Annual Report 2023

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EMPRESA NAVIERA ELCANO, S.A.

LRQA CERTIFIED
UKAS MANAGEMENT SYSTEMS

Annual report
2023

EMPRESA NAVIERA ELCANO, S.A.


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The Company

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 sucessfully in diferent countries, particularly in Brazil and Argentina.

Over its more than 80 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.

Currently Elcano is parent company of an international maritime group with subsidiaries in Spain, Portugal, Malta, Brazil and Argentina. It manages its own fleet of 20 vessels, with a total tonnage of more than 1.5 million dwt, which Elcano has renewed and increased very significantly since its privatization in 1997. This fleet, which is fully managed by the Group companies Elcano is made up of LNG, oil tankers, product tankers and chemical tankers, LPG and bulk carriers.

The activity of Elcano is focused on international maritime transport of raw materials and energy and chemical products, to satisfy the logistical needs of our clients with the highest level of quality and service flexibility.

Board of Directors

Chairwoman

Ms. Mª del Rosario Martín Alonso

Vice-chairman and Managing Director

Mr. Juan M. Cordeiro Rodríguez

Directors

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)

Mr. Juan Manuel Arana Arechabala

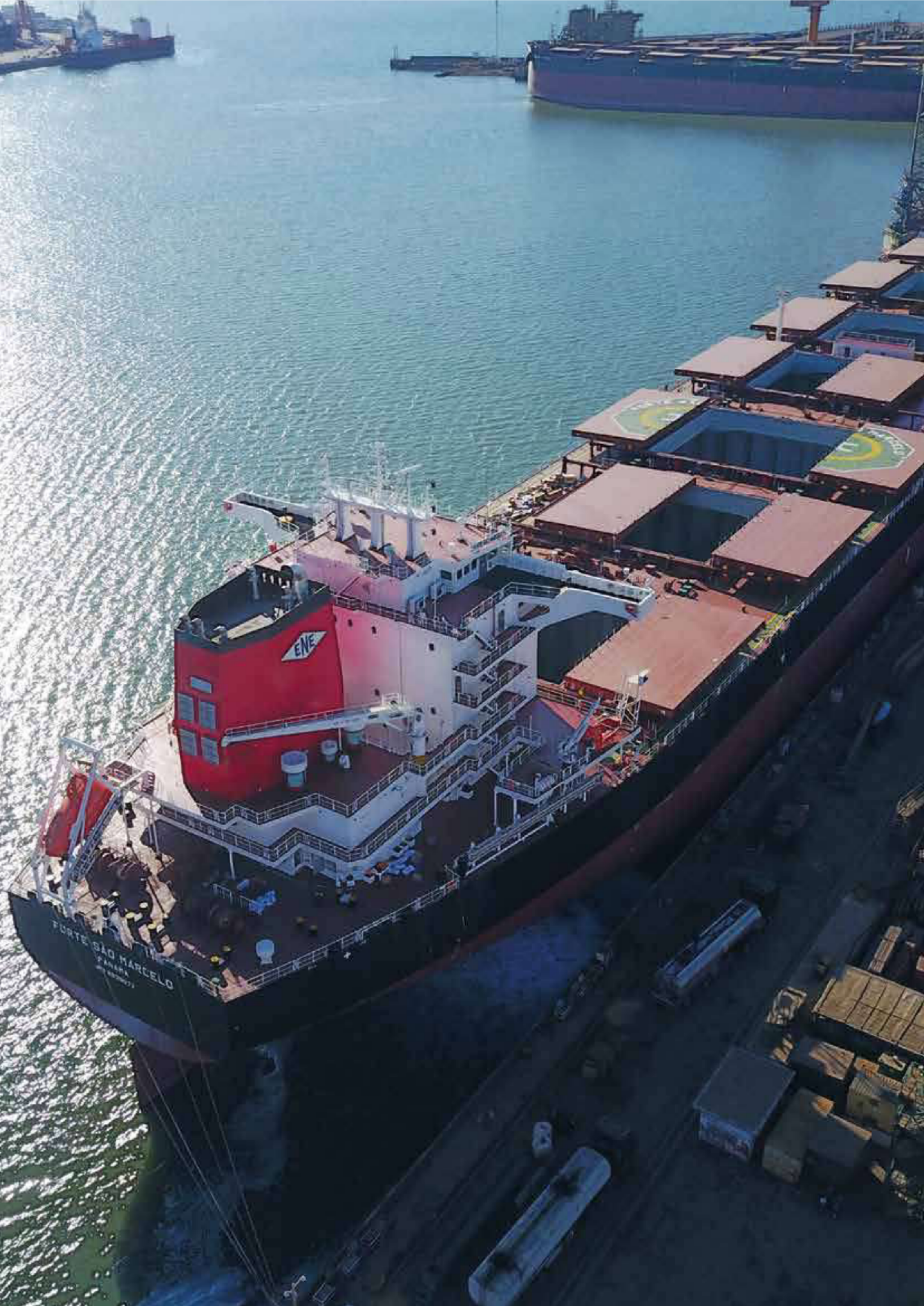
Mr. Alfredo Sáenz Abad

Secretary (non-director)

Mr. Jesús Rayón Gutiérrez

Vice-secretary (non-director)

Mr. Máximo Gutiérrez Hurtado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FORTE SÃO MARCELO
PANAMA

Letter to Shareholders

It is once again my honour to present the Company's Annual Report for the financial year 2023.

I must begin by commemorating a significant loss for our company: the passing of our beloved Honorary President on 5 October last year, which left a profound void in our hearts.

This year was anticipated to be challenging, particularly as eleven of our twenty-two ships were due for their five-year dry dockings. Factors such as geopolitical instability affecting maritime traffic sustained high interest rates leading to restricted access to credit and a spot market for mineral transport at historic lows culminated in a negative outcome for the Group's activities.

Despite these hurdles, with the steadfast support of our partners, funders and employees, we confronted these adversities with a clear objective: to enter 2024 in stronger conditions. We have made strategic decisions aimed at guiding us back to a path of growth and profitability. Thank you all for contributing to a better future for our great family, Elcano.

Although total sales improved this year compared to previous periods, our focus for 2024 and beyond is on enhancing EBITDA and net income. We have strategically limited our exposure to the spot market to just one ship, and we plan only four dockings next year, compared to the exceptional number in 2023.

The principles that have long guided the Group, ardently championed by our beloved President, remain steadfast and unyielding. Our enduring commitment to customer service excellence, long-term relationships and continuous innovation for global improvement remains the bedrock of our great company.

We all know that a calm sea never makes a seafarer an expert. The extraordinary journey of 2023 has only made us stronger and more adept at facing the challenges that lie ahead. Our hallmarks—efficiency, proven reliability and the consequent trust we inspire in our partners—are unwavering.

As we close out a year that has tested our resilience and demonstrated our capacity to navigate complex challenges, we look toward 2024 with a clear objective: to return our results to the historical levels of success we are accustomed to achieving.

Mª del Rosario Martín Alonso
Chairwoman


COMBUSTIBLE

Elcano Group Fleet

	Type of ship	DWT/m³
LAURIA SHIPPING, S.A. (Madeira)		
Castillo de Maceda	Chemical/Product	15.160 DWT
Castillo de Herrera	Chemical/Product	15.077 DWT
EMPRESA DE NAVEGAÇAO ELCANO, S.A. (Brazil)		
Forte de São Luiz	LPG Carrier	7.866 DWT
Forte de São Marcos	LPG Carrier	8.787 DWT
Forte de Copacabana	LPG Carrier	8.787 DWT
Forte de São Felipe	Bulkcarrier	83.486 DWT
Forte de São Jose	Bulkcarrier	78.384 DWT
Forte São Marcelo	Bulkcarrier	121.669 DWT
Forte dos Reis Magos	Bulkcarrier	121.659 DWT
EMPRESA PETROLERA ATLÁNTICA, S.A. (ENPASA) (Argentina)		
Recoleta	Oil Tanker	69.950 DWT
Caleta Rosario	Chemical/Product	15.110 DWT
VILLALBA LNG SHIPPING LIMITED (Malta)		
Castillo de Villalba	LNG	138.162 m³
JOFRE SHIPPING LIMITED (Malta)		
Castillo de Santisteban	LNG	173.887 m³
OJEDA SHIPPING LIMITED (Malta)		
Castillo de Pambre	Asphalt Carrier	8.353 DWT
IBERIAN BULKCARRIERS LIMITED (Malta)		
Castillo de Malpica	Bulkcarrier	119.612 DWT
Castillo de Navia	Bulkcarrier	119.611 DWT
IBERIAN TANKERS 2 LIMITED (Malta)		
Castillo de Arteaga	Chemical/Product	37.538 DWT
IBERIAN TANKERS 3 LIMITED (Malta)		
Castillo de Tebra	Chemical/Product	13.021 DWT
MERIDA LNG SHIPPING LIMITED (Malta)		
Castillo de Merida	LNG	178.818 m³
CALDELAS LNG SHIPPING LIMITED (Malta)		
Castillo de Caldelas	LNG	178.804 m³


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Management Report

Once again, I have the honour of addressing you all to present the Elcano Group's annual results. First, I must pay tribute to our Honorary President, Mr José Silveira Cañizares, who passed away on 5 October 2023. His profound impact on our Group will be enduringly remembered. It is also important to recognise the contributions of Mr Constantino Méndez Martínez, a dedicated and skilled colleague who passed away in August 2023. His work over the years has been invaluable.

Turning to the financial outcomes of 2023, it was, as anticipated, a challenging year. The economic climate was marked by slowed growth and serious geopolitical tensions. Despite these conditions, we faced the necessity of eleven technical stoppages (dry-docking), affecting half of the Group's fleet. Three of these stoppages involved LNG ships, which, due to their technical complexity, required the longest downtime and significantly affected our financial liquidity.

In 2023, freight rates in the crude oil and petroleum products transport sector remained high. However, the dry cargo sector experienced historic lows in freight rates, adversely impacting the two ships that the Group retained in the spot market throughout the year. Given the forecast for a somewhat improved 2024 for these types of ships but without expectations to break even, and considering these two ships were approaching the end of their commercial life at nearly 20 years old, the Board of Directors opted to sell them. Although this decision resulted in an accounting loss recorded in 2023, it led to positive cash flow in the first quarter of 2024 when the sales were finalised.

Additionally, in November 2023, the Group decided to purchase the LNG ship Castillo de Villalba, which had previously been operated under an operating lease. The objective is to use it in the spot market in the short term and explore various conversion options, such as a Floating Storage Unit (FSU) or Floating Storage Regasification Unit (FSRU), areas where the Group is actively engaged. Both the acquisition price and the freight levels that the LNG spot market had shown in previous years supported this transaction. However, the unusually warm winter of 2023-2024 resulted in a short-term reduction in freight rates for this type of ship over the last few months.

Despite these short-term challenges, we remain optimistic about achieving the expected return on investment and profitability in the medium to long term.

Concurrently, the Group has navigated additional financial challenges, such as credit restrictions stemming from increased credit costs and sustained high interest rates, though with more moderate rises than in previous years. These conditions are anticipated to persist in the short term, but we have successfully managed these challenges with support from our shareholders and financial backers.

Despite a challenging year, we approach 2024 with enthusiasm and dedication, aiming to return to a trajectory of positive results and have made strategic decisions at the start of the year to ensure we achieve this goal.

With the steadfast support of our funders, partners and employees, we will continue to tackle the challenges ahead, just as we have done for over 80 years, and we remain committed to our core principles and strategies.

1. General overview of the international economy and maritime transport

The global economy's performance in 2023 exceeded expectations despite facing a challenging geopolitical landscape. The ongoing Russian-Ukrainian conflict and the war between Israel and Hamas in Gaza have introduced significant uncertainty and volatility.

A positive development in 2023 was the stable performance of energy prices, particularly natural gas and crude oil. Contrary to the anticipated sharp rise in prices due to the conflict in Ukraine at the beginning of 2023, energy prices remained moderate, playing a key role in alleviating inflationary pressures throughout the year. Although core inflation persisted at high levels, the deceleration in price increases led to a pause in the restrictive monetary policies, including interest rate hikes by the Federal Reserve and the European Central Bank, by the last quarter.

By the final months of 2023 and into early 2024, interest rates plateaued, fostering hope that they may begin to decrease in the latter half of 2024. This potential reduction in interest rates is promising for the global economy, potentially paving the way for renewed economic growth. However, the withdrawal of financial stimulus in the world's leading economies will probably occur more gradually than anticipated, moderating economic growth.

The state of the Chinese economy, as the most significant consumer of maritime transport, warrants attention and emphasis. In 2023, there was an evident resurgence of economic activity following the lifting of COVID restrictions. However, the crisis in the real estate sector poses a substantial risk to its economy, potentially severely affecting economic growth and having repercussions within the financial sector.

Before discussing developments in the shipping industry, it is crucial to acknowledge that, since late 2023, there have been Houthi attacks on ships navigating through the Bab-El Mandeb Strait in the Red Sea. These incidents have progressively escalated in severity, leading to a significant decrease in traffic through the Suez Canal and the Red Sea. This escalation affects duration of voyages, the availability of ships and freight rates.

Additionally, the drought in Panama, exacerbated by the "El Niño" phenomenon, has considerably increased waiting times at the Panama Canal. As a result, many shipowners are opting to bypass it despite the implications of longer voyages and, effectively, a diminished supply of ships.

2023 has been favourable for the freight market of oil tankers, both crude and product types, attributed to a combination of low growth in fleet supply, an increase in demand and extended shipping distances due to sanctions on Russia.

Dry cargo freight levels were underwhelming in 2023, even with the boost in volumes transported due to increased Chinese imports. However, towards the end of 2023, there was a noticeable upturn in the freight market, a positive trend that solidified in the first two months of 2024.

Container ships experienced a challenging year in terms of freight, though there has been a gradual recovery from the impact of the Houthi attacks in recent months. A majority of container ship operators are now avoiding navigating through the Red Sea.

Large chemical tankers and LPG carriers capitalised on elevated freight rates throughout 2023, affected by the extended waiting times experienced at the Panama Canal.

Price of 5 years old second-hand ships

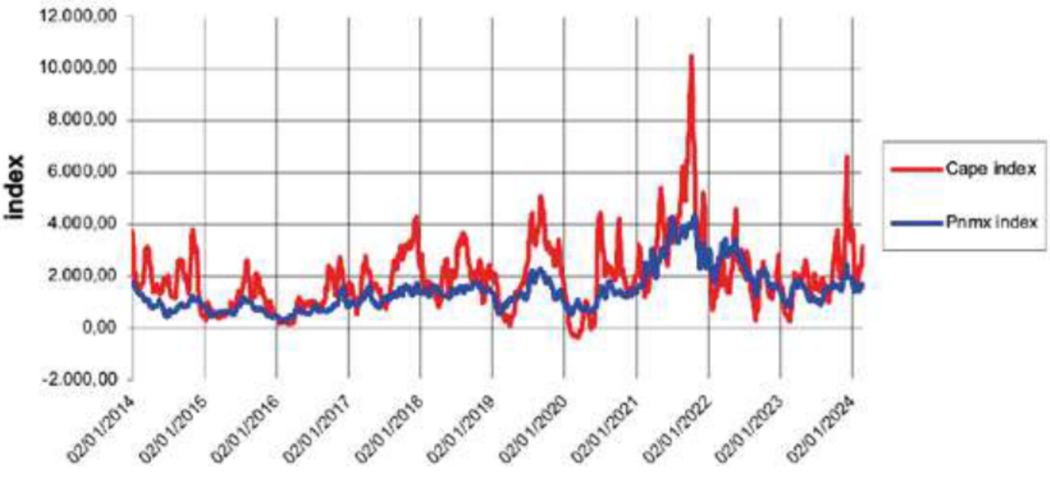
1. The dry cargo market

In 2023, dry bulk seaborne trade witnessed a 5.2% recovery in terms of tonne-miles, reflecting shifts in trade patterns. Recent disturbances in the Red Sea have led to diversions onto longer routes, contributing about a 1% increase to the seaborne dry cargo trade. Additionally, restrictions in the Panama Canal also led to the rerouting of certain voyages towards longer ones, notably affecting the transport of grain from the United States to Asia.

The global seaborne trade of iron ore is estimated to have grown 5% in 2023. This growth is attributed to diminished constraints on the Chinese steel sector, which saw a 7% year-over-year increase in imports, the expansion of Australian exports due to the initiation of several new projects, and the surge of Brazilian seaborne to their highest levels since 2019. However, Europe experienced a decline in imports for the second consecutive year.

The global trade of metallurgical coal is estimated to have increased by 1% in 2023. Regarding the global trade in thermal coal, an annual growth rate of 8% is projected, underscoring the surge in Chinese demand along with rising exports from Australia and Indonesia, despite the subdued demand in Europe. Conversely, Indian imports have maintained stability, buoyed by an uptick in domestic coal production.

Baltic Exchange Capesize & Panamax Index



The global seaborne grain trade experienced a 1% increase in 2023, largely due to the resurgence of Ukrainian exports towards the end of the year. After a weak end to 2023, US exports saw a significant decline, dropping 23% year-on-year, amidst intense competition from Brazilian grains.

The total bulk carrier fleet surpassed 13,500 vessels, reaching a capacity of 1 billion tonnes. Throughout 2023, the sector welcomed 486 new bulk carriers, marking an 8% increase from the previous year. Additionally, scrapping rates surged by 50% compared to the year before, with expectations for further growth in 2024 driven by the introduction of new environmental emission regulations. Regarding new orders, the year 2023 saw the placement of orders for 504 ships, representing a 12% increase in tonnage over the previous year. The second-hand price index for ships has risen by 10% this year, reflecting a positive sentiment heading into 2024.

The short-term outlook for 2024 is optimistic, fuelled by anticipated increases in Brazilian iron ore exports, a consistent flow of Atlantic grain and longer sailing distances due to the issues in the Red Sea and Panama Canal.

Time-Charter Bulkcarrier 1 year

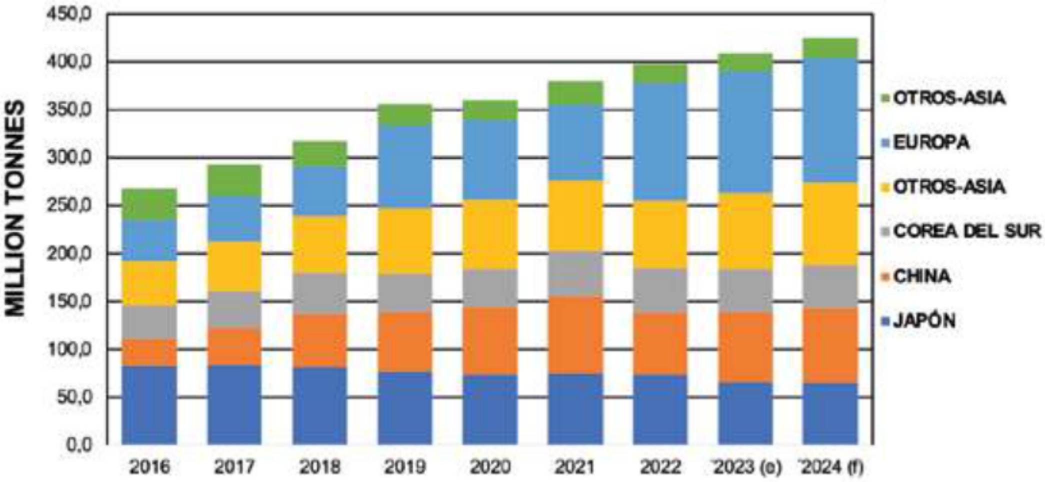
Additionally, fleet growth is projected at 2.3% for 2024 despite a modest delivery schedule and the possibility of an uptick in demolition rates.

2. Liquefied natural gas (lng) market

In 2023, the global shipping of liquefied natural gas (LNG) experienced a 2.7% increase, with projections for 2024 looking even more promising, anticipated to surpass 950 million cubic metres transported.

Despite the ongoing conflict between Russia and Ukraine and the subsequent sanctions targeting Russian companies and gas exports, European seaborne LNG imports have remained steady, maintaining the significant growth levels of 2022, which saw an almost 60% increase from the year before, reaching over 126 million tonnes in 2023. The majority of global LNG demand originates from Asian countries, with China and Japan at the forefront, marking a 3% increase from the previous year and nearing the peak levels of 2021. LNG imports into both Europe and Asia are forecasted to rise by approximately 3-4% by 2024.

LNG IMPORTS



The United States has solidified its position as the world's top LNG exporter, registering a 12% increase last year, thereby surpassing Australia and Qatar to lead the global rankings. Despite the Biden administration's current halt on licensing new terminals in the US, forecasts suggest that the US will remain the only country among these top exporters to see significant growth in this sector in the coming years. The licensing situation is expected to be resolved following the November elections.

The recent Houthi attacks on ships navigating the Red Sea have led LNG tankers to choose the alternative route around the Cape of Good Hope (South Africa), increasing the miles sailed and extending voyage durations.

Furthermore, the LNG carrier fleet expanded to 750 units, marking a 4.6% increase in fleet capacity in 2023. Additionally, 80 new LNG carriers are anticipated for delivery this year, with 72 being large ships exceeding 170,000 cubic metres. The current order book for LNG carriers represents 51% of the existing fleet capacity, highlighting the significant growth potential and promising future of LNG transportation and the natural gas business.

In 2023, the second-hand sale of 23 LNG (methane) carriers marked a reduction of nearly half compared to the previous year and 7 LNG carriers were sold for demolition. The cost of new construction also saw a 7% increase.

Despite the rise in transported volumes, the LNG fleet's throughputs decreased, and tariffs at the start of the year were lower than anticipated. Seasonal volatility remains high in the short term, influenced in part by reduced gas prices, a mild winter and an influx of LNG turbine tankers into the spot market as their long-term contracts concluded.

With the implementation of new environmental regulations, particularly those targeting carbon emissions in Europe, older LNG carriers have been compelled to reduce their speed. Similarly, carriers operating on the spot market are increasingly choosing routes outside of Europe to circumvent emission charges. These dynamics, coupled with the rerouting required by the Red Sea conflict, present potential opportunities in the medium-term spot market.

As a response to the limitations of older, turbine-powered LNG tankers, there are forthcoming initiatives aimed at repurposing these ships as floating storage units or reliquefaction plants.

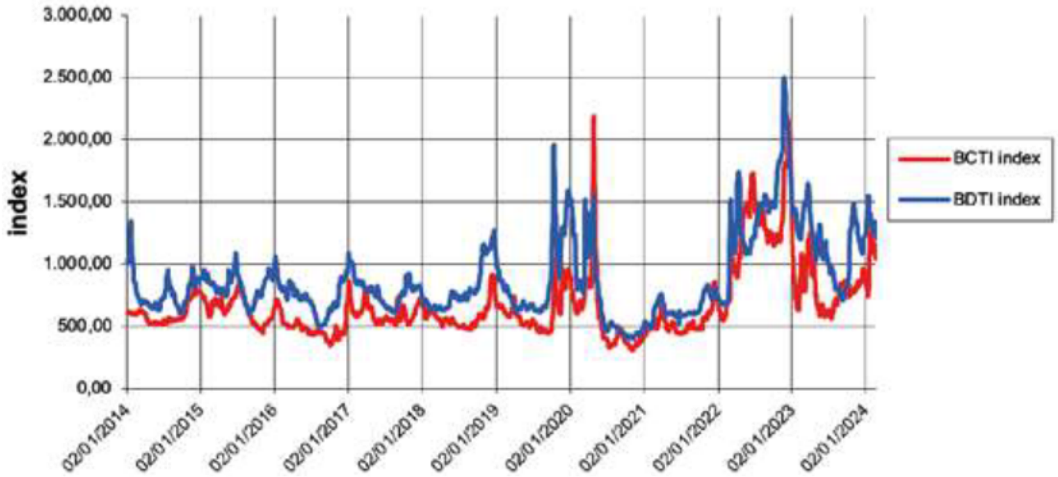
3.The liquid cargo market

During 2023, the demand for the fleet transporting crude oil and refined products maintained an upward trajectory, exhibiting less volatility than in the previous year. This growth was driven by several factors, including a rise in the volume of oil transported and the effects of the conflict in the Red Sea and Ukraine. In particular, the repercussions of the latter conflict, including the sanctions imposed on Russia, notably affected the European Union's imports of crude oil and refined products. These developments contributed to an increase in the tonnage transported, thereby boosting demand for the fleet.

Global demand for crude oil surpassed the 100 million barrels per day mark, marking a 2% increase from the previous year. In contrast, the demand for refined products saw more moderate growth, reaching approximately 23 million barrels per day, a 1% rise compared to the previous year.

Regarding ship supply, there was a more modest expansion compared to the previous year. The fleet catering to crude oil transportation witnessed a 4% increase, whereas the fleet serving the refined products sector experienced a notable but smaller growth, registering an increase of just 2%.

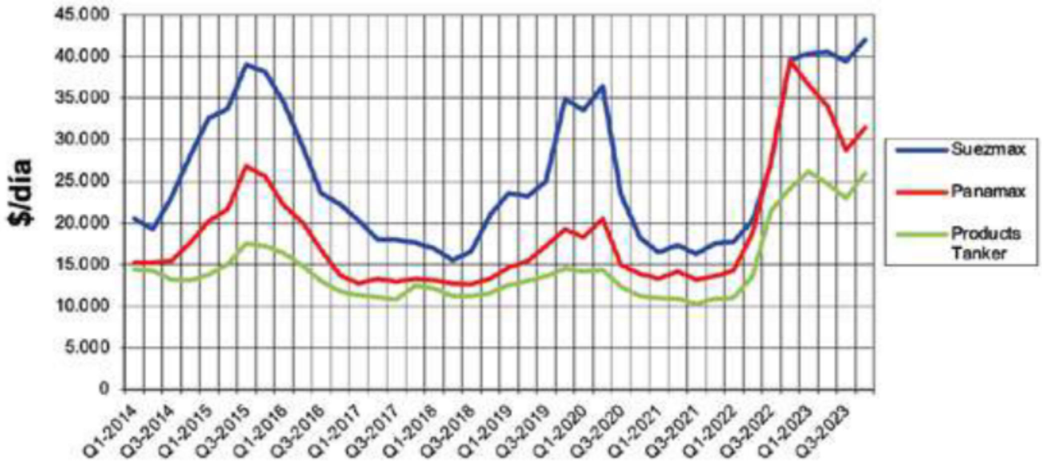
Baltic Clean & Dirty Tanker Index



Amid the increases in vessel supply, freight rates experienced a steady recovery over the year, particularly for product tankers and large crude carriers. This upward trajectory in freight rates is anticipated to persist into 2024, driven by low order books and the ongoing global demand for the transportation of crude oil and refined products.

As a result of these rising freight rates, coupled with the low order book for new ship construction and the limited influx of new ships into the market, second-hand prices have significantly increased. This trend is expected to continue in both the short and medium term.

Time-Charter Tankers 1 year




FORTE DOS REIS MAGOS
FORTE SÃO MARCELO

2. The group's fleet performance

1. Capesize fleet performances

In 2023, our capesize ships "Castillo de Valverde" and "Castillo de Catoira" were primarily engaged in transporting iron ore on routes from South Africa to China and from Brazil to China. They also undertook coal voyages from South Africa to India.

2. Mini-cape fleet performances

The "Castillo de Malpica" ship continued to fulfil its transport commitments with iron ore supply voyages from Brazil and Canada to the United States to continue loading iron ore briquettes from the United States to Europe. It also completed a coal voyage from Colombia to the United States.

Likewise, throughout 2023, the sister ship "Castillo de Navia" alternated between supplying iron ore from Europe, Brazil and Canada to the United States and transporting iron ore briquettes from the United States to Europe.

The year 2023 marked the second year of operation for the sister ships "Forte São Marcelo" and "Forte dos Reis Magos," which have been dedicated to fulfilling a long-term cabotage contract.

3. Panamax fleet performances

The Panamax ships, "Forte de São Felipe" and "Forte de São José," have consistently met the requirements of their long-term contract by transporting bauxite along the Amazon on a Brazilian cabotage basis. They have successfully covered the contract volumes to the complete satisfaction of the customer.

4. LNG fleet performances

The fleet comprising the three most modern LNG carriers, "Castillo de Santisteban", "Castillo de Merida", and "Castillo de Caldelas", continued to honour their long-term charters and operate to the satisfaction of their charterers. Their primary engagement involved voyages with cargoes originating in the United States and unloading at European ports.

The ship "Castillo de Villalba" concluded its long-term charter in mid-November 2023 and subsequently transitioned to the short-term market. It concluded the year by securing a spot load, capitalising on the high spot market rates prevalent at that time.

5. LPG fleet performances

Throughout 2023, the LPG ships "Forte de Copacabana", "Forte de São Luis" and "Forte de São Marcos" continued their operations in Brazilian waters, adhering to their term contracts and to the satisfaction of their charterers.

6. Product tanker, crude oil and asphalt tanker fleet performances

In early 2023, amid rising prices in the second-hand market for product tankers, the sale of the ship "Castillo de Trujillo" was successfully concluded.

Meanwhile, the "Castillo de Arteaga" continued its operations in Spanish cabotage, fulfilling its long-term charter contract obligations.

In Argentina, the fleet, including the "Recoleta" dedicated to the transport of crude oil, and the "Caleta Rosario", focused on transporting clean oil derivatives, consistently met the terms of their cabotage contracts, much to the satisfaction of the customer.

Additionally, it's worth noting the asphalt carrier within the Group's fleet, the "Castillo de Pambre." In 2023, its charter was extended for an additional two years with the same charterer, continuing its primary function of transporting asphalt along the Spanish coast and to North Africa.

7. Chemical fleet performances

Throughout 2023, the chemical tankers "Castillo de Maceda" "Castillo de Herrera" and "Castillo de Tebra" continued to fulfil their long-term contracts, operating within Brazilian cabotage traffic.

"Castillo de Maceda" and "Castillo de Herrera" completed their five-year dry dockings in the first quarter of 2023.

3. Activity of the fleet

Throughout 2023, Elcano Group transported 44.2 million tonnes and 5.5 million cubic metres, maintaining levels similar to the previous year.

Despite geopolitical challenges, including the war in Ukraine and conflicts in the Gaza Strip that adversely affected economic growth, the global shipping industry saw improvements. However, sanctions on Russian crude oil and product exports led to an increase in the demand for tonne-miles.

The lifting of COVID-19 restrictions in China, the largest consumer of shipping services, along with the easing of inflationary pressures and subsequent moderation of interest rate hikes, positively affected the shipping sector.

Regarding crude oil trades, the Group managed a slight increase in the volume transported, reaching about 30.2 million tonnes, up by 2.6% from 29.4 million tonnes in 2022.

However, the transport volumes of clean oil products diminished following the sale of one of the Group’s handysize tankers, the Castillo de Trujillo, early in the year.

Regarding dry cargo transport, the Group transported 11.1 million tonnes in 2023, marking a 2.7% increase from the 10.8 million tonnes transported in 2022. Of the total dry cargo transported, 7.9 million tonnes consisted of iron ore and 2.9 million tonnes were bauxite (aluminium ore).

Regarding LNG transport volumes, the Group transported 5.3 million cubic metres of LNG in 2023, which was 7% less than the 5.7 million cubic metres transported in 2022. This decrease was primarily due to three of the Group's four LNG carriers undergoing their five-year dry-docking in 2023.

Juan M. Cordeiro Rodríguez
Vice-Chairman and Managing Director

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FORTE DE SAO JOSE

Non-financial information statement

Introduction

This section contains the 2023 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 2023 includes Empresa Naviera Elcano S.A. (Elcano), as the head of the Elcano Group and its operating subsidiaries through which it carries out its shipping activity in Argentina, (Empresa Naviera Petrolera (Enpasa) and Brazil (Empresa de Navegaçao Elcano S.A. (Elcano Brasil)), and data from the tables on environmental and social issues and relating to its personnel.

The statement of non-financial information 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 as in previous years. The Elcano Group specialises in the international maritime transport of raw materials in bulk. We manage and operate fleets of specialised ships, both owned and contracted by time or voyage.

We mainly transport raw materials, with crude oil and its derivatives standing out in liquid cargo and chemical products, such as liquefied natural gas (LNG) and liquefied petroleum gases (LPG). Finally, in dry cargo, we carry cargoes of iron ore, coal or bauxite, among others.

The Group's administrative and operational headquarters are located 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 and 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 axes of Elcano Group's strategy, we might identify the following:

- Selection and training of the best professionals to join 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.
- The pursuit of 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.

Elcano Group has a fleet of twenty-two ships as at 31 December 2023, with a workforce of 683 employees at the end of the year, including land and fleet personnel with which it develops this strategy.

The 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 2023, the risk map was reviewed periodically to evaluate, prevent and mitigate the most significant risks that the Group may face in its ordinary activities. In the same vein, 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, Elcano Brazil and Enpasa (subsidiary in Argentina) to obtain ISO 14001 Environmental Management certification in 2017, 2019 and 2021, respectively, which implies their commitment to these indicators:

- Cost reduction: The ISO 14001 standard requires a commitment to continual improvement of the Environmental Management System, setting targets and helping the organisation to 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 the integration of the requirements of this and other management rules into 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 contributes to improving our public image towards our customers, our suppliers, regulatory bodies and key stakeholders.

- Increase our competitive advantage: This will allow us to work with companies that value organisations respectful of the environment and offer reductions in port fees when such certification is held, which results in a direct economic benefit both for our clients and sometimes for our group.

Similarly, Elcano has held ISO 9001 certification since February 2019, 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 to satisfy our customers.

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 brings together the ISO 14001 and 9001 certifications mentioned above and the ISO 45001 (Management System and Health and Safety at Work) and ISO 50001 (Energy Management System) certifications.

In doing so, the Group goes beyond mere compliance with the laws and regulations governing its activities and demonstrates a real concern for the environment in which it conducts its business.

The ISO 45001 standard seeks to reduce the 3 million work-related deaths and approximately 400 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. In this way, we maximise productivity by managing evolving risk profiles through a systematic process that maintains our staff's health, reduces downtime, and tries to avoid accidents to the greatest possible extent.

Finally, with the ISO 50001 standard, the company reduces consumption through structured control of energy use, which improves energy efficiency and contributes to savings not only for us but also for our customers. Thus, we demonstrate our commitment to environmental responsibility by ensuring compliance with local energy legislation, which enhances our brand reputation and ensures that our business operates at maximum efficiency 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. Through the continuous improvement of 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 its competitors in the maritime industry.

- The international shipping 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 and 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. Some of these risks are 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 successful business activities 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 competencies and responsibilities
    - Employee loyalty Stability and levels of permanence
    - Compliance with all the customers' requirements and expectations
    - Track changes
    - 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 company has identified the stakeholders, their needs, and their expectations and has established a management system that includes procedures and their interactions. The most significant stakeholders include the 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 defined framework considers these relevant aspects and compliance obligations according to ISO standards and the company's compliance system.

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

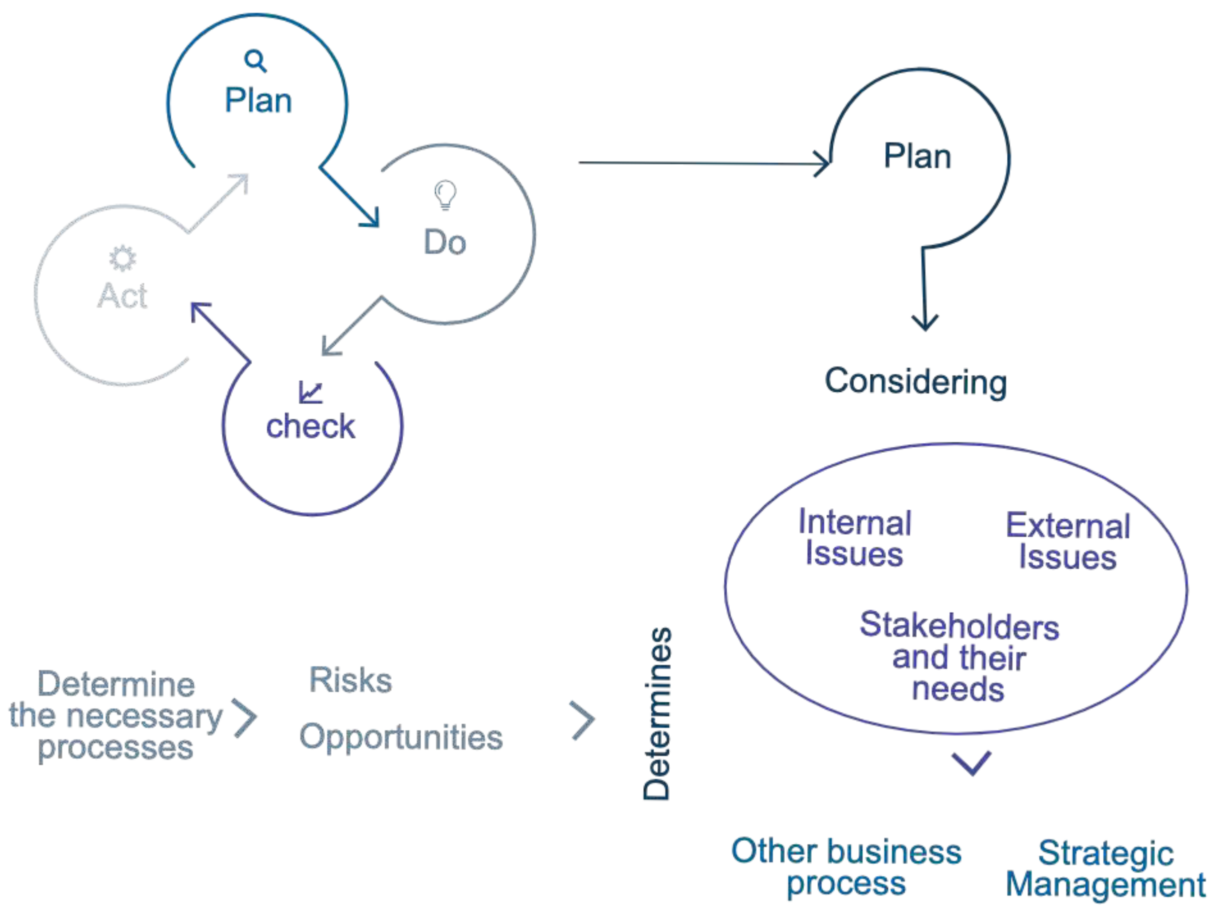
For this purpose, these criteria have been considered when considering risks:

- Risk (R):

    - Consequence (C): What will happen if 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.



The Precautionary Approach was introduced via Principle 15 of the United Nations Rio Declaration on Environment and Development. It asserts that the absence of complete scientific certainty should not serve as a reason to delay cost-effective measures aimed at preventing environmental degradation, especially when there's a risk of serious or irreversible harm. By applying the Precautionary Principle, an organisation can minimise or avert potential adverse environmental effects.

2. Environmental aspects

a.- Introduction

In its Management Policy, the 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. With Elcano Brasil and ENPASA, the external certification company has certified the Environmental Management System.

The Environmental and Energy Management System is integrated into the Group's business processes, and its objectives are aligned with the 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 the 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, 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 regarding 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.
- Logistic optimisation to reduce environmental impact generated by sending spare parts and technicians.

- Recovery of energy from the ship's thermal sources: Energy cogeneration.
- Conducting analysis and technical feasibility studies for the deployment of new propulsion systems using alternative and/or low/no carbon fuels such as methanol, ethanol, ammonia, hydrogen, biofuels, biogas, and synthetic gas.
- Studying and implementing alternative technologies, including wind-assisted propulsion (sails), air bubble lubrication (to reduce hull-water friction), cold ironing (utilizing shore power during port stays), carbon capture, fuel cells, and the use of batteries.
- Advising and proposing to clients designs for new ships that operate on zero net carbon or close to zero net emissions fuels and ensuring these designs are adaptable for future alternative fuels.
- Promoting efficient operational practices in collaboration with other departments, such as optimising routing and trimming, encouraging regular hull cleaning and propeller polishing, and initiating actions to enhance the company's sustainability objectives.
- Enhancing data acquisition from ships for more accurate monitoring and analysis of consumption and emissions, aiming to reduce the greenhouse gas footprint.
- Continuously monitoring the Carbon Intensity Indicator (CII) ratings (A to E) for each vessel in the fleet.
- Undertaking preliminary studies and analyses on the financial impacts of CO2 emissions, GHG, etc., including compliance with the EU ETS, UK ETS, and Fuel EU regulations.

During the last few years, the International Maritime Organisation 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:

- Packaging optimisation to reduce the amount of waste derived 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
- 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.
- Choice of local suppliers and compliance with specific environmental requirements (ISO 14001, for example).
- Application of environmental management policies and noise measurement.
- Implementation of an 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. These data are for ships in the international fleet, as these are the ships for which MRV regulations require reporting of emissions information.

	2021	2022	2023
Greenhouse gas emissions (metric tonnes)	446,970	462,767	437.598
Average per ship (metric tonnes)	37,247	42,069	43.760
KPI CO2 (g/tonne*miles)	18.14	15.10	14,79
Fleet Transport work (tonne*mile)	24,646,257,134	30,638,859,845	29.594.629.291
Average per ship (metric tonnes)	2,053,854,761	2,785,350,895	2.959.462.929

- The transport work of the fleet has seen a reduction due to the decrease in the number of ships from 11 to 10. However, this minor reduction does not signify a drop in efficiency. However, when assessing the average per ship, the fleet's efficiency in freight transport has seen an improvement since 2022.

- There has been an overall reduction in CO2 emissions, along with a decrease in the average CO2 emissions per ship. These outcomes align with the company's decarbonisation goals, evidencing consistent yearly progress.

- The compilation of this information is a collaborative effort between the ships and the office, adhering to current regulations (MRV and IMO DCS).

- The reported emissions are exclusively type 1 emissions, which are direct emissions from the ships. Emissions from office operations are considered negligible and, therefore, not included in this analysis.

Starting in 2022, the IMO introduced new decarbonisation standards, including the Carbon Intensity Index (CII). The individual CII ratings achieved by each ship in 2023 are as follows:

Ship	Rating
Castillo de Arteaga	E
Castillo de Pambre	C
Castilo de Catoira	C
Castillo de Valverde	D
Castillo de Malpica	D
Castillo de Navia	C
Castillo de Caldelas	C
Castillo de Merida	C
Castillo de Santisteban	D
Castillo de Villalba	D

As this is the first year of the CII regulation, there is no comparison with previous years. The data obtained from the above table is only preliminary as the consumption data has not yet been certified by an RO and does not include exemptions according to MEPC.355(78).

d.- Circular economy, waste prevention and management

The ISO 50001 standard, first achieved by SGEn in 2019 and subsequently renewed through an extensive recertification audit in 2022, represents the foremost international standard for energy management systems (EnMS), succeeding a myriad of national and regional standards such as EN 16001. This standard is grounded in the management system model that organisations worldwide have already absorbed and implemented. The framework of ISO 50001 is bolstered by the Deming "plan-do-check-act" cycle of continuous improvement, a principle also integral to other standards such as ISO 14001, ISO 9001 and ISO 45001, which we have maintained since 2017 and 2019, respectively (with renewals in 2022).

This ISO standard is poised to impact up to 60% of global energy consumption, driving more efficient use of resources. Similarly, ISO 50001 fosters transparency and communication in managing energy resources and encourages the adoption of best practices in energy management. It aids in assessing and prioritising the introduction of new energy efficiency technologies and establishes a framework for enhancing energy efficiency across the supply chain, thereby improving project energy management and contributing to the reduction of 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. To enhance the efficiency of our energy use, we initiated the implementation of the ISO 50001 standard in 2019, with the primary aim of 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 2023, energy consumption increased by 4.85% compared to 2022. The energy consumed per unit of work was higher, indicating that transport became less efficient and had a greater environmental impact in terms of energy consumption.

This trend can be attributed to several factors: An increase in the duration of events that produce CO2 emissions with no change in the distances travelled, such as anchoring or port stays. This change is often a result of commercial strategies or instructions received from various charterers regarding the speeds at which vessels should sail. A reduction in the amount of cargo carried, which directly affects the efficiency of energy use.

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
Average 2023	0.238

Energy consumption (GJ)	
2020	6,622,639
2021	6,262,020
2022	6,967,654
2023	7,029,420

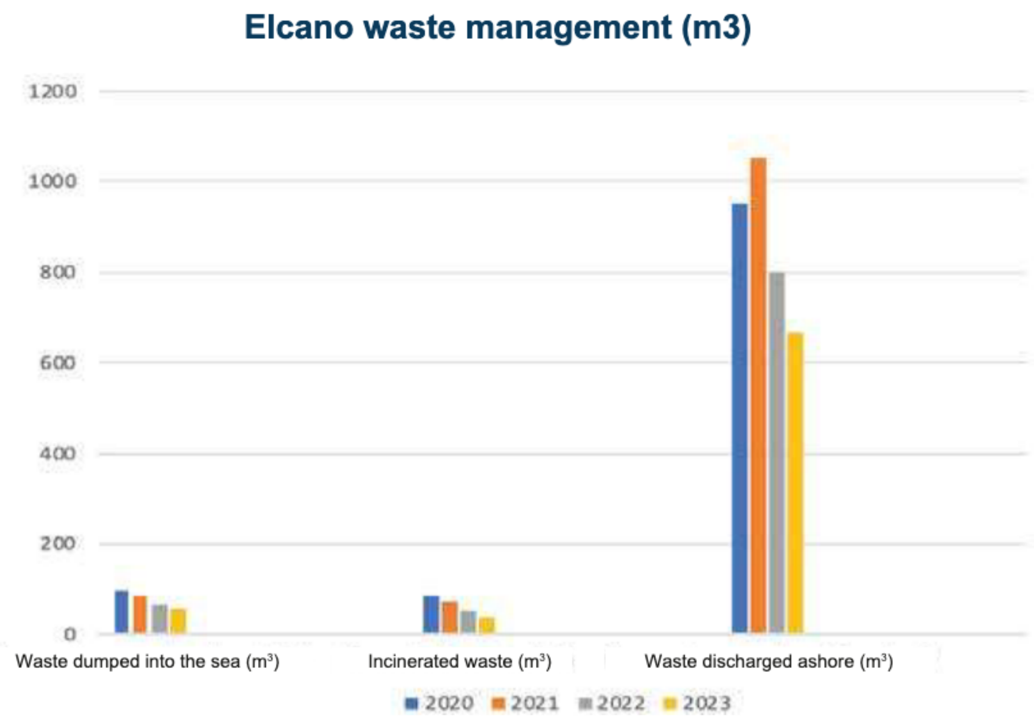
As regards Waste Management, as a key component of Elcano's strategy to mitigate environmental impact, efforts are continuously made to diminish the waste produced on board our ships. These initiatives have led to a notable decrease in the total amount of waste generated for yet another year in succession.

The waste produced falls into two categories: domestic and operational (arising from activities). Both categories are considered in the waste quantification process, in alignment with Annex V of the MARPOL Convention (International Convention for the Prevention of Pollution from Ships).

Predominantly, the waste generated on ships includes plastics, food waste, household waste, cooking oil, incinerator ash, electronic waste and cargo residues.

The outcomes for 2023, along with comparisons to previous years, are detailed below:

	2020	2021	2022	2023
Waste discharged to the sea (organic)(m^3)	95.79	86.80	68.24	58.65
Per ship (m^3)	7.98 (-18%)	7.23 (-10%)	6.20 (-14)	5.86 (-14%)
Waste incinerated on board (m^3)	84.32	73.16	51.21	39.46
Per ship (m^3)	7.03 (-57%)	6.09 (-14%)	4.65 (-23.64)	3.94 (-22,9)
Waste offloaded on land (m^3)	950.62	1,054.85	802.54	665.46
Per ship (m^3)	79.81 (-5%)	87.90 (+10%)	72.96 (-17%)	66.54 (-17%)



As evident from the tables presented above, there has been a significant reduction in the amount of waste managed, particularly in the categories of incinerated, organic, and landfilled waste. Overall, there was a reduction of approximately 17.7% in all waste generated compared to the previous year.

3. Information about the company 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 commits to adhering to the International Maritime Organisation (IMO) Convention, focusing on the control and management of ballast water and sediments from the Group's ships.

The IMO prioritises energy efficiency, the adoption of new technologies and innovation, maritime education and training, maritime security, traffic management and the development of maritime infrastructure among its key 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 proper management procedures.

With substantial investments committed to equipping our existing and new ships with the 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 " in order 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 used 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 a great deal of resources on gaining in-depth knowledge of international regulations and the factors that originate and shape them, in addition to participating in a multitude of 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 has been involved in numerous studies and innovative projects that have helped us improve our environmental performance.

Technological advancements are acknowledged as a key route to boosting our environmental performance, yet the significance of operational practices as a vital element in facilitating these improvements is equally stressed.

For enhancement to occur, environmental performance must be quantifiable. To achieve this, all environmental and energy indicators are diligently monitored, including both those established by the industry and additional, 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.

This commitment is further strengthened by a comprehensive process and investment program focused on communications and digitisation aimed at achieving full ship connectivity to facilitate automated data collection and analysis, ensuring full alignment with recommendations from BIMCO and the IMO.

Decarbonisation - New energy efficiency and environmental regulations.

Developed within the framework of the International Maritime Organization's (IMO) initial Strategy on the Reduction of Greenhouse Gas Emissions from Ships, agreed upon in 2018, these technical and operational regulations mandate ships to enhance their energy efficiency in the short term, thereby facilitating a reduction in their greenhouse gas emissions. These regulations were officially implemented 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 became obligatory for all ships to calculate their Existing Ships Energy Efficiency Index (EEXI) to assess their energy efficiency and to commence the collection of data for the reporting of their annual operational Carbon Intensity Indicator (CII) along with their CII classification.

This initiative aims to encourage the maritime industry to reduce the carbon intensity of all ships by 40% and cut greenhouse gas emissions by 20% by 2030, compared to the baseline levels of 2008. To achieve this, ships must ascertain two key ratings: their Existing Ships Energy Efficiency Index (EEXI) for determining energy efficiency and their annual operational Carbon Intensity Indicator (CII) along with the associated CII rating. Carbon intensity measures greenhouse gas (GHG) emissions in relation to the amount of freight transported and the distance travelled.

These metrics are integral to the IMO's dedication, as outlined in its 2018 Initial Strategy on the Reduction of GHG Emissions from Ships to reach the new goals. In July 2023, these goals were updated to not only decrease the carbon intensity of all ships by 40% and reduce greenhouse gas emissions by 20% by 2030 compared to the 2008 levels but also aim for a 70% reduction in greenhouse gas emissions by 2040 and achieving net-zero emissions by 2050.

The EEXI achieved by a ship reflects its design's energy efficiency against a benchmark value. Each ship's achieved EEXI is then measured against a required Existing Ship Energy Efficiency Index. To comply with minimum energy efficiency standards, the calculated EEXI value for each ship must be below the required threshold.

The CII evaluates and grades the energy efficiency of a ship's operation. An annual reduction factor is applied to continuously enhance a ship's operational carbon intensity within a specific rating level. The actual annual operating CII achieved must be documented and verified against the required annual operating CII to ensure compliance and efficiency.

With the new IMO targets, the European Union introduced a comprehensive package of measures named "EU Fit for 55", which will take effect on 1 January 2024. This initiative aims to cut greenhouse gas emissions by 55% by 2030 and achieve a 100% reduction by 2050.

The package includes integrating the shipping sector into the Emissions Trading Scheme and monitoring greenhouse gas emissions relative to the energy content of the fuel used, thereby promoting the adoption of alternative fuels.

In response to these impending regulations, Empresa Naviera Elcano has allocated considerable resources to understand the new mandates, evaluate the specifics of our fleet and address our customers' needs.

Therefore, a customised action plan has been devised for each ship to ensure the best CII rating annually and align the EEXI requirements with our customers' needs, integrating this approach into our management system.

In addition, fundamental criteria for the design of new ships have been set to ensure they not only meet but exceed environmental and energy efficiency requirements.

The exploration of various types of alternative fuels, along with new technologies currently in the pilot development phase, aims to facilitate the decarbonisation of both the existing fleet and future new builds.

The analysis focuses on achieving the optimal operational impact for attaining the best CII, evaluating the economic implications related to the Emissions Trading Scheme (ETS) and minimising the overall environmental impact by reducing emissions per megajoule of energy consumed.

As a result of these comprehensive efforts, Empresa Naviera Elcano has innovated and patented a hybrid propulsion system, which enhances the efficiency of gas tankers equipped with steam turbine propulsion by up to 30%,

This solution was introduced to the maritime industry and received with enthusiasm. Various industry bodies have participated in its promotion as a viable solution for meeting stringent environmental standards, specifically targeting the least efficient gas tankers within the global fleet.

The environmental performance at the central offices throughout 2023 has been commendable.

Electricity consumption represents the most significant environmental aspect in the offices, with a notable sustained improvement achieved over time. In 2023, electricity consumption was reduced by 3.4% compared to the previous year, with consumption at 193.951 kWh in 2022 and 187.357 kWh in 2023. Over the last three years (2020-2023), there has been a total reduction in consumption of 15.4%.

Regarding 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 2023, the figures for paper usage, primarily for copying and printing, have stayed consistent with the levels observed in the same period of the previous year. The main use of the paper purchased is for copying and printing. However, there has been a notable increase in the number of copies made, rising by 10.9% from 58.533 copies in 2022 to 64.920 copies in 2023. The number of prints decreased slightly by 2.7%, from 132.360 prints in 2022 to 128.677 prints in 2023. The prints made in 2023 equal the consumption of 12.28 trees, 81.351 hours of electricity consumption of a light bulb and the emission of 1.299 kg of CO2.

Water consumption is not deemed a significant environmental aspect in relation to the Group's operations. Water usage is largely minimal and incidental, primarily catering to the essential daily needs and sanitation of our ships' crews. The ships are also equipped with desalination systems, enabling them to produce their own water under certain conditions, notably while navigating. Concerning the consumption of water in the central offices, it is equally minimal with no real data since the effect of this consumption is proportional to the square metres occupied in the office buildings in which the corporate social headquarters are located.

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

In 2023, an Indoor Environmental Quality Diagnosis and Inspection was carried out in different areas of the building, specifically in the Elcano offices. The study conducted under UNE 171330 part 2, measures levels of carbon dioxide, carbon monoxide, particulate matter, and airborne microorganisms (fungi and bacteria) and particle count, 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, the development and implementation of 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 2023.

Number of hours of training by professional category	Men	Women
Management	59	32
Middle management	566	355
Technicians	426	319
Administrative assistants	309	295
Auxiliary staff	7	-

The distribution of training at the group level aligns with the distribution of staff by category and gender, ensuring there is no prejudice or discrimination against any category or gender.
Every year, the performance of marine professionals within the crews is evaluated, despite their position and seniority. This evaluation measures their performance and contribution, identifying strengths and areas for improvement, and provides feedback regarding quality and potential for promotion.

Throughout the Elcano Group's selection processes, respect for equal opportunities and non-discrimination on any grounds is recognised and enforced as a fundamental principle.
As for health and welfare plans, in 2023, 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 different offices in Madrid, Rio de Janeiro, and Buenos Aires benefit from medical insurance for themselves and their direct relatives, as well as life and accident insurance.

A new satellite internet connection system has been implemented on the ships, significantly improving connection quality and speeds, even from remote locations.

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 in the applicable collective bargaining agreements.

Elcano workers' representation is exercised through unitary representation, based on the candidatures freely presented, which are voted on by the employees. In 2023, there was a Personnel Delegate with whom the issues of labour and union nature were addressed and channelled. In addition, the company has a Health and Safety Committee, which has equal representation of workers and the company and serves as a channel for consultation and participation of workers based on its operating regulations.

Onboard personnel are represented by various unions with national representation in both Brazil and Argentina, engaging in similar activities.

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

Concerning collective bargaining agreements, every employee of the Group is covered by the collective bargaining agreement relevant to each company's workplace, again with the exclusion of management personnel only.

The proportion of employees with indefinite contracts working in the offices in 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 in Brazil and Argentina exceeds 95%.

These obligations are met in compliance with the current regulations, considering the specific circumstances of each company within the Group.

To adhere to the regulations regarding the employment of individuals with disabilities, an annual contribution is made to the Down's Syndrome Support Foundation to support their programme for Real Labour Integration in ordinary employment, which includes training in professional certificates tailored for people with intellectual disabilities.

b.- Health & safety

Elcano holds certifications in ISO 14001, 9001, 45001, and 50001. Of particular relevance in this context is ISO 45001, the Occupational Health and Safety Management Systems standard, which succeeded 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.

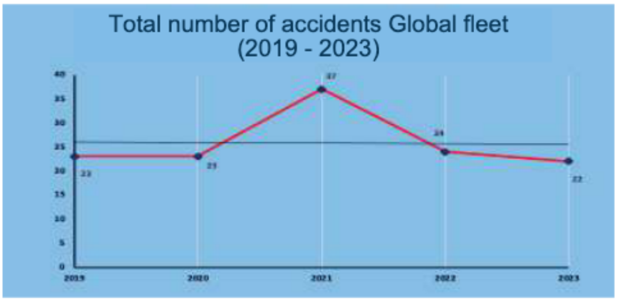
2. Reduce risks with the global approach of translating risk outcomes into appropriate action plans for accident assessment, verification, inspection, legal review and investigation, reducing risks, protecting workers, and controlling infrastructure threats that cause accidents.

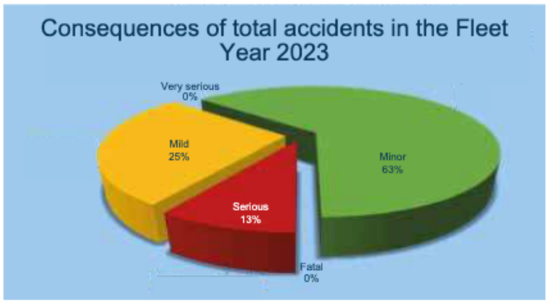
3. Legal compliance support that provides a mechanism for identifying current legislation and implementing applicable requirements. Adherence to the law can help reduce complaints, pay lower insurance premiums, avoid financial consequences, and alleviate the stigma of negative publicity arising from occupational health and safety issues. It is yet another way of demonstrating to our stakeholders our responsibility and commitment to occupational safety and health.

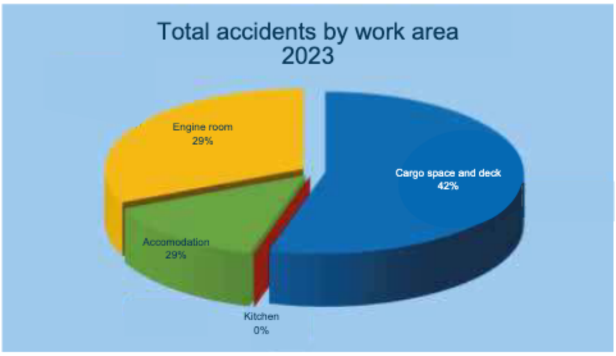
Regarding the critical issue of workplace accidents and occupational illnesses, it is notable that no reported cases of occupational illnesses within the Group were reported for this year, consistent with the previous year's record. Additionally, the number of workplace accidents decreased from 24 in 2022 to 22 in 2023. In view of the analyses carried out, it is important to note that all the accidents took place during work with a low accident risk and that 87% of the consequences of these accidents were minor accidents.

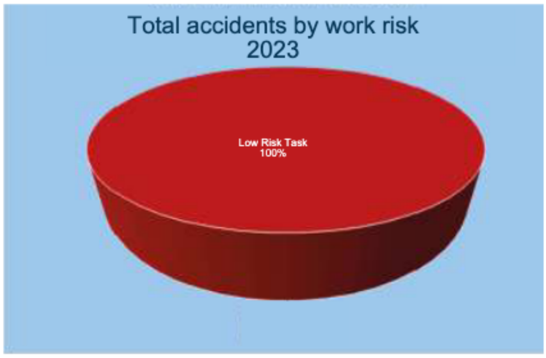
Following the Group's policy, each accident is analysed individually to draw up a report identifying the root cause and the corrective measures to be implemented to avoid recurrences or minimise consequences. Similarly, reports on accidents, incidents and potentially dangerous facts or situations are 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 are shown below:









For a comprehensive understanding of the categorisation and classification of accidents and incidents, the matrix used for this purpose is below:

EMPRESA NAVIERA ELCANO S.A.

INCIDENT / ACCIDENT CLASSIFICATION MATRIX

	INCIDENT / ACCIDENT CLASSIFICATION					INVESTIGATION STANDARD		
	A Occupational Health and Safety	B Environment	C Failure / Process loss	D Asset / Property Damage	E Potential degree of public attention	Investigation Level	Close-out	Notification
5 Extreme	- Multiple fatalities	- Long-term impact - Lasting impairment of ecosystem function - Widespread effects - Severe impact to sensitive area	- Very serious operational failure resulting in ship being taken out of service for > 30 days	- Very serious damage or loss to vessel / equipment or cargo with direct cost more than USD 2 MM	International coverage	**A and B** DPA leader and specialized ELCANO personnel independent of the Vessel **C and D** Assigned Superintendent supported by DPA, GN and HSQE **E** Internal Audit and Management Control Dir. supported by Legal Dir. And other depart. If necessary	A – DPA B – DPA C – Fleet Dir. D – Fleet Dir. E – Int. Audit. and Control Dir.	Flag administration Third parties (Customers, etc...) Fleet Vessels in less than 48 hours
4 Major	- Single fatality - Permanent total disability (PTD) - Permanent Partial Disability (PPD)	- Medium- to long-term impact - Some impairment of ecosystem function - Large area affected	- Major operational failure resulting in ship being taken out of service between 15 and 30 days - PSC detention - ISM major non-conformity	- Major damage or loss to vessel / equipment or cargo with direct cost between USD 0,5 MM and USD 2 MM	National coverage			
3 Medium	- Injury which results in an individual being disembarked from the ship for medical treatment (LWC)	- Short- to medium-term impact - Local area affected - Not affecting ecosystem function	- Moderate operational failure resulting in ship being taken out of service between 1 and 15 days - Flag State Detention	- Moderate damage or loss to vessel / equipment or cargo with direct cost between USD 0,2 MM and USD 0,5 MM	Regional coverage	To Be Defined by Top Management	A – DPA B – DPA C – Superint. D – Fleet Dir E – Int. Audit. and Control Dir.	To Be Defined by Top Management
2 Minor	- Injury which results in an individual requiring medical treatment on board by physician and/or being unable to perform the assigned work on the day following the injury (MTC / RWC)	- Temporary impact - Minor effects to small area - Internal oil-spill cleaning	- Minor operational failure resulting in ship being taken out of service for < 1 day	- Minor damage or loss to vessel / equipment / cargo with direct cost between USD 25,000 to USD 0,2 MM	Local coverage	Captain and crew supported by Safety Department & Inspection and ELCANO HSQE	A – DPA B – DPA C – Superint. D – Fleet Dir E – Int. Audit. and Control Dir.	Flag administration (if required) Customers (according to the Time Charter Party)
1 Slight	- Injury which results in an individual requiring one-time treatment onboard and subsequent observation (FAC / MTC)	- Low impact with no lasting effect - Minimal area exposed - Internal oil-spill cleaning	- Notable incident with no impact on operations	- Insignificant damage or loss to vessel / equipment / cargo with direct cost less than USD 25,000	No coverage			

No analysis differentiating the sex of accident victims among fleet personnel is conducted, as it does not contribute to the analysis of the potential accident. Given the context of an industry where women are globally under-represented, with female officers constituting less than 15% of all positions and less than 3% in seafaring and mastery roles—which are areas with the highest incidence of accidents and incidents—any gender-based analysis of accident victims are considered ineffectual.

Concerning the Group's head offices and those of the Brazilian and Argentinean operating subsidiaries, it is noteworthy that, once again this year, there were no reported occupational accidents at these locations.

As for the absenteeism rate, the Group average, considering Elcano and the two operating subsidiaries in Brazil and Argentina, rose to 3.15% in 2023, which represents a reduction compared to the previous year (6.07% in 2022).

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 organisation and introduction of new technology projects in terms of their impact on risk prevention before their implementation.
- Discuss and, if necessary, 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 know first-hand the situation regarding risk prevention and access all the information and documentation necessary to develop its functions.
- Analyse damage to assess its causes and propose preventive measures.

c.- Social relations

The Group has procedures for information, negotiation, and consultation in the different countries in which it operates 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 country of the ship in question or by Classification Societies in countries that have delegated the auditing work to this institution.

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 is unique in its impact on both seafarers and quality shipowners.

The comprehensive Convention sets out in a single instrument the right of seafarers to decent working conditions in almost all 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 shipping 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 previously mentioned, all of 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 personnel on board and those who provide services in the administrative headquarters of each country. The only personnel of the Elcano Group not subject to a collective agreement, due to the very definition of the personal scope established in all of them, is management personnel.

d.- Training

The Elcano Group understands that the development of 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 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 Country, 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 spent on training for all Group staff during 2023 amounted to 2.368 hours (1.367 hours for men and 1.001 hours for women, which should be put into perspective, considering that there is a significantly higher number of male staff). The training hours have reduced compared to 2022 (2.844 hours, 1.569 hours for men and 1.275 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 the personal rights of employees.

The Group rejects labour discrimination contrary to the fundamental rights of its members. Equal opportunities for men and women are imperative for reasons of justice and equity, but they have 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 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, under 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, a new Anti-Harassment Protocol is being drawn up to prevent possible harassment at work, through information and responsibility. This protocol intends to channel and resolve any potential claims relating to harassment as far as possible with due guarantees of confidentiality and protection of all parties involved. The company has the firm intention of ensuring ethical, professional, and responsible behaviour by all staff members based on its commitment to its regulatory compliance policy.

In line with the above, to achieve the objective of Organic Law 3/2007 and the development of this regulation carried out by Royal Decree-Law 6/2019 of 1 March, Elcano's Management drafted an equality plan according to the regulation. Despite the context, given the publication on 14 October 2020 of Royal Decrees 901/2020 and 902/2020, dated 13 October, which introduce additional requirements and propose a new model for equality plans than what has been in place so far, Elcano's management is engaged in the process of registering a new equality plan that aligns with the current regulations. In this regard, since historical times, all decisions pertaining to the management of members of the organisation have been adopted using objective criteria and have never been discriminatory.

In addition, the training plans seek to sensitise managers to the need to treat all employees equally. Elcano employees undergo training in equality, non-discrimination and anti-harassment policies, focusing on key personnel within the organisation, beginning with the members of the Health and Safety Committee. This training initiative is set to continue and be expanded throughout 2024.

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 3.12% (10.78% in the previous year) at the Group level for the Group of offices and 6.41% (9.24% in the previous year) for the Group of fleet personnel. Broken down by country, in Spain and Argentina, there is no wage gap as such (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. As a result of the above, we find that most women officers incorporated into the Brazilian fleet, having less seniority occupy the most junior positions in the officer corps (second and third officers), so that when the analysis is carried out by distinguishing only between officers and junior officers, the distortion is produced. Analysed on a job-by-post fleet basis without considering seniority, the result would also be 0% in terms of the 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.
s comparamos entre ejercicios.

So, if we understand the salary gap as the lower salaries of women compared to men in the same professional category, this salary gap in crew does not exist 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 3.12% for office staff and 6.41% for crew would equal 0% if the salary gap were calculated considering equivalent professional categories without the seniority component.

f.- Human rights

The Elcano Group has identified no 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 the application of the International Maritime Labour Convention (MLC, 2006), which applies to all ships operated by the Group, practices and procedures are in place that guarantee respect for human rights and workers' health and safety. All the ships in the Group's fleet are certified as having such practices and procedures. Additionally, in Chapter 08.03.5.6, our Safety Management Manual complies with the regulations issued by the International Convention for the Safety of Life at Sea (SOLAS) regarding rescue procedures for groups at vital risk at sea.

g.- Main labour indicators

At 31 December 2023, the main results and non-financial indicators of Grupo Elcano in terms of employment are as follows:

Remark: 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.

	Unit	2023 Men	2023 Women	2022 Men	2022 Women
EMPLOYMENT AND WORK ORGANISATION					
Total number and distribution by sex, age and professional category					
OFFICE PERSONNEL					
Professional category					
Management	People	12	2	11	2
Middle management	People	16	4	26	8
Technicians	People	35	18	27	16
Administrative assistants	People	24	37	24	31
Auxiliary staff	People	5	-	5	-
Age					
Less than 30 years	People	6	10	7	8
Between 30 And 50 years	People	47	38	42	38
Over 50 years	People	40	12	43	11
FLEET PERSONNEL					
Professional category					
Officers	People	190	23	169	31
Subordinates	People	303	8	298	9
Age					
Less than 30 years	People	68	18	53	18
Between 30 And 50 years	People	293	14	276	22
Over 50 years	People	132	-	138	-
Total number and distribution by type of contract					
OFFICE PERSONNEL					
Indefinite contracts	People	92	61	92	57
Temporary contracts	People	1	-	-	-
FLEET PERSONNEL					
Indefinite contracts	People	470	37	446	40
Temporary contracts	People	23	-	21	-
Average annual number of permanent, temporary and part-time contracts by sex, age and professional category					
OFFICE PERSONNEL					
INDEFINITE CONTRACTS					
Professional category					
Management	People	12	2	11	2
Middle management	People	21	5	26	8
Technicians	People	30	17	27	16
Administrative assistants	People	24	36	24	30
Auxiliary staff	People	4	1	4	1
Age					
Less than 30 years	People	5	10	7	8
Between 30 And 50 years	People	47	39	42	38
Over 50 years	People	39	12	43	11
TEMPORARY CONTRACTS					
Professional category					
Administrative assistants	People	1	-	-	-
Age					
Between 30 And 50 years	People	1	-	-	-

	Unit	2023 Men	2023 Women	2022 Men	2022 Women
FLEET PERSONNEL					
INDEFINITE CONTRACTS					
Professional category					
Officers	People	186	29	167	30
Subordinates	People	284	8	279	9
Age					
Less than 30 years	People	65	23	53	17
Between 30 And 50 years	People	279	14	263	22
Over 50 years	People	128	-	130	-
TEMPORARY CONTRACTS					
Professional category					
Officers	People	4	-	2	1
Subordinates	People	19	-	19	-
Age					
Less than 30 years	People	3	-	-	1
Between 30 And 50 years	People	14	-	13	-
Over 50 years	People	4	-	8	-
Number of dismissals by sex, age and occupational classification					
OFFICE PERSONNEL					
Professional category					
Technicians	People	2	1	3	-
Administrative assistants	People	3	4	1	8
Age					
Less than 30 years	People	1	3	1	3
Between 30 And 50 years	People	2	5	2	5
Over 50 years	People	1	-	1	-
Average remuneration and its evolution (average salary)					
OFFICE PERSONNEL					
Professional category					
Management	Euros	259,397	231,020	296,998	229,513
Middle management	Euros	120,259	146,338	83,478	67,998
Technicians	Euros	73,264	54,301	65,547	48,534
Administrative assistants	Euros	34,332	26,106	34,342	23,076
Auxiliary staff	Euros	41,756	-	39,828	-
Age					
Less than 30 years	Euros	25,124	12,570	25,898	11,371
Between 30 And 50 years	Euros	62,735	51,386	54,677	48,184
Over 50 years	Euros	127,476	51,822	129,917	47,857
FLEET PERSONNEL					
Professional category					
Officers	Euros	65,232	49,388	73,588	50,888
Subordinates	Euros	30,099	34,454	33,045	28,839
Age					
Less than 30 years	Euros	29,604	46,054	43,226	47,888
Between 30 And 50 years	Euros	41,260	45,386	42,100	39,400
Over 50 years	Euros	65,783	-	63,524	-
Employees with disabilities	Units	3	3	10	2

The average remuneration of senior management in 2023 amounts to 310.260,94 euros, higher than the previous year (263.255,88 euros), but not comparable in absolute terms due to differences in exchange rates in the different subsidiaries of the Group, promotions to Senior Director, etc. Of all the Group's executives, 20% are women (as in the previous year).

5. Combating corruption and bribery

The Elcano Group has had an Anti-Corruption Code 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 configured 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.

Due to its inherent nature, this Code cannot and should not attempt to address every conceivable scenario. Instead, it is designed to establish fundamental principles regarding adherence to anti-corruption legislation relevant to each specific case and, where appropriate, resolve any uncertainties. 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 that ensure knowledge of the rules and criteria for action, define responsibilities and establish procedures that allow the confidential notification of irregularities and their resolution.

Elcano Group's policy is zero tolerance for corruption, and in this sense, its employees will act professionally and ethically in 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. Within the scope of the Internal Regulations of Conduct, Senior Executives are defined as any executives who report directly to the Board of Directors, its Chairman or the Chief Executive Officer of the Company, as well as any executive designated 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, as well as 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 individuals, including external advisers who provide financial, legal, consultancy or any other type of services to the company, with 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 or inquiries related to money laundering, corruption, or bribery have been received through the designated whistleblowing channel.

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 the area of 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 in relation to the potential exemption from liability of legal persons established in Organic Law 5/2010 of 22 June. In 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
- Ten Commandments

The Compliance Management System is under review, and the final report will be presented to the Company's Board of Directors in March 2023.

Regarding the criterion of success of the objectives set, these were achieved because:

There were no situations of 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.
- Preparation of the annual compliance report.

The review of the Compliance System is a task that 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 Ten Commandments 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, list of 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 management body.
- Setting targets for the following year.

To assure the level of compliance and management of the compliance system, an independent company, SM Compliance, reviews the system.


FORTE DE SAO FELIPE

6. Information about the company 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 commits to adhering to the International Maritime Organisation (IMO) Convention, focusing on the control and management of ballast water and sediments from the Group's ships.

The IMO prioritises energy efficiency, the adoption of new technologies and innovation, maritime education and training, maritime security, traffic management and the development of maritime infrastructure among its key 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 proper management procedures.

With substantial investments committed to equipping our existing and new ships with the 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 " in order 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 used 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 a great deal of resources on gaining in-depth knowledge of international regulations and the factors that originate and shape them, in addition to participating in a multitude of 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 has been involved in numerous studies and innovative projects that have helped us improve our environmental performance.

Technological advancements are acknowledged as a key route to boosting our environmental performance, yet the significance of operational practices as a vital element in facilitating these improvements is equally stressed.

Clearly, for enhancement to occur, environmental performance must be quantifiable. To achieve this, all environmental and energy indicators are diligently monitored, including both those established by the industry and additional, more specific indicators developed internally.

The Group's Fleet and Engineering department has developed and established a robust procedure for monitoring emissions 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 carried out 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 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:

- Upholding loyalty to the company at all times.
- Maintaining an exemplary level of integrity in all business relationships, both within and external to the company.
- Ensuring optimal use of the resources entrusted to them for the maximum benefit of the company.
- Complying with both the letter and spirit of national and international laws.
- Avoiding any personal business that could conflict or seem to conflict with the company's interests.
- Treating confidential information related to the company and its suppliers with utmost care and respect.
- Fostering mutually advantageous relationships with suppliers by practising courtesy and impartiality throughout the purchasing cycle.
- Refraining from accepting personal gifts that do not align with business courtesies. Declining entertainment offers from suppliers that could undermine or seem to diminish their negotiation power and impartiality.
- Demonstrating impartiality and objectivity in all purchasing decisions.
- Ensuring the compatibility of purchasing and supply operations with environmental protection criteria. In essence, fulfilling the company's requirements using the most suitable and environmentally friendly products and practices.

Similarly, the Group will ensure adherence to all relevant local and international environmental protection standards, including the responsible management, transportation and storage of waste, toxic substances, and hazardous waste.

Besides, the Group promotes the eco-efficient use of resources, 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 acquiring new equipment, the environmental impact serves as a decisive factor in applicable situations.

Efforts are made to minimise the amount of transport necessary for the shipment or storage of purchased materials in land-based storage facilities. This involves consolidating orders in the warehouse nearest to the origin or the ship in question, as appropriate. By maximising the volume of deliveries, the objective is to reduce the overall number of deliveries.

During the periodic assessment of suppliers and in every specific contract awarding process, the quality and efficiency of the packaging are evaluated, following the criteria and weighting outlined in the current Purchasing Procedure. Additionally, the supplier's possession of the ISO 14001 environmental certification is also valued among other aspects.

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 assessments 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 carries out its activity; these are 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.- Tax information

The Elcano Group fulfils its tax obligations on profits in the countries where it operates and is tax-resident, including Spain, Brazil, Argentina, Portugal and Malta. This is based on a total profit before tax amounting to -35,957 thousand Euros. In 2023, the total Corporation Tax paid by the Group amounted to the equivalent of 479 thousand euros. Turnover data both at the individual level of Empresa Naviera Elcano, S.A. and its Consolidated Group, as well as 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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In Memoriam

This is in homage and remembrance of our 25-year president, Mr José Silveira Cañizares, who left us on 5 October 2023 while serving as the Honorary President of the Elcano Group.

José Silveira Cañizares was not only a good man—close, committed and noble—but also a fundamental pillar in the development and growth of today's Elcano Group. He notably led the acquisition of Empresa Nacional Elcano de la Marina Mercante in 1997, marking his commitment to the maritime sector.

As an entrepreneur and merchant seaman, he founded Remolcadores Nosa Terra in 1974, which became a leading maritime salvage company in Spain.

His capacity for hard work, leadership and friendly approach earned him deep respect and high recognition in the Spanish and international shipping and business sectors. He was honoured with numerous awards, including the Gold Medal of the Merchant Navy and the Silver Medal of Galicia.

Rest in peace, dear president
He will be missed

We also remember Mr Constantino Méndez Martínez, who passed away on 13 August 2023. For ten years, he was a dedicated member of the Elcano Board of Directors, contributing his vast experience and unwavering commitment to the group's development.

Rest in peace


ENE

CONSOLIDATED ANNUAL ACCOUNTS

31 december 2023

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 2023. The full text can be examined in the Registry of Companies (Registro Mercantil) of Madrid.

BALANCE SHEET AS OF 31 DECEMBER 2023 YAND DE 2022
(Stated in thousands of euros)

ASSETS	2023	2022
Non-current assets	**577,436**	**576,311**
Intangible fixed assets	46,771	39,663
Tangible fixed assets	478,282	484,873
Long-term financial investme	33,881	35,024
Deferred tax assets	18,502	16,751
Current assets	**326,120**	**440,337**
Non-current assets held for sale	32,829	34,764
Inventories	20,113	15,831
Trade debtors and other receivables	157,846	294,072
Short-term financial investments in group companies and associates	57,460	-
Short-term financial investments	6,375	8,625
Cash and cash equivalents	48,107	83,338
Short-term accruals	3,390	3,707
TOTAL ASSETS	**903,556**	**1,016,648**

NET EQUITY AND LIABILITIES	2023	2022
Net equity	**309,722**	**359,257**
Shareholders' equity	**302,500**	**339,799**
Subscribed capital	50,211	50,211
Reserves of the parent company	89,926	88,659
Reserves in consolidated companies for global integration	197,414	194,826
Profit/(Loss) for the year attributed to the parent company	(35,051)	6,103
Adjustments for changes in value	**7,222**	**19,458**
Hedging operations	6,584	7,716
Exchange differences	638	11,742
Non-current liabilities	**349,803**	**306,918**
Long-term provisions	**830**	**921**
Long-term provisions	**340,760**	**298,497**
Debentures and other marketable securities	80,000	60,000
Debts with credit institutions	220,554	223,639
Creditors for financial leases	39,157	13,772
Other financial liabilities	1,049	1,086
Deferred tax liabilities	**5,736**	**5,760**
Other long-term creditors	**2,477**	**1,740**
Current liabilities	**244,031**	**350,473**
Short-term debts	**93,340**	**119,591**
Liabilities and other marketable instruments	2,123	52,529
Debts with credit institutions	85,317	65,111
Financial lease receivables	5,900	1,951
Debts with group companies and associates	**14,143**	**-**
Trade creditors and other payables	**125,288**	**224,828**
Short-term accruals	**11,260**	**6,054**
TOTAL NET EQUITY AND LIABILITIES	**903,556**	**1,016,648**

PROFIT AND LOSS ACCOUNT FOR 2023 AND 2022
(Stated in thousands of euros)

	2023	2022
Net turnover	**991,845**	**927,990**
Revenues	991,845	927,990
Work carried out by the group for its assets	**-**	**211**
Supplies	**(69,838)**	**(76,101)**
Goods consumed	(69,838)	(76,101)
Other operating income	**7,844**	**9,050**
Ancillary income and other current management income	7,844	9,050
Personnel expenses	**(50,838)**	**(48,305)**
Wages, salaries and similar	(34,394)	(33,213)
Social security costs	(15,874)	(14,946)
Provisions	(570)	(146)
Other operating costs	**(821,149)**	**(734,948)**
Outsourced services	(809,350)	(721,935)
Taxes	(2,626)	(3,741)
Other current expenses	(9,024)	(8,232)
Other results	(149)	(1,040)
Depreciation of fixed assets	**(50,096)**	**(47,420)**
Impairment and the result of the disposal of fixed assets	**(12,787)**	**-**
Operating Result	**(5,019)**	**30,477**
Financial revenue	**3,001**	**2,893**
From marketable securities and other financial instruments	3,001	2,893
Financial expenses	**(29,169)**	**(23,769)**
Debts with group companies and associates	(500)	-
Debts with third parties	(28,669)	(23,769)
Foreign exchange differences	**(4,770)**	**(3,903)**
Financial Result	**(30,938)**	**(24,779)**
Result before taxes	**(35,957)**	**5,698**
Corporation Tax	**906**	**405**
RESULT OF THE YEAR	**(35,051)**	**6,103**

CASH FLOW STATEMENT FOR 2023 AND 2022
(Stated in thousands of euros)

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Result for the year before taxes	**(35,957)**	**5,698**
Adjustments to the result:	**88,806**	**68,595**
Depreciation of fixed assets	50,096	47,420
Impairment corrections	16,293	-
Provisions	(245)	146
Results for retirements and disposal of fixed assets	(3,506)	-
Financial revenue	(3,001)	(2,893)
Financial expenses	29,169	23,769
Other income/expenses	-	153
Changes in working capital	**(20,260)**	**22,500**
Inventories	(4,282)	(5,760)
Debtors and other receivables	70,334	(141,014)
Other current assets	2,250	34,222
Creditors and other payables	(94,085)	140,783
Other non-current assets and liabilities	5,523	(5,731)
Other cash flows from operating activities	**(25,838)**	**(23,342)**
Interest payments	(28,360)	(25,731)
Collection of interest	3,001	2,893
Collections (payments) for profit tax	(479)	(504)
Cash flows from operating activities	**6,751**	**73,451**

CASH FLOWS FROM INVESTING ACTIVITIES	2023	2022
Payments for investments	**(94,252)**	**(82,654)**
Intangible fixed assets	(20,725)	(5,851)
Tangible fixed assets	(71,587)	(76,803)
Other financial assets	(1,940)	-
Collections from disinvestments	**12,139**	**4,613**
Intangible fixed assets	-	36
Tangible fixed assets	10,226	249
Other financial assets	25	31
Non-current assets held for sale	1,888	4,297
Cash flows from investing activities	**(82,113)**	**(78,041)**

CASH FLOWS FROM FINANCING ACTIVITIES	2023	2022
Collections and payments for financial liability instruments	**39,301**	**(1,337)**
Issuance:	146,986	53,858
Liabilities and other marketable instruments	20,000	-
Debts with credit institutions	112,986	53,858
Debts with group companies and associates	14,000	(55,195)
Repayment and amortisation of:	(107,685)	-
Liabilities and other marketable instruments	(50,000)	(55,195)
Debts with credit institutions	(57,685)	-
Payments of dividends and remuneration of other equity instruments	**(624)**	**(2,004)**
Dividends	(624)	(2,004)
Cash flows from financing activities	**38,677**	**(3,341)**

	2023	2022
EFFECT OF EXCHANGE RATE FLUCTUATIONS	**1,454**	**9,601**
INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	**(35,231)**	**1,670**
Cash or cash equivalents at the beginning of the year	**83,338**	**81,668**
Cash or cash equivalents at the end of the year	**48,107**	**83,338**

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES OF 2023 AND 2022

(Stated in thousands of euros)

	2023	2022
Result of the profit and loss account	**(35,051)**	**6,103**
Income and expenses attributable directly to Net Equity	**(12,236)**	**41,854**
From the valuation of financial instruments:		
From cash flow hedges	(1,132)	10,274
From grants, donations and bequests received		
From actuarial gains and losses and other adjustments	(11,104)	31,580
Tax effect		
Transfers to the profit and loss accounts	**-**	**-**
From the revaluation 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 RECOGNISED INCOME AND EXPENSES	**(47,287)**	**47,957**

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY OF 2023 AND 2022

(Stated in thousands of euros)

	Subscribed Capital	Reserves	Results	Adjustments or Changes in value	TOTAL
BALANCE, END OF THE FY 2021	**50,211**	**285,916**	**(426)**	**(22,396)**	**313,305**
Adjustments for changes of criteria 2021					-
Adjustments for errors 2021					-
ADJUSTED BALANCE, BEGINNING OF 2022	**50,211**	**285,916**	**(426)**	**(22,396)**	**313,305**
Total recognised income and expenses			**6,103**	**41,854**	**47,957**
Operations with shareholders or owners	**-**	**(2,004)**	**-**	**-**	**(2,004)**
Other variations of net equity		**(427)**	**426**		**(1)**
BALANCE, END OF THE FY 2022	**50,211**	**283,485**	**6,103**	**19,458**	**359,257**
Adjustments for changes of criteria 2022					-
Adjustments for errors 2022				**19,458**	-
ADJUSTED BALANCE, BEGINNING OF 2023	**50,211**	**283,485**	**6,103**	**(12,236)**	**313,305**
Total recognised income and expenses			**(35,051)**	**-**	**(47,287)**
Operations with shareholders or owners	**-**	**(624)**	**-**		**(604)**
Other variations of net equity		**4,479**	**(6,103)**		**(1,624)**
BALANCE, END OF THE FY 2023	**50,211**	**287,340**	**(35,051)**	**7,222**	**309,722**

1. Nature, Activities and Composition of the Group

Empresa Naviera Elcano, S.A. (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. ENE’s registered address is Calle José Abascal, 2-4, Madrid.

The main activity of the Company, in compliance with its corporate purpose, consist of providing international maritime transport services for 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 2023, the Company’s shareholders are as follows:

	Participation percentage	Nationality
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. (“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” (the "Group" or the "Elcano Group").

These Financial Statements refer to the mentioned Group.

The subsidiary companies that form the Group are the following:

Lauria Shipping, S.A. (“Lauria”): ENE holds 100% of the share capital. Its registered address is Rua do Surdo nº 4 – A, 1º andar, 9000-233 Funchal, Ilha da Madeira (Portugal). As at 31 December 2023, its main activity is the operating lease (bareboat) of the four ships it owns, including crew, where applicable, to ENE. In January 2024, following a decision by its sole shareholder, Lauria entered into contracts to sell its two bulk carriers in February and March 2024.

Elcano Product Tankers 1 S.A.U. (“EPT1”): ENE is the owner of 100% of this company. Its registered address is Calle Malteses 3 3º, Las Palmas de Gran Canaria. In February 2022, following a decision by its sole shareholder, the company sold its product tanker, which is currently inactive.

Elcano Product Tankers 2 S.A.U. (“EPT2”): ENE is the owner of 100% of this company. Its registered address is Calle Malteses 3 3º, Las Palmas de Gran Canaria. In February 2023, following a decision by its sole shareholder, the company sold its product tanker, which is currently inactive.

Empresa Naviera Petrolera Atlántica, S.A. (“Enpasa”): ENE holds 99.99% of the share capital. Its registered address is Maipú 942, Buenos Aires (Argentina). As at 31 December 2023, its main activity is the operation of two of its ships, an oil tanker and a chemical “product tanker”. The ships are chartered to third parties.

Empresa de Navegaçao Elcano, S.A. (“Elcano Brasil” o “EBR”): ENE is the owner of 99.99% of this company. Its address is at Praia de Botafogo nº 440, 12º Andar, Río de Janeiro (Brazil). As at 31 December 2023, its main activity is the operation of its seven ships and the three ships rented on a bareboat basis to subsidiaries of the Elcano Group.

EBR also holds 100% of the shares of the company ENE Brasil Serviços Marítimos Ltda. ("EBS") incorporated on 5 December 2022. EBS's corporate purpose encompass a broad range of nautical management services, including the management of ship crews; the operation of maritime terminals, complete with port support services; oversight of storage solutions for goods in transit, alongside comprehensive logistics and ship management and operations. EBS is also engaged in gas storage and regasification, ship repair and maintenance, and undertakes other ancillary or complementary activities as deemed necessary to support the company’s corporate purposes. As at 31 December 2023, EBS is inactive.

However, at the end of 2023, following a resolution passed during the general shareholders' meeting, EBR acquired 21.27% of the shares of Estaleiro Itajaí, S.A. ("EISA") previously held by Empresa Nacional de Empreendimentos Navais Ltda. ("ENEN"), a subsidiary of Globalspectre, Ltda. Pursuant to decisions made by the sole shareholder of Globalspectre, Ltda. and the shareholders' meeting of EBR, a capital increase was carried out in EISA, whereby EBR’s shareholding increased to 40% and Globalspectre, Ltda.’s 60%.

As at 31 December 2023, EISA is classified as held for sale. Therefore, the purposes of consolidating the Elcano Group’s financial statements, EBR along with EBS, constitute the EBR Subgroup ("EBR Group"). Globalspectre, Lda. (“Global”):

Globalspectre, Lda. (hereinafter referred to as “Global”): ENE is the owner of 100% 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 purchase and sale of ships and holding shares in companies.

Global owns 100% of the shares of ENEN, whose registered office is at Praia de Botafogo, 440, 11º Andar, 22250-040 Rio de Janeiro (Brazil) and its corporate purpose includes providing, either directly or via subcontractors, project management services, which encompass the construction, repair, preservation, treatment and painting of metal structures and maritime vessels, whether at sea or within shipyard facilities. ENEN also offers mechanical and electrical services, alongside the exportation of spare parts and machinery. As at 31 December 2023, it is inactive.

Furthermore, and as mentioned above, since the end of 2023, Global is the direct owner of 60% of the shares of EISA, whose registered office is Rua Herta Thieme, 244 - 1º Barra do Rio, Itajaí, Santa Catarina (Brazil). The company's corporate purpose is shipbuilding in its own shipyard at the company's headquarters. In addition, from the end of 2022, with the authorisation of the Brazilian Ministry of Infrastructure and the intervention of the Agência Nacional de Transportes Aquaviários - ANTAQ, EISA can carry out the activity of transit and storage of liquid bulk (fuels) by installing a liquid bulk port terminal on the land where the Shipyard is located today.

At 31 December 2023, EISA is classified as held for sale. Therefore, for the purposes of consolidating the Elcano Group's financial statements, Global along with ENEN, constitute the Global Subgroup ("Global Group").

Elcano Gas Transport, S.A.U. ("EGT"): ENE is the owner of 100% of this company. Its registered address is Calle Malteses 3 3º, Las Palmas de Gran Canaria. As of 31 December 2023, the company ceased operations, following the termination of its lease for a liquefied natural gas (LNG) carrier in November 2023.

Jofre Shipping Ltd ("Jofre"): ENE is the owner of 100% of this company. Its registered address is 171 Old Bakery Street, Valletta, Malta. As at 31 December 2023, its main activity is the operating lease (bareboat) of an LNG carrier with a crew to ENE, which the company leases from a third party.

Ojeda Shipping Limited ("Ojeda"): ENE is the owner of 100% of this company. Its registered address is 171, Old Bakery Street, Valletta, Malta. As at 31 December 2023, its main activity is the operating lease of an asphalt product tankers (bareboat) with crew to ENE.

Elcano Dry Bulk Limited ("EDB"): ENE is the owner of 100% of EDB. Its address is 171, Old Bakery Street, Valletta, Malta. As at 31 December 2023, its main activity is the holding of shares and carrying out the customary functions of a holding company.

EDB is the owner of 100% of the shares of Iberian Bulkcarriers Limited ("Iberian").

Iberian's registered address is 171 Old Bakery Street, Valletta, Malta, and as at 31 December 2023, its main activity is an operating lease (bareboat) with crew of two of its babycape ships to ENE.

For the purposes of consolidating the Elcano Group's financial statements, EDB and Iberian form the EDB Subgroup ("EDB Group").

Elcano Gas Carriers Limited ("EGC"): ENE is the owner of 100% of EGC. Its address is 171, Old Bakery Street, Valletta, Malta. As at 31 December 2023, its main activity is the holding of shares and carrying out the customary functions of a holding company.

EGC is the owner of 100% of the shares of Merida LNG Shipping Limited ("Merida"), Caldelas LNG Shipping Limited ("Caldelas") and Villalba LNG Shipping Limited ("Villalba").

Merida's registered address is 171, Old Bakery Street, Valletta, Malta, and, as at 31 December 2023, its main activity is an operating lease (bareboat) of a GNL carrier (leased from a third party) with crew to ENE.

Caldelas's registered address is 171, Old Bakery Street, Valletta, Malta, and, as at 31 December 2023, its main activity is an operating lease (bareboat) of a GNL carrier (leased from a third party) with crew to ENE.

Villalba was incorporated on 14 July 2023 and its registered office is at 171, Old Bakery Street, Valletta, Malta. As at 22 November 2023, its main activity involves the bareboat chartering of an LNG carrier to ENE, which is leased under a finance lease from a third party.

For the purposes of consolidating the Elcano Group's financial statements, EGC, along with Merida, Caldelas and Villalba, constitute the EGC Subgroup ("EGC Group").

Elcano Tankers Limited ("ETL"): ENE is the owner of 100% of ETL. Its address is 171, Old Bakery Street, Valletta, Malta. As at 31 December 2023, its main activity is the holding of shares and carrying out the customary functions of a holding company.

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

IT1 is registered address is at 171 Old Bakery Street, Valletta, Malta. As at 31 December 2023, it is inactive.

IT2 is registered address is at 171 Old Bakery Street, Valletta, Malta. As at 31 December 2023, its main activity is the operating lease (bareboat with crew) of one of its product tankers to ENE.

IT3’s registered address is 171 Old Bakery Street, Valletta, Malta, and as at 31 December 2023, its main activity is an operating lease (bareboat) of a chemical tanker to EBR, which it holds under a finance lease basis from a third party.

For the purposes of consolidating the Elcano Group’s financial statements, ETL, IT1, IT2 and IT3 form the ETL Subgroup (the “ETL Group”).

Elcano Group Services Limited (“EGS”): ENE is the owner of 100% of EGS. Its registered address is 171 Old Bakery Street, Valletta, Malta and as at 31 December 2023, its main activity is the holding of shares and carrying out the customary functions of a holding company.

EGS owns 100% of Elcano Management Services Limited (“EMS”).

EMS’ registered address is 171 Old Bakery Street, Valletta, Malta, and its main activity is the provision of management services and intra-group financing. As at 31 December 2023, it is inactive.

For the purposes of consolidating the Elcano Group’s financial statements, EGS and EMS form the EGS Subgroup (“EGS Group”).

As at 31 December 2023, Lauria, EPT1, EPT2, EGT, Enpasa, EBR Group, Global Group, Jofre, Ojeda, EDB Group, EGC Group, ETL Group and EGS Group, along with ENE, make up the Elcano Group.

As at 31 December 2023, the Group owns an oil tanker, four chemical/product tankers, eight bulkcarriers, three LPG carriers and an asphalt carrier. The Group also operates three liquefied natural gas (LNG) carriers under operating leases, alongside one LNG carrier and one chemical/product tanker both under finance leases.

As previously stated, following a resolution passed by ENE's Board of Directors in January 2024, the Group entered into contracts to sell two bulk carriers owned by Lauria, with the transactions scheduled for completion in February and March 2024.

2. Submission and Consolidation Bases

The Consolidated Financial Statements for 2023 have been prepared in accordance with current corporate legislation, the regulations for drafting Consolidated Financial Statements as stipulated by Royal Decree 1159/2010 of 17 September, and the Spanish General Accounting Plan sanctioned by Royal Decree 1514/2007 of 16 November. These documents have been updated to include amendments from Royal Decree 1/2021 of 12 September, among others. This approach ensures the presentation of a true and fair image of the Group's consolidated equity, financial position and results, as well as the veracity of the transactions recorded in 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, ENEN, Ojeda, Jofre, EDB, Iberian, EGC, Merida, Caldelas, Villalba, ETL, IT1, IT2, IT3, EGS and EMS.

The individual Financial Statements for the companies to be consolidated will be subjected to the approval of the respective General Shareholders' Meetings under the terms established by the law applicable to them in their country of residence. Nonetheless, ENE's directors consider 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 Spain's generally accepted principles and rules. Nonetheless, if there are discrepancies in the uniformity of the group companies' principles and rules, the adjustments and reclassifications are carried out before the aggregation process.

The companies and subgroups Lauria, EPT1, EPT2, Enpasa, the EBR Group, the Global Group, EGT, Jofre, Ojeda, 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, ENE's Governing Body 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 2023 and 2022 for comparison.

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 a grouped form, gathering the details required by the relevant notes of this Annual Report.

3. Accounting Principles and Measurement Standards Applied

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

The principal 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 merchandise transport market. The functional currency of the Group is the US dollar ("dollar" or "dollars"), except for the EGT and EPT2 subsidiaries, which is the euro, and the EBR Group and ENEN, 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 at the date of the Consolidated Financial Statements.
b. The Profit and Loss Account captions 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.

Exchange differences are recorded, net of their tax effect, within "Valuation Adjustments: Exchange Differences" in the consolidated equity section. As at 31 December 2023, Exchange differences amount to 638 thousand euros (11,741 thousand euros in the preceding year).

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 2023 and 2022, 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 will be clearly stated.

b.- Intangible fixed assets

Intangible fixed assets are measured at their acquisition price less accumulated depreciation and, where applicable, less the accumulated 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 docking costs of third-party ships leased by the Group under operating leases. Dockings are amortised in the period between each 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 will be directly allocated to the year's loss.

Maintenance expenses for software incurred during the year are registered 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 cost value, following the straight-line basis over the useful life of the assets.

	Years of useful life
Ships	20 - 30
Buildings and other constructions	25
Facilities, tools and furniture	5 - 10
Vehicles	3
Data processing equipment	6 - 7

This item includes the cost of dry-docking of vessels in the fleet owned by the Group or leased under finance leases. Docking costs are amortised in the period between each docking (3 - 5 years).

Financial expenses from 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 happen.

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

The profit or loss on the derecognition of an item of tangible fixed assets is the difference between the amount obtained on the disposal of the item, minus costs to sell and the book value. The profit or loss will be recognised in the Profit and Loss Account when the item is derecognised.

At least at the end of each reporting period, the company assesses whether there is any indication that items of tangible fixed assets or cash-generating units 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 assets 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 pro-rata 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 prepares the estimates of 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 Income Statement as an expense or income, respectively. The impairment will be reversed only up to the limit of the book amount of the tangible fixed assets determined at the reversal date had the impairment not been recognised.

d.- Leases and similar transactions

The Group's classification 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 element leased in such agreement.
- Otherwise, it will be classified as an operating lease.

Finance leases

At the commencement of the lease, the lessee 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 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, not exceeding 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 at fair value through profit or loss.
2. Financial assets at amortised cost.
3. Financial assets at fair value through net equity.
4. Financial assets carried at cost.

Financial liabilities

1. Financial liabilities carried at amortised cost
2. Financial liabilities at fair value through profit or loss account

As at 31 December 2023 and 2022, the Group has classified its financial instruments as follows:

Financial assets and liabilities carried at amortised cost

1.- Financial assets 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 other 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 at amortised cost

These financial liabilities are generally classified in this category:

a. Trade payables (suppliers and other creditors, mainly): financial liabilities arising from purchasing 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.

The financial assets and liabilities are subsequently be 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 carrying 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 2023 have been estimated according to the analysis of each of the individual balances pending to be received on the said date.

Financial assets 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, multi-group companies 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, in turn, holds an interest in another company, its equity shall be measured considering equity disclosed in the Consolidated Annual Accounts prepared using the criteria in the Spanish Commercial Code and implementation standards.

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.

Financial assets held for sale are initially measured at fair value or the transaction price, which equals the fair value of the consideration given plus directly attributable transaction costs. 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 financial asset held for sale, or group of financial assets held for sale 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. For investments in equity instruments, failure to recover the carrying amount due to a significant or prolonged decline in the fair value. For these purposes, the instrument is considered impaired after an 18-month decline and a 40 % drop in its quoted price with no recovery in value.

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 were to increase in subsequent reporting periods, the impairment charged in prior periods would 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 will not be reversed with a credit to the Profit and Loss Account; rather, the increase in fair value will be accounted for directly in equity.

The 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 associates. 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 obligation is extinguished, 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 registered 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.- Corporation Tax

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

ENE has been taxed in the Special Shipping Companies Registry by tonnage according to the Spanish Tonnage Tax since 2004. After successive renewals, it is currently renewed for a further ten years from 1 January 2024.

As regards 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 economic result of the activities not subject to tonnage tax, corrected by the permanent nature differences with tax criteria and considering the bonuses and applicable deductions. The tax effect of the temporary differences is included, where appropriate, in the corresponding items for prepaid or deferred Corporation 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 customers.
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 substantially re-perform the work already completed up to that point.

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable. 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 company and interest on the nominal amount.

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 discounting 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 not significant.

l.- Transactions between related parties

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 continuing 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 probable due to these circumstances:

    1. The company must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated.
    2. The asset must be actively marketed for sale at a reasonable price compared to its current fair value.
    3. The sale should be expected to be completed within one year from the date the asset is classified as held for sale.
    4. Actions to complete the plan should 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 Income Statement 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 Consolidated Net Equity according to the specific standards applicable to each asset.

n.- Statement of cash flows

The following wording is used in the cash flow statement:

Cash or Cash Equivalents: Cash in hand and demand deposits at banks. Cash equivalents are financial instruments that can be convertible to 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 general cash management policy.

Cash flows: inflows and outflows of cash or cash equivalents. These are very liquid investments with a low risk of changes in value 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, disposal or transfer of long-term assets and other investments not including 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 31.12.22	**Additions**	**Disposals**	**Transfers**	**Balance 31.12.23**	**Balance 31.12.23**
Cost						
Dry-dock works	15,413	20,649	(5,744)	(7,714)	22,604	20,455
Long-term contracts/projects	49,199	2,069	(2,826)	2,826	51,268	46,396
Patents and developments	360	2	-	-	361	327
Software	1,424	181	-	-	1,605	1,453
ISPS/ISM/TMSA, ships	1,890	-	-	-	1,890	1,710
	62,286	**22,901**	**(8,570)**	**(4,888)**	**77,728**	**70,341**
Accumulated depreciation						
Dry-dock works	(7,457)	(2,683)	5,744	244	(4,151)	(3,757)
Long-term contracts/projects	(16,269)	(2,859)	-	-	(19,128)	(17,310)
Software	(1,160)	(98)	-	-	(1,259)	(1,139)
ISPS/ISM/TMSA, ships	(1,129)	(378)	-	-	(1,508)	(1,365)
	(26,015)	**(6,020)**	**5,744**	**244**	**(26,046)**	**(23,570)**
Net value	**42,271**	**728**	**(2,826)**	**(4,643)**	**51,682**	**46,771**

	Thousands of dollars					Thousands of euros
	Balance 31.12.21	**Additions**	**Disposals**	**Transfers**	**Balance 31.12.22**	**Balance 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)**	**-**	**68,286**	**63,587**
Accumulated depreciation						
Dry-dock works	(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**

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 (see note 6). Additions in the period relate to costs incurred by the Group for 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 caption includes the work carried out by the Group on a project developed for which economic and commercial profitability is expected in the coming years.

Fully amortised assets at 31 December 2023 amount to 719 thousand dollars, the same amount as in the previous year.

5. Tangible Fixed Assets

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

	Thousands of dollars						Thousands of euros
	Balance 31.12.22	**Additions**	**Disposals**	**Transfers**	**Others**	**Balance 31.12.23**	**Balance 31.12.23**
Cost							
Ships	843,753	45,500	(28,071)	14,962	-	876,144	792,891
Dry-dock works	75,579	32,715	(14,991)	(10,075)	-	83,228	75,319
Fixed assets under construction	-	-	-	-	-	-	-
Buildings and other constructions	12,058	612	-	-	-	12,670	11,466
Facilities, tools and furniture	1,707	-	-	-	-	1,707	1,545
Vehicles	986	45	-	-	-	1,031	933
Data processing equipment	2,951	232	(1,358)	-	-	1,824	1,651
	937,034	**79,104**	**(44,421)**	**4,888**	**-**	**976,604**	**883,805**
Accumulated depreciation							
Ships	(385,974)	(34,756)	20,727	-	-	(400,003)	(361,995)
Dry-dock works	(22,481)	(12,865)	14,333	(244)	-	(21,258)	(19,238)
Buildings and other constructions	(6,225)	(297)	-	-	-	(6,522)	(5,902)
Facilities, tools and furniture	(906)	(8)	-	-	-	(914)	(827)
Vehicles	(758)	(33)	-	-	-	(792)	(716)
Data processing equipment	(2,164)	(193)	1,358	-	-	(998)	(903)
	(418,508)	**(48,153)**	**36,418**	**(244)**	**-**	**(430,487)**	**(389,581)**
Impairment							
ships	-	(12,645)	-	-	-	(12,645)	(11,444)
Dry-dock works	-	(4,971)	-	-	-	(4,971)	(4,498)
	-	**(17,616)**	**-**	**-**	**-**	**(17,616)**	**(15,942)**
Net value	**518,526**	**13,335**	**(8,003)**	**4,643**	**-**	**528,502**	**478,282**

	Thousands of dollars						Thousands of euros
	Balance 31.12.22	Additions	Disposals	Transfers	Others	Balance 31.12.23	Balance 31.12.23
Cost							
Ships	782,167	7,531	(5)	54,060	-	843,753	788,359
Dry-dock works	41,780	37,116	(3,317)	(54,060)	-	75,579	70,860
Fixed assets under construction	19,677	34,698	(315)	-	-	-	-
Buildings and other constructions	11,008	1,050	-	-	-	12,058	11,305
Facilities, tools and furniture	1,707	-	-	-	-	1,707	1,600
Vehicles	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)
Vehicles	(734)	(24)	-	-	-	(758)	(711)
Data processing equipment	(2,031)	(133)	-	-	-	(2,164)	(2,014)
	(377,462)	**(44,398)**	**3,352**	**-**	**-**	**(418,508)**	**(390,931)**
Impairment							
Ships	-	-	-	-	-	-	-
Dry-dock works	-	-	-	-	-	-	-
	-	-	-	**-**	**-**	**-**	**-**
Net Value	**482,522**	**36,289**	**(285)**	**-**	**-**	**518,526**	**484,873**

Ships

On 22 November 2023, an LNG carrier previously under an operating lease transitioned to a finance lease arrangement (see note 6). The leasing agreement for this carrier is valued at 39 million dollars. Additionally, the ship has received further investments totalling 2,826 thousand dollars.

In 2023, the Group also invested 17,709 thousand dollars in enhancements to two chemical tankers operating in Brazil.

Moreover, in February 2022, the Group took delivery of a new ship built at a Chinese shipyard and is operating in Brazil. As at 31 December 2022, the total investment in this vessel reached 54,060 thousand dollars, of which 39,900 thousand dollars were for the shipyard cost and an additional 14.160 thousand dollars for supplementary investments by the shipowner. These supplementary costs cover financial expenses related to the construction and commissioning of the ship. During the financial year 2022, payments amounting to 26,067 thousand dollars were made to the Shipyard.

Fixed assets under construction

During 2023 and 2022, the Group has made these payments (milestones) to shipyards to construct ships and other shipowner investments:

				Miles de dólares			
				2023		2022	
Type of ship under construction	Nº of ships	Place of Construction	Date of delivery	Payments to the Shipyard	Extra shipowner investments	Payments to the Shipyard	Extra shipowner investments
Bulkcarrier	1	China	February 2022	-	-	26,067	8,308
				-	-	26,067	8,308

Dry-dock works

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

Fully amortised elements as at 31 December 2023 amount to 6,240 thousand dollars (2,243 thousand dollars in the previous year).

As at 31 December 2023, all the ships of the Group's fleet, except for one, 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 two ships acquired under a finance lease.

Ships taken on a finance lease basis are recognised at the beginning of the lease for the value resulting from adding the minimum future payments agreed in the finance lease contracts to other shipowner investments carried out and necessary for their operation. They will subsequently be depreciated according to their useful life.

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

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Two years	6,961	2,191	6,300
Three years	7,427	2,309	6,722
Four years	7,925	2,432	7,172
five years	20,955	2,562	18,964
Rest	-	5,195	-
	43,269	**14,689**	**39,157**

As at 31 December 2023, the interest accrued and pending payment on account of finance lease contracts amount to 528 thousand dollars (273 thousand dollars in the previous year).

Operating leases

As at 31 December 2023, the Group, acting as a third-party charterer of three LNG carriers under operating leases, has entered into separate contracts with two clients, set to expire in 2030 and 2037, respectively. As the lessee of the ships, the Group will incur fixed annual expenses over this period, which will be recognised in the Consolidated Income Statement as ship lease expenses.

7. Financial assets

The information and movements of the financial assets, including balances with public administrations and cash and cash equivalents during 2023 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	
	31.12.23	**31.12.22**	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**
Financial assets at amortised cost	-	-	28,904	28,881	3,271	3,864	177,485	317,023
Hedging derivatives	-	-	8,535	8,475	-	-	708	1,969
Cash and cash equivalents	-	-	-	-	-	-	53,159	88,888
	-	**-**	**37,438**	**37,356**	**3,271**	**3,864**	**231,352**	**407,880**

	Thousands of euros							
	Long-term financial assets				Short-term financial assets			
	Debt securities		Loans, derivatives and others		Debt securities		Loans, derivatives and others	
	31.12.23	**31.12.22**	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**
Financial assets at amortised cost	-	-	26,158	27,079	2,960	3,623	160,621	297,229
Hedging derivatives	-	-	7,724	7,945	-	-	640	1,946
Cash and cash equivalents	-	-	-	-	-	-	48,108	83,338
	-	**-**	**33,882**	**35,024**	**2,960**	**3,623**	**209,369**	**382,412**

a.- Debt securities

This item includes investments held by the Group until maturity, mainly short-term time deposits amounting to 3,271 thousand dollars (3,864 thousand dollars in the previous year).

b.- Loans, derivatives and others

Loans and Other long-term receivables

Loans and other long-term receivables are as follows:

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Long-term loans	97	115	88
Long-term deposits and guarantees extended	2,136	100	1,933
Other long-term financial assets	26,671	28,666	24,137
	28,904	**28,881**	**26,158**

Other long-term financial assets correspond to advances not yet due on account of the operating leases taken out with two companies not belonging to the Group for two gas tankers, detailed in Note 6, section on Operating Leases, of this report, for an initial amount of 40,000 thousand dollars.

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
	31.12.23	**31.12.22**	**31.12.23**
Trade debtors and other receivables	174,419	313,657	157,846
Trade receivables from sales and services	123,857	216,590	112,088
Damages pending settlement	6,209	5,378	5,619
Receivables from public administrations	31,309	22,093	28,334
Other debtors	13,044	69,596	11,806
Short-term deposits and guarantees extended	1,066	1.,291	965
Other financial assets	2,000	2,075	1,810
	177,485	**317,023**	**160,621**

The composition of Other Debtors is as follows:

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Receivables	3,202	1,604	2,898
Ship current accounts	174	288	157
Shipbuilding guarantees	49	66	45
Other sundry debts	9,618	67,638	8,705
	13,043	**69,596**	**11,805**

8. Inventories

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

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Fuel	21,927	16,554	19,844
Maintenance	298	332	269
	22,225	**16,886**	**20,113**

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

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Net purchases	74,131	82,389	68,564
Variation of inventories	1,378	(2,441)	1,274
	75,509	**79,948**	**69,838**

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 (see Note 27), except for certain supplies (engine spare parts, etc.), which are usually purchased at the place of origin of the equipment manufacturer.

9. Long-term and Short-term Accruals

Information regarding this heading is as follows:

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Short-term prepayments:			
Prepaid insurance	3,742	3,950	3,386
Other prepaid expenses	4	4	4
Total prepayments	**3,742**	**3,954**	**3,390**
Short-term deferred income:			
Anticipated income	(12,442)	(6,457)	(11,260)
Total deferred income	**(12,442)**	**(6,457)**	**(11,260)**

10. Net Equity

As at 31 December 2023, 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	
	31.12.23	**31.12.22**
Legal Reserve	10,042	10,042
Voluntary Reserves	121,119	121,119
Profit/(Loss) of previous years	(41,234)	(42,502)
Reserves in consolidated companies	197,413	194,826
	287,340	**283,485**

The consolidated companies' reserves correspond to the consolidated profit/(Loss) of previous years contributed by ENE's subsidiary companies.

On 10 May 2023, the shareholders at the Annual General Meeting approved the distribution of a dividend of 624 thousand euros, equivalent to 0.0536 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 income statement, 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 16 July 2021, ENE issued a bond on the MARF (Mercado Alternativo de Renta Fija) with a total volume of 60,000 thousand euros, maturing in five years. Each bond has a par value of 100,000 euros and offers an annual coupon rate of 4.875%, payable on every 16 July.

Further, on 28 June 2023, ENE issued additional bonds on the MARF amounting to 20,000 thousand euros with a four-year maturity. These bonds also have a par value of 100,000 euros each, but with a higher annual coupon rate of 8.75%, payable on every 28 June.

As at 31 December 2023, the market valuation of these bond issues stands at 88,400 thousand dollars (117,326 thousand dollars in the previous year). During 2023, interest and other related expenses totalled 5,728 thousand euros (equivalent to 6,193 thousand dollars) (refer to Note 29 for details). As at 31 December 2023, the outstanding accrued interest on these bonds is 2,123 thousand euros, compared to 2,529 thousand euros in the preceding year.

b.- Debts with credit institutions

The breakdown of this caption, as at 31 December 2023 and 2022, is as follows:

	Thousands of dollars				Thousands of euros	
	31.12.23		31.12.22		31.12.23	
	Long -term	Short -term	Long -term	Short -term	Long -term	Short -term
Loans	245,711	76,029	240,914	57,708	222,363	68,805
Debt formalisation expenses	(1,998)	-	(2,381)	(47)	(1,808)	-
Finance lease receivables	43,269	6,520	14,689	2,081	39,157	5,900
Loan facilities	-	15,639	-	9,818	-	14,153
Accrued interest	-	2,606	-	1,968	-	2,359
	286,982	**100,794**	**253,222**	**71,528**	**259,712**	**91,216**

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
	31.12.23	31.12.22	31.12.23
Two years	58,693	44,287	53,116
Three years	46,582	32,427	42,156
Four years	33,956	26,832	30,729
Five years	27,399	32,286	24,795
Rest	79,081	105,081	71,567
	245,711	**240,914**	**222,363**

The Group's lenders, for loans made to Group companies, are named as the beneficiaries in the insurance policies of the ships linked to these loans.

c.- Debts with group companies and associates

The Group has these balances with Group companies and associates:

Short-term	Thousands of dollars		Thousands of euros
	31.12.23	31.12.22	31.12.23
Majority shareholder	15,628	-	14,143
	15,628	**-**	**14,143**

d.- Trade creditors and other payables

As at 31 December 2023 and 2022, this caption, including balances with public administrations, is as follows:

	Thousands of dollars		Thousands of euros
Long-term	31.12.23	31.12.22	31.12.23
Tax deferrals	1,723	1.856	1,559
Other payables	1,014	-	918
	2,737	**1,856**	**2,477**
Short-term			
Suppliers	11, 579	24,333	10,478
Creditors	115,194	202,736	104,248
Accrued salaries	5,721	5,310	5,177
Payables from public administrations	5,824	7,326	5,271
Other payables	126	97	114
	138,443	**239,801**	**125,288**


FORTE DE SAO JOSE
425
460
530
620
675

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 emphasising 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 centred 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 rates 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, high 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 prudently manages liquidity risk based on maintaining sufficient cash or immediately available cash deposits. The Group has sufficient liquidity to settle market positions.

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

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 most attention is paid:

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

- Diversification of the credit line maturities and control of financing and refinancing.

- Control of the residual 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 (MARF) 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 freight transport; a natural hedge.

Cash flow hedges coming from investments in consolidated foreign entities:

The Group, as and when deemed convenient, contracts currency swaps and exchange rate insurance to mitigate the foreign exchange risk. Additionally, the Group also attempts to maintain an equilibrium between collections and payments represented 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 an equilibrium 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 Group's debt interest rates are primarily pegged to the Euribor, synthetic Libor, SOFR and Term SOFR, which have served as replacements for Libor up to the present.

The Group has executed several interest rate hedging transactions, which are evaluated at the end of each financial year and are recorded under “Hedging derivatives” on the Group's balance sheet. As at 31 December 2023, the gross valuation of these hedging derivatives stood at 9,242 thousand dollars (8,364 thousand euros). Over the year, changes in their valuation, net of tax, have been reflected in the Group's equity under “Valuation adjustments”.

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 introduced in Article 9 of Law 18/2022 of 28 September 2010.

According to the Third Additional Provision, titled "Duty of Information" of Law 15/2010 of 5 July, which amends Law 3/2004 of 29 December—establishing measures to combat late payments in commercial transactions—the Resolution of 29 January 2016 from the Accounting and Auditors Institute stipulates the information that must be included in the Financial Statements Report concerning aid law. It is noted that:

	Ejercicio 2023 **No. of days**	**Ejercicio 2022** **No. of days**
Average period of payment to suppliers	27.86	24.56
Ratio of paid operations	27.37	24.61
Ratio of outstanding operations	47.21	23.73

	2023 **Amount** **(Thousands of euros)**	**2022** **Amount** **(Thousands of euros)**
Total payments made	59,877	42,228
Total payments outstanding	1,500	2,171

Information is also disclosed regarding the number of invoices settled and the total amount paid within a period shorter than the maximum stipulated by late payment regulations. This requirement is outlined in the updated Third Additional Provision on the "Duty of Information" in Law 15/2010, dated 5 July, as introduced by Article 9 of Law 18/2022, on 28 September.

	2023	**2023** **% of total amount paid**	**2022**	**2022** **% of total amount paid**
No. of invoices paid in a period shorter than the established maximum period	2,756	69.9%	2,851	70.0%
Monetary volume paid in period below the established maximum (Thousands of Euros)	51,969	86.8%	38,185	90.4%

14. Net business turnover

The revenues of the Group are derived from providing international maritime transport services of raw materials on ships owned by the Group or borrowed from third parties. The Group's ships operate primarily on long-term, consecutive voyage and volume charter contracts with clients in the energy and commodities sectors worldwide (mainly petrochemical, energy, mining and steel companies). During the financial year 2023, the Group has provided its transport services with the ships of its fleet (please refer to Note 1) and other ships taken on the market in the short term. Its clients include public companies or companies in which public bodies have a stake.

In addition, 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 borrowed from third parties to provide these transport services is recorded in the Profit and Loss Account under other operating expenses.

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

	Miles de dólares	
	2023	**2022**
Dollars	1,045,794	942,401
Euros	26,590	32,501
	1,072,384	**974,902**

15. Personnel expenses

The composition of this caption is as follows:

	Thousands of dollars		Thousands of euros
	2023	**2022**	**2023**
Wages, salaries and similar expenses	37,187	34,892	34,394
Social security and other social payments	17,163	15,702	15,874
Provisions	616	153	570
	54,966	**50,747**	**50,838**

As at 31 December 2023, the staff was formed by 684 people (586 men and 98 women). As at year-end of the previous year, the payroll was formed by 657 people (560 men and 97 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 2023, amounted to 227 thousand dollars (245 thousand dollars in the previous year). Additionally, during 2023, the Group paid 30 thousand dollars for other services rendered (25 thousand dollars in the previous year).

17. Environment information

All the ships belonging to the Group comply with the applicable environmental standards bearing in mind its features and activity.

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

18. Fiscal Situation

The Group companies must submit a tax return every year for Corporation Tax or Income tax purposes. Each company does so, determining their income under the tax law of the country of their registered offices.

Deferred tax assets

At 31 December 2023 and 2022, the Group held the following Long-Term Deferred Tax Assets:

	Thousands of dollars		Thousands of euros
	31.12.23	31.12.22	31.12.23
Deferred tax assets	4,761	3,333	4,309
Credit for loss carryforwards	15,684	14,534	14,193
	20,445	**17,867**	**18,502**

Deferred tax liabilities

As at 31 December 2023, the Group reports deferred tax liabilities totalling 6,338 thousand dollars, an increase from 6,144 thousand dollars in the previous year. These liabilities are attributable to:

- Temporary differences amounting to 4,372 thousand dollars (up from 3,930 thousand dollars in the previous year), primarily related to the Group's Maltese subsidiary (IT3).

- The tax effect of the results from the valuation of interest rate hedging derivatives, directly recognised in equity and linked to long-term loans, which total 1,967 thousand dollars (refer to Note 7 for further details).

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 2023 and 2022 is as follows:

	Thousands of dollars		Thousands of euros
	31.12.23	31.12.22	31.12.23
Receivables from public administrations			
For withholdings	3,473	2,875	3,143
For deductible temporary differences assets	4,922	4,489	4,455
For Corporation Tax	1,521	1,427	1,377
For VAT	499	484	451
For Other taxes	530	1,631	480
For AFRMM receivable	20,363	11,187	18,428
	31,309	**22,093**	**28,334**

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 2023 and 2022 is as follows:

	Thousands of dollars		Thousands of euros
	31.12.23	**31.12.22**	**31.12.23**
Long-term payables to public administrations			
For deferred tax	1,723	1,856	1,559
Short-term payables to public administrations			
For Social Security	1,269	1,293	1,148
For Withholdings	968	954	876
For Corporation Tax	102	742	92
For VAT	184	96	167
For Other taxes	2,501	3,535	2,263
For Deferred taxes	800	705	724
	5,824	**7,326**	**5,270**

At the date of preparation of these Consolidated Financial Statements, the directors of the parent company, alongside their tax advisers, are of the opinion that any potential tax liabilities arising from these audits will not significantly affect the Consolidated Financial Statements as a whole. This belief is based on their confidence that these tax assessments may ultimately be deemed invalid.

19. Subsequent events

Group finalised an agreement to sell two dry cargo ships owned by Lauria for a total net sum of 31,392 thousand dollars.

In a related corporate transaction, ENE's shareholder, Abanca Corporación Industrial y Empresarial, S.L.U., transitioned to become Abanca Corporación Bancaria, S.A.

There are no other subsequent events to highlight.

BALANCE SHEET AS AT 31 DECEMBER 2023 AND 2022
(Stated in thousands of US dollars)

ASSETS	2023	2022
Non-current assets	**638,067**	**616,020**
Intangible fixed assets	51,682	42,271
Tangible fixed assets	528,502	518,526
Long-term financial investme	37,438	37,356
Deferred tax assets	20,445	17,867
Current assets	**360,363**	**469,663**
Non-current assets held for sale	36,276	37,079
Inventories	22,225	16,886
Trade debtors and other receivables	174,419	313,657
Short-term financial investments in group companies and associates	63,493	-
Short-term financial investments	7,045	9,199
Cash and cash equivalents	53,159	88,888
Short-term accruals	3,746	3,954
TOTAL ASSETS	**998,430**	**1,085,683**

NET EQUITY AND LIABILITIES	2023	2022
Net equity	**342,244**	**384,511**
Shareholders' equity	**391,795**	**437,379**
Subscribed capital	65,688	65,688
Reserves of the parent company	121,682	113,024
Reserves in consolidated companies for global integration	247,530	244,742
Profit/(Loss) for the year attributed to the parent company	(43,105)	13,925
Adjustments for changes in value	**(49,551)**	**(52,868)**
Hedging operations	7,276	8,230
Exchange differences	(56,827)	(61,098)
Non-current liabilities	**386,532**	**327,358**
Long-term provisions	**917**	**982**
Long-term provisions	**376,540**	**318,376**
Debentures and other marketable securities	88,400	63,996
Debts with credit institutions	243,712	238,533
Creditors for financial leases	43,269	14,688
Other financial liabilities	1,159	1,159
Deferred tax liabilities	**6,338**	**6,144**
Other long-term creditors	**2,737**	**1,856**
Current liabilities	**269,654**	**376,814**
Short-term debts	**103,140**	**127,556**
Liabilities and other marketable instruments	2,346	56,028
Debts with credit institutions	94,274	69,447
Financial lease receivables	6,520	2,081
Debts with group companies and associates	**15,628**	**-**
Trade creditors and other payables	**138,444**	**239,801**
Short-term accruals	**12,442**	**6,457**
TOTAL NET EQUITY AND LIABILITIES	**998,430**	**1,085,683**

PROFIT AND LOSS ACCOUNT FOR 2023 AND 2022
(Stated in thousands of US dollars)

	2023	2022
Net turnover	**1,072,384**	**974,902**
Revenues	1,072,384	974,902
Work carried out by the group for its assets	**-**	**222**
Supplies	**(75,509)**	**(79,948)**
Goods consumed	(75,509)	(79,948)
Other operating income	**8,481**	**9,507**
Ancillary income and other current management income	8,481	9,507
Personnel expenses	**(54,966)**	**(50,747)**
Wages, salaries and similar	(37,187)	(34,892)
Social security costs	(17,163)	(15,702)
Provisions	(616)	(153)
Other operating costs	**(887,828)**	**(772,101)**
Outsourced services	(875,072)	(758,431)
Taxes	(2,839)	(3,930)
Other current expenses	(9,756)	(8,648)
Other results	(161)	(1,092)
Depreciation of fixed assets	**(54,164)**	**(49,817)**
Impairment and the result of the disposal of fixed assets	**(13,825)**	**-**
Operating Result	**(5,427)**	**32,018**
Financial revenue	**3,254**	**3,040**
From marketable securities and other financial instruments	3,245	3,040
Financial expenses	**(31,538)**	**(24,971)**
Debts with group companies and associates	(541)	-
Debts with third parties	(30,997)	(24,971)
Foreign exchange differences	**(10,365)**	**3,413**
Financial Result	**(38,658)**	**(18,518)**
Result before taxes	**(44,085)**	**13,500**
Corporation Tax	**980**	**425**
RESULT OF THE YEAR	**(43,105)**	**13,925**

CASH FLOW STATEMENT FOR 2023 AND 2022
(Stated in thousands of US dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Result for the year before taxes	**(44,085)**	**13,500**
Adjustments to the result:	**106,215**	**68,352**
Depreciation of fixed assets	54,164	49,817
Impairment corrections	17,616	-
Provisions	(265)	153
Results for retirements and disposal of fixed assets	(3,791)	-
Financial revenue	(3,245)	(3,040)
Financial expenses	31,538	24,971
Other income/expenses	10,198	(3,724)
Changes in working capital	-	175
Inventories	**(21,933)**	**23,290**
Debtors and other receivables	(5,339)	(5,480)
Other current assets	76,045	(148,143)
Creditors and other payables	2,893	35,952
Other non-current assets and liabilities	(101,725)	147,900
Other cash flows from operating activities	6,193	(6,939)
Interest payments	**(27,936)**	**(24,521)**
Collection of interest	(30,663)	(27,032)
Collections (payments) for profit tax	3,245	3,040
Cash flows from operating activities	(518)	(529)
	12,261	**80,621**

CASH FLOWS FROM INVESTING ACTIVITIES	2023	2022
Payments for investments	**(104,148)**	**(86,833)**
Intangible fixed assets	(22,901)	(6,147)
Tangible fixed assets	(79,104)	(80,686)
Other financial assets	(2,143)	-
Collections from disinvestments	**13,414**	**5,258**
Intangible fixed assets	-	41
Tangible fixed assets	11,300	284
Other financial assets	28	33
Non-current assets held for sale	2,086	4,900
Cash flows from investing activities	**(90,734)**	**(81,575)**

CASH FLOWS FROM FINANCING ACTIVITIES	2023	2022
Collections and payments for financial liability instruments	**43,428**	**(540)**
Issuance:	162,420	57,445
Liabilities and other marketable instruments	22,100	-
Debts with credit institutions	124,850	57,445
Debts with group companies and associates	15,470	-
Repayment and amortisation of:	(118,992)	(57,985)
Liabilities and other marketable instruments	(55,250)	-
Debts with credit institutions	(63,742)	(57,985)
Payments of dividends and remuneration of other equity instruments	**(684)**	**(2,115)**
Dividends	(684)	(2,115)
Cash flows from financing activities	**42,744**	**(2,655)**

	2023	2022
EFFECT OF EXCHANGE RATE FLUCTUATIONS	**-**	**-**
INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	**(35,729)**	**(3,609)**
Cash or cash equivalents at the beginning of the year	**88,888**	**92,497**
Cash or cash equivalents at the end of the year	**53,159**	**88,888**

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES 2023 AND 2022
(Stated in thousands of US dollars)

	2023	2022
Result of the profit and loss account	**(43,105)**	**13,925**
Income and expenses attributable directly to Net Equity	**3,317**	**16,811**
From the valuation of financial instruments:		
From cash flow hedges	(954)	11,811
From grants, donations and bequests received		
From actuarial gains and losses and other adjustments	4,271	5,684
Tax effect		
Transfers to the profit and loss accounts	**-**	**-**
From the revaluation 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 RECOGNISED INCOME AND EXPENSES	**(39,788)**	**30,736**

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY OF 2023 AND 2022
(Stated in thousands of US dollars)

	Subscribed Capital	Reserves	Results	Adjustments or Changes in value	TOTAL
BALANCE, END OF THE FY 2021	**65,688**	**350,333**	**9,548**	**(69,679)**	**355,890**
Adjustments for changes of criteria 2021					-
Adjustments for errors 2021					-
ADJUSTED BALANCE, BEGINNING OF 2022	**65,688**	**350,333**	**9,548**	**(69,679)**	**355,890**
Total recognised income and expenses			**13,925**	**16,811**	**30,736**
Operations with shareholders or owners	**-**	**(2,115)**	**-**	**-**	**(2,115)**
Other variations of net equity		**9,548**	**(9,548)**		**-**
BALANCE, END OF THE FY 2022	**65,688**	**357,766**	**13,925**	**(52,868)**	**384,511**
Adjustments for changes of criteria 2022					-
Adjustments for errors 2022					-
ADJUSTED BALANCE, BEGINNING OF 2023	**65,688**	**357,766**	**13,925**	**(52,868)**	**384,511**
Total recognised income and expenses			**(43,105)**	**3,317**	**(39,788)**
Operations with shareholders or owners	**-**	**(684)**	**-**	**-**	**(684)**
Other variations of net equity		**12,130**	**(13,925)**		**(1,795)**
BALANCE, END OF THE FY 2023	**65,688**	**369,212**	**(43,105)**	**(49,551)**	**342,244**


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AUDITOR’S REPORT

MOORE

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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 2023, 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 , 2023, 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.

R.O.A.C. nº S-0359 Inscrita en el Registro Mercantil de Madrid, Tomo 155, Folio 167, Hoja M-3148
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Valuation of ships	
Description:	**Audit procedures:**
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 419 million euros, which represents 46% 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	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:	**Audit procedures:**
As indicated in note 8 to the consolidated financial statements, the caption "Non-current assets held for sale" includes the investment in a Group company amounting to 32.8 million euros. With respect to this investment, in addition to the cost of the holding, the Group has granted loans to this entity not eliminated in the consolidation process, the balance of which at year-end amounted to 57.5 million euros, and has other 3.5 million euros in outstanding balances. As a result, the group's total investment to be recovered from the sale of the subsidiary amounts to 93.8 million euros. Given the uncertainties inherent in the final resolution of the divestment of the group company and the necessary estimates for the calculation of the value of this asset, we have identified this issue as a relevant aspect of the audit.	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 2023 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 2023 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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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 form 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 IBERICA DE AUDITORIA, S.L.P.
(Registered in the Official Register of Account Auditors – ROAC – with number S0359)

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

Madrid, March 20th, 2024

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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.

EMPRESA NAVIERA ELCANO, S.A.