifer Metallic Constructions SGPS	5,785	8,326
Martifer Renewables	888	888
Martifer Renewables SGPS	68,805	63,519
Navalria	23,122	32,827
Sociedade de Madeiras do Vouga	-	4,081
West Sea - Estaleiros Navais	2,723,709	1,731,543
Cedilhas ao Vento	656	656
	7,018,887	**5,994,380**

On 31 December 2021 and 2020, 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 2021 and 2020, these items are broken down as follows:

	FY 2021	FY 2020
Trade receivables		
Trade receivables	7,189	929,742
	7,189	**929,742**
Other receivables		
Other receivables	30,811	30,449
	30,811	**30,449**
	38,000	**960,191**

On 31 December 2021 and 2020, the ageing of balances in these items was as follows:

			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**

			DUE			
31 DECEMBER 2020	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	929,742	892,690	-	-	-	37,052
Other receivables	30,449	-	-	-	-	30,449
	960,191	**892,690**	**-**	**-**	**-**	**67,501**

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 uncollectibility.

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 2021	FY 2020
Liabilities		
Withholding taxes	48,652	41,698
Value-added taxes	105,114	94,008
Social Security contributions	14,440	9,330
	168,206	**145,037**

16. ACCRUALS AND DEFERRALS

The caption ''Accruals and Deferrals' may be analysed as follows:

	FY 2021	FY 2020
Insurance	1,449	1,449
	1,449	**1,449**

MARTIFER GROUP

17. CASH AND CASH EQUIVALENTS

The item' Cash and cash equivalents' may be analysed as follows:

	FY 2021	FY 2020
Cash	800	800
Bank deposits	96,431	492,040
	97,231	**492,840**

On 31 December 2021 and 2020, no restrictions existed as to the use of the balances recorded in the item 'Cash and cash equivalents'.

18. EQUITY

Share capital

Martifer SGPS's share capital, fully subscribed and paid-up on 31 December 2021 and 2020, 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 2021 and 2020 financial periods, there were no changes in the number of shares representing the Company's share capital.

Own shares

During the 2021 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 2021, 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), 5.20% 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 17.08% dispersed in the Stock Exchange.

Reserves

Legal reserves

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 2021, this item included an unavailable reserve in the amount of 2,868,519 Euros (2020: 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 2021 and 2020, Martifer SGPS, SA had no available distributable reserves.

Appropriation of the net profit for the financial period

At the General Shareholders' Meeting held on 21 May 2021, it was approved that the net profit for the financial period ended on 31 December 2020, amounting to 31,270,852.56 Euros would have the following application:

- Transfer for Legal Reserves, 1,424,980.69 Euros
- Transfer for Retained Earnings 29,845,871.87 Euros

19. TRADE PAYABLES AND OTHER PAYABLES

The information relating to 'Trade Payables and Other Payables' for the financial periods ended on 31 December 2021 and 2020 can be analysed as follows:

	FY 2021	FY 2020
Trade payables	350,489	466,616
	350,489	**466,616**
Other payables		
Cost accruals	463,484	71,068
Other payables	1	165,213
	463,485	**236,281**
	813,973	**702,896**

On 31 December 2021 and 2020, 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 believes that the fair value of these balances does not differ significantly from their carrying amount and the impact of updating these amounts is not material.

On 31 December 2021 and 2020, the ageing of balances recorded in the items 'Trade Payables' and 'Other payables' is as follows:

			NOT DUE			
31 DECEMBER 2021	TOTAL	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**	**-**	**-**

			NOT DUE			
31 DECEMBER 2020	TOTAL	DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	466,616	130,588	37,545	1,854	-	296,630
Other payables	165,213	124,229	-	40,984	-	-
	631,829	**254,816**	**37,545**	**42,838**	**-**	**296,630**

Past-due debt corresponds to amounts payable to suppliers with whom the Company maintains regular commercial relations.

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 2021	FY 2020
Fixed remuneration	1,338,014	850,318
	1,338,014	**850,318**

The remuneration attributed to the Supervisory Board in 2021 amounted to 11,486 Euros (2020: 14,400 Euros), and the remuneration paid to the Certified Public Accountant amounted to 52,500 Euros (2020: 41,000 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 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Shareholders	391,400	405,333	-	-	-	-	349,813	172,596
Group and associate companies	134	2,177,139	1,642,324	1,587,217	12,138,201	136,090,580	7,018,887	416,528
	391,534	**2,582,472**	**1,642,324**	**1,587,217**	**12,138,201**	**136,090,580**	**7,368,701**	**589,124**

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 2021 and 2020 may be analysed as follows:

	FY 2021	FY 2020
Cash Receivables:		
Reimbursement of loans and treasury operations by group companies (Note 12)	-	7,540,920
Reimbursement of supplementary capital by group companies (Note 12)	-	19,488,214
Sale of financial stakes	1,131	-
Total of Receivables	**1,131**	**27,029,134**
Cash Payments:		
Treasury operations with group companies	4,075,000	430,000
Total of Payments	**4,075,000**	**430,000**

The change in financial investments – procurement and treasury operations with Group companies between 2021 and 2020 is as follows:

	FY 2020	CASHFLOWS (RECEIPTS)	CASH FLOWS (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' result from the coverage of losses in Martifer Metallic Constructions, SGPS through the use of 4,000,000 Euros of shareholder loans (Note 12) and the interest debited and not received on 31 December 2021 (115,942 Euros).

Receivables and payments related to loans for the periods ended on 31 December 2021 and 2020 may be analysed as follows:

	FY 2021	FY 2020
Cash Receivables:		
Treasury operations with group companies	-	8,922,000
Total of Receivables	**-**	**8,922,000**
Cash Payments:		
Treasury operations with group companies	-	9,062,618
Bank loans	-	25,674,716
Total of Payments	**-**	**34,737,334**

23. SUBSEQUENT EVENTS

The year 2022 is being marked by geopolitical events in Ukraine following the military invasion of this country by Russia, with several countries, namely European countries and the United States of America, applying strong economic sanctions on Russia. These events are strongly affecting the world economy, with the price increase of energy, oil and many raw materials, in addition to the impacts on logistics chains. Although Martifer Group has no direct exposure to Russia or Ukraine, the impact of the conflict on the world economy may affect the Group, although it is not possible at this stage to estimate its extent.

Since the reference date of the accounts, and with the exception of the aforementioned, there have been no other events that affect the disclosed financial information.

24. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 27 April 2022. Additionally, the attached financial statements reported on 31 December 2021 are pending approval by the General Meeting of Shareholders.

Oliveira de Frades, 27 April 2022

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
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Portugal

REPORT AND OPINION OF THE SUPERVISORY BOARD
About Consolidated Financial Statements
Fiscal year 2021

(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 21, 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, 2021.*

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 accounts consolidation, 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 of Portuguese Law no. 148/2015 of September 9, 2015, with whom we met especially for this purpose.*

5. *We analyzed two proposals for other services than audit, that were presented by Deloitte & Associados, SROC, S.A. to the Supervisory Board, and we had approved both of the proposals, as they complied with the 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;*

   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*

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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 29, 2022

The Members of the Supervisory Board

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REPORT AND OPINION OF THE SUPERVISORY BOARD

About Individual Financial Statements
Fiscal year 2021

(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 21, 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 31, 2021.*

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 of Portuguese Law no. 148/2015 of September 9, 2015, with whom we met especially for this purpose.*

5. *We analyzed two proposals for other services than audit, that were presented by Deloitte & Associados, SROC, S.A. to the Supervisory Board, and we had approved both of the proposals, as they complied with the 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 Financial Statements show clearly the financial situation, results, cash flows and changes in Company´s equity;*

   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*

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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.*

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 Management;*

   b) *The approval of the 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 of the Portuguese "Código das Sociedades Comerciais".*

Oliveira de Frades, April 29, 2022

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 individual and consolidated financial statements for the year 2021, 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 2021 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 29, 2022

The Members of the Supervisory Board

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February 3, 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, 2021.

This is a translation of a Statutory Audit Report and Auditors' Report originally issued in Portuguese, on April 29, 2022 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

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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 2021 (showing a total of Euro 259,946,376 and equity of Euro 18,316,341, including a net profit attributable to the shareholders of the Parent-company of Euro 11,266,885), the consolidated statement of profit and loss, 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 2021 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 38 of the notes to the consolidated financial statements)	
As mentioned in the Notes 1.4 xi), 3 and 4 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 2021 relating to shipbuilding contracts amounted to Euro 66,032,295 (Euro 99,043,947 at 31 December 2020) and the revenue relating to metallic construction contracts amounted to Euro 92,050,593 (Euro 91,454,443 at 31 December 2020). Additionally, the Group recognized revenue associated to ship repair contracts in the amount of Euro 24,379,521 (Euro 18,513,927 at 31 December 2020). The Group recognizes revenue from construction contracts taking into consideration the IFRS 15 – Revenue from Contracts with Costumers, recognizing revenue and margins associated with 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 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 these 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. With regard to metallic construction contracts, the Group recognizes provisions to meet legal obligations to be incurred during the warranty period based on the historical amounts incurred with that kind of obligations. The Group has also recognized liabilities related to shipbuilding and ship repair contracts to cover costs to be incurred during the warranty period, based on the Group's historical experience.	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; - Obtaining 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 profit and loss 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;

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 operations in the metallic construction business and the consequent diversity of contractual conditions, justify the consideration of 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 inquiring and by obtaining information from the management, as well as the result of the contract analysis on a sample basis and by minutes of the corporate bodies, known external factors, ligation, complaints and non-conformities reported by counterparties, or arising from subsequent events to the reporting date; - Confirmation of balances and other contractual information 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.

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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 2021, the carrying amount of tangible fixed assets and goodwill amounts to Euro 53,744,720 (Euro 57,193,053 at 31 December 2020) and Euro 10,974,649 (Euro 10,974,649 at 31 December 2020), respectively. Additionally, the Group also has real estate assets recognized as investment properties (Euro 21,005,000 at 31 December 2021 and Euro 21,327,267 at 31 December 2020) and as inventories (Euro 12,243,589 at 31 December 2021 and Euro 12,319,010 at 31 December 2020), which are recognized at fair value and at their net recoverable amount, respectively. As indicated in Notes 1.4 i) and 1.4 xix) of the notes to the consolidated financial statements, 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. Impairment losses are recognized when the recoverable amount of a given asset or group of assets is less than its carrying amount. Additionally, the real estate assets booked as investment properties at fair value and as inventories at net recoverable amount are subject to recurring appraisals by external experts to the Group. Impairment tests and real estate assets 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, investment plans, comparable real estate prices on the market, among others.	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 non-current assets. With regard to the assessment of recoverable amount used by the Group in the impairment assessment process, 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; - Performing sensitivity analysis to the assumptions and forecasts used as well as performance of stress tests on the valuations performed.

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, 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, even more so in the context of uncertainty caused by the future evolution of the current pandemic crisis, which may have particular relevance at the level of the naval industry segment given its exposure, through a client, to the tourism sector, and the uncertainty associated with the indirect impacts resulting from the armed conflict involving Ukraine and the Russian Federation, we consider this matter as a key audit matter.	Additionally, with regard to the real estate assets valuation owned by the Group: - We reviewed the main assumptions associated to their valuation, namely the prices per m2 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.d), 1.4xxv.f), 1.4xxix) and 25 of the notes to the consolidated financial statements)

At 31 December 2021, the consolidated statement of financial position includes receivables from customers and other debtors, net of accumulated impairment losses, amounting to Euro 58,240,366 (35,766,883 at 31 December 2020). 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 "Covid-19" pandemic, as well by the indirect impacts arising from the armed conflict in Ukraine. For this purpose, 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.	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 profit and loss; - 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;

On the other hand, during the year ended 31 December 2021 there was a relevant increase in the outstanding customer balances, mainly in the Naval Industry segment, as a result of the maturity of a set of balances from its main customer. 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.	- Conducting discussions with the management of the various business units and their representatives; - 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 2021 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 245-A 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 m) 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 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. (parent-company of the Group) in the shareholders' general assembly held on 24 June 2020 for a first mandate from 2020 to 2021.
- 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, 29 April 2022

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC
Registration in OROC nº 1272
Registration in CMVM nº 20160883

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February 3, 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, 2021.

This is a translation of a Statutory Audit Report and Auditors' Report originally issued in Portuguese on April 29, 2022 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
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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 2021 (showing a total of Euro 98,781,912 and equity of Euro 88,989,507, including a net profit of Euro 717,126), the separate statement of profit and loss, the separate statement of 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 2021 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.

<table>
<tr><th>Description of the most significant risks of material misstatement identified</th><th>Summary of the auditor's responses to the assessed risks of material misstatement</th></tr>
<tr><td>Impairment of financial investments in subsidiaries and associates
(Notes 1.3 i), 5 and 12 of the notes to the separate financial statements)</td><td></td></tr>
<tr><td>As at 31 December 2021 the Entity holds financial investments in subsidiaries and associates, whose net book value amounts to Euro 86,005,192 (Euro 82,835,753 as at 31 December 2020).

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 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 2021, impairment losses for the financial investment held in Martifer Renewables, SGPS, S.A. in the amount of Euro 829,296 (reversals of impairment losses for the financial investments held in Martifer Metallic Constructions, SGPS, S.A. and Martifer Renewables, SGPS, S.A. in the amounts of Euro 28,862,251 and Euro 2,413,415, respectively, in the year ended 31 December 2020 – 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 increased uncertainty associated with the armed conflict in Ukraine., we consider this area to be a key audit matter.</td><td>Our audit procedures in this area included, amongst others:

– Analysis of the existence of impairment indicators regarding the financial investments in subsidiaries and associates;
– Obtaining the valuation models used by management to determine the recoverable amount of each financial investment and testing the arithmetic accuracy of these models;
– 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, amongst others;
– Conducting discussions on the assumptions underlying the models with management and its representatives;
– Evaluation of the adequacy of the disclosures made on this matter in the notes to the financial statements.</td></tr>
</table>

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 2021 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 66-B 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.
- 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, 29 April 2022

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