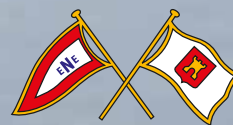


Annual Report

2022



EMPRESA NAVIERA ELCANO, S.A.



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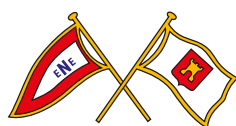
ISO 9001 - ISO 14001
ISO 45001 - ISO 50001



UKAS
MANAGEMENT
SYSTEMS

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Annual Report 2022



EMPRESA NAVIERA ELCANO, S.A.



Elcano was established in 1943 by Instituto Nacional de Industria (INI) with the name Empresa Nacional Elcano de la Marina Mercante, S.A. It owes its name to Juan Sebastian Elcano, the Spanish navigator, who was the first seafarer to complete a travel around the world in 1522. Although Elcano was created with the dual vocation of shipbuilder and shipping company, in 1964 it split up and since then has focused exclusively on shipping. The company operated in the Spanish public sector until 1997, when it was entirely privatised. Since then, the Company has launched a challenging programme of diversification, expansion and growth through which, apart from consolidating the company, it has doubled its fleet and operates successfully in different countries, particularly in Brazil and Argentina.

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Over its 70 year history, Elcano has owned and operated more than 230 vessels of all types: cargo ships, cable ships, wood transport ships, bulkcarriers, refrigerating ships, oil tankers, chemical, LPG, LNG, etc, building a recognized prestige as ship operator and owner and an excellent reputation as a shipping company.



Board of Directors

Honorary Chairman

Mr. José Silveira Cañizares

Chairwoman of the Board of Directors

Ms. M^a del Rosario Martín Alonso

Vice-chairman and Managing Director

Mr. Juan M. Cordeiro Rodríguez

Directors

Mr. Juan Manuel Arana Arechabala

Mr. Constantino Méndez Martínez

Mr. Julio César Silveira Martín

Mr. José Bernardo Silveira Martín

Torre de Hércules Inversiones Corporativas S.L.U
(represented by Mr. Nemesio Vázquez- Monjardin Fernández)

Secretary (non-Director)

Mr. Jesús Rayón Gutiérrez

Vice-secretary (non-counsellor)

Mr. Máximo Gutiérrez Hurtado



In 2001 Elcano reinforced its international scope with the setting-up of subsidiaries in Argentina and Brazil.

In 2000 Elcano started a diversification process entering into new sectors (LNG, LPG).

Elcano has become the largest bulk shipping group in Spain and operates a fleet of 22 vessels totaling 1.548.593 dwt.

Elcano Brazil is the first shipping company of the country in the dry bulk sector and the second by tonnage.

LETTER TO SHAREHOLDERS

I am honoured to have the opportunity to address the shareholders of the Elcano Group for the first time to present the Company's Annual Report for 2022.

The past year was another challenging year. We faced major challenges and tensions, both in the purely economic sphere and in international politics, which persist as we speak.

Despite this, with the strengths of the Group, the effort and dedication of all our employees and executives, and the confidence of our shareholders,

financiers and customers, we ended a year of growth despite the complicated environment, obtaining a consolidated result of 13.9 million dollars.

The entry into commercial operation in 2022 of the last two new builds in the fleet, the Bulkcarriers "Forte São Marcelo" and "Forte dos Reis Magos", which start a contract of more than 20 years with one of our main clients, also contributed to this situation. Furthermore, we also completed the divestment of the oldest vessel in our tanker fleet, the "Castillo de Monterreal".

As is widely known, the war in Ukraine opened up an unprecedented crisis in Europe in the last 75 years, so there are many challenges ahead for the Elcano Group. I am sure, however, that our team, to whom I would like to express my sincere appreciation, will be capable of tackling them with guarantees of success and continue contributing to their development and strengthening.

M^a del Rosario Martín Alonso
Chairwoman of the Board
of Directors



ELCANO GROUP FLEET

LAURIA SHIPPING, S.A. (Portugal)

Name	Type of ship	DWT/m ³	Year
"Castillo de Catoira"	Bulkcarrier	173,586	2005
"Castillo de Valverde"	Bulkcarrier	173,764	2005
"Castillo de Maceda"	Chemical/Product Tanker	15,160	2007
"Castillo de Herrera"	Chemical/Product Tanker	15,077	2008

EMPRESA DE NAVEGAÇÃO ELCANO, S.A. (Brazil)

Name	Type of ship	DWT/m ³	Year
"Forte de São Luiz"	LPG Carrier	7,866 m ³	2000
"Forte de São Marcos"	LPG Carrier	8,787 m ³	2003
"Forte de Copacabana"	LPG Carrier	8,834 m ³	2004
"Forte de São Felipe"	Bulkcarrier	83,486	2012
"Forte de São Jose"	Bulkcarrier	78,384	2013
"Forte São Marcelo"	Bulkcarrier	121,669	2021
"Forte dos Reis Magos"	Bulkcarrier	121,659	2022

EMPRESA NAVIERA PETROLERA ATLÁNTICA, S.A. (ENPASA) (Argentina)

Name	Type of ship	DWT/m ³	Year
"Recoleta"	Oil Tanker	69,950	2005
"Caleta Rosario"	Chemical/Product Tanker	15,110	2008

ELCANO GAS TRANSPORT, S.A.U. (Spain)

Name	Type of ship	DWT	Year
"Castillo de Villalba"	LNG Carrier	138,162 m ³	2003

JOFRE SHIPPING LTD (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Santisteban"	LNG Carrier	173,887 m ³	2010

OJEDA SHIPPING LTD (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Pambre"	Asphalt Carrier	8,353	2013

IBERIAN BULKCARRIERS LIMITED (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Malpica"	Bulkcarrier	119,612	2015
"Castillo de Navia"	Bulkcarrier	119,611	2015

IBERIAN TANKERS 2 LIMITED (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Arteaga"	Chemical/Product Tanker	37,538	2019

IBERIAN TANKERS 3 LIMITED (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Tebra"	Chemical/Product Tanker	13,021	2017

MERIDA LNG SHIPPING LIMITED (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Merida"	LNG Carrier	178,818 m ³	2018

CALDELAS LNG SHIPPING LIMITED (Malta)

Name	Type of ship	DWT/m ³	Year
"Castillo de Caldelas"	LNG Carrier	178,804 m ³	2018



MANAGEMENT REPORT

2022 has been positive for the Elcano Group, as, after two particularly challenging years affected by the Covid-19 pandemic, the good evolution of the epidemiological situation allowed us to gradually remove the measures taken to guarantee the health and safety of our main asset, our staff, which has also entailed savings in costs and additional investments undertaken in the past years.

However, the tensions caused by the war in Ukraine, the global energy crisis, a sharp rise in the price of energy commodities and the interest rate hikes of global financial institutions have led to uncertainty and volatility in international markets.

Despite this international scenario, we increased the Group's net revenues by over 7% compared to 2021 and EBITDA by 12%. Other indicators, such as

EBIT and EAT (after tax), also exceeded the 2021 records.

Our customer-driven focus, vessel diversification strategy, and commitment to prioritising long-term relationships, seeking stability and income security enabled us to continue growing despite the challenging environment. We were also able to refinance five of our vessels with the same financial institutions supporting us for many years, evidence of the confidence in our company, even in such complex times of extreme credit constraints as the one we are going through now.

We are facing a historical moment in which the different pieces that make up the international energy panorama are being readjusted, and we must commit to a sustainable, efficient and safe model. A model that must be fully viable and provide positive

impacts for the environment, safety, the economy and employment.

In all these activities, we will continue to be guided by our management system, in constant renewal and update, maintaining our leadership in the application of international best management practices and committed to our values, which have brought us to where we are today, and which must continue to be our guiding light as we face today's challenges and those that are yet to come.

And without a doubt, here I must highlight the efforts and work of our staff, as well as the continued backing of our shareholders, funders, clients and other stakeholders, whose trust, commitment and support make it possible for us to continue to overcome future challenges.



1. General overview of the international economy and maritime transport

The global economy underwent significant disruptions in 2022, the effects of which were mutually reinforcing, severely altering the path of recovery from the pandemic crisis. A year ago, we identified three major risks to the global economy: the evolution of the Russian-Ukrainian conflict, the development of financial tensions and finally, the effects of climate change. Both war and financial market conditions have worsened, while the impact of climate change and devastating natural disasters have remained the same as in previous years.

While the consequences of COVID-19 were still affecting the whole world, the war in Ukraine prompted a new crisis. Food and energy markets were significantly damaged, leading to an accelerated inflationary process, steep and persistent. In reaction, monetary authorities moved to aggressive monetary tightening policies with rapid interest rate increases. These measures, led by the US Treasury Department and immediately followed by the rest of the major economies, have had negative collateral effects worldwide, causing capital outflows and depreciation of developing countries' currencies. These effects, high-interest rates, loss of purchasing power and increased risk of debt sustainability for both public and private economies, have generated a spiral of increased uncertainty, causing financing conditions to tighten significantly, slowing the growth prospects of the world economy.

In this much more uncertain and difficult environment, than initially anticipated, global trade has understandably been affected downwards by reduced demand and the persistent supply chain problems dragging on since the beginning of the pandemic.

Over the past year, shipping has been affected by this turbulence, but not uniformly across sectors.

On the one hand, ships specialised in transporting energy commodities (gas carriers and oil tankers) recorded a significant increase in demand, with

higher-than-expected economic returns. The main cause of this development is the direct effects of the Russia-Ukraine conflict and especially the sanctions applied to the export of Russian energy products, causing a change in supply routes, with distances greater than in the former routes.

On the other hand, container ships and dry cargo ships experienced a weak market, reflecting the general contraction in consumption.

By 2023, global growth is projected to decelerate sharply from previous forecasts to its third weakest pace in almost three decades, excluding only the global recessions of 2009 and 2020.

The OECD's outlook estimates that world economic growth will be around 2% in 2023 and will only recover to a relatively modest 2.7% in 2024. Asia is again expected to be the main growth driver in 2023 and 2024, while Europe, North America and South America are expected to see more moderate growth.

In short, the short-term economic outlook, while not positive and as a year ago, will be conditioned by the uncertainty caused by economic, geopolitical and environmental risks.

The evolution of these uncertainties will condition the much-wanted reduction in inflation levels, relaxation of contractionary monetary policies and improvement in financial conditions, and if geopolitical tensions also improve, it will lead to an increase in aggregate demand at a global level, growth in world trade and therefore in maritime transport.

Last, with a political consensus of in the most of national and supranational authorities, maritime transport must continue its transformation over the next few years to adapt to the new environmental requirements. Besides the regulations worldwide, new requirements must be added immediately to favour decarbonisation in Europe and other developed areas. This

transformation will require all market players' effort, commitment and determination. Successful adaptation will be strategic for the development of our sector over the coming decades.

Price of second-hand ships in 5 years

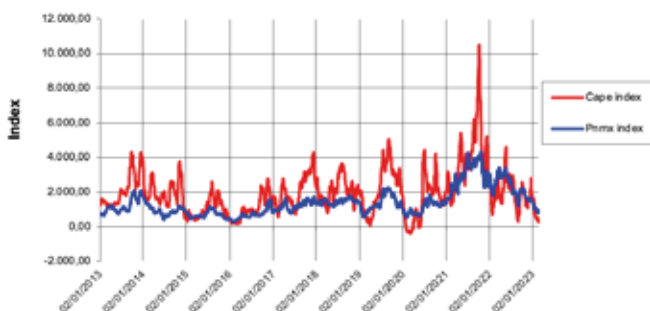


THE DRY BULK MARKET

2022 started with an optimistic outlook about the dry cargo market, with bulk carrier trade forecast to increase tonne-mile terms by 2.2%. However, the final data has been lower, with dry bulk trade declining by 1.9% (measured tonne-miles). This was mainly due to the slowdown in the global economy, with lower aggregate demand as a result of the cooling of the economy, especially in China due to its restrictive Covid-19 policy, port congestion, which declined during the year, and the said consequences of the war between Russia and Ukraine.

For these reasons, iron ore volumes decreased by 2% in 2022. Imports declined in key importing regions, such as Europe, Japan and South Korea, in the context of high energy prices. Exports from Australia remained high, while Brazilian, South African and Indian exports were pressured by falling iron ore prices.

Baltic Exchange Capesize & Panamax Index



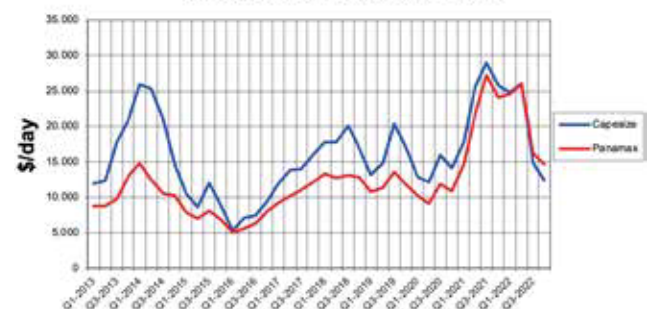
Grain trade is estimated to have contracted by 4% in 2022, the largest decline in almost 20 years, mainly due to the reduction of export volumes from Ukraine since February, coinciding with the

start of the war. Furthermore, the coal trade continues to recover towards pre-crisis levels due to increased demand for coal as a solution to the energy deficit following the reduction of gas exports from Russia.

The total bulk carrier fleet stood at over 13,000 ships, equivalent to 972 million tonnes, and 428 new bulk carriers were delivered in 2022. Meanwhile, 48 bulk carriers were scrapped, 9% less than the previous year. The order book stands at 7.4% of fleet capacity. A small increase in scrapping is also expected in 2023 due to weaker market conditions and the introduction of new environmental regulations, although uncertainty remains.

The projection for 2023 after China's reopening expects dry bulk trade to grow by 2% in tonne-mile terms, especially during the second half of the year, with thermal coal trade expected to grow by 2%. Seaborne iron ore traffic, however, is expected to remain stable. Grain trade is also expected to rebound by 5%. Also, by 2023, fleet growth is estimated at 1.8%, and the effects of the new emission regulations could reduce the available supply of bulk carriers by around 2.0-2.5% per year in 2023-2024 due to lower speeds and adaptation time.

Time Charter Bulk carrier 1 year



THE LIQUID CARGO MARKET

Fleet demand in the transport of crude oil and refined products increased considerably during 2022. This increase is partly due to a higher volume transported but also the war in Ukraine and the sanctions imposed by the European Union on imports of Russian crude oil and refined products. The latter has led to a significant increase in the average transport distance, as Russian crude oil and refined products have gradually been replaced by others from other geographical areas:

- Global oil demand in 2022 was almost 100

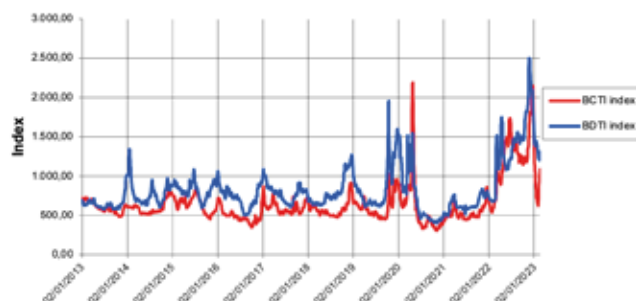
million barrels per day, an increase of 2.7% over last year.

- As for demand for refined products, 22.3 million barrels per day were transported during 2022, 3% above the previous year's volumes.

The supply of crude oil tankers increased by 5% to 425 million deadweight tonnes, while the supply of refined product tankers recorded a smaller increase of around 2.5%. Smaller fleet growth is estimated for 2023, with a 2.0% growth for the crude oil fleet and only 0.5% for the refined products fleet.

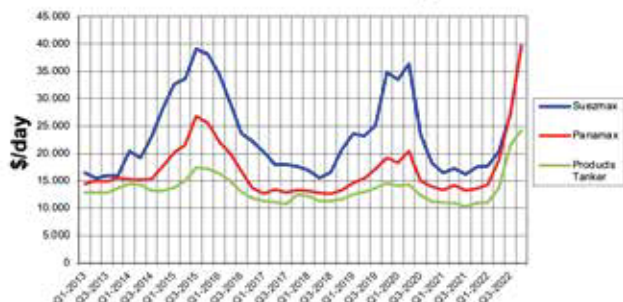
However, after relatively low freight rates in the first months of 2022, the recovery from the second quarter onwards was rapid, especially for product tankers and in the case of crude oil tankers in Aframax and Suezmax sizes. By 2023, freight rates are expected to follow this upward trend due to the low order book.

Baltic Clean & Dirty Tanker Index



Second-hand prices have risen considerably due to the said causes of increasing freight rates and the low order book for newbuilds. Second-hand prices are expected to remain high in the coming years.

Time Charter Tankers 1 year



THE LIQUID NATURAL GAS MARKET (LNG)

There was an increase of 4.7% in global liquefied

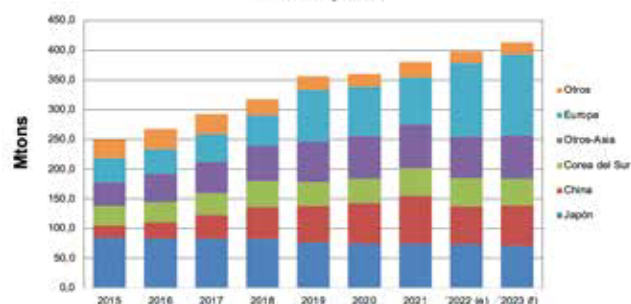
natural gas (LNG) shipping in 2022, with forecasts for 2023 also being bullish, with an estimated increase of around 4%, thus exceeding 900 million cubic metres transported.

The turning point in Europe in 2022, as a result of the war in Ukraine and sanctions on Russian gas exports, is noteworthy. As a result, European seaborne gas imports increased by 54% after two years of decline. A further increase of around 11% is expected by 2023, consolidating this European trend of becoming energy independent from Russia. LNG transport to Asia decreased by 7% compared to 2021, with China's 20% reduction standing out. Australia, Qatar and the United States have the highest amount of LNG exported by sea, with the US being the country with the highest growth in 2022, almost 12%, thanks to new European exports. The US is also expected to become the world's largest exporter by 2023, with an estimated 8% increase.

For its part, the LNG carrier fleet reached 718 units, resulting in a 4.4% increase in fleet capacity by 2022. A rise of 5.4% is also expected by 2023. In addition, 53 new LNG carriers are expected to be delivered this year, 39 between 170,000 and 199,000 cubic metres. The current order book for LNG carriers represents 49% of the current fleet capacity. In 2022, 42 LNG carriers were sold second-hand, three times as many as the previous year. This is mainly due to turbine ships terminating their long-term contracts.

As a consequence of the above and the increased transported volumes, the LNG fleet's yields rose but remained highly volatile in the short term. The price of new construction also grew by 18%.

LNG imports



New environmental regulations are expected to reduce the supply of LNG transport capacity, as older ships must be slowed down. As an alternative to the older, turbine-powered ships, there are projects for their use as floating warehouses.

2. The group's fleet performance

CAPE SIZE FLEET PERFORMANCE

During the first half of 2022, our capesize ships "Castillo de Valverde" and "Castillo de Catoira" operated mainly on Brazilian cabotage iron ore voyages. Both ships performed iron ore voyages from Brazil and South Africa to China and Europe, and from the West Coast to the North African coast; and on coal voyages from Indonesia and South Africa to India, and from Colombia to Turkey.

MINI-CAPE FLEET PERFORMANCE

The ship "Castillo de Malpica" continued to fulfil its transport commitments with iron ore voyages in Brazil and the United States and voyages with iron ore briquettes from the United States to various destinations in Vietnam and Europe.

In 2022, its twin "Castillo de Navia" combined iron ore supply voyages from Europe, Brazil and Canada to the United States with iron ore briquette voyages from the United States to Europe.

In 2022, two new units arrived in Brazil, built at the Dalian-Shanhaiguan shipyard in China. The sister ships "Forte São Marcelo" and "Forte dos Reis Magos" started their long-term contract on consecutive Brazilian cabotage voyages, supplying the iron ore needs of the steel plant in Pecem.

PANAMAX FLEET PERFORMANCE

The panamax vessels, "Forte de São Felipe" and "Forte de São Jose", continue to meet the needs of the long-term contract, transporting bauxite

along the Amazon on a Brazilian cabotage basis, covering the contract volumes and to the satisfaction of the customer.

PRODUCT TANKER, CRUDE OIL AND ASPHALT TANKER FLEET PERFORMANCE

The product carrier "Castillo de Trujillo" has been operating throughout 2022 in the spot market with good results due to the rise in freight rates due to the mentioned crude oil and refined products transportation situation. At the beginning of 2023 and considering the increase in the price of product tankers on the second-hand market, Grupo Elcano decided to sell the ship, completed at the end of February 2023.

The sale of "Castillo de Monterreal" was completed at the beginning of 2022, according to the decision taken at the end of the previous year.

With the sale of "Castillo de Trujillo", the Group no longer has product vessels operated on the spot market.

Moreover, "Castillo de Arteaga" has continued to operate mainly in cabotage in Spain under the long-term charter contract it serves, and "Caleta Rosario" continues to operate in Argentina under its charter contract, which was renewed in 2022 for a further three years with its current charterer.

"Recoleta" continues to transport crude oil in Argentina under a charter contract, which was renewed in 2022 for two more years with the same charterer.

Finally, mention should be made of the asphalt carrier in the Group's fleet, "Castillo de Pambre", which continues to be employed on its long-term contract to the client's satisfaction, its main area of operation being the Spanish coast and North Africa.

CHEMICAL FLEET PERFORMANCE

In 2022, the chemical tankers "Castillo de Maceda", "Castillo de Herrera", and "Castillo de Tebra" carried out their five-yearly docking. Specifically, "Castillo de Maceda" and "Castillo de Herrera" are scheduled to complete the docking work in the first quarter of 2023.

These three ships continue to serve their long-term contracts in Brazilian cabotage traffic.

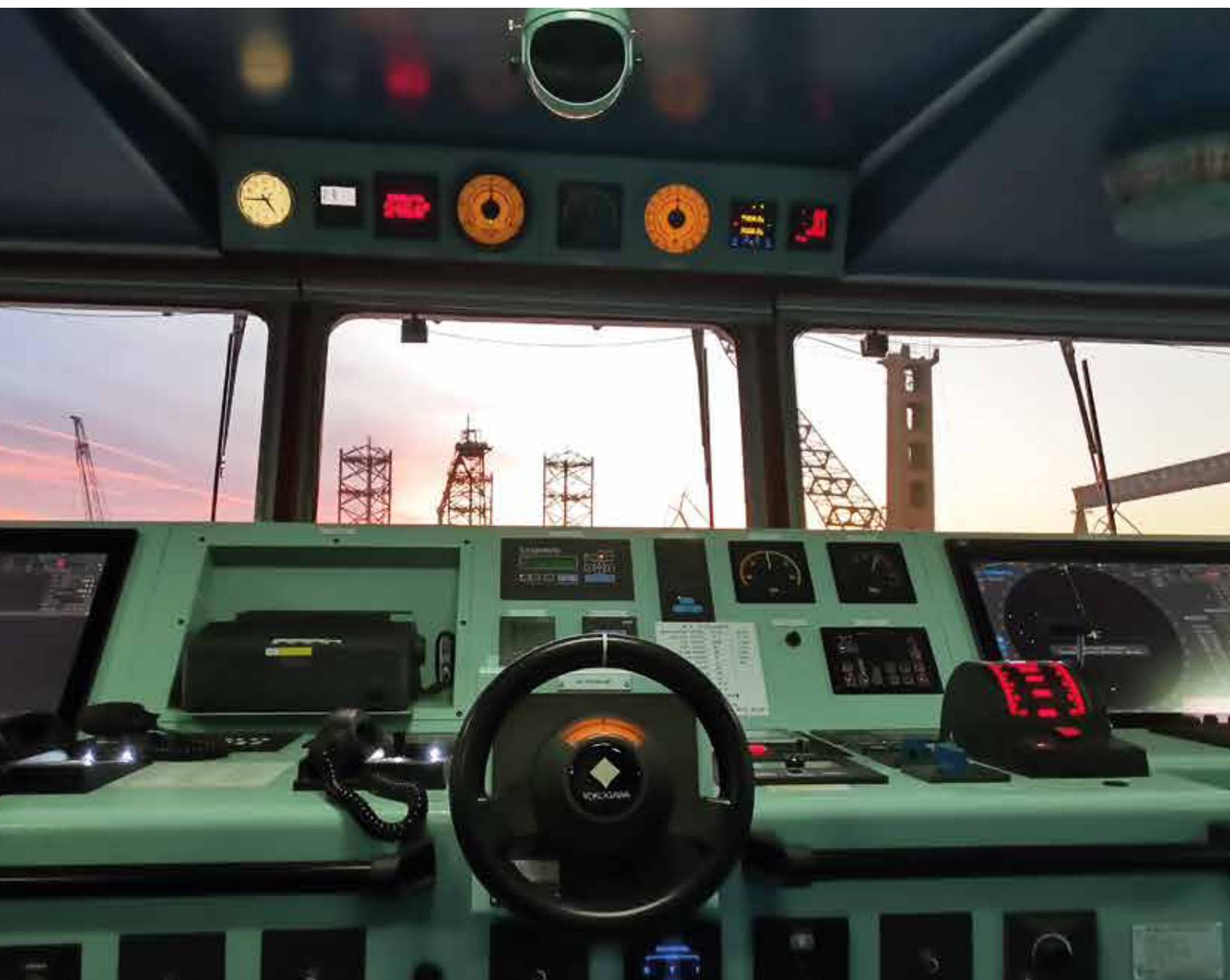
LPG FLEET PERFORMANCE

During 2022, the LPG tankers "Forte de Copacabana", "Forte de São Luis", and "Forte de São Marcos" continued to operate in Brazilian waters according to their term contracts and to the satisfaction of their charterers.

LNG FLEET PERFORMANCE

The fleet of four LNG carriers (all with GTT technology), "Castillo de Villalba", "Castillo de Santisteban", "Castillo de Merida", and "Castillo de Caldelas", have continued to fulfil their long-term charters, operating to the satisfaction of the charterers. Most of its voyages have involved loading in the United States and unloading in European ports.

As an exception to the above, since November 2022, "Castillo de Santisteban" has been used on voyages on the USA - India route, on its charterer's instruction.





3. Activity of the Fleet in 2022

49.8 million tonnes were transported in 2022, 15% below the 2021 volume.

The war in Ukraine, rising commodity prices, inflationary pressures and interest rate hikes have affected world trade and shipping and global economic growth.

In addition, China, the world's largest shipping customer, further reduced its economic activity due to Covid restrictions.

The biggest reduction was in liquid cargoes, mainly crude oil. We went from 40.6 million in 2021 to 29.4 million in 2022 due to the downward correction in our Brazilian oil trades.

Product traffics also decreased due to the sale of a unit in January 2022.

As for dry cargo, almost 9.5 million tonnes were transported, 3% more than in 2021, as the amount of iron ore transported in Brazilian cabotage traffic improved significantly.

Regarding liquefied gas traffic, 5.7 million tonnes were transported in 2022, 30% more than the previous year, as one of our vessels was no longer used for storage operations

Juan M. Cordeiro Rodríguez
Vice-Chairman and Chief Executive Officer



NON-FINANCIAL INFORMATION

INTRODUCTION

This section contains the 2022 information required by the Non-Financial Information and Diversity Law of 28 December 2018 and details the main aspects of the Elcano Group's business model and risk management, sustainability plans, environmental, social and labour issues, the policy of respect and promotion of human rights, matters related to the prevention of corruption and bribery, and the management of the relationship established with society and its stakeholders.

A summary of the Group's business model, a description of the policies about the above issues and measures adopted, the results of these policies, the main risks related to the issues linked to the Group's activities, the management of risks and critical non-financial performance indicators are also reported.

The information for 2022 includes Empresa Naviera Elcano S.A. ("Elcano"), as the parent company of the Elcano Group and its operating subsidiaries through which it carries out its shipping activity in Argentina (Empresa Naviera Petrolera Atlántica S.A. (Enpasa)), and Brazil (Empresa de Navegação Elcano S.A. (Elcano Brasil)), and data from the tables on environmental and social issues and relating to its personnel.

The non-financial information statement has been prepared in line with the international Global Reporting Initiative standard in its Essential version and all its principles, which is the reporting framework recommended by the Non-Financial Reporting Law of 2018. It is also externally audited by the independent firm Moore Ibérica de Auditoria, S.L.P., which also reviews the Group's Consolidated Financial Statements.

1. BUSINESS MODEL

a) DESCRIPTION

There have been no changes regarding the business model, so we can maintain the same description and information provided in previous years. The Elcano Group specialises in the international maritime transport of raw materials in bulk. For this, we manage and operate fleets of specialised ships, both owned and chartered by time or voyage.

We mainly transport raw materials, with the transport of crude oil and its derivatives principally in liquid cargo and chemical products in the liquid cargo sector, the liquefied natural gas (LNG) and liquefied petroleum gases (LPG) in the gas sector, and finally, in dry cargo, iron ore, coal or bauxite, among others.

The Group's administrative and operational headquarters are in Madrid, and its subsidiaries in Brazil and Argentina also have administration and operational management centres in Rio de Janeiro and Buenos Aires, respectively.

Elcano Group operates internationally, specifically in markets where it applies flag protection to maritime traffic, such as Brazil and Argentina.

The primary objective of Elcano Group is to provide maritime transport services to its customers, with the highest level of safety for workers and crew as well as for ships and goods transported, with maximum respect for the environment and seeking excellence in energy efficiency.

As for the key points of the strategy of Elcano Group, we might identify the following:

- Selection and training of the best professionals to be part of our team, both on land and aboard ships.
- Investment in ships incorporating the latest developments and designs to ensure maximum efficiency and their perfect operational condition throughout their useful life.

- Selection of prestigious clients, all of which are highly reputable industrial groups and solvent and highly qualified suppliers.
- Pursuing long-term commercial commitments that allow for the correct planning of resources to guarantee the quality of the service to be provided, in addition to avoiding the risks of volatility in the industrial and financial markets.

In order to develop said strategy, Elcano Group has a fleet of twenty-three ships as at 31 December 2020, with a workforce of 657 employees at the end of the year, including land and fleet personnel.

Elcano Group's strategy is based on prudent growth based on long-term contracts, diversification (specialisation in the international maritime trade of bulk products), customer-oriented services (maintaining its excellent reputation for quality, reliability and execution), the application of rigorous environmental standards and compliance when new ships are added to the fleet, and the consolidation of business growth. However, this does not prevent the Group from strategically investing to extend to expanding sectors it considers of interest.

b) POLICIES AND RISKS

During 2022, the risk map was reviewed periodically to evaluate, prevent and mitigate the most significant risks the Group may face in its ordinary activities. Similarly, procedures have been adapted, process maps drawn up and reviewed, indicators (over 100 KPIs) established, and action plans created to reduce the number and impact of incidents produced, all to continue with the ongoing improvement plan required by an organisation operating for over 75 years in a highly competitive and regulated environment.

The work carried out allowed Elcano in 2017, Elcano Brazil in 2019, and Enpasa (subsidiary in Argentina) in 2021 to obtain ISO 14001 Environmental Management certification, which implies their commitment to these indicators:

- Reduce costs: The ISO 14001 standard requires a commitment to continually improving the Environmental Management System, setting targets and helping the organisation use raw materials more efficiently.

- Compliance management: the ISO 14001 standard helps reduce the effort required to manage legal compliance and environmental risks.
- Reduce duplication of effort: the management system allows integrating the requirements of this and other management rules in a single business system to reduce duplication of effort and costs.
- Managing our reputation: The ISO 14001 standard helps reduce the risks associated with any costs or damage to our reputation associated with penalties and improves our public image towards our customers, suppliers, regulatory bodies and key stakeholders.
- Increase our competitive advantage: allowing us to work with companies that value organisations respectful of the environment, offering reductions in port fees when such certification is held, which results in a direct economic benefit for our clients and sometimes for our Group.

Similarly, in February 2019, Elcano obtained the ISO 9001 certification, thus accrediting that it possesses and acts according to an audited and approved Quality Management System (QMS), which comprises a set of international norms and standards. These are interrelated to meet the quality expectations that a company like ours must consider to satisfy its customers. Activities are thus planned and controlled to achieve the highest possible quality.

Furthering into the ISO certifications that generate value and show the good work of the Elcano Group, with its parent company at the head, both internally and externally, the process was completed in December 2019 with the Integrated Management System. This system combines the abovementioned ISO 14001 and 9001 certifications and the ISO 45001 (Management Systems and Health and Safety at Work) and ISO 50001 (Energy Management System) certifications.

The ISO 45001 standard seeks to reduce the 2.78 million work-related deaths and 374 million non-fatal injuries that occur in the workplace each year, according to the International Labour Organisation (ILO), by encouraging our employees to prevent accidents and illnesses and

to improve their well-being. We maximise productivity by managing evolving risk profiles through a systematic process that maintains our staff's health, reducing downtime and avoiding accidents to the extent possible.

Finally, with the ISO 50001 standard, the Company reduces consumption through structured control of energy use, improving energy efficiency and contributing to savings for our customers and us. Thus, we demonstrate our commitment to environmental responsibility by ensuring compliance with local energy legislation to continue to enhance our brand reputation and ensure that our business operates efficiently over the long term.

In 2022, Elcano renewed the certification of the four ISO standards. Elcano Brasil is currently preparing for ISO 9001 certification.

These standards and international norms aim to simplify business processes and increase the quality of services and products in everyday use. By continuously improving our production and work systems, we ensure that the services provided meet the established requirements and are suitable for our customers.

- Due to the very configuration and nature of the business in which the Group carries out its activity and regardless of the large number of potential risks identified in our parent company, the main risks are linked to a possible loss on any of our ships that generate serious environmental damage, involves severe damage to the cargo or the ship and any other damage that jeopardises the health and integrity of our crew members. To reduce these risks to the minimum, our Integrated Management System focuses mainly on these aspects, resulting in significantly better ratios in terms of the number of accidents, incidents and environmental damage compared to previous periods and within the standards of the ILO (International Labour Organization), Intertanko (International Association of Independent Tanker Owners), OCIMF (Oil Companies International Marine Forum) and SIGTTO (Society of International Gas Tanker and Terminal Operators), among others.
- Fluctuations in the international maritime transport sector, which has historically shown cyclical and volatile behaviour, are one of the risks faced by the Group and the rest of its competitors in the maritime industry.
- The international maritime transport of goods sector is cyclical and volatile in terms of freight rates and profitability. Fluctuations in freight rates and ship values are due to changes in the supply and demand of freight-carrying capacity changes in the supply and demand of oil, petroleum products, minerals and gas, and other dry and liquid cargoes carried on ships. To reduce its exposure to fluctuations in the shipping markets, the Group seeks to generate most of its cash flows through long-term contracts with first-rate charterers.
- Several other risks inherent in all business activities, especially those carried out in international environments, affect the Group. These risks include the evolution of exchange rates, inflation in the countries in which it operates, international growth rates, developing fuel prices and port taxes and regulatory changes. However, the Group faces them with specific policies and strategies as part of its know-how, which has enabled it to carry out a successful business activity over 75 years of its history.

Both internal and external issues defined in our Integrated Management System have been considered to identify the Company's risks.

- Internal issues identified:
 - Commitment and Leadership.
 - Planning of the Company's strategies.
 - Company organisation and culture.
 - Definition of competences and responsibilities.
 - Employee loyalty. Stability and levels of permanence.
 - Compliance with all the customers' requirements and expectations.
 - Change management.
 - Quality of the service.
 - Use of materials.
 - Energy management.
 - Safety management.
- External issues identified:
 - Compliance obligations (legal and regulatory requirements) relating to the business strategy as defined in the Management Policy.
 - Technological changes.
 - International competition.
 - Market conditions.
 - Natural resources.

- Potential needs for additional human resources and knowledge.
- Changes in the economic cost of raw materials (both those that the Company consumes and those it transports).
- Security risks affecting the Company's business strategy.
- The COVID-19 pandemic requires redefining systems of action at many levels.

The Company has identified the stakeholders, their needs and expectations and established a management system that includes the procedures and their interaction. The most significant stakeholders include government, flag states and classification societies, shareholders and investors, customers, suppliers, shipyards, crew management agencies, maritime brokers, crew members, employees and families of employees and crew members, competitors, insurers, insurance brokers, mutual insurance companies for occupational accidents and diseases, external prevention services, financial institutions and society in general, along with pressure groups.

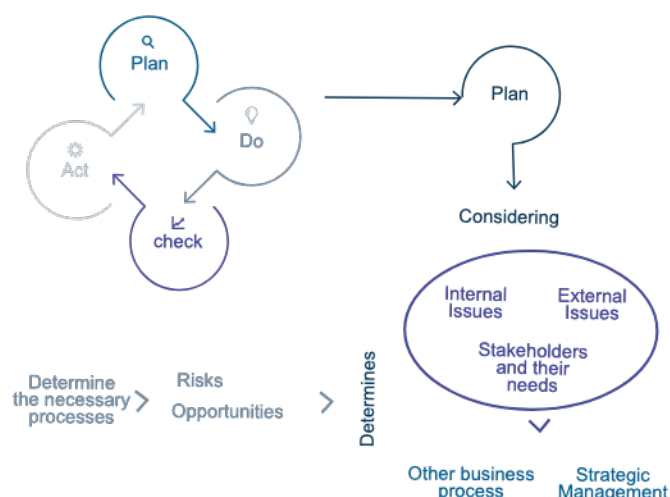
The framework considers these relevant aspects and compliance obligations according to ISO standards and the Company's compliance system.

The Company has identified the processes necessary to ensure that it can achieve the objectives and results of its Management System, avoid undesirable effects and achieve continual improvement.

For this purpose, these criteria have been considered when considering risks:

- Risk (R):
 - Consequence (C): What will happen if the risk becomes an issue?
 - Probability (P): The likelihood of the risk becoming a problem.
- Opportunity (O):
 - Value (V): What will happen if the opportunity becomes a reality?
 - Probability (P): The likelihood that the

opportunity will take place.



2. ENVIRONMENTAL ASPECTS

a) INTRODUCTION

In its Management Policy, Elcano Group expresses its commitment to environmental protection, establishing these objectives, among others:

- The prevention of pollution of the environment, particularly the marine environment, and the mitigation of adverse aspects of its activity on the environment.
- Adequate waste management, reducing waste production and promoting reuse and recycling.
- Proper management of energy resources to minimise our impact on the environment.
- The commitment of all personnel to the Group's environmental policy through awareness-raising, communication and training actions.

Elcano maintains an Environmental Management System under the ISO 14001 standard and an Energy Management System under the ISO 50001 standard. Elcano's Environmental Management and Energy Management Systems

have been certified by an external certification body. The external certification company has certified the Environmental Management System of Elcano Brasil and ENPASA.

The Environmental and Energy Management System is integrated into the Group's business processes, and its objectives are aligned with Elcano Group's strategic goals. Environmental and energy performance aspects have been identified by analysing the Company's processes and activities and the significance of their effect. Environmental risks have been considered and managed within the Group's overall risk management.

b) MEASURES TO REDUCE ENVIRONMENTAL IMPACT, SUSTAINABLE USE OF RESOURCES, CLIMATE CHANGE AND PROTECTION OF BIODIVERSITY

Among the measures taken by Elcano Group to comply with the above are the following:

Pollution and climate change:

- Monitoring the condition of the ship's equipment and parameters that most affect the ship's energy efficiency.
- Efficient maintenance of onboard equipment aimed at improving the ship's efficiency as a whole, thus reducing emissions.
- Application of improvements in the design phase focused on energy efficiency.
- Monitoring and analysis of the possible modes of operation of the ship with a view to energy optimisation.
- Control and monitoring of our environmental impact and efficiency in terms of greenhouse gases.
- Installation of state-of-the-art equipment in terms of energy efficiency and in-depth study of new technologies.
- Minimisation of the use of equipment that generates polluting emissions.
- Optimisation of logistics to reduce the environmental impact generated by the shipment of spare parts and/or technicians.
- Recovery of energy from the ship's thermal sources: Energy cogeneration.
- Analysis and technical feasibility studies for implementing new propulsion systems that allow using alternative fuels and/or with low/no carbon content (methanol, ethanol, ammonia,

hydrogen, biofuels, biogas, synthetic gas, etc.)

- Study and analysis to implement alternative technologies: wind-assisted propulsion (sails), air bubble lubrication (reducing the ship's drag by reducing friction between the hull and the water), cold ironing (supplying energy from the shore power grid during port stays), carbon capture, fuel cells, use of batteries.
- Advise and propose designs for new buildings capable of running on zero net carbon (or close to zero net emissions) fuels to our clients. Also, propose these new designs be prepared for future modifications to allow them to burn new alternative fuels.
- Promoting good operational practices with other departments involved, such as optimising routing and trimming, proposing regular hull cleaning and propeller polishing and implementing new actions to improve the Company's sustainability objectives.
- Improve ship data acquisition to monitor and analyse consumption and emissions more accurately, thus reducing the greenhouse gas footprint.
- Preliminary studies and analysis of the Company's costs due to CO₂ emissions, GHG, etc. (EU ETS, UK ETS and Fuel EU).

During the last few years, the International Maritime Organisation (IMO) has been developing and defining an ambitious strategy to reduce and stop greenhouse gas emissions produced by maritime transport, and Empresa Naviera Elcano is an active part of this strategy.

Circular economy:

- Optimisation of packaging to reduce the amount of waste resulting from our activity.
- Use of compactors onboard ships.
- Indicators, monitoring and optimisation of food expenditure per person per day. (and other consumables).
- A fully implemented recycling policy.

Sustainable use of resources:

- Reduction of toner and the number of pages printed in the Company.
- "Paperless" philosophy in implementation processes, through document management programmes such as DOCMAP, AMOS, PERAMA...
- Implementation of digital publications:

- Reg4Ships
- ADP and AENP (via NAVTOR/NAVBOX)
- Admiralty Digital Catalogue
- Rational use of office air-conditioning systems.
- Generation of fresh water on board by recovering energy from thermal machines.
- Optimisation of logistics associated with supplies/consumables.
- Selection of local suppliers and compliance with specific environmental requirements (ISO 14001, for example).
- Implementation of environmental management policies and noise measurement.
- Fully implemented energy accounting system.

Biodiversity:

- Installation of onboard systems to prevent the transport of invasive species (Ballast Water Treatment System).
- Technical studies in the design and construction phase of the ship to minimise noise and vibration during the operation of the ship.
- Ship operation adapted to the environmental characteristics of the transit zones (e.g. reduction of the ship's speed in environmental protection zones due to there being cetaceans).
- Implementation of procedures (associated with ISM) to avoid any contamination of the environment and ensure the best response in the event of an accident.
- Simulations of crisis scenarios to improve the response in case of emergency (spills, accidents, incidents).
- Implementation of non-obligatory quality standards in our ships, which certify the absence of pollutants on board our ships (ECO LR Class, Green Passport, ...).

Elcano has reinforced its safety and sustainability policy and introduced the concept of "Ecotype" on all newly built ships ordered since 2008. This means that all the Group's new designs from that date onwards meet the design standards of "Cleanship" (classification for pollution prevention) and "Greenship" (classification for sustainable recycling standards and under international law).

c) MONITORING OF EMISSIONS AND ENVIRONMENTAL IMPACT

Based on the philosophy of work and environmental commitment outlined in this document, Elcano continuously monitors emissions of greenhouse gases and other harmful gases:

	2020	2021	2022
Greenhouse gas emissions (metric tonnes)	474,883	446,970	462,767
Average per ship (metric tonnes)	39,753	37,247	42,069
KPI CO ₂ (g/tonne*miles)	17.33	18.14	15.10
SO _x gas emissions (metric tonnes)	385	402	460
Average per ship (metric tonnes)	32.1	33.5	41.8
KPI SO _x (g/tonne*miles)	0.0142	0.0162	0.015
NO _x gas emissions (metric tonnes)	8,240	8,120	9,890
Average per ship (metric tonnes)	687	677	899
KPI NO _x (g/tonne*miles)	0.301	0.329	0.323
Fleet Transport work (tonne*mile)	27,408,220,528	24,646,257,134	30,638,859,845

- The Transport work fleet has increased this year due to the normalisation of traffic after the pandemic years and despite the sale of a ship in the fleet. Consequently, emissions also increased due to the traffic of some ships requiring long ballast voyages and prolonged anchorages, resulting in emissions without cargo transport.

Finally, in 2022, Elcano participated in the CO₂ Impact Program, compensating the CO₂ emissions by using the transport services offered by different airlines (Air France, KLM, Air Europa...), contributing to different reforestation projects on our planet.

d) CIRCULAR ECONOMY, WASTE PREVENTION AND MANAGEMENT

The ISO 50001 standard, initially achieved in 2019 and renewed through a comprehensive recertification audit in 2022, is the first international energy management system (EnMS) standard after many national and regional standards, such as EN 16001. The ISO 50001 EnMS standard is based on the management system model already assimilated and implemented by organisations worldwide. The Deming "plan-do-check-act" improvement cycle underpins the standard, as in the case of ISO 14001, ISO 9001 and ISO 45001, which we already have since 2017 and 2019, respectively (renewed in 2022), and other established management system standards.

It is estimated this ISO standard could influence up to 60% of the world's energy consumption, contributing to a more efficient consumption of resources. Similarly, the standard encourages transparency and communication in the management of energy resources and promotes best practices in energy management, helping to evaluate and prioritise the implementation of new energy efficiency technologies. It also provides the framework for energy efficiency throughout the supply chain, facilitating better energy management of projects to reduce greenhouse gas emissions.

Due to the nature of the Group's main activity, the maritime transport of different products, without involving the transformation of raw materials, no reference is made in this report to the consumption of such raw materials. What could be considered as consumption of raw materials would, in any case, correspond to the consumption of fuel for the propulsion of our ships. In 2019, we implemented the ISO 50001 standard referred to above to improve the efficiency of this use, thus achieving these objectives:

- Reduce fuel consumption and associated emissions.
- Reduce the use of combustion equipment and, therefore, its maintenance with the expense of associated materials, and indirectly reduce energy resources for transporting these materials, etc.
- Optimise the use of fresh water used and generated on board.

During 2022, 11% more energy was consumed compared to 2021. However, the energy consumed per unit of work was lower, i.e. transport was more efficient and has a lower environmental impact from the viewpoint of energy consumption.

This can be explained by many factors, such as route optimisation, the rejuvenation of the ships in the fleet, or commercial strategies and instructions from the different charterers regarding the speeds at which ships are instructed to sail.

These tables show the figures discussed in the previous paragraphs:

**Global Energy Efficiency Indicator
(MJ/miles*tonne)**

Average 2020	0.241
Average 2021	0.210
Average 2022	0.227

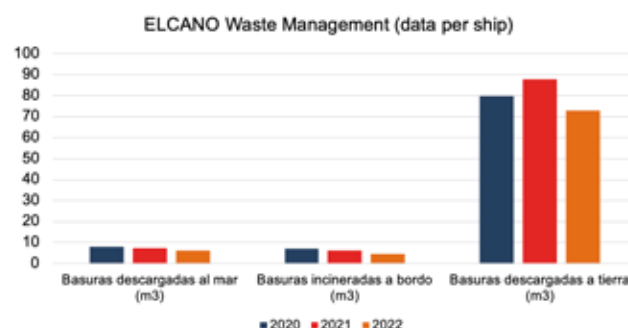
Energy consumption (GJ)

2019	6,762,578
2020	6,622,639
2021	6,262,020
2022	6,967,654

Regarding Waste Management and as part of the environmental impact reduction strategy implemented by Elcano, numerous efforts are being made to reduce the waste generated onboard our ships, which resulted in a significant reduction of the waste generated for another consecutive year.

The results associated with 2022 are set out below, along with their comparison with previous years:

	2020	2021	2022
Waste discharged to the sea (organic) (m³)	95.79	86.80	68.24
Per ship (m³)	7.98 (-18%)	7.23 (-10%)	6.20 (-14)
Waste incinerated on board (m³)	84.32	73.16	51.21
Per ship (m³)	7.03 (-57%)	6.09 (-14%)	4.65 (-23.64)
Waste offloaded on land (m³)	950.62	1,054.85	802.54
Per ship (m³)	79.81 (-5%)	87.90 (+10%)	72.96 (-17%)



As seen from the above tables, there has been a significant waste reduction, especially incinerated, organic and landfilled waste. Overall, the decrease in all waste generated has reached about 24% compared to the previous year.

3. INFORMATION ABOUT OTHER ASPECTS

a) COMMITMENT TO SUSTAINABLE DEVELOPMENT

The Elcano Group collaborates decisively in controlling the environmental regulations that regulate international maritime transport, with an unavoidable commitment to sustainable development.

In developing this principle, the Group invests in compliance with the International Maritime Organisation (IMO) Convention for controlling and managing ballast water and sediments from the Group's ships.

The IMO has energy efficiency, new technologies and innovation, maritime education and training, marine security, maritime traffic management and maritime infrastructure development among its main objectives.

The development and implementation through IMO of international standards to address these and other issues undoubtedly underpin the commitment to create an appropriate institutional framework for a green and sustainable global shipping system.

Invasive aquatic species represent a significant threat to marine ecosystems, and shipping is an important pathway for introducing species into new environments. This International Convention, which the Group is implementing, prevents the spread of harmful aquatic organisms from one region to another, thanks to standards, state-of-the-art equipment and procedures for proper management.

With substantial investments committed to equipping our existing and new ships with the necessary equipment to lead the IMO Convention for the Control and Management of Ships' Ballast Water and Sediments, we are also complying with Principle 15 of the 1992 United Nations Rio Declaration on Environment and Development, which states that "to protect the environment, States should widely apply the precautionary approach in line with their capabilities. Where there is a risk of serious or irreversible damage, lack of full scientific certainty should not be taken as a reason for postponing cost-effective

measures to prevent environmental degradation." Proof of Empresa Naviera Elcano's commitment to reducing the environmental impact of its activity and the Company's alignment with the policies of the International Maritime Organisation (IMO) is the great work being done to find improvements in ship efficiency.

Empresa Naviera Elcano spends plenty of resources on gaining in-depth knowledge of international regulations and the factors that originate and shape them, in addition to participating in many industry forums where concerns and solutions to current challenges are shared. In addition, through knowledge of these regulations and the latest technological advances, the Company is involved in numerous studies and innovative projects that help us to improve our environmental performance.

Not only are technological developments understood as the path towards our goal of improving environmental performance, but operational practices are also a focus for the achievement of improvement.

Logically, to improve, environmental performance must be measurable, and to this end, all environmental and energy indicators are monitored, including those established by the industry and other more specific indicators developed internally.

Moreover, the Group's Fleet and Engineering department has developed and established a robust procedure for emissions monitoring according to the worldwide IMO - Data Collection System and European - Monitoring Reporting and Verification standards.

DECARBONISATION - NEW ENERGY EFFICIENCY AND ENVIRONMENTAL REGULATIONS

Developed within the framework of the IMO's initial Strategy on the Reduction of Greenhouse Gas Emissions from Ships agreed upon in 2018, these technical and operational regulations require ships to improve their energy efficiency in the short term and thus reduce their greenhouse gas emissions. These new regulations entered into force on 1 November 2022 as amendments to Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL).

From 1 January 2023, it is mandatory for all ships to calculate their achieved Energy Efficiency Existing Ship Index (EEXI), measure their energy efficiency and start collecting data for the reporting of their annual operational Carbon Intensity Indicator (CII) and their CII classification. As an incentive to reduce the carbon intensity of all ships by 40% by 2030 compared to the 2008 baseline, ships must calculate two ratings: their achieved Energy Efficiency Existing Ship Index (EEXI) to determine their energy efficiency and their annual operational Carbon Intensity Indicator (CII) and associated CII rating. Carbon intensity relates GHG emissions to the freight transported, and the distance travelled.

The measures are part of IMO's commitment under its 2018 Initial Strategy on the Reduction of GHG Emissions from Ships to reduce the carbon intensity of all ships by 40% by 2030 compared to 2008.

The EEXI attained by a ship indicates the energy efficiency of its design compared to a reference value. The EEXI achieved by a ship will then be compared with a required Existing Ship Energy Efficiency Index. The EEXI value attained for each individual ship must be lower than the required EEXI to ensure that the ship meets a minimum energy efficiency standard.

The IIC assesses and rates the energy efficiency of the ship's operation, and each year an annual reduction factor is applied to ensure continuous improvement of a ship's operational carbon intensity within a specific rating level. The actual annual operating IIC attained should be documented and verified against the required annual operating IIC.

To face these new regulations, Empresa Naviera Elcano has dedicated many resources to understanding the new requirements, the nature of our fleet and the customer's requirements.

As a result, a tailor-made action plan has been developed for each ship to obtain an optimal CII rating each year and optimise EEXI requirements with customer requirements, all integrated into our management system.

In addition, fundamental criteria have been established to design ships that meet environmental and energy efficiency requirements and even take our ships a step

beyond the legal requirements.

In this context, Empresa Naviera Elcano has developed and patented a hybrid propulsion system to improve the efficiency of gas tankers with steam turbine propulsion by up to 30%.

This solution was introduced to the industry and was very well received. Various industry bodies have been involved in its dissemination as a solution for compliance with the most stringent environmental requirements for the least efficient gas tankers in the world fleet.

During 2022, environmental performance at headquarters has significantly improved: Electricity consumption in 2022 decreased by 1.7% compared to the previous year, from 197.350 kWh consumed in 2021 to 193.951 kWh in 2022.

As for paper consumption, there is no specific consumption data, only data on purchases made, which can lead to dysfunctions depending on the date of the corresponding stationery order. In 2022, it was reduced by 50.5% compared to the same period of the previous year. The main use of the paper purchased is for copying and printing. Copies made in 2022 have been reduced by 22.6% compared to the previous year, with 58.533 copies made in 2022 compared to 75.653 copies made in 2021. In 2022, 132.360 prints were made, a decrease of 4.2% compared to 138.092 prints in 2021. The prints made in 2022 equal the consumption of 12.83 trees, 84.998,5 hours of electricity consumption and the emission of 1.357,6 kg of CO₂.

As for the consumption of plastic cups, there is no specific consumption data, but only data on purchases made. In 2022, purchases increased by 50% compared to the previous year, which is explained by increased staff attendance in the office following the end of the teleworking system.

Finally, in terms of battery consumption, although there is no specific consumption data, only data on purchases made, in 2022, consumption increased by 67% compared to the previous year. In 2021, consumption had reduced by 25% compared to 2020, and this data is for purchases alone.

Thus, we consider that during 2022, the environmental performance at headquarters was

satisfactory. In April 2022, the teleworking system set up to respond to the exceptional situation resulting from the Covid pandemic ceased, and since then, all the Company's staff has been working physically in the office. The environmental commitment of all members of the organisation should also be highlighted.

Water consumption is not considered a significant environmental aspect. Considering the Group's activity, it is residual and accessory, and this resource is mainly used for daily consumption for vital needs and cleanliness by our ships' crew. Our ships also have their own desalination systems to generate their own water under certain circumstances (mainly at sea). The consumption of water in the central offices is equally negligible, with no real data on it since the repercussion of this consumption is proportional to the square metres occupied in the office buildings in which the different corporate headquarters are located.

Special attention is also paid to waste management through segregation by waste type and by contracting waste management with authorised agents when required (e.g. printer toners, etc.).

In 2022, an Indoor Environmental Quality Diagnosis and Inspection were conducted in different building areas, specifically the Elcano offices. This study, carried out under UNE 171330 part 2, measures carbon dioxide, carbon monoxide, particulate matter and suspended micro-organisms (fungi and bacteria), and particulate matter levels by counting temperature and relative humidity. The conclusions of the study have been satisfactory.

4. HUMAN RESOURCES

a) EMPLOYMENT AND WORK ORGANISATION

The shipping industry's major challenges, including digitisation, developing and implementing new technologies, and improving efficiency and profitability, require a profound transformation of work methods.

The Elcano Group, aware of this need, has been implementing a new relationship and people management model, which brings the function of Human Resources to the business and the employees to take advantage of the opportunities offered by the new times.

In terms of training, the Elcano Group responded to the needs arising from increased regulation and technical advances in nautical matters, mainly in 2022.

The distribution of training provided at group level is congruent with the distribution of staff by category and gender with no prejudice or discrimination against any category or gender:

2022			
	Unidad	Hombre	Mujer
Number of hours of training by professional category			
Management	Hours	18	-
Middle management	Hours	1,033	341
Technicians	Hours	240	357
Administrative assistants	Hours	274	577
Auxiliary staff	Hours	4	-

In terms of crews, the performance of marine professionals is evaluated each year, regardless of position and seniority. Their performance and contribution are measured, identifying their strengths and areas for improvement and providing feedback on the quality and potential promotion.

In the selection processes throughout the Elcano Group, respect for equal opportunities and non-discrimination on any grounds is recognised and applied as general principles.

As for health and welfare plans, in 2022, the objective of promoting a culture of health, well-being and safety at work continued to be developed, always considering the risks associated with the Group's activity. The personnel in the offices of Madrid, Rio de Janeiro and Buenos Aires benefit from medical insurance for themselves and their direct relatives and life and accident insurance.

The office staff are also provided with measures to reconcile professional and family life. These measures are flexible entry and exit times during working hours and limits, working hours, intensive working hours during different periods throughout the year, and other social benefits such as the enjoyment of restaurant tickets, days off besides the legally established minimums, leave licences and permits, and others contained in the applicable collective bargaining agreements.

Elcano workers' representation is exercised through unitary representation, based on the candidatures freely presented and voted by the employees. In 2022, there was a Personnel Delegate with whom the issues of labour and union nature were treated and channelled. In addition, the Company has a Health and Safety Committee, with equal representation of workers and the Company, which also acts as a channel for consultation and participation of workers based on its operating regulations.

The different national representation unions represent onboard personnel in Brazil and Argentina.

With this union structure (as described in the Statute and the Organic Law on Freedom of Association (LOLS)), the corresponding union representation is believed to cover 100% of the Group's workers (excluding executive personnel).

As for the different collective bargaining agreements, 100% of the Group's employees adhere to the collective bargaining agreement applicable in each workplace of the companies that compose it, with the sole exclusion of management personnel.

The percentage of employees with indefinite contracts who work in the offices of Madrid, Rio de Janeiro and Buenos Aires is virtually 100%. However, this same percentage referring to the personnel who provide their services onboard the ships operated by the Group is 100% in Brazil and 70%+ in Argentina.

These obligations are met according to the current legislation, depending on the circumstances of each Group company.

b) HEALTH & SAFETY

In addition to Elcano obtaining ISO 14001 certification in 2017 and ISO 9001 certification in 2018, as mentioned above, obtained ISO 45001 and 50001 certifications in 2019. In 2022, certification was renewed for all four standards. The first of these (ISO 45001) applies to this section.

ISO 45001 is the standard for Occupational Health and Safety Management Systems, which replaced OHSAS 18001 in 2018. The Group

understands that having a robust and efficient Occupational Health and Safety Management System gives it a more holistic approach to Health and Safety risk management and allows for greater foresight towards our workers and organisation. This project seeks to:

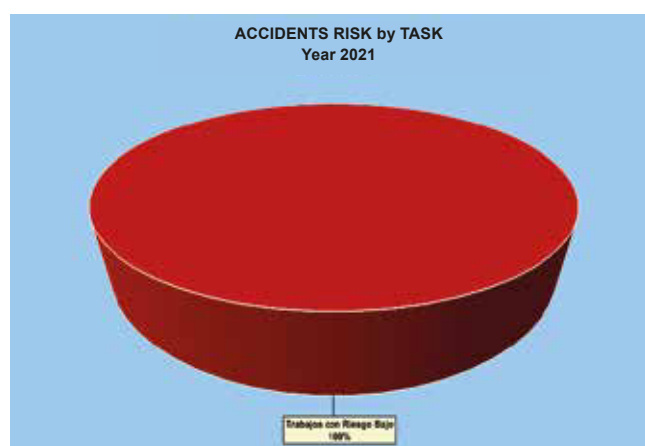
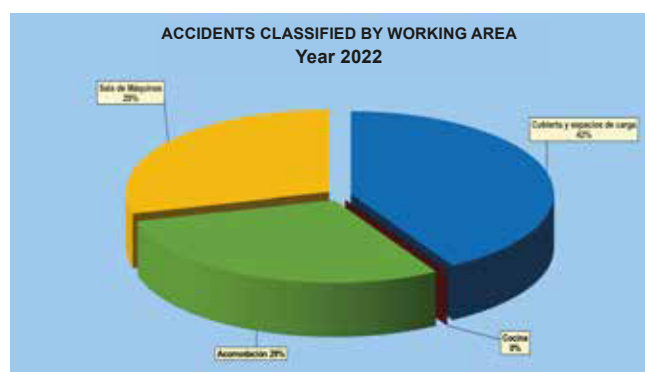
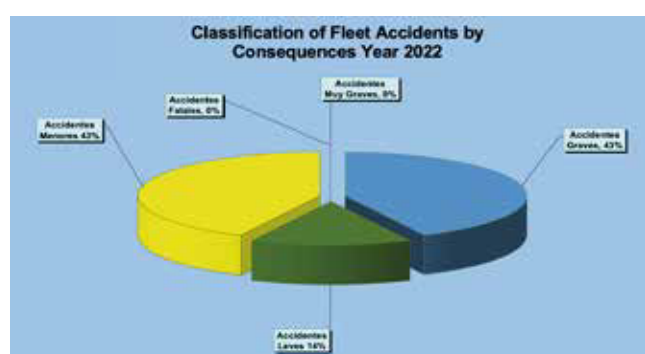
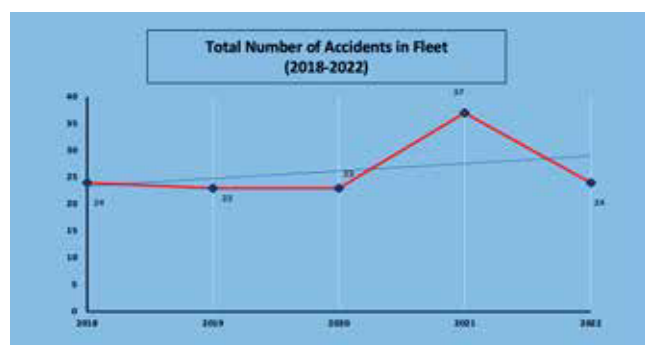
1. Improve worker protection with a structured approach to hazard identification and risk management that contributes to maintaining a healthier and safer work environment and reducing the number of accidents and health problems in the workplace. This approach should help reduce employee injuries and sick leave.
2. Reduce risks with the global approach of translating risk outcomes into appropriate action plans for accident assessment, verification, inspection, legal review and investigation, reducing risks, protecting workers, and controlling infrastructure threats that cause accidents.
3. Legal compliance support that provides a mechanism for identifying current legislation and implementing applicable requirements. Adherence to the law can help reduce complaints, pay lower insurance premiums, avoid financial consequences and alleviate the stigma of negative publicity arising from occupational health and safety issues as another way of demonstrating to our stakeholders our responsibility and commitment to occupational safety and health.

As for the important issue of accidents at work and occupational illnesses, it is noteworthy that no occupational illnesses have occurred in the Group (as in the previous year), and the level of accidents at work has decreased, from 37 accidents in 2021 to 24 in 2022. In view of the analyses carried out, all the accidents took place during work with a low accident risk, and 100% of the consequences of these accidents were minor accidents.

Following the Group's policy, each accident is analysed individually to draw up a report identifying the accident's root cause and the corrective measures to avoid recurrences or minimise consequences. Similarly, reports on accidents, incidents and potentially dangerous facts or situations are evaluated considering the area in which they occur, the experience of the personnel affected, the part of the body exposed,

the production schedule, etc. Health and safety meetings are held onboard each ship in the fleet every month to reduce accident rates and ensure the crew's integrity and well-being.

The most relevant consolidated data on accidents is shown below:



For a better understanding of the categorisation and classification of accidents and incidents, the matrix used is attached:

INCIDENT / ACCIDENT CLASSIFICATION					INVESTIGATION STANDARD		
A	B	C	D	E	Investigation Level	Close-out	Notification
Occupational Health and Safety	Environment	Future / Prevention	Asset / Property Damage	Preventive degree of public attention	Investigation Level	Close-out	Notification
1. Minor	1. Minor	1. Minor	1. Minor	1. Minor	Investigation Level	Close-out	Notification
2. Medium	2. Medium	2. Medium	2. Medium	2. Medium	Investigation Level	Close-out	Notification
3. Major	3. Major	3. Major	3. Major	3. Major	Investigation Level	Close-out	Notification
4. Serious	4. Serious	4. Serious	4. Serious	4. Serious	Investigation Level	Close-out	Notification
5. Critical	5. Critical	5. Critical	5. Critical	5. Critical	Investigation Level	Close-out	Notification

No analysis is carried out differentiating the sex of accident victims concerning fleet personnel as it contributes nothing to the analysis of the potential accident. In this sense, considering that we are dealing with a sector in which women are under-represented worldwide, with women officers accounting for less than 15% of total positions and not even 3% in ratings, which is where the highest number of incidents and accidents occur, any analysis of this type is not worth the hassle.

As for the Group's head offices and those corresponding to the Brazilian and Argentinian operating subsidiaries, once again this year, there were no occupational accidents at these offices.

As for the absenteeism rate, the Group average, considering Elcano and the two operating subsidiaries in Brazil and Argentina, rose to 6.07% in 2022, which represents an increase compared to the previous year (4.78% in 2021).

As mentioned before, in complying with the health and safety regulations in the workplace, Elcano has a Health and Safety Committee, which is the internal participation body for regular and periodic consultation of the prevention policy.

The Health and Safety Committee was created for the regular and periodic consultation of the Company's preventive actions and must meet at least quarterly or when requested by one of the two parties that make it up.

The Health and Safety Committee has these functions and powers:

- Participate in the preparation, development and evaluation of prevention plans and programmes.
- Discuss the impact of new technologies projects on risk prevention before their implementation, organisation and introduction.
- Discuss and, if appropriate, agree on the criteria to be considered for selecting the External Prevention Service and the technical characteristics of the contract to be assigned.
- Promote initiatives for the prevention and improvement of working conditions and inform on the annual report and programming of the Prevention Services.
- Visit the work centre to learn first-hand the risk prevention situation and access all the information and documentation to develop its functions.
- Analyse damage to assess its causes and propose preventive measures.

During 2022, many of the restrictions put in place to deal with the impact of the Covid-19 pandemic have been lifted altogether or reduced. In 2022, the entire fleet, both in the International Group and Brazil and Argentina, remained fully operational.

However, the Group maintains the primary objective of preserving the health and safety of its seafarers and office staff and maintaining the commercial activity demanded by our customers. In Spain and the Brazilian and Argentinian subsidiaries, the recruitment of specialist medical advisors, the corresponding crisis committees and the procedures to regulate the Group's ordinary activity, both in offices and on ships, have been maintained and modified according to the evolution of the pandemic.

As regards the central offices in Madrid, Rio de Janeiro and Buenos Aires, the protocols have been adapted, and the workers have returned to their work posts in the offices, and the reviews and improvements of the cooling/heating systems of the offices, filters, purifiers, ionisers, etc. have been periodically maintained.

As for crew relays, the protocols that began to be adopted in 2020 have been adapted.

3.- Effectiveness of the measures: Our clients have validated the protocols implemented by the Elcano Group since the beginning of the crisis, thus enabling the entry and exit of our ships in the different port terminals around the world in which we operate. In addition, the measures implemented in our fleet are resulting in being able to carry out our daily operations to date, with any cases of infected persons being detected before embarkation.

c) SOCIAL RELATIONS

The Group has procedures for information, negotiation and consultation in the different countries in which it has operating subsidiaries, thus complying with the legal requirements established in each country concerning the organisation of social dialogue and workers' rights of representation.

In addition to the usual occupational risk prevention plans in the different offices, all the ships owned and operated by the Group are certified to comply with the Maritime Labour Convention of 2006 (MLC), the international regulations applicable to work at sea, and are audited externally regularly by the authorised government authorities, depending on the flag state of this ship or by Classification Societies in countries that have delegated the auditing work to this type of institution.

At present, the ILO (International Labour Organisation) has registered the ratification of the Convention by 82 Member States of this organisation, responsible for regulating the conditions of seafarers and ratings in over 90 per cent of the gross tonnage of the world merchant fleet.

This Convention, known as "MLC, 2006", entered into force on 20 August 2013 and establishes minimum working and living conditions for all workers on ships in the world merchant fleet. It is also an essential step towards ensuring conditions of fair competition for quality shipowners flying the flags of the countries that have ratified it.

The MLC 2006 was adopted by representatives of governments, employers and workers at an extraordinary ILO International Labour Conference in February 2006 to set international standards for the first truly global industry. Known as the "Seafarers' Bill of Rights", the Convention has a special effect on both seafarers and quality shipowners.

The comprehensive Convention sets out in a single instrument the right of seafarers to decent working conditions in most aspects of their working and living environment, including, among other things, minimum age, labour agreements, hours of rest, payment of wages, paid annual leave, repatriation at the end of the contract, medical care on board, use of authorised private recruitment and placement services, accommodation, food and meal service, safety and health protection and accident prevention, and seafarers' grievance procedures.

The instrument was designed to be applied globally, to be easily understood, updated and uniformly applied, to become the "fourth pillar" of the international regulatory regime guaranteeing quality maritime transport and to complement the fundamental conventions of the International Maritime Organisation (IMO) dealing with the safety and security of ships and the protection of the marine environment.

As mentioned, the Group's ships are certified to comply with the labour requirements and conditions established by the MLC, 2006.

In addition, all the personnel hired by the Group, both nationally and internationally, are covered by a collective bargaining agreement, whether sectoral or of a company, so the coverage for these purposes is practically 100%, both in terms of crew on board and those who provide services in the administrative headquarters of each country. The only personnel of Elcano Group not subject to a collective agreement, due to the very definition of the personal scope established in them all, is management personnel.

d) TRAINING

Elcano Group understands that developing human resources is central to achieving the necessary competitiveness in the market. From there, we understand the importance of promoting the development of staff skills and abilities

through continuous training.

Elcano and each of the direct ship operators subsidiaries in Brazil and Argentina have an annual training plan for their office staff. Concerning the personnel who provide their services on board the Group's ships, the training plan is incorporated through the Management System of each Company. The Fleet Personnel Manager of each Company is in charge of drawing up an annual training plan, considering the requirements of the Flag State, international legislation, new technologies and regulations and needs identified by the different Captains and chief engineers or the Company's management personnel. The total hours invested in training for all Group staff during 2022 amounted to 2.844 hours (1.569 hours for men and 1,275 hours for women, which should be put into perspective, considering that there is a significantly higher number of male staff). The training hours increased compared to those in 2021 (2.358 hours, 1.375 hours for men and 983 hours for women).

The Group's training plans are determined by the needs identified by each department head in terms of central services. As for fleet personnel, training needs are regulated internationally or by the country of the ship's flag. Additional training activities are carried out according to the specific needs that could be detected.

e) EQUALITY PLANS AND MEASURES ADOPTED TO PROMOTE EQUAL OPPORTUNITIES:

The Group is developing a procedure that incorporates the policies governing day-to-day equality, non-discrimination and harassment of all kinds. The main commitments of this procedure are:

- Respect for the principle of non-discrimination based on race, sex, age, ideology, nationality, religion, sexual orientation or any other personal, physical, mental or social condition of our employees and the promotion of equal opportunities among them, including gender equality and the integration of employees of other nationalities. This commitment entails removing any obstacle that may lead to non-compliance with the right to equal treatment and opportunities.

- Similarly, the Group rejects any manifestation of physical, sexual, psychological or moral violence or harassment in the workplace, as well as any offensive or abusive conduct that generates an intimidating environment towards employees' personal rights.

The Group rejects labour discrimination contrary to the fundamental rights of its members. Equal opportunities between men and women are imperative for reasons of justice and equity, but it has also become a condition of economic progress and a necessity for companies that want to compete effectively to attract and retain talent.

Thus, we have adapted our internal operation rules linked to the compliance with the Agreement on Maritime Work, 2006 (MLC, 2006) to implement the recent amendments to section 4.3 of the said Agreement, which recommends that *"The most recent version of the document*

'Guidelines on eliminating shipboard harassment and bullying' should also be considered." (*Guidelines on eliminating harassment and intimidation on board ships*), published jointly by the International Chamber of Shipping and the International Transport Workers' Federation".

In the same vein, and concerning the Group's central offices, according to Royal Legislative Decree 1/1995 of 24 March, which approved the revised text of the Workers' Statute Law and Organic Law 3/2007 of 22 March on effective equality between women and men, an Anti-Harassment Protocol is being drawn up to prevent possible harassment at work, through information and responsibility. This protocol intends to channel and resolve as far as possible any potential claims relating to harassment with due guarantees of confidentiality and protection of all parties involved. The Company intends to ensure ethical, professional and responsible



behaviour by all staff based on the commitment to its regulatory compliance policy.

In line with the above, Elcano's Management drafted an equality plan according to the aforementioned regulation to achieve the objective of Organic Law 3/2007 and develop this regulation carried out by Royal Decree Law 6/2019 of 1 March. Notwithstanding the above, given the publication on 14 October 2020 of Royal Decrees 901/2020 and 902/2020, of 13 October, which establish additional requirements and consider a completely different model of equality plan than the one in force to date, the management of Elcano is developing a new equality plan according to the new regulations, which will apply as of 7 March 2022. In this regard, since historical times, all decisions pertaining to the management of members of the organisation have been adopted with objective criteria and never discriminatory.

In addition, the training plans seek to sensitise managers to the need to treat all employees equally. Elcano employees are trained in equality, non-discrimination and anti-harassment policies concerning key personnel of the organisation (starting with the members of the Health and Safety Committee), and this training is expected to be extended during 2023.

The data linked to the salary gap between men and women is evidence of the policies applied by the Group over the years. This is 10.78% (9.66% in the previous year) at the Group level for the Group of offices and 9.24% (6.39% in the last year) for the Group of fleet personnel. Broken down by country, there is no wage gap in Spain and Argentina (in fact, in Argentina, women's wages exceed men's by a small percentage). Thus, the wage gap evident in the consolidated data is derived from the Brazilian subsidiary, where we find that mainly in fleet personnel, which is the largest number, although women have been joining the maritime sector in recent years, the seniority component represents a significant distortion when calculating the figures. Furthermore, as a result of the above, we find that most women officers in the Brazilian fleet, while they have less seniority, they occupy the most junior positions in the officer corps (second and third officers), which leads to the distortion when analysing the data distinguishing only between officers and junior officers. Analysed on a job-by-post basis without considering seniority,

the result would also be 0% in terms of pay gap in Brazil. Salaries in Brazil and Argentina are paid in their local currency (Brazilian Real and Argentine Peso), so when we convert the data to Euros, the exchange rate effect generates distortions in the salary gap data, especially when we compare them between years.

So, regarding the salary gap, if you take the lower salaries of women compared to men with the same professional category, this salary gap in crew does not exist as such since salaries by category are the same regardless of whether the seafarer is male or female. In contrast, the gap is based on seniority for office staff. Therefore, the salary gap results of 10.78% for office staff and 9.24% for crew would equal 0% if the salary gap were calculated considering equivalent professional categories without the seniority component.

f) HUMAN RIGHTS

Elcano Group has not identified any relevant risks in its human rights operations, given that its activity is limited to the shipping sector, where legal obligations, both international and in the countries where the main operating subsidiaries are located (Brazil and Argentina), cover this type of risk, especially regarding the abolition of child labour, which is specially included in our Safety Management Manual. In the same sense, due to applying the International Maritime Labour Convention (MLC, 2006), applicable to all ships operated by the Group, practices and procedures that guarantee respect for human rights and workers' health and safety. All the Group's fleet ships are certified as having such practices and procedures. Additionally, in Chapter 08.03.5.6, our Safety Management Manual complies with the International Convention for the Safety of Life at Sea (SOLAS) regulations regarding rescue procedures for groups at vital risk at sea.

g) MAIN LABOUR INDICATORS

At 31 December 2022 and 2021, the main results and non-financial indicators of Elcano Group in terms of Employment are as follows:

Note: The data referring to the number of employees and average remuneration do not include those referring to Senior Management and members of the Board of Directors as these are included in the Financial Statements.

		2022		2021	
	Unit	Men	Women	Men	Women
EMPLOYMENT AND WORK ORGANISATION					
Total number and distribution by gender, age and professional category					
OFFICE PERSONNEL					
Professional category					
Management	People	11	2	10	2
Middle management	People	26	8	22	4
Technicians	People	27	16	26	17
Administrative assistants	People	24	31	22	27
Auxiliary staff	People	5	-	5	1
Age					
Less than 30 years	People	7	8	9	6
Between 30 And 50 years	People	42	38	32	36
Over 50 years	People	43	11	44	9
FLEET PERSONNEL					
Professional category					
Officers	People	169	31	153	26
Subordinates	People	298	9	268	10
Age					
Less than 30 years	People	53	18	44	18
Between 30 And 50 years	People	276	22	247	17
Over 50 years	People	138	-	130	1
Total number and distribution by type of contract					
OFFICE PERSONNEL					
Indefinite contracts	People	92	57	85	51
Temporary contracts	People	-	-	-	-
FLEET PERSONNEL					
Indefinite contracts	People	446	40	386	35
Temporary contracts	People	21	-	35	1
Average annual number of permanent, temporary and part-time contracts by gender, age and professional category					
OFFICE PERSONNEL					
INDEFINITE CONTRACTS					
Professional category					
Management	People	11	2	10	2
Middle management	People	26	8	22	4
Technicians	People	27	16	26	17
Administrative assistants	People	24	30	23	26
Auxiliary staff	People	4	1	4	2
Age					
Less than 30 years	People	7	8	8	6
Between 30 And 50 years	People	42	38	33	36
Over 50 years	People	43	11	44	9

		2021		2020		
	Unit	Men	Women	Men	Women	
FLEET PERSONNEL						
INDEFINITE CONTRACTS						
Professional category						
	Officers	People	167	30	150	26
	Subordinates	People	279	9	236	10
Age						
	Less than 30 years	People	53	17	41	15
	Between 30 And 50 years	People	263	22	225	19
	Over 50 years	People	130	-	120	2
TEMPORARY CONTRACTS						
Professional category						
	Officers	People	2	1	3	-
	Subordinates	People	19	-	32	-
Age						
	Less than 30 years	People	-	1	3	-
	Between 30 And 50 years	People	13	-	22	-
	Over 50 years	People	8	-	10	-
Number of dismissals by gender, age and occupational classification						
OFFICE PERSONNEL						
Professional category						
	Technicians	People	3	-	3	-
	Administrative assistants	People	1	8	3	3
Age						
	Less than 30 years	People	1	3	2	-
	Between 30 And 50 years	People	2	5	4	3
	Over 50 years	People	1	-	-	-
Average remuneration and its evolution (average salary)						
OFFICE PERSONNEL						
Professional category						
	Management	Euros	296,998	229,513	269,444	192,171
	Middle management	Euros	83,478	67,998	89,560	94,376
	Technicians	Euros	65,547	48,534	52,679	44,767
	Administrative assistants	Euros	34,342	23,076	27,381	10,399
	Auxiliary staff	Euros	39,828	-	37,763	-
Age						
	Less than 30 years	Euros	25,898	11,371	28,118	18,312
	Between 30 And 50 years	Euros	54,677	48,184	51,848	43,725
	Over 50 years	Euros	129,917	47,857	111,023	40,580
FLEET PERSONNEL						
Professional category						
	Officers	Euros	51,944	50,888	51,944	36,286
	Subordinates	Euros	23,278	28,839	23,278	21,670
Age						
	Less than 30 years	Euros	43,226	47,888	26,856	33,514
	Between 30 And 50 years	Euros	42,100	39,400	33,946	33,755
	Over 50 years	Euros	63,524	-	39,016	-
Employees with disabilities						
		Units	10	2	15	2

The average remuneration of senior management in 2022 was 263.255,88 euros, higher than the previous year (256.564 euros), but is not comparable in absolute terms due to differences in exchange rates in the different subsidiaries of the Group, promotions to Senior Managers, etc. Of the total number of Group managers, 15.4% are women (16.7% in the previous year).

5. COMBATING CORRUPTION AND BRIBERY

Elcano Group has had an Anti-Corruption Code in place since 2016 that develops and formalises the basic principles for implementing an anti-corruption policy approved by the Board of Directors of Empresa Naviera Elcano, S.A.

These Basic Principles, approved by the Board of Directors in September 2015 and which supported the current Anti-Corruption Code, establish the main rules and criteria for action that must be observed by both Empresa Naviera Elcano S.A., the parent company, and its subsidiaries in the prevention, detection and eradication of corrupt practices in the performance of their activities.

The Code is intended as a starting point and affects the entire activity of the Elcano Group. The Code is intended to guide relations between employees, their actions with customers, suppliers and external collaborators and relations with public and private institutions.

This Code, by its nature, cannot and should not cover all possible situations but is limited to establishing basic concepts of what should be done concerning compliance with the anti-corruption legislation applicable to each case and, where appropriate, to resolve any doubts that may arise. The Elcano Group understands that exercising due diligence in anti-corruption matters requires the design and implementation of control models in the issues considered in the Code mentioned above that ensure knowledge of the rules and criteria for action, define responsibilities and establish procedures that allow the confidential notification of irregularities, as well as their resolution.

Elcano Group's policy is zero tolerance for corruption, and, in this sense, its employees will act professionally and ethically in all of the Group's businesses, transactions and business relationships. All persons affected by the Anti-Corruption Code mentioned above must act with integrity at all times and not engage or commit themselves in any way to practices related to corruption in the performance of their professional activity.

The Group has also had an Internal Code of

Conduct in matters related to the Securities Markets since 2016, approved by the Board of Directors' resolution, to adapt Empresa Naviera Elcano, S.A. to the best practices in matters of conduct in the securities markets. Its subjective scope of application extends across the Board of Directors, including the Secretary and the Senior Executives of the Company, and other persons who, according to the regulations in force, are appointed to these positions and under their habitual and recurrent access to information that may be considered "Privileged" for the Regulations themselves. As for the Internal Code of Conduct, Senior Executives report directly to the Board of Directors, its Chairman or the Chief Executive Officer, and any other executive recognised as such by the Board of Directors. It also affects personnel belonging to the Financial Management and the Department of Internal Audit and Management Control, and the named executives and employees who habitually have access to Privileged Information or Relevant Information (as defined in the Internal Regulations). Finally, these Regulations also apply to persons, including external advisers who provide financial, legal, consultancy or any other type of services to the Company, who have access to Privileged Information of the Company temporarily because of their participation, study or negotiation of a Transaction (as defined in the Regulations).

To date, no complaints have been received in the open channel to carry out enquiries or complaints relating to acts related to money laundering, corruption or bribery.

In December 2019, the Board of Directors of Empresa Naviera Elcano S.A. approved the implementation of a Compliance Programme (Programa de Cumplimiento Normativo) in crime prevention as a complement and development of the Internal Code of Conduct, and the Anti-Corruption Code referred to above, to apply Organic Law 1/2015 of 30 March concerning the potential exemption from liability of legal persons established in Organic Law 5/2010 of 22 June. In the execution of this agreement, these documents were drawn up and approved by the highest governing body:

- Compliance Policy
- Handbook of Crime Prevention
- Compliance function regulations
- Procedures for management, investigation

- and response to complaints
- Modification of the Anti-Corruption Code approved in 2016
- Decalogue of principles

The Compliance management system was reviewed in early 2022, and the final report was presented to the Company's Board of Directors in March 2021. As for the criterion of success of the objectives set, these were achieved because:

There was no irregular/offending behaviour linked to the stated objective.

There were no non-conformities in the process/control.

These objectives were set:

- Implementation of the Equality Plan
- Equality training.
- Acceptance of the Decalogue of principles by regular suppliers
- Review of the GSTP.
- Producing the annual compliance report.

Reviewing the Compliance System involves review, analysis and action in different areas. Mainly and by way of summary:

- Analysis of possible changes in the context in which the Group operates.
- Identification of new risks, reassessment of existing risks and updating of the risk matrix and risk map.
- Design of compliance indicators.
- Acceptance of the decalogue of principles and internal policies of the Group
- Residual risk and risk target
- Monitoring
- Training
- Mitigation plans
- Creation of new internal rules, record books and updating of the CPM.
- Development of the Zero Standard for documented information management
- Technical instruction for the analysis and assessment of criminal risks.
- Crime Prevention Manual (CPM).
- Records, lists, monitoring and control of documents, doubts, queries, non-compliances and irregularities.
- Identification of the resources allocated to the management of the compliance system.
- Review of the system by the general management and the board of directors.

- Setting objectives for the following year.

To ensure the level of compliance and management of the compliance system, an independent company, i.e. SMC Compliance, reviews the system.

6. INFORMATION ABOUT THE COMPANY OTHER ASPECTS

a) COMMITMENT TO SUSTAINABLE DEVELOPMENT

Elcano Group collaborates decisively in controlling the environmental regulations that regulate international maritime transport, with an unavoidable commitment to sustainable development.

In developing this principle, the Group invests in compliance with the International Maritime Organisation (IMO) Convention for controlling and managing ballast water and sediments from the Group's ships.

The IMO has energy efficiency, new technologies and innovation, maritime education and training, marine security, maritime traffic management and maritime infrastructure development among its main objectives.

The development and implementation through IMO of international standards to address these and other issues undoubtedly underpin the commitment to create an appropriate institutional framework for a green and sustainable global shipping system.

Invasive aquatic species represent a significant threat to marine ecosystems, and maritime transport is an important pathway for introducing species into new environments. This International Convention, which the Group is implementing, prevents the spread of harmful aquatic organisms from one region to another, thanks to standards, state-of-the-art equipment and procedures for proper management.

With substantial investments committed to equipping our existing and new ships with the necessary equipment to lead the IMO Convention for the Control and Management of Ships' Ballast Water and Sediments, we are also complying with Principle 15 of the 1992 United Nations Rio Declaration on Environment and Development,

which states that "to protect the environment, States should widely apply the precautionary approach in line with their capabilities. Where there is a risk of serious or irreversible damage, lack of full scientific certainty should not be taken as a reason for postponing cost-effective measures to prevent environmental degradation."

Proof of Empresa Naviera Elcano's commitment to reducing the environmental impact of its activity and the Company's alignment with the policies of the International Maritime Organisation (IMO) is the great work being done to find improvements in ship efficiency.

Empresa Naviera Elcano spends plenty of resources on gaining in-depth knowledge of international regulations and the factors that originate and shape them, in addition to participating in many industry forums where concerns and solutions to current challenges are shared. In addition, through knowledge of these regulations and the latest technological advances, the Company is involved in numerous studies and innovative projects that help us to improve our environmental performance.

Not only technological developments are understood as the path towards our goal of improving environmental performance, but operational practices are also a focus for the achievement of improvement.

Logically, to improve, environmental performance must be measurable, and to this end, all environmental and energy indicators are monitored, both those established by the industry and other more specific indicators developed internally.

On the other hand, the Group's Fleet and Engineering department has developed and established a robust procedure for emissions monitoring according to the worldwide IMO - Data Collection System and European - Monitoring Reporting and Verification standards.

b) SUBCONTRACTING AND SUPPLIERS

Both Empresa Naviera Elcano, S.A. and its subsidiaries operating in Spain, Brazil and Argentina have a purchasing and supplier relations procedure whose purpose is to establish a reference framework that guarantees that Empresa Naviera Elcano, S.A. and other group companies will achieve these objectives:

1. Economic optimisation in the planning, organisation, programming and execution processes of procurement operations, both in terms of materials and services, to ensure that they are performed at the lowest possible total cost and in the minimum time necessary (economic time).
2. Management Transparency, adapting the information corresponding to procurement operations to the supervision and control processes for the sake of uniformity of information to facilitate the assessment of compliance with the above objective.
3. Compliance with the Group's Anti-Corruption Code, available on the Employee Portal, and with Purchasing Ethics standards, in particular:
 - Maintain loyalty to the Company at all times.
 - Maintain an impeccable level of integrity in all business relationships, both inside and outside the Company.
 - Optimise the use of the resources they are responsible to maximise the benefit of the Company.
 - Accept and abide by the letter and spirit of national and international laws.
 - Refrain from any business of their own that may be or appear to contradict the Company.
 - Handle confidential company and supplier information with due care and respect.
 - Promote mutually beneficial relationships with suppliers through courtesy and impartiality in all phases of the purchasing cycle.
 - Not accept personal gifts not considered business courtesies. Also, not accept entertainment at the supplier's expense that may diminish or appear to reduce its negotiating power and impartiality.
 - Show Impartiality and Objectivity in all purchase decisions.
 - Compatibility of purchasing and supply operations with environmental protection criteria. In short, meet the Company's needs with the most appropriate and environmentally friendly products and practices.

Similarly, the Group is concerned to ensure compliance with all applicable local and international environmental protection standards, including the final management, transport and storage of waste, toxic substances and hazardous

waste.

Besides, the Group promotes the eco-efficient use of resources and raw materials and the reduction of environmental impact, encouraging the use of recycled material instead of non-recycled material and the responsible control and elimination, when necessary, of substances that may be harmful to the environment.

The environmental impact of supply operations is considered at all stages of the supply chain and is thus established in the purchasing procedure itself. Therefore, when it comes to the purchase of new equipments, the environmental impact is a deciding factor in the cases that apply.

An attempt is made to reduce the number of transports required for the shipment or stocking of the purchased materials in land storage, and order requests are consolidated in the warehouse closest to the origin or closest to the ship in question, as appropriate, thus maximising the volume of deliveries to reduce the number of deliveries.

In the periodic evaluation of suppliers and, in any case, in each process of awarding a specific contract, the quality and efficiency of the packaging are considered, in the manner and with the weighting established in the current purchasing procedure, and the possession by the supplier concerned of the ISO 14001 environmental certification, among other aspects to be considered.

The Company has made it a priority in the Purchasing Procedure to resort to local supplies whenever possible, given the economic impact of the ship's activity on the local population.

Two types of supplier evaluations are carried out: annual and continuous on a supply-by-supply basis. Both are considered when awarding future purchase orders.

The Group participates in and is a member of different professional associations in the countries in which it mainly carries out its activity; generally sectoral or business associations such as Chambers of Commerce, Spanish, Brazilian and other foreign shipowners' associations (both by country and by type of ship, etc.).


c) COLLABORATION WITH NON-PROFIT ORGANISATIONS

Elcano collaborates with OAN INTERNATIONAL, an NGDO whose aim is to investigate existing resources and ways to develop the quality of life of the people of Nikki (Benin) and raise social awareness of North-South inequalities to generate critical thinking.

d) TAX INFORMATION

Elcano Group pays corporate tax applicable in the countries where it operates and is resident for tax purposes (Spain, Brazil, Argentina, Portugal and Malta) and on a total profit before tax of 5.698 thousand Euros. In 2022, the total corporate tax paid by the Group amounted to the equivalent of 2.264 thousand euros. Turnover data at the individual level of Empresa Naviera Elcano, S.A. and of its Consolidated Group, and other references to the taxes paid and their breakdown by country and another series of financial, fiscal and accounting data, have been published in its Financial Statements, to which we refer.

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CONSOLIDATED ANNUAL ACCOUNTS

31 DECEMBER 2022

Free translation from the original in Spanish. In case of discrepancy, the spanish version prevails.
This document is an extract on the consolidated Annual Accounts of Empresa Naviera Elcano S.A.
and its group of companies for the financial year 2022. The full text can be
examined in the Registry of Companies (Registro Mercantil) of Madrid.

BALANCE SHEET AS OF 31 DECEMBER 2022 YAND DE 2021

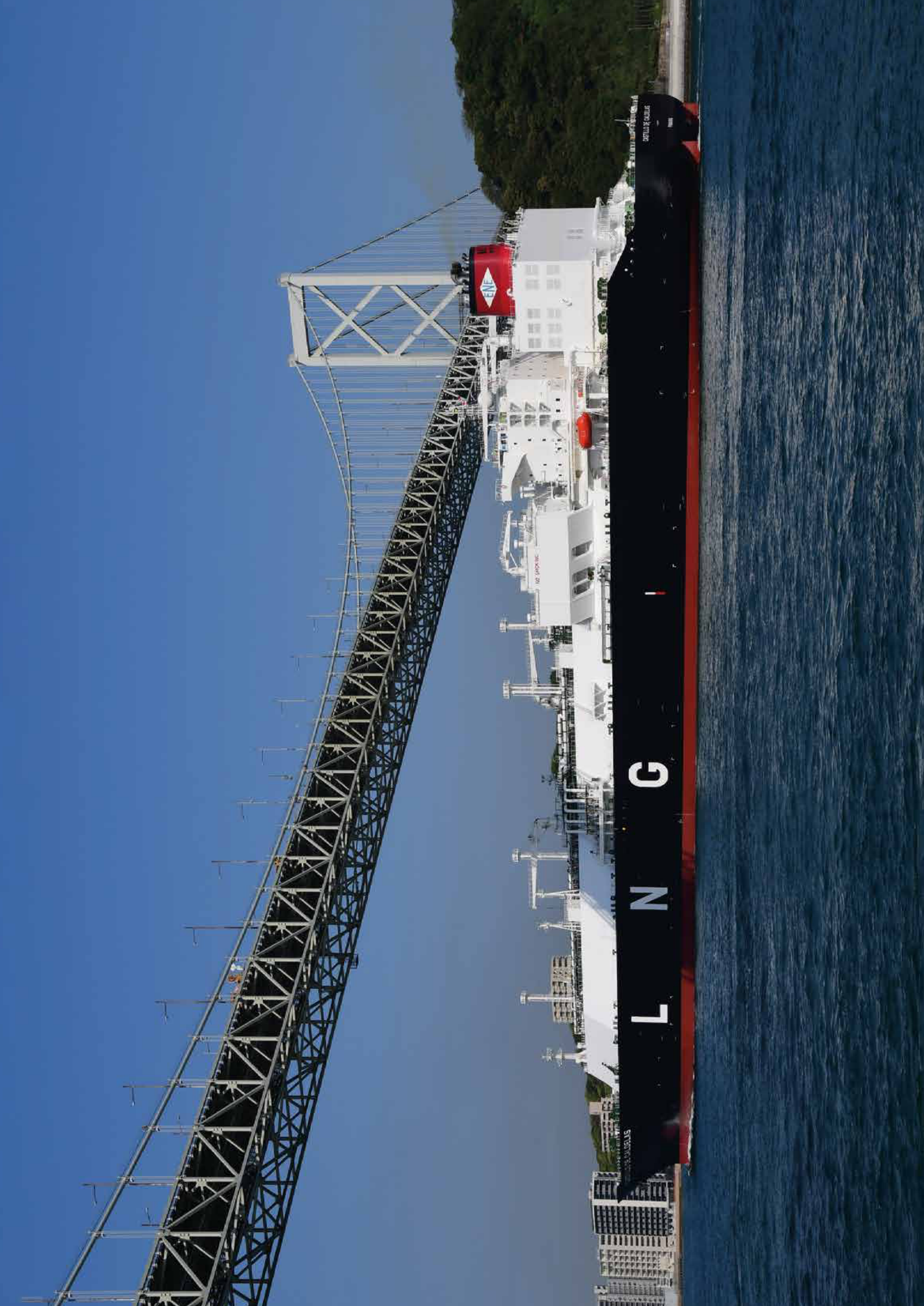
(Stated in thousands of euros)

ASSETS	2022	2021
Non-current assets	576,311	506,571
Intangible fixed assets	39,663	36,660
Tangible fixed assets	484,873	425,167
Long-term financial investments	35,024	27,308
Deferred tax assets	16,751	17,436
Current assets	440,337	312,433
Non-current assets held for sale	34,764	37,219
Inventories	15,831	10,071
Trade debtors and other receivables	294,072	143,810
Short-term financial investments	8,625	36,360
Cash and cash equivalents	83,338	81,668
Short-term accruals	3,707	3,305
TOTAL ASSETS	1,016,648	819,004
NET EQUITY AND LIABILITIES	2022	2021
Net equity	359,257	313,305
Shareholders' equity	339,799	335,701
Subscribed capital	50,211	50,211
Reserves of the parent company	88,659	97,689
Reserves in consolidated companies for global integration	194,826	188,227
Profit/(Loss) for the year attributed to the parent company	6,103	(426)
Adjustments for changes in value	19,458	(22,396)
Hedging operations	7,716	(2,558)
Exchange differences	11,742	(19,838)
Non-current liabilities	306,918	306,485
Long-term provisions	921	927
Long-term debts	298,497	302,879
Liabilities and other marketable securities	60,000	110,000
Debts with credit institutions	223,639	174,492
Creditors for financial leases	13,772	14,806
Financial derivatives	-	2,558
Other financial liabilities	1,086	1,023
Deferred tax liabilities	5,760	876
Other long-term creditors	1,740	1,803
Current liabilities	350,473	199,214
Short-term debts	119,591	103,136
Liabilities and other marketable securities	52,529	2,537
Debts with credit institutions	65,111	52,931
Financial lease receivables	1,951	47,668
Trade creditors and other payables	224,828	84,695
Short-term accruals	6,054	11,383
TOTAL NET EQUITY AND LIABILITIES	1,016,648	819,004

PROFIT AND LOSS ACCOUNT OF 2022 AND 2021

(Stated in thousands of euros)

	2022	2021
Net turnover	927,990	767,999
Revenues	927,990	767,999
Work carried out by the group for its assets	211	336
Supplies	(76,101)	(47,193)
Materials consumed	(76,101)	(47,193)
Other operating income	9,050	7,583
Sundry income and other current revenues	9,050	7,583
Personnel expenses	(48,305)	(34,707)
Wages, salaries and similar	(33,213)	(24,679)
Social security costs	(14,946)	(9,954)
Provisions	(146)	(74)
Other operating costs	(734,948)	(631,423)
External services	(721,935)	(621,066)
Taxes	(3,741)	(3,930)
Other current operating expenses	(8,232)	(6,402)
Other results	(1,040)	(25)
Fixed assets amortization and depreciation	(47,420)	(38,517)
Impairment losses and gains/losses on disposal of non current assets	-	(4,411)
Operating Result	30,477	19,667
Financial income	2,893	1,729
From marketable securities and other financial instruments	2,893	1,729
Financial expenses	(23,769)	(19,059)
For debts with group companies and associates	-	(629)
For debts with third parties	(23,769)	(18,430)
Foreign exchange differences	(3,903)	(2,336)
Financial Profit/(Loss)	(24,779)	(19,666)
Profit/(Loss) before taxes	5,698	1
Corporate Tax	405	(427)
PROFIT/(LOSS) OF THE YEAR FROM CONTINUING OPERATIONS =	6,103	(426)
PROFIT/(LOSS) OF THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY		



1. Nature, Activities and Composition of the Group

Empresa Naviera Elcano, S.A. (hereinafter the “Company” or “ENE”) was incorporated as a limited liability company (Spanish “sociedad anónima”) in Spain on 20 October 1943 for an indefinite period under the name of Empresa Nacional Elcano de la Marina Mercante, S.A. This name was changed to the current one on 21 November 1997. The registered address of ENE is at Calle José Abascal, 2-4, Madrid.

The main activity of the Company, in compliance with its corporate purpose, consists of providing international maritime transport services of goods in ships owned by some of its subsidiary companies or third parties and managing ships owned by some of its subsidiary companies, in line with its corporate purpose.

As at 31 December 2022, the Company’s shareholders are as follows:

	Percentage participation	Nacionality
Grupo Nosa Terra 21, S.A.	58.23%	Spanish
Abanca Corporación Industrial y Empresarial, S.L.U.	20.25%	Spanish
Naviera Murueta, S.A.	15.00%	Spanish
Others	6.52%	Spanish
	100.00%	

The Company is a subsidiary of Grupo Nosa Terra 21, S.A. (hereinafter referred to as “GNT21”), which consolidates and files its Consolidated Financial Statements as “Grupo Nosa Terra 21, S.A. y Sociedades Dependientes” at the Mercantile Registry of Pontevedra. Nonetheless, ENE, as the head of the group of companies, consolidates and draws up Consolidated Financial Statements and files them with the Mercantile Registry of Madrid as “Empresa Naviera Elcano, S.A. y sociedades dependientes” (hereinafter referred to as the “Group” or the “Elcano Group”).

These Consolidated Financial Statements refer to the mentioned Group.

The subsidiary companies that form the Group are the following:

Lauria Shipping, S.A. (hereinafter referred to as “Lauria”): ENE holds 100% of the share capital. Its registered address is at Rua do Surdo nº 4 – A, 1º andar, 9000-233 Funchal, Ilha da Madeira (Portugal). As at 31 December 2022, its main activity is the operating lease (bareboat) of the four ships it owns, including crew, where applicable, to ENE.

Elcano Product Tankers 1 S.A.U. (hereinafter referred to as “EPT1”): ENE is the owner of 100% of the share capital of this company. Its registered address is at calle Malteses 3 3º, Las Palmas de Gran Canaria. In December 2021, by decision of the sole shareholder of the company sold in February 2022 the product tanker it owned, and therefore, the company is dormant as at 31 December 2022.

Elcano Product Tankers 2 S.A.U. (hereinafter referred to as “EPT2”): ENE is the owner of 100% of the share capital of this company. Its registered address is at Calle Malteses 3 3º, Las Palmas de Gran Canaria. As at 31 December 2022, its main activity is the operating lease (bareboat) of a product tankers it owns to IT1.

Empresa Naviera Petrolera Atlántica, S.A. (hereinafter referred to as “Enpasa”): ENE holds 99.99% of the share capital. Its registered address is at Maipú 942, Buenos Aires (Argentina). As at 31 December 2022, its main activity is the operation of two owned ships, an oil tanker and a chemical “product tanker”. The ships

are chartered to third parties.

Empresa de Navegação Elcano, S.A. (hereinafter referred to as “Elcano Brasil” or “EBR”): ENE is the owner of 99.99% of the share capital of this company. Its address is at Praia de Botafogo nº 440, 12º Andar, Rio de Janeiro (Brazil). As at 31 December 2022, its main activity is the operation of seven owned ships and three ships bareboat chartered from subsidiaries of the Elcano Group.

EBR also holds 100% of the shares of ENE Brasil Serviços Marítimos Ltda. (hereinafter referred to as “EBS”), incorporated on the 5th of December 2022. EBS’ corporate purpose is the provision of nautical management services, including the crew management of the ships; the operation of maritime terminals, including port support; management of storage activities for goods in transit, logistics and ship management and operation; gas storage and regasification activities; ship repair and maintenance; and other ancillary or complementary activities when necessary for the company’s corporate interests. However, as at 31 December 2022, EBS is inactive.

To consolidate the Elcano Group, EBR and EBS form the EBR Subgroup (hereinafter referred to as “EBR Group”).

Globalspectre, Lda. (hereinafter referred to as “Global”): ENE is the owner of 100% of the share capital of Global. Its registered address is Rua da Mouraria nº 50 – 2, Letra A, 9000 Funchal (São Pedro) Madeira (Portugal). Its main activity consists of providing maritime services, such as shipping activities and operation of maritime traffic, tugboats, rescue boats, anti-contamination services, chartering and sale and purchase of ships, and holding shares in companies.

Global also holds 100% of the share capital of Estaleiro Itajaí, S.A., classified as held for sale as at 31 December 2022.

Elcano Gas Transport, S.A.U. (hereinafter referred to as “EGT”): ENE is the owner of 100% of the share capital of this company. Its registered address is at Calle Malteses 3 3º, Las Palmas de Gran Canaria. Its main activity is the operation of an LNG carrier leased from a third party.

Jofre Shipping Ltd (hereinafter referred to as “Jofre”): ENE is the owner of 100% of the share capital of this company. Its registered address is 171 Old Bakery Street, Valletta, Malta. Its main activity is the operating lease (bareboat) of an LNG carrier with crew to ENE, which the Company leases from a third party.

Ojeda Shipping Limited (hereinafter referred to as “Ojeda”): ENE is the owner of 100% of the shares of this company. Its registered address is at 171 Old Bakery Street, Valletta, Malta. Its main activity is the operating lease (bareboat with crew) of its asphalt product tanker it owns to ENE.

Elcano Dry Bulk Limited (hereinafter referred to as “EDB”): ENE is the owner of 100% of the share capital of EDB. Its registered address is at 171, Old Bakery Street, Valletta, Malta. As at 31 December 2022, its main activity is holding shares and performing the standard activities of a holding company.

EDB is the owner of 100% of the share capital of Iberian Bulkcarriers Limited (hereinafter referred to as “Iberian”).

The registered address of Iberian is at 171, Old Bakery Street, Valletta, Malta, and as at 31 December 2022, its main activity is an operating lease (bareboat with crew) of two babycape ships it owns to ENE.

For the purposes of consolidating Elcano Group, EDB and Iberian form the EDB Subgroup (hereinafter referred to as “EBD Group”).

Elcano Gas Carriers Limited (hereinafter referred to as “EGC”): ENE is the owner 100% of the share capital of EGC. Its registered address is at 171, Old Bakery Street, Valletta, Malta. As at 31 December 2022, its main activity is holding shares and performing the standard activities of a holding company.

EGC is the owner of 100% of the shares of Merida LNG Shipping Limited (hereinafter referred to as “Merida”) and Caldelas LNG Shipping Limited (hereinafter referred to as “Cadelas”).

The registered address of Merida is at 171, Old Bakery Street, Valletta, Malta, and as at 31 December 2022, its main activity is an operating lease (bareboat) of a LNG carrier (leased from a third party) with crew to

ENE.

The registered address of Caldelas is at 171 Old Bakery Street, Valletta, Malta, and as at 31 December 2022, its main activity is an operating lease (bareboat) of a LNG carrier (leased from a third party) with a crew to ENE.

For Elcano Group consolidation purposes, EGC together with, Merida and Caldelas form the EGC Subgroup (hereinafter referred to as “EGC Group”).

Elcano Tankers Limited (hereinafter referred to as “ETL”): ENE is the owner of 100% of the share capital of ETL. Its registered address is 171, Old Bakery Street, Valletta, Malta. As at 31 December 2022, its main activity is the holding of shares and performing the standard activities of a holding company.

ETL owns 100% of the share capital of three companies: Iberian Tankers 1 Limited (hereinafter “IT1”), Iberian Tankers 2 Limited (hereinafter “IT2”) and Iberian Tankers 3 Limited (hereinafter “IT3”).

The registered address of IT1 is at 171, Old Bakery Street, Valletta, Malta, and as at 31 December 2022, its main activity is an operating lease (bareboat) with crew of one product tanker owned by EPT2 to ENE.

The registered address of IT2 is at 171 Old Bakery Street, Valletta, Malta. As at 31 December 2022, its main activity is the operating lease (bareboat with crew) of one product tanker to ENE.

The registered address of IT3 is at 171 Old Bakery Street, Valletta, Malta, and as at 31 December 2022, its main activity is an operating lease (bareboat) of a chemical tanker to EBR, which it holds on a finance lease basis from a third party.

For Elcano Group consolidation purposes, ETL, IT1, IT2, and IT3 form the ETL Subgroup (hereinafter referred to as the “ETL Group”).

Elcano Group Services Limited (hereinafter referred to as “EGS”): ENE owns 100% of the shares of EGS. Its registered address is at 171 Old Bakery Street, Valletta, Malta, and as at 31 December 2022, its main activity is the holding of shares and performing the standard activities of a holding company.

EGS owns 100% of Elcano Management Services Limited (hereinafter referred to as “EMS”).

The registered address of EMS is at 171 Old Bakery Street, Valletta, Malta, and its main activity is providing management services and intra-group financing. As at 31 December 2022, it is inactive.

To consolidate the Elcano Group, EGS and EMS form the EGS Subgroup (hereinafter referred to as “EGS Group”).

As at 31 December 2022, Lauria, EPT1, EPT2, Enpasa, EBR Group, Global, Jofre, Ojeda, EGT, EDB Group, EGC Group, ETL Group and EGS Group, along with ENE, form the Elcano Group.

As at 31 December 2022, the Group owns an oil tanker, five chemical/product tankers, eight bulk carriers and three liquefied petroleum gas (LPG) carriers and one asphalt tanker. The Group also operates four LNG carriers on an operating lease basis and a chemical/product tanker on a finance lease.



2. Submission and Consolidation Bases

The Consolidated Financial Statements for 2022 have been drawn up according to the current corporate legislation and the rules provided for drawing up Consolidated Financial Statements approved by Royal Decree 1159/2010, of 17 September, and the Spanish General Accounting Plan, approved by Royal Decree 1514/2007 of 16 November, which apply the amendments included by Royal Decree 1/2021, of 12 September, among others, to present a true image of the consolidated equity, the consolidated financial situation and the consolidated results of the Group, and the accuracy of the flows incorporated into the consolidated cash flow statement.

The mentioned Consolidated Financial Statements have been drawn up based on the underlying accounting records of ENE, Lauria, EPT1, EPT2, EGT, Enpasa, Elcano Brasil, EBS, Global, Ojeda, Jofre, EDB, Iberian, EGC, Merida, Caldelas, ETL, IT1, IT2, IT3, EGS and EMS.

The individual Financial Statements for the companies to be consolidated shall be submitted to the approval of the respective General Shareholders' Meetings within the time limits set by the current applicable laws in their country of residence. Nonetheless, ENE directors estimate there will be no changes that could materially affect the Consolidated Financial Statements.

The financial and fiscal year of all the companies of the consolidated group coincides with the calendar year.

Similarly, all the Group companies apply homogeneous accounting and measurement methods according to generally accepted principles and rules in Spain. Nonetheless, before the aggregation process, if there are discrepancies in the uniformity of the principles and rules applied by the Group companies, the necessary adjustments and reclassifications are carried out before the aggregation process.

The companies and subgroups (namely, Lauria, EPT1, EPT2, Enpasa, EBR Group, Global, EGT, Jofre, Ojeda, the EDB Group, the EGC Group, the ETL Group and the EGS Group) have been consolidated through the global integration method. All the balances and transactions between these companies have been removed from the consolidation process.

There are no significant uncertainties or aspects regarding the future that could entail a significant risk that could, in turn, mean substantial changes in the value of the assets and liabilities in the coming years.

No changes have occurred in the accounting estimations affecting the year or that could significantly affect future years.

According to Corporate Law, Board of Directors of ENE presents the figures of each item of the Consolidated Balance Sheet, the Profit and Loss Account, the Statement of Changes in Net Equity, and Cash Flows for 2022 and those of the previous year for comparison purposes.

To better understand the Consolidated Balance Sheet, the Profit and Loss Account, the Statement of Changes in Net Equity and Cash Flows are presented in an aggregate form, gathering the details required in the relevant notes of this report.

3. Accounting principles and measurement standards applied

The information in these Consolidated Financial Statements is the responsibility of the directors of ENE, as the parent company of Elcano Group. Estimates made by the directors have been used to measure some of the assets, liabilities, revenue, expenditure, and commitments recorded in these Consolidated Financial Statements. These estimates refer to the measurement of the loss from the impairment of certain assets and the useful life of material and intangible assets.

The main accounting principles and Measurement Standards applied are as follows:

a) Functional currency

The primary economic environment in which the Group operates corresponds to the international maritime transport of goods market. For this reason, the functional currency of the Group is the US dollar (hereinafter referred to as “dollar” or “dollars”), except for the EGT and EPT2 subsidiaries, which is the euro and EBR Group, which is the Brazilian real. Nonetheless, and as established by the General Accounting Plan, the Consolidated Financial Statements are drawn up in thousands of euros.

The criteria used to convert the different items in these Consolidated Financial Accounts into euros are as follows:

- a. Assets and liabilities are converted using the prevailing exchange rate as of the Consolidated Financial Statements date.
- b. The Profit and Loss Account items are converted using the average exchange rate for the period.
- c. Net Equity is kept at the historical exchange rate as at the date of acquisition.

Annex I to these Consolidated Financial Statements contains the Consolidated Balance Sheet, the Consolidated Income Sheet, the Consolidated Cash Flow and the Consolidated Change in Net Equity Statement for 2022 and 2021, stated in the functional currency.

When a reference is made to figures in the remaining notes of this report, these will be expressed as thousands of dollars. When stated in another currency other than the dollar, it shall be expressly stated.

b) Intangible fixed assets

Intangible fixed assets are measured at their acquisition price less the accumulated depreciation and, where applicable, less the aggregate amount of impairment losses.

This heading relates mainly to intangible assets with a definite useful life and the costs incurred in bringing into operation certain ships operated by the Group under long-term contracts with clients. These assets are amortised during the life of the associated contract.

This section also includes the dry-docking costs of third-party ships held by the Group under operating leases. Dry-Dockings are amortised in the period between each dry-docking (3 - 5 years).

This caption also gathers the cost of acquired “software”, which is amortised on a straight-line basis over the term of 5 years in which its use is expected. The maintenance cost for intangible fixed assets is charged to

expenses when incurred.

As soon as there are reasonable doubts regarding the technical success or economical-trade profitability of software development, the corresponding amounts recognised in the assets are directly allocated to the loss of the year.

Software maintenance expenses incurred during the year are recorded in the Profit and Loss Account.

In addition, expenses arising from research and development associated with patents owned by the Group relating to a project for which there are sound reasons for technical success and the economic and commercial profitability of the project are included.

Research and development expenses are amortised over their useful life, which will not exceed 5 years. As soon as there are reasonable concerns about the technical success or economical-trade profitability, the amounts recognised in this section will be directly allocated to the year's loss.

c) Tangible fixed assets

Tangible fixed assets are measured at their acquisition price less the corresponding accumulated depreciation and, where applicable, less the accumulated amount of the recognised valuation allowances for impairment.

Depreciation of tangible fixed assets is carried out on their cost value, following the straight-line basis over the useful life of the assets.

	Years of useful life
Ships	20 - 25
Buildings and other constructions	25
Facilities, tools and furniture	5 - 10
Transport elements	3
Data processing equipment	6 - 7

This section records the dry-docking costs of ships in the fleet owned by the Group or held on finance lease basis. Dry-Docking costs are amortised in the period between each dry-docking (3 - 5 years).

Financial expenses of loans directly related to building the ships are capitalised as part of the initial value of the asset until the asset begins operations.

Asset maintenance and repair expenses that improve the utilisation or lengthen the useful life of the ships are capitalised and charged to the Profit and Loss Account according to the years of useful life left. When their utilisation is not improved, or their useful life is not lengthened, the amounts are charged to expenses when they are incurred.

The book value of tangible fixed assets is derecognised on sale or disposal by any other means, or when they are not expected to generate future economic benefits or income from their use, sale or disposal by any other means.

The profit or loss arising from a derecognition of a tangible fixed asset is determined as the difference between the amount obtained on the disposal of the item, minus costs need for its sale and the book value. The profit or loss is recognised in the Consolidated Profit and Loss Account in the year the derecognition becomes effective.

At least at the end of each reporting period, the Group assesses whether there is any indication that any tangible fixed asset or cash-generating unit may be impaired. If any such evidence exists, the company estimates the recoverable amount of these items and makes the required valuation allowances.

A tangible fixed asset is considered impaired when its book value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value minus costs to sell and its value in use.

Impairment is calculated separately for each tangible fixed asset. If the Company cannot estimate the recoverable amount of each item individually, it determines the recoverable amount of the cash-generating unit to which each item belongs. Should the Company need to recognise an impairment loss for a cash-generating unit to which all or part of goodwill has been allocated, it first reduces the book value of the goodwill associated with that unit. If impairment exceeds the amount of goodwill, the Company then reduces the remaining assets in the cash-generating unit on a pro-rata basis based on their book values. The book value of each asset may not be reduced below the higher of its fair value, minus costs to sell, its value in use or zero.

The Group estimates future cash flows before taxes based on the most recently approved forecasts to estimate the value in use. These forecasts include the best estimates available from the income and expenses of the cash-generating units using past experience and future expectations.

Corrections of value for impairment of tangible fixed assets and reversals thereof when the circumstances that gave rise to the impairment cease to exist are recognised in the consolidated profit and loss account as an expense or income, respectively. The impairment shall only be reversed up to the limit of the book value of the tangible fixed assets determined at the reversal date had the impairment not been recognised.

The Directors of ENE consider that as at 31 December 2022, the book value of the tangible assets does not exceed the recoverable value thereof, so no provision is required for impairment.

d) Leases and similar transactions

The classification by the Group of a lease as financial or operating will depend on whether the risks and profit inherent to the ownership of the subject of the contract have been materially transferred.

- It will be classified as a finance lease if the economic conditions of the agreement entail the material transfer of all the risks and profit inherent to the ownership of the asset leased in such agreement.
- Otherwise, it will be classified as an operating lease.

Finance leases

At the commencement of the lease, the Group recognises an intangible or tangible asset according to its nature and a financial liability for the same amount, at the lower of the fair value of the leased asset and the present value of the minimum lease payments determined at the inception of the lease. The present value of minimum lease payments is calculated based on the interest rate implicit in the lease. Where this cannot be determined, the lessee's interest rate for similar transactions is used.

The total finance charge is distributed over the term of the lease and allocated to the Profit and Loss Account of the year in which it accrues, by applying the effective interest rate method. Contingent payments are measured as expenses of the year during which they are incurred.

Amortisation, impairment, and derecognition criteria are applied to the balance sheet assets due to finance leases.

Operating leases

Expenses for operating leases incurred during the year are charged to the Profit and Loss Account.

e) Inventories

Fuel and maintenance inventories are recognised at their cost price, which does not exceed the market value. The costs of fuel inventories are determined by applying the FIFO method. The costs of maintaining inventories are determined by applying the weighted average cost method.

f) Financial instruments

The Group only recognises a financial instrument on its balance sheet when it becomes a party to the contract or legal transaction according to the provisions of the contract or legal transaction by determining its classification at initial recognition and, where permitted and appropriate, reassessing its classification at each balance sheet date, considering the requirements of the standard, and resulting in a change in measurement criteria.

Financial instruments are classified according to their valuation into one of these categories:

Financial assets

1. Financial assets carried at fair value with changes in the profit and loss account
2. Financial assets carried at amortised cost
3. Financial assets carried at fair value with changes in net equity
4. Financial assets carried at cost

Financial liabilities

1. Financial liabilities carried at amortised cost
2. Financial liabilities carried at fair value with changes in the profit and loss account

As at 31 December 2022 and 2021, the Group has classified its financial instruments as follows:

Financial assets and liabilities carried at amortised cost

1) FINANCIAL ASSETS CARRIED AT AMORTISED COST

In this category, the Group classifies investments or financial assets held for receiving the cash flows arising from the performance of the contract and which, due to the contractual terms of the asset, give rise to cash flows solely from the collection of principal and interest on the principal amount outstanding. Specifically, the following are recognised in this category:

- a) Trade receivables (clients and sundry debtors, mainly): financial assets arising from the sale of goods and the provision of services in trade operations.
- b) Non-trade receivables: financial assets that are neither equity instruments nor derivatives with a favourable valuation for the Group, not arising from trade transactions, with fixed or determinable payments, and are not traded in an active market.

2) FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

These financial liabilities are generally classified in this category:

- a) Trade payables (suppliers and other creditors, mainly): financial liabilities arising from the purchase of goods and services in trade operations.
- b) Non-trade payables (payables to credit institutions, other debt instruments such as non-convertible bonds, notes, etc., and other financial loans and receivables from third parties): financial liabilities which, not being derivative instruments with an unfavourable valuation for the Group, do not have a trade origin.

Financial assets and liabilities in this category are initially measured at fair value, i.e. the transaction price equivalent to the fair value of the consideration given plus directly attributable transaction costs.

Notwithstanding the above, trade receivables and payables falling due within one year for which there is no contractual interest rate, loans and advances to personnel, dividends receivable and payments on called-up equity instruments expected to be collected in the short-term and payments demanded by third parties on shares, the amount of which is expected to be paid in the short-term, are measured at their nominal amount, provided the effect of not discounting the cash flows is not significant.

Financial assets and liabilities are subsequently measured at amortised cost. Accrued interest is charged to the Profit and Loss Account using the effective interest rate method. However, receivables and payables falling due within one year initially measured at the nominal amount continue to be measured at that amount unless impaired.

At year-end, the Company recognises any necessary valuation allowances when there is objective evidence that the value of a receivable has become impaired, that is, if there is evidence of a reduction or delay in estimated future cash flows to said asset.

The impairment on loans and receivables is measured as the difference between the book value and the present value of estimated future cash flows, discounted at the effective interest rate calculated upon initial recognition.

Valuation allowances for debtor impairment as at 31 December 2022 have been estimated according to the analysis of each of the individual balances pending to be received on the said date.

Financial assets carried at cost

This category includes investments in Group companies, associates and jointly controlled entities, and investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical financial instrument or cannot be reliably estimated.

1) EQUITY INVESTMENTS IN GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Financial investments in Group companies, jointly controlled entities and associates correspond to shares in companies not subject to consolidation in these Financial Statements due to being companies whose relative importance is not relevant for the equity situation of the Consolidated Group.

Equity investments are initially measured at cost, which equals the fair value of the consideration given plus directly attributable transaction costs.

They are subsequently valued at cost less, where applicable, the accumulated valuation allowances for impairment.

At year-end, the Group recognises any necessary valuation allowances when there is objective evidence that the book value of an investment will not be recovered.

Valuation allowances are the difference between the book value and the recoverable amount unless better evidence of the recoverable investments is available. In estimating these kinds of assets, the proportional part of the investee's Net Equity is considered, corrected for any unrealised gains existing at the measurement date, corresponding to elements identifiable in the investee's balance sheet.

Where the investee had an interest in another investee, the consolidated financial statements prepared according to the criteria in the Spanish Code of Commerce and its implementing regulations were used to determine the net equity of the investees for the purposes of the above.

Where the investee uses a functional currency other than the Euro, the exchange rate used is applied to net equity and any unrealised gains at the close date.

Financial assets carried at fair value with changes in net equity

This category includes financial assets, which give rise to principal and interest payments cash flows only at specified dates on the principal amount outstanding, are not held for trading and are not classified as financial assets at amortised cost.

This category also includes equity instruments which, although they should have been included in the category of financial assets at fair value through profit or loss, the Group has exercised its irrevocable option to classify them in this category.

Held-for-sale financial assets are initially measured at fair value or the transaction price, which equals the fair value of the consideration given plus directly attributable transaction costs, and, where necessary, the amount paid for any pre-emptive and similar rights acquired.

They are subsequently measured at fair value, deducting no transaction costs incurred on disposal. Changes in fair value are accounted for directly in net equity until the financial asset is derecognised or impaired and subsequently charged to the Consolidated Profit and Loss Account.

However, impairment and exchange gains and losses on monetary financial assets in foreign currency are charged to the Consolidated Profit and Loss Account.

Interest calculated using the effective interest rate method and accrued dividends is also charged to the Consolidated Profit and Loss Account.

Investments in equity instruments for which the fair value cannot be estimated reliably are measured at cost less, where applicable, any accumulated impairment.

At year-end, the company recognises any necessary impairment when there is objective evidence that the value of a held-for-sale financial asset, or group of held-for-sale financial assets with similar risk exposure measured together, is impaired, causing:

- a) For acquired debt instruments, a reduction or delay in estimated future cash flows from acquired debt instruments, which could be due to debtor insolvency; or
- b) In the event of investments in equity instruments, failure to recover the carrying amount due to a significant or prolonged decline in the fair value. For these purposes, prolonged decline are those where the decline exists for over 18-month and are significant when they show decline in share price of more than 40%.

The impairment of these financial assets is measured as the difference between the cost or amortised cost, less, where applicable, any impairment previously recognised in the Consolidated Profit and Loss Account, and the fair value at year-end

As soon as there is objective evidence that the asset is impaired, accumulated losses recognised in net equity for a decrease in fair value are recorded in the Consolidated Profit and Loss Account.

If the fair value increased in subsequent reporting periods, the impairment charged in prior periods shall be reversed with a credit to the Consolidated Profit and Loss Account for the reporting period. However, where the fair value of an equity instrument increases, the impairment charged in prior periods is not be reversed with a credit to the Profit and Loss Account; rather, the increase in fair value is accounted for directly in equity.

Impairment of equity instruments carried at cost because the fair value cannot be measured reliably is calculated according to the section referring to equity investments in group companies, jointly controlled entities and affiliates. Impairment recognised in prior reporting periods is not reversed.

Derecognition of financial assets

A financial asset or part thereof is derecognised when it expires, or the contractual rights on the cash flows

of the financial asset are transferred, and the risks and benefits inherent to the ownership are substantially transferred.

Derecognition of financial liabilities

A financial liability is derecognised when the corresponding obligation ceases to exist, i.e. when it has been discharged, cancelled or has expired.

Interest and dividends from financial assets

Interest and dividends accrued on financial assets after acquisition are charged as income in the Consolidated Profit and Loss Account.

Interest is accounted for using the effective interest rate method, while dividends are recognised when the equity holder's right to receive payment is established. For this purpose, upon the initial measurement of financial assets, accrued express interest receivable and not due at the measurement date is recognised separately, based on maturity and any dividends agreed by the competent body at the moment of acquisition.

Guarantees extended and received

For guarantees given or received for operating leases or the provision of services, the difference between their fair value and the amount paid is treated as an advance payment or collection for the lease or service provision, which is recognised in the Consolidated Profit and Loss Account during the period of the lease or during the period in which the service is provided.

Guarantees extended and received in the short term are valued by the amount disbursed.

Cash and equivalents

The Group classifies cash, bank balances, sight deposits and other highly liquid short-term investments realisable in under 3 months with a low risk of value volatility are recorded in this category.

g) Cash flow hedges

They are hedges of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, provided it can affect the Consolidated Profit and Loss Account. A hedge of the foreign currency risk of a firm commitment may be accounted for as a cash flow hedge.

The portion of the gain or loss on the hedging instrument determined to be an effective hedge is temporarily recognised in Consolidated Net Equity and allocated to the Consolidated Profit and Loss Account in the reporting period or periods in which the forecast hedged transaction affects profit or loss unless the hedge relates to a forecast transaction that requires recognition of a non-financial asset or liability. In the latter case, the amounts charged to equity are included in the cost of the asset or liability upon acquisition or assumption.

h) Transactions in foreign currency

Monetary items

Transactions in foreign currency are accounted for at their exchange value in dollars, using the exchange rate on the date of such transactions. Exchange gains and losses arising in the cancellation of balances from transactions in foreign currency are recognised in the profit and loss account for the reporting period in which they occur.

At year-end, accounts receivable and payable in foreign currency are measured in dollars at the exchange rate valid as at 31 December. Unrealised net exchange losses established for groups of currencies of similar maturity and behaviour on the market are recognised as an expense, and net unrealised gains, in the same way as income. In exchange hedges, only the part of the risk not covered is considered.

Non-monetary items

They will be valued by applying the exchange rate on the transaction date.

i) Corporate Tax

Certain Group companies are taxed on regimes based on tonnage (tonnage tax).

ENE has been taxed in the Special Regime for Shipping Companies according to the tonnage set forth under the Spanish Corporate Tax since 2004. The initial authorisation was renewed for ten years from 1 January 2014.

As for the activities of the Group not subject to these tonnage-tax regimes, the expense for Corporate Tax of each financial year is calculated on the financial result of the activities not subject to tonnage-tax, corrected by the permanent nature differences with tax criteria and considering the incentives and applicable deductions. The tax effect of the temporary differences is included, where appropriate, in the corresponding items for prepaid or deferred Corporate Tax of the accompanying balance sheet, classified by their term or according to the expected reversal period.

j) Recognition of revenue and expenditure

Generally, revenues and expenses are recognised on an accrual basis, i.e. when the actual flow of goods and services they represent occurs, regardless of when the resulting monetary or financial flow deriving from them occurs.

Revenue from the ordinary course of the Group's business is recognised when control of the goods or services committed to customers is transferred, at which time revenue is measured at the amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The Group follows a process consisting of these steps:

- a) Identify the contract(s) with the customer.
- b) Identify the obligation(s) to be fulfilled in the contract.
- c) Determine the transaction price or contract consideration to which the Group expects to be entitled in exchange for transferring goods or providing services committed by the customer.
- d) Allocate the transaction price to the obligations to be fulfilled.
- e) Recognise revenue from ordinary activities when or as the Group fulfils a committed obligation by transferring a good or rendering a service; fulfilment occurs when the customer obtains control of the good or service.

Specifically, considering the Group's core business, maritime transport services, in general, revenue from the provision of these services is recognised over time, as it is assumed that the customer simultaneously receives and consumes the rights and benefits inherent to the service as the Group provides the service. In this sense, if another company took over the contract within the period of service provision, it would not need to do the work already completed up to that point.

Revenue from the sale of goods and rendering of services is measured at the fair value of the consideration received or receivable, arising therefrom, which in the absence of evidence to the contrary, this is the agreed price of those goods or services, less any trade discounts, rebates or similar items granted by the Group and interest on the nominal amount of the credits.

k) Provisions and contingencies

Liabilities at year-end arising from past events that may lead to a loss for the Group and the amount and time of cancellation of which are indeterminate are measured in the consolidated balance sheet as provisions based on the present value of the best estimate of the amount required to settle the obligation or transfer it to a third party.

Adjustments arising from updating the the provision are recognised as a financial expense when accrued. No discounts will be applied for provisions that mature in a year or less, provided the financial effect is insignificant.

l) Transactions between related parties

Items in transactions carried out with related parties are generally measured at the initial moment and their fair value. Where applicable, if the price agreed in a transaction is different to the fair value, the difference will be measured according to the economic reality of the transaction. The subsequent valuation is carried out according to the particular standards.

m) Non-current assets held for sale

The Company classifies a non-current asset as held for sale if its book value will be recovered principally through a sale transaction rather than through continued use, and provided that it meets these requirements:

- a) The asset must be available for immediate sale in its present condition; and
- b) Its sale must be highly likely due to these circumstances:
 - b1) The Group must be committed to a plan to sell the asset and has started an active programme to locate a buyer and complete the plan.
 - b2) The asset must be actively marketed for sale at a reasonable price compared to its current fair value.
 - b3) The sale should be expected to be completed within one year from the date the asset is classified as held for sale.
 - b4) Actions to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the date of reclassification in this category at the lower of the book value and the fair value less costs to sell.

The group does not depreciate or amortise a non-current asset while it is classified as held for sale and recognises the necessary impairment, so the book value does not exceed the fair value less costs to sell.

When an asset no longer meets the conditions for classification as held for sale, it is reclassified in the balance sheet according to its nature and measured at the lower of the book value before it was classified as held for sale, adjusted for any depreciation, amortisation or impairment recognised had the asset not been classified as held for sale, and the recoverable amount at the reclassification date. Any difference is recognised in the consolidated profit and loss account according to its nature.

Impairment of non-current assets held for sale, and reversals thereof when the circumstances that gave rise to the impairment cease to exist are recognised in the Consolidated Profit and Loss Account unless they must be recognised directly in the consolidated net equity according to the specific standards applicable to each asset.

n) Statement of cash flows

The following expressions are used in the cash flow statement:

Cash or Cash Equivalents: Cash comprises both cash in hand and demand deposits at banks. Cash equivalents are financial instruments which form part of the usual cash management policy of the Group, are converted into cash and have a maturity of three months or less from the date of acquisition, provided there is no significant risk of changes in value and that they form part of the Company's usual cash management policy.

Cash flows: inflows and outflows of cash or cash equivalents, these being very liquid investments with low risk of value changes for up to three months.

Operating activities: main revenue-producing activities of the Company and other activities that are not investing or financing activities.

Investing activities: acquisition, sale or disposal by other means, of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that change the size and composition of Net equity and financial liabilities.



4. Intangible fixed assets

The composition and movements of intangible fixed assets are as follows:

	Thousands of dollars				Thousands of euros	
	Balance as at 31/12/21	Additions	Disposals	Transfers	Balance as at 31/12/22	Balance as at 31/12/22
Cost						
Dry-dock works	10,373	5,040	-	-	15,413	14,016
Long-term contracts/projects	48,438	840	(79)	-	49,199	46,128
Patents and developments	138	222	-	-	360	337
Software	1,380	44	-	-	1,424	1,335
ISPS / ISM / TMSA, ships	1,897	-	(7)	-	1,890	1,772
	62,226	6,146	(86)	-	62,286	63,587
Accumulated depreciation						
Docked ships	(5,285)	(2,172)	-	-	(7,457)	(6,525)
Long-term contracts/projects	(13,482)	(2,831)	44	-	(16,269)	(15,251)
Software	(1,074)	(86)	-	-	(1,160)	(1,087)
ISPS / ISM / TMSA, ships	(800)	(329)	-	-	(1,129)	(1,060)
	(20,642)	(5,418)	44	-	(26,015)	(23,924)
Net value	41,584	728	(41)	-	42,271	39,663

	Thousands of dollars				Thousands of euros	
	Balance as at 31/12/20	Additions	Disposals	Transfers	Balance as at 31/12/21	Balance as at 31/12/21
Cost						
Dry-dock works	10,906	-	(533)	-	10,373	8,971
Long-term contracts/projects	48,220	279	(61)	-	48,438	42,763
Patents and developments	-	138	-	-	138	122
Software	2,675	119	(1,414)	-	1,380	1,217
ISPS / ISM / TMSA, ships	1,916	-	(19)	-	1,897	1,675
	63,716	535	(2,027)	-	62,224	54,747
Accumulated depreciation						
Dry-dock works	(3,113)	(2,172)	-	-	(5,285)	(4,532)
Long-term contracts/projects	(10,758)	(2,724)	-	-	(13,482)	(11,901)
Software	(2,383)	(105)	1,414	-	(1,073)	(947)
ISPS / ISM / TMSA, ships	(399)	(421)	19	-	(800)	(706)
	(16,653)	(5,421)	1,433	-	(20,641)	(18,087)
Net value	47,064	(4,886)	(594)	-	41,584	36,660

The section on dry-dock works within Intangible fixed assets include the dry-dockings of the ships that the Group holds on an operating lease basis (see note 6). The additions in dry-dock works correspond to the costs incurred by the Group in past or in-process dry-dockings in the said period.

Long-term contracts/projects mainly correspond to the costs assumed by the Group for the coming into operation of specific ships. These costs are recovered throughout the life of the long-term contracts signed with the respective clients.

The Patents and Developments section includes the works carried out by the Group on a project developed for which economic and commercial profitability is expected in the coming years.

5. Tangible Fixed Assets

The composition and movements of the tangible fixed assets are as follows:

	Thousands of dollars					Thousands of euros	
	Balance as at 31/12/21	Additions	Disposals	Transfers	Others	Balance as at 31/12/22	Balance as at 31/12/22
Cost							
Ships	782,167	7,531	(5)	54,060	-	843,753	788,359
Dry-dock works	41,780	37,116	(3,317)	-	-	75,579	70,860
Fixed assets under construction	19,677	34,698	(315)	(54,060)	-	-	-
Buildings and other constructions	11,008	1,050	-	-	-	12,058	11,305
Facilities, tools and furniture	1,707	-	-	-	-	1,707	1,600
Transport elements	760	226	-	-	-	986	925
Data processing equipment	2,885	66	-	-	-	2,951	2,755
	859,984	80,687	(3,637)	-	-	937,034	875,804
Accumulated depreciation							
Ships	(352,594)	(33,380)	-	-	-	(385,974)	(360,440)
Dry-dock works	(15,436)	(10,397)	3,352	-	-	(22,481)	(21,078)
Buildings and other constructions	(5,787)	(438)	-	-	-	(6,225)	(5,838)
Facilities, tools and furniture	(880)	(26)	-	-	-	(906)	(850)
Transport elements	(734)	(24)	-	-	-	(758)	(711)
Data processing equipment	(2,031)	(133)	-	-	-	(2,164)	(2,014)
	(377,462)	(44,398)	3,352	-	-	(418,508)	(390,931)
Net value	482,522	36,289	(285)	-	-	518,526	484,873

	Thousands of dollars					Thousands of euros	
	Balance as at 31/12/21	Additions	Disposals	Transfers	Others	Balance as at 31/12/22	Balance as at 31/12/22
Cost							
Ships	765,586	4,622	-	11,959	-	782,167	689,418
Dry-dock works	33,498	10,746	-	(2,464)	-	41,780	36,888
Fixed assets under construction	22,166	44,147	-	(46,636)	-	19,677	17,372
Buildings and other constructions	10,954	54	-	-	-	11,008	9,720
Facilities, tools and furniture	2,457	37	(787)	-	-	1,707	1,507
Transport elements	887	-	(127)	-	-	760	671
Data processing equipment	2,603	282	-	-	-	2,885	2,539
	838,150	59,889	(914)	(37,141)	-	859,984	758,115
Accumulated depreciation							
Ships	(345,388)	(31,873)	-	24,667	-	(352,594)	(311,001)
Dry-dock works	(10,266)	(7,459)	-	2,289	-	(15,436)	(13,629)
Buildings and other constructions	(5,352)	(435)	-	-	-	(5,787)	(5,110)
Facilities, tools and furniture	(1,654)	(14)	787	-	-	(880)	(777)
Transport elements	(786)	(74)	127	-	-	(734)	(648)
Data processing equipment	(1,868)	(162)	-	-	-	(2,030)	(1,783)
	(365,313)	(40,018)	914	26,956	-	(377,462)	(332,948)
Net value	472,837	19,871	-	(10,185)	-	482,522	425,167

Ships

In February 2022, the Group took delivery of a new ship built at a Chinese shipyard and is operating in Brazil.

Fixed assets under construction

During 2022 and 2021, the Group has made the following payments (milestones) to shipyards for the construction of ships and other shipowner investments:

				Thousands of dollars			
				2022		2021	
Type of ship under construction	No of ships	Place Construction	Date of delivery	Payments to the shipyard	Shipowner extra investments	Payments to the shipyard	Shipowner extra investments
Bulkcarrier	1	China	February 2022	26,067	8,308	5,985	2,617
				26,067	8,308	5,985	2,617

Dry-dock works

The dockings of ships owned or held on finance lease are included in tangible fixed assets.

As at 31 December 2022, all the ships of the Group's fleet, except for two, including those taken on a finance lease provide mortgage security in the bank loans granted for their acquisition.

The Group has taken out insurance policies to cover the possible risks to which the different elements of their investments are subject, understanding that said policies cover such risks.

6. Leases and similar transactions

Finance leases

The Group operates one ship acquired under finance lease.

Minimum future payments agreed for the long-term have these maturities:

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	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Two years	2,191	2,081	2,054
Three years	2,309	2,191	2,165
Four years	2,432	2,309	2,281
Five years	2,562	2,432	2,402
Rest	5,195	7,756	4,870
	14,689	16,770	13,772

As at 31 December 2022, the interest accrued and pending payment on account of finance lease contracts amount to 271 thousand dollars (1,059 thousand dollars in the previous year).

Operating leases

As charterers of four LNG carriers to third parties on an operating lease basis, the Group has entered into independent contracts with two clients, which mature in 2023, 2030 and 2037. As the lessee of the ships, the Group will generate fixed annual expenses during this time charged to the consolidated profit and loss account as ship lease expenses.

7. Financial assets

The composition and movements of the financial assets, including balances with public administrations and cash and cash equivalents during 2021 and 2022, are described below:

	Thousands of dollars							
	Long-term financial assets				Short-term financial assets			
	Debt securities		Loans, derivatives and others		Debt securities		Loans, derivatives and others	
	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21
Financial assets carried at amortised cost	-	-	28,881	30,930	3,864	37,938	317,023	166,123
Hedging derivatives	-	-	8,475	-	-	-	1,969	-
Cash and cash equivalents	-	-	-	-	-	-	88,888	92,497
	-	-	37,356	30,930	3,864	37,938	407,880	258,620

	Thousands of euros							
	Long-term financial assets				Short-term financial assets			
	Debt securities		Loans, derivatives and others		Debt securities		Loans, derivatives and others	
	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21
Financial assets carried at amortised cost	-	-	27,079	27,308	3,623	33,496	297,229	146,673
Hedging derivatives	-	-	7,945	-	-	-	1,946	-
Cash and cash equivalents	-	-	-	-	-	-	83,338	81,669
	-	-	35,024	27,308	3,623	33,496	382,412	228,341

a) Debt Securities

This item includes investments held by the Group until maturity.

b) Loans, derivatives and others

Loans and Other long-term receivables

Loans and other long-term receivables are:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Long-term loans	115	157	108
Long-term deposits and guarantees extended	100	106	94
Other long-term financial assets	28,666	30,667	26,876
	28,881	30,930	27,078

Loans and Other short-term receivables

Loans and other short-term receivables, including balances with public administrations, is as follows:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Trade debtors and other receivables	313,657	162,879	294,072
Trade receivables for sales and services	216,590	79,941	203,065
Insurance claims pending settlement	5,378	5,881	5,042
Receivables from public administrations	22,093	16,802	20,714
Other debtors	69,596	60,255	65,251
Short-term deposits and guarantees extended	1,291	1,244	1,211
Other financial assets	2,075	2,000	1,946
	317,023	166,123	297,229

The composition of Sundry debtors is as follows:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Receivables	1,604	1,377	1,504
Ship current accounts	288	336	270
Shipbuilding guarantees	66	67	62
Other sundry debts	67,638	58,475	63,416
	69,596	60,255	65,251



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8. Inventories

The inventories include fuel and maintenance, as per the following information:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Fuel	16,554	11,048	15,520
Maintenance	332	358	311
	16,886	11,406	15,831

Expenses for provisions, including fuel and maintenance, has been as follows:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Net purchases	82,389	59,325	78,425
Variation of inventories	(2,441)	(3,558)	(2,323)
	79,948	55,767	76,101

As a general rule, purchases of supplies (fuel, maintenance, etc.) are made in the geographical area closest to the location of the ship for which the supply corresponds, based on the geographical areas in which they operate, except for certain supplies (engine spare parts, etc.), which are usually purchased at the place of origin of the equipment manufacturer.

9. Short- and Long-term Accruals

The balances of this caption are as follows:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Short-term accruals:			
Insurances not yet due, paid in advance	3,950	3,740	3,703
Other expenses not yet due, but paid in advance	4	4	4
Total accruals	3,954	3,744	3,707
Short-term prepayments:			
Anticipated revenue	(6,457)	(12,893)	(6,054)
Total prepayments	(6,457)	(12,893)	(6,054)

10. Net Equity

As at 31 December 2022, the share capital of the Parent Company (ENE) amounted to 50,211 thousand euros and is represented by 11,650,000 ordinary nominative shares of 4.31 euros of par value each, fully subscribed and paid. All shares have equal political and economic rights.

The information of the Group reserves is represented below:

	Thousands of euros	
	31.12.22	31.12.21
Legal Reserve	10,042	10,042
Voluntary Reserves	121,119	123,123
Results of previous years	(42,502)	(35,476)
Reserves in consolidated companies	194,826	188,227
	283,485	285,916

The consolidated groups' reserves correspond to the consolidated results of previous years contributed by ENE's subsidiary companies.

On 11 May 2022, the shareholders at the Annual General Meeting approved the distribution of a dividend of 2,004 thousand euros, equivalent to 0.172 euros per share.

Adjustments of changes in value

This heading includes adjustments for exchange differences:

- Negative exchange differences in the dollar balance correspond mainly to the conversion of Elcano Brasil's balance sheet, differences between assets less liabilities, converted at the exchange rate valid on the closing date. Its equity is measured at the historical exchange rate and the Profit and Loss Account, at the average rate.
- Exchange differences in the euro balances correspond to the difference between the assets and liabilities of the consolidated companies in dollars, converted at the exchange rate valid on the closing date. Their corresponding net equities are measured at the historical exchange rate and the Profit and Loss Account, at the average rate.

11. Financial liabilities

a) Liabilities and other marketable instruments

On 26 July 2018, ENE issued a set of five-year bonds in the AFIM amounting to 50,000 thousand euros. The par value of each bond is 100,000 euros, and they accrue an annual 5.5% coupon payable every 26 July.

On 16 July 2021, ENE issued another set of five-year bonds in the AFIM amounting to 60,000 thousand euros. The par value of each bond is 100,000 euros, and they accrue an annual 4.875% coupon payable every 16 July.

As at 31 December 2022, the bond issue is valued at 117,326 thousand dollars (124,586 thousand dollars in the previous year).

b) Debts with credit institutions

The breakdown of this caption, as at 31 December 2022 and 2021, is as follows:

	Thousands of dollars		Thousands of euros	
	Balance as at 31/12/2022	Balance as at 31/12/2021	Balance as at 31/12/2022	
	Long-term	Short-term	Long-term	Short-term
Loans	240,914	57,708	199,594	44,437
Debt formalisation expenses	(2,381)	(47)	(1,964)	-
Creditors for finance leases	14,689	2,081	16,770	53,989
Loan facilities	-	9,818	-	12,782
Accrued interest	-	1,968	-	2,731
	253,222	71,528	214,400	113,938
			237,411	67,062

Loans

The maturity of the nominal long-term loans is shown below:

Maturity of the nominal amounts of the loans	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Two years	44,287	60,821	41,522
Three years	32,427	21,451	30,402
Four years	26,832	13,062	25,156
Five years	32,286	12,033	30,270
Rest	105,081	92,227	98,521
	240,914	199,594	225,872

The lenders of the Group for loans granted to Group companies are designated beneficiaries in the insurance policies of the ships associated with said loans.

c) Debts with group companies and associates

As at 31 December 2022 and 2021, this caption, including balances with public administrations, is as follows:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Suppliers	24,333	12,151	22,814
Creditors	202,736	67,437	190,076
Outstanding remuneration	5,310	4,252	4,978
Payables from public administrations	7,326	11,932	6,868
Other payables	97	154	91
	239,801	95,926	224,828

12. Information on the nature and level of risk arising from financial instruments

The activities carried out by the Group are exposed to different types of financial risk, particularly credit risk, liquidity and market risks (exchange, interest and other price risks).

a) Credit risk

The main financial assets of the Group are cash and cash equivalents, trade receivables and other accounts payable, and investments, which represent the maximum exposure of the Group to the credit risk concerning financial assets.

The credit risk of the Group is attributable principally to their trade receivables. The amounts are reflected in the balance sheet net from the provision for insolvency, as estimated by the Group according to the experience of previous years and its assessment of the current economic environment.

The credit risk of investments in financial products is mainly focused on temporary to short-term financial investments ("repos" of sovereign debt and deposits with maximum liquidity in both cases) and derivative instruments for hedging exchange rates, interest rate and share prices. Counterparties are always credit entities with which diversification policies are followed, bearing in mind their credit rating (international agencies), consisting in establishing maximum limits, with a periodic review thereof. In the specific case, for example, of operations in countries where, due to their economic and socio-political conditions, elevated levels of credit quality cannot be achieved, branches and subsidiaries of foreign institutions that meet or come close to the established quality criteria, and larger local institutions, are selected.

The Group does not significantly concentrate credit risk, and the exposure is distributed between a large number of counterparties and clients.

The Group has a client portfolio with a good credit rating. Additionally, financial solvency analysis of the clients is carried out.

b) Liquidity risk

The Group carries out a prudent management of liquidity risk, based on maintaining sufficient cash or immediately available cash deposits. The Group has sufficient liquidity to settle its market positions.

The Group is not significantly exposed to liquidity risk due to keeping sufficient cash and credit availability to meet the necessary outputs in its usual operations. In the event of a need for funding, the Group mainly resorts to issuing bonds, loans and credit facilities.

The general situation of the financial markets, especially the banking market, is unfavourable for those seeking loans. The Group always pays attention to the evolution of the different factors that could help solve a liquidity crisis, and, particularly, the sources of financing and its features.

We can summarise the items to which more attention is paid:

- Liquidity of monetary assets: surplus is always placed for very short terms. Placements for terms exceeding three months requires express authorisation.

- Diversification of the credit line maturities and control of financing and refinancing.
- Control of the remaining life of financing lines.
- Diversification of funding sources: At the corporate level, bank financing and, to a greater extent, bond issues in the Alternative Fixed Income Market ("AFIM") are fundamental due to the ease of access to these markets and their cost, often without competition with other alternative sources.

Using other sources in future is not excluded.

c) Foreign exchange risk

As the Group operates in the international market, it is exposed to foreign exchange risk on currency transactions. However, the Group's functional currency is the dollar, the main operating currency in international maritime transport of goods; a natural hedge.

Cash flow hedges coming from investments in consolidated foreign entities:

To mitigate the exchange rate risk, the Group takes out currency swaps and exchange rate insurances, and when deem appropriate. Additionally, the Group also seeks a balance between the cash receipts and payments of its assets and liabilities in a foreign currency.

d) Interest rate risk

Changes in interest rates affect the fair value of assets and liabilities that accrue at a fixed interest rate, and the future flows from assets and liabilities indexed to a floating rate.

The objectives of managing interest rate risks are to reach a balance in the debt structure that minimises the cost of the debt in the multiannual horizon with reduced volatility in the Consolidated Profit and Loss Account.

Depending on the Group's estimations and the objectives of the debt structure, hedging operations can be carried out by purchasing derivatives that mitigate these risks.

The reference interest rates for the debt contracted by the Group are mainly Euribor, Libor, and Term SOFR, replacing Libor, until now.

The Group has various closed interest rate hedging transactions, the valuation of which at each year-end is recorded in the Group's balance sheet under Hedging derivatives. As at 31 December 2022, the valuation of the hedging derivatives amounts to a gross amount of 10,444 thousand dollars (9,792 thousand euros), with changes in the year net of tax recognised in the Group's equity as Adjustments for changes of value.



13. Information on the average period for payment to suppliers Additional Provision Three. "Duty of information" of Law 15/2010 of 5 July 2010 and the new wording given by Article 9 of Law 18/2022 of 28 September

According to the third additional provision, "Duty of disclosure" of the law 15/2010 of 5 July, amending Law 3/2004 of 29 December establishing measures to combat defaulters in trade operations, and concerning the Resolution of 29 January 2016 of the Accounting and Auditors Institute on the information to be included in the Financial Statements Report concerning aid law, the following is noted:

	Financial Year 2022	Financial Year 2021
	No. of days	No. of days
Average period of payment to suppliers	24.56	25.29
Ratio of paid operations	24.61	25.81
Ratio of outstanding operations	23.73	12.84

	2022 Amount (Thousands of euros)	2021 Amount (Thousands of euros)
Total payments made	42,228	43,060
Total payments outstanding	2,171	1,796

Information is also provided on the number of invoices paid and the volume of money paid in a period lower than the maximum established by the regulations on late payment, as established in the new wording of the Third Additional Provision on "Duty of Information" of Law 15/2010, of 5 July, given in Article 9 of Law 18/2022, of 28 September:

	2022	2022 % of Total amount paid
No of invoices paid in a period shorter than the established maximum period	2,851	69.96%
Monetary volume paid in period below the established maximum (Thousands of euros)	38,185	90.43%

14. Net business turnover

The revenue of the Group is derived from providing international maritime transport services of raw materials on ships owned by the Group or leased from third parties. The Group's ships operate mainly on long-term, consecutive voyage and volume charter contracts with clients worldwide in the energy and commodities sectors (mainly petrochemical, energy, mining and steel companies). During the financial year 2022, the Group has provided its transport services with the ships of its fleet and other vessels taken on the market in the short term. Its clients include public companies or companies in which public bodies have a stake.

The Group also provides short-term transport services through voyage, time or round trip charters, and other short- and medium-term shipping services. The cost of ships leased from third parties to provide these transport services is recorded in the Profit and Loss Account under other operating expenses.

Net revenues are generally expressed in dollars, but might also be expressed in euros depending on the operation and customer. The distribution of net turnover by currency by the closure of operation is as follows:

	Thousands of dollars	
	2022	2021
Dollars	942,401	871,861
Euro	32,501	35,671
	974,902	907,532

15. Personnel expenses

The composition of this caption is as follow:

	Thousands of dollars		Thousands of euros
	2022	2021	2022
Wages, salaries and similar expenses	34,892	29,164	33,213
Social security and other social charges	15,702	11,762	14,946
Provisions	153	87	146
	50,747	41,013	48,305

Similarly, as at 31 December 2022, the payroll was formed by 657 people (560 men and 97 women). As at year-end of the previous year, the payroll was formed by 593 people (506 men and 87 women).

16. Auditors' fees

The fees incurred for the auditing services of the Consolidated Financial Statements, and the individual statements of the parent company and its subsidiaries corresponding to the year ended on 31 December 2022, amounted to 245 thousand dollars (236 thousand dollars in the previous year). Additionally, during 2022, the Group paid 25 thousand dollars for other services rendered (27 thousand dollars in the previous year).

17. Environment information

All the ships owned by the Group comply with the applicable environmental safety regulations, according to their features and the activity carried out.

In addition, ENE, EBR and ENPASA and all the ships in the Group's fleet have ISO 14.001 Environmental Management Systems certification.

18. Tax Situation

Las sociedades del Grupo tienen obligación de presentar anualmente una declaración a efectos del The Group companies are obliged to submit a tax return every year for Corporate Tax or Income tax purposes. Each company does so, determining their income under the tax regulations of the country of their registered offices.

Deferred tax assets

At 31 December 2022 and 2021, the Group held the following Long-Term Deferred Tax Assets:

	Thousands of dollars		Thousands of euros
	31.12.22	31.12.21	31.12.22
Deferred tax assets	3,333	3,400	3,125
Credit for loss carryforwards	14,534	16,347	13,626
	17,867	19,747	16,751

Deferred tax liabilities

As at 31 December 2022, the Group has deferred tax liabilities of 6,144 thousand dollars relating to:

- temporary differences of 3,930 thousand dollars from the Argentinian (Enpasa) and Maltese (IT3) subsidiaries; and
- to the tax effect of the result arising from the valuation of interest rate hedging derivatives (see Note 7) recognised directly in equity and which are associated with long-term loans amounting to 2,214 thousand dollars.

Receivables from public authorities

Trade and other receivables on the asset side of the balance sheet include short-term balances with tax receivables. The information as at 31 December 2022 and 2021 is as follows:

	Thousands of dollars 31.12.22	Thousands of dollars 31.12.21	Thousands of euros 31.12.22
Receivables from public administrations			
For withholdings	2,875	1,898	2,696
For deductible temporary differences assets	4,489	1,893	4,209
For Corporate Tax	1,427	2,263	1,338
For VAT	484	702	454
For Other taxes	1,631	605	1,529
For AFRMM receivable	11,186	9,441	10,487
	22,093	16,802	20,714

Long and short-term payables to public administrations

Trade and other payables in balance sheet liabilities include short-term balances with tax receivables. The information as at 31 December 2022 and 2021 is as follows:

	Thousands of dollars 31.12.22	Thousands of dollars 31.12.21	Thousands of euros 31.12.21
Long-term payables to public administrations:			
For deferred tax	1,856	2,042	1,803
Short-term payables to public administrations:			
For Social Security	1,293	1,014	1,212
For Withholdings	954	1,028	895
For Corporate Tax	742	5,346	695
For VAT	96	14	90
For Other taxes	3,535	3,904	3,315
For Deferred taxes	705	626	661
	7,326	11,932	6,868

At the date of these Consolidated Financial Statements, the directors of the parent company and their tax advisers estimated that any tax liability that could arise as a consequence of the inspection proceedings will not have a material impact on the Financial Statements taken as a whole, considering that they consider the assessment proposals may be dismissed.

19. Subsequent events

By decision of the Group's Board of Directors in January 2023, the sale of the ship Castillo de Trujillo was authorised, effective 22 February 2023 for a net amount of 10.9 million dollars.



CASH FLOW STATEMENT FOR 2022 AND 2021

(Stated in thousands of euros)

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Result for the year before taxes	5,698	1
Adjustments of the result:	68,595	60,401
Depreciation of fixed assets	47,420	38,517
Impairment corrections		4,411
Provisions	146	143
Financial revenue	(2,893)	(1,729)
Financial expenses	23,769	19,059
Other income/expenses	153	-
Changes in working capital	22,500	5,912
Inventories	(5,760)	(3,176)
Debtors and other receivables	(141,014)	18,609
Other current assets	34,222	10,510
Creditors and other accounts payable	140,783	(19,903)
Other non-current assets and liabilities	(5,731)	(128)
Other cash flows from operating activities	(23,342)	(17,084)
Interest payments	(25,731)	(17,976)
Collection of interest	2,893	1,729
Collections (payments) for profit tax	(504)	(837)
Cash flows from operating activities	73,451	49,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(82,654)	(51,250)
Intangible fixed assets	(5,851)	(453)
Tangible fixed assets	(76,803)	(50,681)
Other financial assets	-	(116)
Collections from disinvestments	4,613	33
Intangible fixed assets	36	-
Tangible fixed assets	249	-
Other financial assets	31	33
Non-current assets held for sale	4,297	-
Other financial assets	(78,041)	(51,217)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections and payments for financial liability instruments	(1,337)	16,828
Issuance:	53,858	110,516
Liabilities and other marketable securities	-	60,000
Debts with credit institutions	53,858	50,516
Repayment and amortisation of:	(55,195)	(93,688)
Liabilities and other marketable securities	-	(33,500)
Debts with credit institutions	(55,195)	(45,188)
Debts with group companies and associates	-	(15,000)
Payments of dividends and remuneration from other equity instruments	(2,004)	-
Dividends	(2,004)	-
Cash flows from financing activities	(3,341)	16,828
EFFECT OF EXCHANGE RATE FLUCTUATIONS	9,601	(1,651)
INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	1,670	13,190
Cash or cash equivalents at the beginning of the year	81,668	68,478
Cash or cash equivalents at the end of the year	83,338	81,668

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES OF 2022 AND 2021

(Stated in thousands of euros)

	2022	2021
Result of the profit and loss account	6,103	(426)
Income and expenses attributable directly to Net Equity	41,854	28,051
From the measurement of financial instruments:		
From cash flow hedges	10,274	(182)
From grants, donations and bequests received		
From actuarial gains and losses and other adjustments	31,580	28,233
Tax effect		
Transfers to the profit and loss account	-	-
From the measurement of financial instruments		
From Cash flow hedges:		
From grants, donations and bequests received		
From actuarial gains and losses and other adjustments		
Tax effect		
Total transfers to the profit and loss account	-	-
Total transfers to the profit and loss account	47,957	27,625

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY OF 2022 AND 2021

(Stated in thousands of euros)

	Subscribed Capital	Reserves	Results of the financial year	Adjustments for changes in value	TOTAL
BALANCE, END OF THE FINANCIAL YEAR 2020	50,211	278,359	7,557	(50,447)	285,680
Adjustments for changes of criteria 2020					-
Adjustments for errors 2020					-
ADJUSTED BALANCE, BEGINNING OF THE FY 2021	50,211	278,359	7,557	(50,447)	285,680
Total recognised income and expenses			(426)	28,051	27,625
Total recognised income and expenses	-	-	-	-	-
Distribution of dividends		7,557	(7,557)		-
Other variations of net equity	50,211	285,916	(426)	(22,396)	313,305
BALANCE, END OF THE FINANCIAL YEAR 2021					-
Adjustments for changes of criteria 2020					-
Adjustments for errors 2020	50,211	278,359	(426)	(22,396)	313,305
ADJUSTED BALANCE, BEGINNING OF THE FY 2022			6,103	41,854	47,957
Total recognised income and expenses	-	(2,004)	-	-	(2,004)
Operations with shareholders or owners		(2,004)	-		(2,004)
Other variations of net equity		(427)	426		(1)
BALANCE, END OF THE FINANCIAL YEAR 2022	50,211	283,485	6,103	19,458	359,257

BALANCE SHEET AS OF 31 DECEMBER 2022 AND 2021

(Stated in thousands of US dollars)

ASSETS	2022	2021
Non-current assets	616,020	574,783
Intangible fixed assets	42,271	41,584
Tangible fixed assets	518,526	482,522
Long-term financial investments	37,356	30,930
Deferred tax assets	17,867	19,747
Current assets	469,663	353,862
Non-current assets held for sale	37,079	42,154
Inventories	16,886	11,406
Trade debtors and other receivables	313,657	162,879
Short-term financial investments	9,199	41,182
Cash and cash equivalents	88,888	92,497
Short-term accruals	3,954	3,744
TOTAL ASSETS	1,085,683	928,645
NET EQUITY AND LIABILITIES	2022	2021
Net equity	384,511	355,890
Shareholders' equity	437,379	425,569
Subscribed capital	65,688	65,688
Reserves of the parent company	113,024	113,874
Reserves in consolidated companies for global integration	244,742	236,459
Profit/(Loss) for the year attributed to the parent company	13,925	9,548
Adjustments for changes in value	(52,868)	(69,679)
Hedging operations	8,230	(2,897)
Exchange differences	(61,098)	(66,782)
Non-current liabilities	327,358	347,125
Long-term provisions	982	1,049
Long-term debts	318,376	343,042
Liabilities and other marketable securities	63,996	124,586
Debts with credit institutions	238,533	197,630
Creditors for financial leases	14,688	16,770
Financial derivatives	-	2,897
Other debts	1,159	1,159
Deferred tax liabilities	6,144	992
Other long-term creditors	1,856	2,042
Current liabilities	373,814	225,630
Short-term debts	127,556	116,811
Liabilities and other marketable securities	56,028	2,873
Debts with credit institutions	69,447	59,949
Financial lease receivables	2,081	53,989
Trade creditors and other payables	239,801	95,926
Short-term accruals	6,457	12,893
TOTAL NET EQUITY AND LIABILITIES	1,085,683	928,645

PROFIT AND LOSS ACCOUNT FOR 2022 AND 2021

(Stated in thousands of US dollars)

	2022	2021
Net turnover	974,902	907,532
Revenues	974,902	907,532
Work carried out by the group for its assets	222	397
Supplies	(79,948)	(55,767)
Materials consumed	(79,948)	(55,767)
Other operating income	9,507	8,961
Ancillary income and other current management income	9,507	8,961
Personnel expenses	(50,747)	(41,013)
Wages, salaries and similar	(34,892)	(29,164)
Social security costs	(15,702)	(11,762)
Provisions	(153)	(87)
Other operating costs	(772,101)	(746,143)
External services	(758,431)	(733,903)
Taxes	(3,930)	(4,644)
Other current operating expenses	(8,648)	(7,566)
Other results	(1,092)	(30)
Depreciation of fixed assets	(49,817)	(45,515)
Impairment and the result of the disposal of fixed assets	-	(5,212)
OPERATING RESULT	32,018	23,240
Financial income	3,040	2,044
From marketable securities and other financial instruments	3,040	2,044
Financial expenses	(24,971)	(22,523)
For debts with group companies and associates	-	(743)
For debts with third parties	(24,971)	(21,780)
Foreign exchange differences	3,413	7,291
FINANCIAL PROFIT/(LOSS)	(18,518)	(13,188)
PROFIT/(LOSS) BEFORE TAXES	13,500	10,052
Corporate Tax	425	(504)
PROFIT/(LOSS) OF THE YEAR FROM CONTINUING OPERATIONS = PROFIT/(LOSS) OF THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	13,925	9,548

CASH FLOW STATEMENT FOR 2022 AND 2021

(Stated in thousands of US dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Result for the year before taxes	13,500	10,052
Adjustments of the result:	68,352	59,280
Depreciation of fixed assets	49,817	45,515
Impairment value corrections	-	5,212
Provisions	153	169
Results for retirements and disposal of fixed assets	-	-
Financial income	(3,040)	(2,044)
Financial expenses	24,971	22,523
Foreign exchange differences	(3,724)	(12,095)
Other income/expenses	175	-
Changes in working capital	23,290	7,587
Inventories	(5,480)	(3,176)
Debtors and other receivables	(148,143)	21,990
Other current assets	35,952	12,420
Creditors and other accounts payable	147,900	(23,519)
Other non-current assets and liabilities	(6,939)	(128)
Other cash flows from operating activities	(24,521)	(20,186)
Interest payments	(27,032)	(21,241)
Collection of interest	3,040	2,044
Collections (payments) for profit tax	(529)	(989)
Cash flows from operating activities	80,621	56,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(86,833)	(60,561)
Intangible fixed assets	(6,147)	(535)
Tangible fixed assets	(80,686)	(59,889)
Other financial assets	-	(137)
Collections for disinvestments	5,258	39
Intangible fixed assets	41	-
Tangible fixed assets	284	-
Other financial assets	33	39
Non-current assets held for sale	4,900	-
Cash flows from investing activities	(81,575)	(60,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections and payments for financial liability instruments	(540)	12,257
Issuance:	57,445	125,170
Liabilities and other marketable securities	-	67,956
Debts with credit institutions	57,445	57,214
Repayment and amortisation of:	(57,985)	(112,913)
Liabilities and other marketable securities	-	(41,108)
Debts with credit institutions	(57,985)	(53,398)
Debts with group companies and associates	-	(18,407)
Payments of dividends and remuneration from other equity instruments	(2,115)	-
Dividends	(2,115)	-
Cash flows from financing activities	(2,655)	12,257
EFFECT OF EXCHANGE RATE FLUCTUATIONS	-	-
INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	(3,609)	8,468
Cash or cash equivalents at the beginning of the year	92,497	84,029
Cash or cash equivalents at the end of the year	88,888	92,497

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES OF 2022 AND 2021

(Stated in thousands of US dollars)

	2022	2021
Result of the profit and loss account	13,925	9,548
Income and expenses attributable directly to Net Equity	16,811	(4,318)
From the measurement of financial instruments:		
From cash flow hedges	11,127	19
From grants, donations and bequests received		
From actuarial gains and losses and other adjustments	5,684	(4,337)
Tax effect		
Transfers to the profit and loss account	-	-
From the measurement of financial instruments		
Cash flow hedges		
From grants, donations and bequests received		
From actuarial gains and losses and other adjustments		
Tax effect		
Total transfers to the profit and loss account	-	-
TOTAL RECOGNISED INCOME AND EXPENSES	30,736	5,230

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY OF 2022 AND 2021

(Stated in thousands of US dollars)

	Subscribed Capital	Reserves	Results of the financial year	Adjustments for changes in value	TOTAL
BALANCE, END OF THE FINANCIAL YEAR 2020	65,688	352,914	(2,581)	(65,361)	350,660
Adjustments for changes of criteria 2020					-
Adjustments for errors 2020					-
ADJUSTED BALANCE, BEGINNING OF THE FY 2021	65,688	352,914	(2,581)	(65,361)	350,660
Total recognised income and expenses			9,548	(4,318)	5,230
Total recognised income and expenses	-	-	-	-	-
Distribution of dividends		(2,581)	2,581		-
Other variations of net equity	65,688	350,333	9,548	(69,679)	355,890
BALANCE, END OF THE FINANCIAL YEAR 2021					-
Adjustments for changes of criteria 2021					-
Adjustments for errors 2021	65,688	350,333	9,548	(69,679)	355,890
ADJUSTED BALANCE, BEGINNING OF THE FY 2022			13,925	16,811	30,736
Total recognised income and expenses	-	(2,115)	-	-	(2,115)
Operations with shareholders or owners		(2,115)			(2,115)
Other variations of net equity		9,548	(9,548)		-
BALANCE, END OF THE FINANCIAL YEAR 2022	65,688	357,766	13,925	(52,868)	384,511



Moore Ibérica de Auditoría, S.L.P.

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IN CASE OF DISCREPANCY, ORIGINAL VERSION IN SPANISH PREVAILS

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AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS SUBMITTED BY AN INDEPENDENT AUDITOR

To the shareholders of EMPRESA NAVIERA ELCANO, S.A:

Opinion

We have audited the accompanying consolidated annual accounts of EMPRESA NAVIERA ELCANO, S.A., (hereinafter the parent company) and its subsidiaries (hereinafter the Group), that comprises the consolidated balance at 31st December 2022, the consolidated profit and loss account, the consolidated state of changes in equity, the consolidated state of cash flows and the and the explanatory notes to the consolidated annual accounts related to the financial year that ends in said date.

In our opinion, the accompanying consolidated annual accounts present, in all material respects, a true and fair view of the consolidated assets and the consolidated financial position of EMPRESA NAVIERA ELCANO, S.A. and its subsidiary companies as at December 31st, 2022, and the consolidated results of the operations and its consolidated cash flows for the financial year ended on said date, according to the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying consolidated annual accounts) and, in particular, the Generally Accounting Principles contained in it.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the *Auditor's responsibilities for the consolidated annual accounts audit* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated annual accounts in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered as the most significant material misstatement risks of our audit of the consolidated annual accounts of the current period. These risks have been addressed in the context of our audit of the consolidated annual accounts as a whole, and in the formation of our opinion on them, and we do not express a separate opinion on those risks.

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Valuation of ships

Description:

As shown in the "tangible fixed assets" caption in the explanatory notes to the consolidated annual accounts, the book value of investments in the Group's ships amounts to 428 million euros, which represents 42% of its total assets.

Given the relevance of these investments and the necessary estimates for the calculation of the subsequent value of the asset, we have identified this issue as a relevant aspect of the audit

Audit procedures:

Our audit procedures included:

- Obtaining the impairment calculations made by the Group Directors at the end of the year, evaluating the reasonableness of the methodology used and the calculations made in the same, as well as the consistency with the one used in the previous exercise, in order to obtain adequate security of the reasonableness of the estimates made.

Non-current assets held for sale

Description:

The heading "Non-current assets held for sale" includes the participation in a group company for an amount of 34.8 million euros.

Given the uncertainties inherent in the final resolution of the divestment and the necessary estimates for the calculation of the value of the asset, we have identified this issue as a relevant aspect of the audit

Audit procedures:

Our audit procedures included:

- reviewing the plans of the Group's Directors in relation to this asset, the valuations thereof made by third parties, as well as the actions taken to sell them.

Other information: Consolidated Management report

Other information comprises exclusively the 2022 consolidated management report which responsibility is of the Board of Directors of the parent company and is not comprised within the consolidated annual accounts.



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Our opinion on the consolidated annual accounts audit does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in the regulations applicable in the audit activity, which establishes two different levels on the same:

- a) Uniquely verify the non-financial consolidated information has been provided in the according to the regulations, and if not, report on it.
- b) Evaluate and inform over the concordance of the remaining information included in the consolidated management report of the aforementioned information in the annual accounts, based on the knowledge of the group obtained in the performance of the aforementioned accounts. In addition, evaluate and inform whether the content and presentation of this part of the consolidated management report are in accordance with the regulations that are applicable, if based in the work done, we conclude that there are material misstatements we are obliged to inform on those.

Over the basis of the work done, as described above, we have verified that the information mentioned in section a) above is provided in the consolidated management report and that the rest of the information contained in the consolidated management report is consistent with the 2022 consolidated annual accounts and the presentation and content are in conformity with the regulations that are applicable.

Directors' responsibilities for the consolidated annual accounts

The directors of the parent company are responsible for the preparation of the accompanying consolidated annual accounts so that they give a true and fair view of the equity, financial position and consolidated results of GROUP EMPRESA NAVIERA ELCANO, S.A, in accordance with the regulatory framework for financial information applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the directors of the parent company are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the companies included in the group or to cease operations, or has no realistic alternative but to do so.



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IN CASE OF DISCREPANCY, ORIGINAL VERSION IN SPANISH PREVAILS.

Auditor's responsibilities for the Audit of consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, 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 prevailing audit regulations in Spain 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 based on these consolidated annual accounts.

A more detailed description of our responsibilities in relation to the consolidated annual accounts audit is included in Annex 1 of this audit report. This description, which is found at the end of this report, is an integral part of it.

MOORE IBÉRICA DE AUDITORÍA, S.L.P.

(Registered in the Official Register of Account Auditors – ROAC – with number S0359)

Francisco Martínez Casado

(Registered in the Official Register of Account Auditors – ROAC - with number 15.991)

Madrid, March 28th, 2023



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IN CASE OF DISCREPANCY, ORIGINAL VERSION IN SPANISH PREVAILS.

Annex 1 to our Audit Report

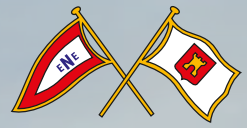
As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 Company'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 the parent company director'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 consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Parent Company 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.

From the significant risks communicated with the Parent Company's directors, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.



EMPRESA NAVIERA ELCANO, S.A.

