MANAGEMENT REPORT AND ACCOUNTS

LISNAVE
ESTALEIROS NAVAIS, S.A.

2021

LISNAVE | ESTALEIROS NAVAIS, S.A.
Share Capital: 5 000 000 euros
Registered Office: Mitrena – 2910-738 Setúbal
Setúbal Commercial Registration Office
Under number 503 847 151
Company Number 503 847 151

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April 2022

INDEX

MEMBERS OF CORPORATE BODIES

TERM OF OFFICE: 2021-2024 (FOUR-YEAR PERIODS)

Shareholders General Assembly

President:

Dr. Luís Miguel Nogueira Freire Cortes Martins

Vice-President:

Dr. Carlos Fernando Soares Pinheiro

Secretary:

Dr. Manuel Joaquim Rodrigues

Board Of Directors

Chairman:

Eng. José António Leite Mendes Rodrigues

Directors:

Dr. Nelson Nunes Rodrigues (deceased in 08/01/2022)

Dr. Luís Manuel dos Santos Silva Patrão

Eng. Nuno M. F. de Almeida Antunes dos Santos

Dr. João Rui Carvalho dos Santos

Managing Director

Eng. Nuno M. F. de Almeida Antunes dos Santos

Supervisory Board

President:

Eng. Manuel Serpa Leitão

Committee Members:

Dra. Tânia Sofia Luís Mineiro

Dr. Mário Alexandre Guerreiro Antão

Statutory Audit Firm:

RSM & ASSOCIADOS – SROC, LDA

– represented by Joaquim Patrício da Silva (Roc nº 320)

Company Secretary

Dr. Carlos Fernando Soares Pinheiro

Remuneration Committee

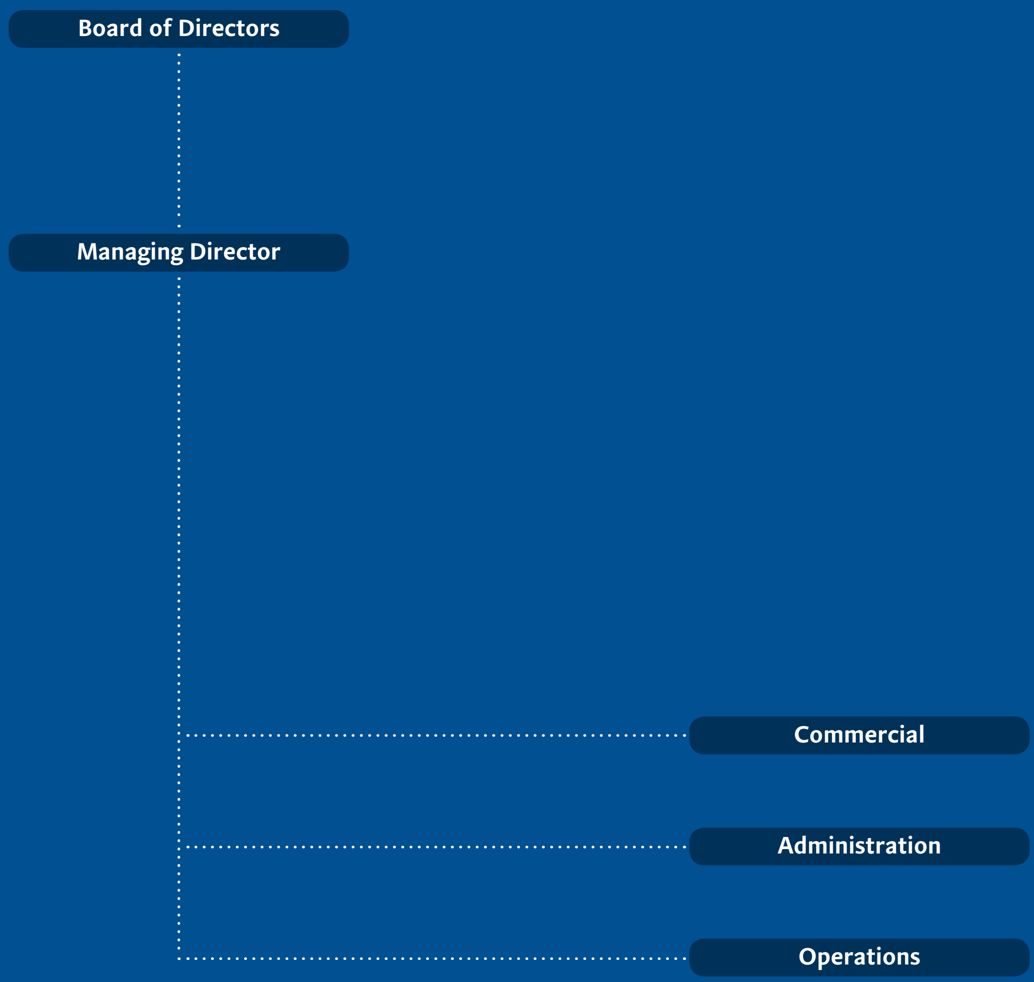
President:

Dr. Luís Miguel Nogueira Freire Cortes Martins

Secretary:

Eng. Jan Krabbenhöft

COMPANY STRUCTURE



ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice

Under the terms of the Law and the Bylaws of the Company, notice is hereby given for the Annual General Meeting of Shareholders of Lisnave, ESTALEIROS NAVAIS, S.A., to be held on 31st March 2022, at 11:00 Hours, at the Registered Office of the Company, Mitrena Shipyard, Setúbal, with the following Agenda:

1º – Discussion of the Management Report And Accounts for the 2021 Financial Year;

2º – Discussion of the Report Of The Auditing Committee;

3º – Discussion of the Proposal for the Appropriation of Profits;

4º – Ratify the appointment, by co-optation, of the Director Cláudia Cristina Pelaio Rodrigues Braz;

5º – General Assessment of the Management and Supervision of the Company.

The information referred to in Article 289 of the Code of Commercial Companies relating to the single item on the Agenda is at the disposal of the Shareholders at the Registered Office of the Company and in the Website during the time required by law.

Under the terms of the Law and of the Bylaws of the Company, Shareholders with the right to vote, holding at least one hundred Shares duly registered in their name no later than ten days before the date of the General Meeting of Shareholders may attend the meeting. Each group of one hundred Shares carries one vote.

For that purpose, Shareholders wishing to attend that Meeting shall advise accordingly the Chairman of the General Meeting of Shareholders, by letter, with the respective signature duly notarised or certified by the Company and, in this case, shall request the financial institutions where the Shares are registered to confirm to the Chairman of the Table of the General Meeting of Shareholders the existence of such registration, no later than five business days before the date of the General Meeting of Shareholders.

The General Meeting of Shareholders can only be held on a first call if Shareholders representing at least fifty per cent of the Share Capital are either present or represented.

Shareholders without the right to vote cannot attend the General Meeting of Shareholders.

Setúbal, 25th February 2022

Chairman of the Board of the General Meeting

Dr. Luís Miguel Nogueira Freire Cortes Martins


ERBIL

BOARD OF DIRECTORS REPORT

1 | Introduction

LISNAVE, ESTALEIROS NAVAIS, S.A. recorded another good performance in 2021.

The year started with some difficulties, with reduced activity, unit billing lower than budgeted and with a high level of discounts, necessary to ensure orders. From May, however, it was possible to attract projects with higher added value, which helped to compensate the poor start to the year.

In the second half of the year the Shipyard was almost always overloaded, which, despite providing a greater volume of sales, was reflected less favourably in the margins generated, though still positive. In fact, after full use of the usual service providers, the overload required us to look for additional providers, namely abroad, on less favourable terms.

Regardless of the workload at any given time, throughout the year a special effort was always made to reach out to projects and markets with potential for higher added value.

In parallel to the normal daily operations arising from our business, 2021 was a year in which some projects were started that will have a favourable impact on the Company in the medium/long term, namely:

▶ A photovoltaic power plant was installed for self-consumption, which has already entered into operation in 2022.

▶ A steel plasma cutting machine with numerical control was acquired, which will be operational in 2022.

▶ The study for the relocation of the Steel Park from the western zone of the shipyard to near the Light Boiler Workshop, where the steel is consumed, was started.

▶ In close collaboration with LISNAVEYARDS, the preparation of an Integrated Human Resources Plan was launched, comprising the recruitment, selection, training, assessment, career management and identification and retention of talent, among others.

▶ The preparation of a Commercial Plan began, with a view to increasing turnover, optimising margins and reducing the variability of workloads.

▶ Awareness-raising and investment in Safety were reinforced in order to achieve a Safety Culture that guarantees a working environment that protects the physical and psychological integrity of the workers and ensures absolute compliance with the Company's responsibilities.

▶ The Regulation for Alcohol and Drugs Control was drawn up, another important contribution to Safety at LISNAVE.

▶ A Protection Plan was drawn up to prevent the irregular occurrences that sometimes take place in the Shipyard.

▶ The study for the construction of facilities for washing, pickling and painting ship parts was started.

▶ A study has been initiated into the preferential use of hydroblasting, as opposed to shot blasting.

▶ To mitigate the volatility of the business and improve its profitability, a study was started for the building of floating units for Offshore Renewable Energies and a Memorandum of Understanding was signed with a technological and financial partner.

▶ With this same objective, another study for Responsible Ship Recycling was initiated and a Memorandum of Understanding was signed with a technological and financial partner.

▶ A profound reassessment of the Industrial Maintenance Plan of the Shipyard was begun, for its operability in the coming decades.

▶ The Customer Satisfaction Questionnaire was revised and updated, as well as its post-processing, to obtain more and better information.

▶ The Company's cyber-security measures were reinforced.

▶ A project was started to identify and forward obsolete inventory.

▶ The General Conditions for Service Providers at the Yard were updated, with a view to improving and disciplining safety, environmental and work performance.

▶ The process for obtaining the Single Environmental License was submitted to the Portuguese Environment Agency.

▶ And, bearing in mind the extension of the current Shipyard Concession, a study has been started to find a period compatible with the profitability of the investments necessary in the near future.

As mentioned, these measures were started in parallel with the company's current activity and, despite the additional pressure that these implied for its resources, they did not prevent the business from being run very successfully and the figure budgeted for the Net Result for the Financial Year was even exceeded by 68%, from 2.73 to 4.6 million euros.

In this context, the Board of Directors can only express its satisfaction at being able to share part of the results obtained, both with the Company's Employees and with its Shareholders.

As is customary, given the relevance of the cumulative business indicators both at regional and above all at national level, the Board of Directors would like to point out that in the period from the start of the Restructuring Plan (second semester of 1997) until the end of 2021, Lisnave repaired/maintained 2704 vessels, from more than fifty countries from all over the world, which resulted in Sales of 2.52 billion euros, which includes a significant 2.36 billion, or rather, around 94%, for export.

With this activity it was possible to ensure the payment of global salaries equivalent to 1.44 billion euros and also payments to the State, in Social Security contributions, IRS and Tax, of around 238 million euros. It should be noted that the amounts mentioned above are expressed in nominal values and have not been updated.

2021

In 2021 Lisnave continued to face particularly adverse working conditions, aggravated by those arising from the measures determined by the Authorities to contain the spread of the pandemic, which include closing borders and the fact that technicians and ship-owners' representatives were unable to travel to the ships undergoing repair, making it impossible to carry out normal work. This situation was aggravated by the effects of infection and prophylactic isolation, both among workers in general and among the ships' crews, despite the careful management of the Contingency Plan, with the implementation of various health, control and protection measures, which alone led to costs of over 600 thousand euros.

These strong limitations, amplified by the effects, on costs and quality, of the scarcity and low qualification of the labour resources available in the market, which resulted in consecutive planning changes with undesirable consequences for the level of customer satisfaction, did not, however, prevent LISNAVE from recovering, through intense commercial activity, from the effects of the postponements of orders that occurred in the first quarter of the year, developing a second semester which allowed it to successfully surpass the targets set in the 2021 Budget.

In fact, the commercial activity developed and the level of so-called "Repeat Business" of loyal customers, helped to minimise the serious effects of the pandemic mentioned above, with LISNAVE having repaired/maintained 80 vessels in the period under review.

The average workload per vessel – which had remained at very low levels in previous years, as a consequence of the low profitability of the business which Shipowners continued to face, seeing that the level of prices that the market was willing to pay for its services was not sufficient to compensate the high operating costs of the vessels – remained at a high level. The average invoice stood at 1.13 million euros, compared to 1.15 million euros for 2020.

In this context, LISNAVE concluded 2021 with ship-repair sales standing at 90.6 million euros, 3.6 million more than in the previous year.

The total operating income was 98.58 million euros, or rather, around 2.77 million euros more than in 2020, with total operating costs standing at 92.27 million euros, 4.53 million more than in the previous year.

Shareholders' Equity stood at 37.48 million, which is around 7.5 times the Share Capital.

The Net Profit for the year was 4.6 million euros.

Meanwhile, LISNAVE maintained its traditional characteristics as a highly export-oriented company, having repaired only one ship flying the Portuguese flag and having sold about 87% of its total Maintenance and Repair services to the external market.

With regard to "Employment", LISNAVE also maintained its habitual high level of employability, with charges of 56.87 million euros, an amount which corresponds to the average "employment equivalent" of more than 2,000 people per day.

It should be pointed out that the year was concluded without overdue debts, whether to workers or to the State, to which more than 4 million euros was paid in IRS, Social Security Contributions and Tax.

With regard to Fixed Assets, Investments made in the year amounted to 800 thousand euros, and the total amount of Investments made since 2000 now stand at 39 million euros. Also worth mentioning is the amount of costs incurred by LISNAVE, with major repairs of infrastructures and equipment in the year standing at around 850 thousand euros.

On the other hand, although being the responsibility of the Concessionaire, LISNAVE INFRAESTRUTURAS NAVAIS, S.A., it is worth mentioning the Investments related with the maintenance of the operating conditions of the Shipyard, totalling, in the year, around 3.3 million euros. It should be noted that these Investments with the Rehabilitation of the Shipyard started in 2008, regarding which, given the size of the sums involved, particular emphasis is given to the structural repair of Dock 20, the repair of Pier 3 and the electrical rehabilitation of the Shipyard, which already total 30 million euros.

In the chapter on Human Resources, given its importance, it should be mentioned that, following negotiations with the Workers' Representatives, an Internal Agreement was reached in which a salary increase of 2.9% was agreed.

It is worth remembering, meanwhile, as the Board of Directors has pointed out since 2009, that given the unwillingness of the Workers' Representatives to conclude a Collective Bargaining Agreement suitable for the characteristics of this activity, LISNAVE has since decided to redirect its Strategic Human Resources Management Policy, which now has the close co-operation of LISNAVEYARDS.

In the context of this collaboration with LISNAVE and within the scope of the ongoing Rejuvenation Policy and the Strategic Plan for Staff Succession and Rejuvenation, LISNAVEYARDS hired 5 Technicians, 8 Administrative Staff and 17 Specialists, 14 of whom are young Engineers.

As is known, this company, whose corporate purpose is similar to that of LISNAVE, started its Service Provision activity in February 2009, and as at 31 December, it had a staff of 293 Workers, 135 of whom were Direct Workers. On the same date, LISNAVE had a total of 140 Workers.

LISNAVE retained its Quality Certification in accordance with ISO Standard 9001:2015 and also the Certification of its Environmental Management System under ISO Standard 14001:2015. It also maintained its International Ship & Port Facility Security Code – ISPS and the Accreditation of the Calibration Laboratory. In 2021 it started the process for Safety Certification under ISO Standard 45001:2019.

As at 31 December 2020, the shareholder structure was the following:

Navivessel, Estudos e Projectos Navais, S.A.	72,86%
Thyssenkrupp Technologies Beteiligungen GMBH	20,00%
Parpública, S.A.	2,97%
Other Shareholders	4,17%

Concluding its general appraisal of the year, the Board of Directors wishes to express its satisfaction for the fact that, for the sixteenth time, it is again possible to submit to the General Meeting of Shareholders a proposal for the remuneration of the capital invested by the more than 200 Shareholders of the company.

Outlook for 2022

2022 will naturally be marked by the hope that the pandemic will diminish and the containment measures imposed by governments in general will be relaxed, together with the effects of the prolonged vaccination campaigns carried out.

In this scenario, considering that the shipping market will continue with the installation of ballast water treatment systems and that there are still many doubts as to the installation of scrubbers, associated namely to the reduction in the price of low-sulphur fuels and, on the other hand, to uncertainty as to the type of fuel to be used to comply with the carbon emission reduction targets, situations that are delaying shipowners' decisions about placing orders for new vessels, it is expected that these uncertainties will increase the value of second-hand ships.

Conversely, one should consider the pressure on prices that is expected to continue to be exerted by shipyards located in low-cost areas, even though the predicted increase in activity will lead to an increase in the occupation of docks, namely in those geographic areas, which may help to attenuate, although not resolve, the effect of the aggressiveness of the competition.

The competition arising from these shipyards will require Lisnave to strategically reposition itself, both commercially and in terms of operations. To improve the efficiency and productivity of the operations it will be necessary to invest carefully in the maintenance and recovery of various devices and infrastructures of the company, as well as in new technologies, processes and vocational training. Investments of this type have a secondary and positive effect in terms of quality, safety and environmental conditions, and so these actions regarding the operations will have to be articulated with commercial action, in the conquest of more demanding markets and higher added value.

So, in this context of expectation but of high uncertainty, Lisnave will continue to focus on seeking to increase productivity and diversify its markets and, also, on developing the recruitment and training of young human resources, essential for meeting its own needs.

In this way, reiterating its trust in the quality, responsibility and involvement that Management and other Workers on all levels have demonstrated over the years, but well aware of the threat posed by the difficulties of the business, which include the unforeseeability and aggressiveness of the competition as well as, among others, geopolitical tensions, namely the uncertainty resulting from the latent conflict between Russia and the Ukraine, the Board of Directors expresses to the Shareholders, if in the meantime there is no substantial change in the prospects set out above or in the event of unforeseen threats of a different nature, its expectation that business activity in 2022 will probably be at a level similar to that of the year under review.

2 | General Comments on the Market

Context

During 2021 the world economy recovered considerably from the effects caused by the COVID-19 pandemic outbreak started during 2020, although this, with the emergence of new variants, has continued to be the greatest challenge, both in terms of health and the economy. This recovery was mainly driven by robust growth in private consumption, plus a not inconsiderable increase in investment.

So, after the contraction of the global economy of 3.4% in 2020, the United Nations Organisation, in its report - "World Economic Situation and Prospects 2022", estimates that this has grown 5.5% during 2021, which is equivalent to saying that the World Gross Domestic Product was 1.9% above the figure for 2019.

In the last quarter of 2021 as a result of the slowdown in the effect of the fiscal and economic stimuli applied by governments during the worst period of the pandemic, the pace of growth slowed in the three first quarters, principally in the United States of America and in the European Union, resulting in a growth of the economy of the developed countries, as a whole, of only 4.8%, after having also contracted by 4.8% in 2020.

In these economies, domestic demand was also affected negatively by the rupture in the supply chains resulting from port congestion in both ports of origin and destination, arising from the measures taken by governments to protect against the COVID-19 pandemic. These effects, combined with rising energy prices, led to a very substantial increase in inflation in 2021.

This publication estimates that the economy of the United States of America has grown by 5.5% after contracting by 3.4% in 2020 and that the economy of the countries of the European Union, as a whole, has grown by 4.7%, after having contracted 6.0% in the previous year.

In the United Kingdom, as a consequence of its exit from the European Union, the constraints caused due to a lack of manual labour and by the emergence of customs barriers between both economies had a negative impact on supply chains, resulting in a growth of only 6.2% after the contraction of 9.8% in 2020.

As a result of the measures taken to fight the pandemic, which weakened domestic consumption and also the constraints in the supply chains that adversely affected exports, it is estimated that the Japanese economy only grew by 2.2% after having contracted 4.6% in 2020.

It is estimated that the economies of the developing countries, which contracted 1.6% in 2020, have grown 6.4%, and in

African countries growth has been 3.8%, in South Asia 7.4% - with India growing by 9.0% - and in East Asia by 6.8% - with China growing by 7.8%.

In Latin America and Caribbean countries, growth was 6.5%, with South America growing by 6.7% and Central America and Mexico 6.1%.

In countries with economies in transition, growth was 4.4%, with the economies of Southeastern Europe growing by 6.2% and the Russian Federation by 4.2%, after having contracted by 3.1% and 3.0% respectively in 2020.

So, despite the constraints suffered in both maritime and road transport chains, it is estimated that world trade has grown by 11% after having contracted by 8.3% in the previous year.

Evolution of the World's Merchant Fleet and Freight Rates

According to Clarksons Research the fleet of tankers of over 10,000 Deadweight Tonnes (DWT) grew, in number of vessels, by 1.0% during 2021, after having grown 2.6% in 2020. At the end of 2021 this fleet had reached 652 million DWT, which corresponded to a growth of 1.6% in relation to the end of 2020, a year in which it had grown 3.1%.

In terms of new constructions, 255 vessels with a total carrying capacity of around 26 million DWT were delivered, corresponding to 4.0% of the current capacity of this fleet. With regard to write-offs, 185 vessels were sold for decommissioning with a capacity of 15 million DWT, corresponding to 2.3% of the capacity of the existing fleet.

Based on the same source, in 2021 the dry bulk carrier fleet grew by 3.6% in terms of the number of vessels and 3.1% in

DWT, reaching 945 million DWT at the end of the year, having delivered 430 vessels with a capacity of 38 million DWT, which corresponds to 4.0% of the current capacity of this fleet. In this same period 56 vessels were sold for scrap with a capacity of 5.1 million DWT corresponding to 0.5% of the current capacity of this fleet.

The value of the steel of the vessels sold for decommissioning, which in the Indian market had grown around 10.0% in 2020 compared to 2019, reaching 400 US$ both for tankers and bulk carriers, grew significantly again in 2021 standing at around 560 US$ per tonne, an increase of around 40%.

At the end of 2021, the order book of new vessels in the tanker fleet was for 428 vessels with a carrying capacity of 48 million DWT, or rather, a tonnage corresponding to 7.3% of the tonnage of the existing fleet. Of these 48 million, 30 million – corresponding to 61.8% of the total and 4.5% of the existing fleet – are scheduled for delivery during 2022.

In the dry bulk carrier fleet, the order book of new vessels comprised 774 vessels, with a carrying capacity of 66 million DWT, which corresponds to 7.0% of the existing fleet, with delivery of 30 million, or rather, 45% of the total and 3.1% of the existing fleet, contemplated for 2022.

According to Clarksons Research, world demand for shipping started its recovery at the end of 2020, reaching pre-pandemic levels in mid-2021, having grown 3.6%. This growth was not equal in all transport market segments: liquid bulk transport grew 0.8% and is also 8% below pre-pandemic levels, with the segment of dry bulk transport having had robust growth of 4.0%.

So, although the differences between the growth of supply and demand for transport in the two market segments were not very significant – the liquid bulk carrier fleet grew 0.9% higher than demand for transport, and the dry bulk carrier fleet grew 0.4% less than transport demand – the expectations generated by the different growth rates of demand for transport and by the different behaviour of the active fleets were reflected in the behaviour of freight rates.

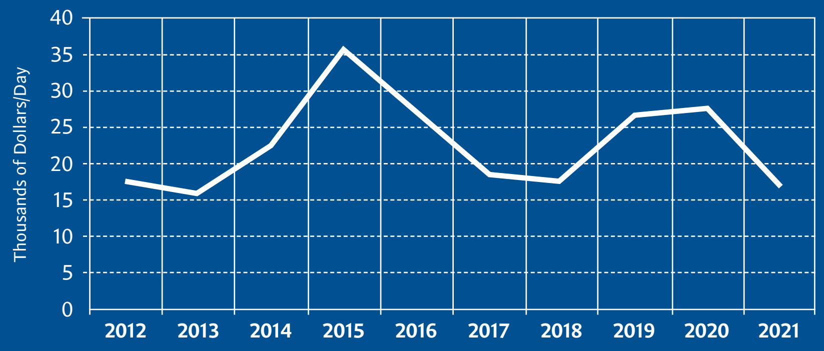
In the liquid bulk carrier market, despite the fact that growth of the fleet in terms of DWT was only 1.6%, the reduction of around 25% of tonnage used for storage meant that, as a whole, the active fleet grew around 3%, further increasing the imbalance that has existed over the years between transport supply and demand, a fact that not even the reduction of about 3% in the speed of crude-oil carriers could attenuate.

So, on average, in the case of the Modern Suezmax, the average one-year charter rate was around 16,900 US$ per day, a reduction of around 40% in relation to the average value of 2020, with Clarksons Research stating that, as a whole, Shipowners' earnings were down by around 70% in relation to 2020.

In the case of the dry bulk carrier fleet, the expectations created by the increase in demand for consumer goods, by the increase in congestion in ports of both origin and destination, and also by the use of some segments of this fleet in the transportation of containers, one-year charter rates, in the case of Capesize carriers, reached average values of around 26,500 US$ per day – a growth of around 80% in relation to the average value of 2020 – despite the fact that in this fleet the average speed has increased by around 2% compared to the speed of 2020.

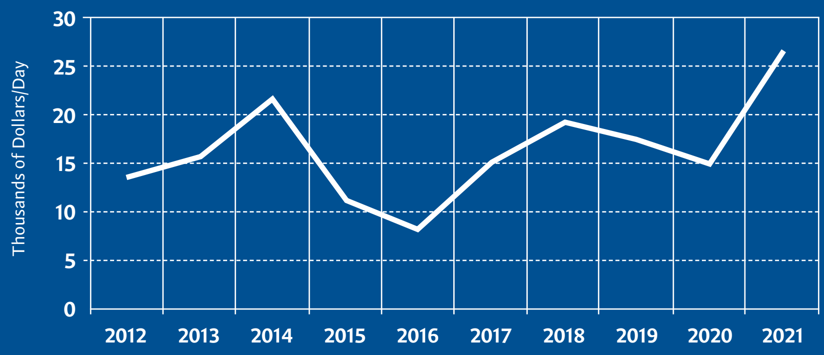
In 2021, it is estimated that demand for containerised cargo transport grew by around 6.5% compared to 2020 in terms of TEU (Twenty-foot Equivalent Unit). Such a strong growth rate – associated with the congestion verified in ports both of origin and destination, due to the disruption in the logistics chains originated by the measures to combat the pandemic – created the ideal conditions for freight rates of this market segment to reach amounts that, in the case of container ships with a capacity of 6,800 TEU, reached around 78,500 dollars per day, a growth of around 270% compared to 2020.

Freight Rates for Oil Tankers
Modern Suexmax



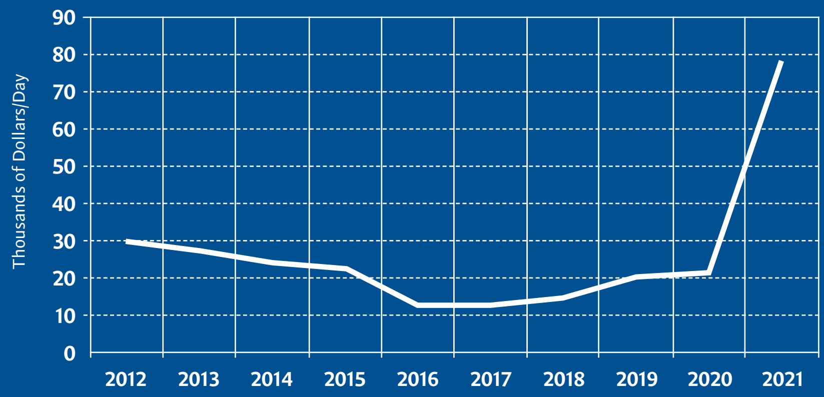
Yearly averages
Source: Clarkson

Freight Rates for Bulk Carriers
Capesize – 12 months T/C



Yearly averages
Source: Clarkson

Freight Rate for Container Carriers
6,800 TEU



Yearly averages
Source: Clarkson

3 | Ship Repair / Maintenance Business

Demand

As a result of the expectations created by the economic recovery and by the different behaviour of the various segments of the world maritime transport market, in overall terms orders of new vessels grew by around 77%. In the tanker fleet, given the prevailing uncertainty over the resumption of the free circulation of people and consequent increase in consumption of liquid fuels, the order of new vessels reduced around 13%, while in the dry bulk carrier market growth was 62%.

This 77% increase in orders for new ships has meant that shipyards have filled their capacity for the next two years. This has contributed to higher prices for both new and second hand ships, with new ship prices around 30% above 2020 prices and prices for second hand five year old ships between 10% and 30% for tankers and between 30% and 70% above 2020 prices for bulk carriers.

These increases in ship prices result from Shipowners' expectations stemming from the growth of transport seen in 2021 and from the return to post-pandemic normality, which is expected to begin to be felt towards the end of the first quarter of the year and which has already had repercussions on demand for ship repair during 2021.

So, in 2021, demand for ship repair for LISNAVE, measured in the number of consultations, grew 6% compared to 2020, a year in which demand had already grown by 16% compared to 2019. This growth was more significant in the liquid bulk and dry bulk shipping markets, where the increase was 10% and 22% respectively, compared to 2020. Demand outside of LISNAVE's traditional markets, such as dredgers, liquefied-gas carriers and container ships remained similar to that observed during 2020.

The negotiations of these consultations generated 93 orders, around 22% more than in 2020, with the Success Rate reaching 16%. This increase in Success Rate is the result of the confidence of LISNAVE's regular customers, as well as of the confinement in some geographic areas of LISNAVE's competitors, which prevented the free circulation of people, meaning that the representatives of the Shipowners and of the equipment manufacturers could not travel there, which substantially increased the repair period and in other cases to their postponement, which had already happened in 2020.

Items	2021	2020	2019	2018	2017
Consultations	570	540	467	439	458
Orders	93	76	82	85	77
Commercial success rate (%)	16	14	18	19	17

Activity carried out

During 2021, 80 ships were completed for repairs/maintenance, 77 of which at dock. In the major repairs market segment, one passenger ship and two chemical product carriers were repaired/maintained. The first, besides the normal repair and maintenance operations, was equipped with a pollution prevention system which enables it to navigate in areas with high environmental protection, while a breakdown was repaired on the second ship which occurred due to a collision with another vessel, in which around 200 tonnes of steel was replaced. The third vessel underwent a third special reclassification and in which a ballast water treatment system was installed.

As has happened since 2018, in 2021 LISNAVE was very active in installing new ballast water treatment systems, having installed twenty seven of these systems, after having already installed twenty two in 2020.

Its traditional market segments – tankers and dry bulk carriers – represented around 45% of its business in number of orders, and it should be pointed out that this is a continuation of the penetration into other market segments, such as gas carriers with 29% and container ships with 11%.

Years	National	Foreign	Total	In Dock
2021	1	79	80	77
2020	3	73	76	72
2019	2	70	72	68
2018	2	83	85	83
2017	0	78	78	77

Given the globalisation in LISNAVE's market, the vessels repaired during 2021 originated from 58 Customers located in 20 countries. The most important markets, in terms of number of ships repaired, were Greece with 15 ships, Norway with 12 ships, the United Kingdom with 11 ships and Germany with 7 ships.

4 | Investments/Others

Continuing its policy of investment and renewal of infrastructures, in order to guarantee the maintenance and continuous improvement of the operating conditions of the Shipyard, as in previous years Lisnave has ensured the investment both in new resources and in major repairs on infrastructures and existing installations, having applied around 800 thousand euros in the year. It should also be pointed out that the accumulated sums invested since 2000 already amount to around 39 million euros in nominal values, of which 29 million is in new investments and 10 million in major repairs to infrastructures and existing installations.

In the year under analysis, Lisnave also bore costs of around 850 thousand euros with major repairs of infrastructures and equipment. It should be noted that, since 2009, a year in which, due to changes in accounting standards, these costs are no longer capitalised, and the total sum now amounts to about 17 million euros.

In terms of new investments, besides the maintenance and recovery of some buildings and parks, among others, we should point out the rehabilitation and certification of equipment of the training school, the installation of stainless steel railings on the access stairs to Dock 22, the acquisition of diverse IT and communication equipment and the acquisition of new equipment and tools in the area of production, in particular the acquisition of new docking blocks.

In terms of major repairs, we should highlight the major repairs to the main pumps of the Inter-Dock Pumping Station (CBED), the repair of transport equipment, including the recovery of the KAMAG 1 platform carrier, mechanical tools, equipment in the Piping Workshop and improvement works undertaken in the changing rooms.

We should also mention other investments such as the rehabilitation of the rail tracks in Dock 21 west, the rehabilitation of equipment of the CBED, the start of the replacement of the oxycutting table in the Light Boiler Workshop, the life extension work carried out on the Floodgates of Docks 21, 22 and Platforms 31, 32 and 33, the continuation of the structural rehabilitation of various cranes, the work to update the 500t gantry crane, the continuation of the structural rehabilitation of the CBED and the repair of the concrete in the slabs of Docks 21 and 22, the rehabilitation of the fluid networks, the upgrading of the hauling winches of Dock 20s and the conclusion of the construction from scratch of the gas storage enclosure. Construction was also started on the solar photovoltaic plant (UPAC), with an investment of around 3.3 million euros in the year, which, while being the responsibility of the Concessionaire, Lisnave Infraestruturas Navais, add to the investments made in previous years, namely in the structural repair of Dock 20, Pier 3, electrical rehabilitation of the Shipyard (Stage I) and the waterproofing of the Hydrolift lock joints and the repair of the Hydrolift filling and draining valves, totalling around 30 million euros.

The projects indicated above, among others, are expected to continue in 2022, in coordination with the concessionaire, and investment in the production area will be reinforced.

Environmental Protection

Besides developing its activity in strict compliance with environmental regulations and respect for the surrounding community, Lisnave endeavours to ensure that it makes prudent, efficient and rational use of natural resources.

Accordingly, by fitting equipment that modernises the vessels and allows compliance with the new international requirements and maritime regulations, Lisnave plays an active role in the ecological protection of the seas and oceans and of the marine species living in them, without neglecting the well-being of those who work in its facilities.

Following its established Environmental Policy and with the aim of reducing its ecological footprint, LISNAVE concluded the construction of a small photovoltaic power station, for own consumption, thus helping to reduce its CO_2 emissions.

In terms of environmental protection, it is worth noting the efficiency of the wastewater treatment plants, which, autonomously, allow the treatment of almost all the effluent generated in the installation, including that from dockyard works.

In 2021, from a circular economy perspective, around 90% of the waste generated was recycled or recovered, in relation to which we can highlight the example of blasting grit, a residue that is forwarded to the cement industry, as an additive in iron, for the manufacture of cement, it being important to mention that practically all the units existing in national territory are supplied with this material.

The Company continued to focus on raising its workers' awareness of the heritage to be protected, thereby helping to defend the common good, sustainability.

Information Technologies

During 2021, LISNAVE successfully completed, within 2 years, the S/4 Hana migration activities for all environments, having also successfully completed the migration process to SAP Success Factors in the Learning Management Solution (LMS) and Performance & Goals (P&G) solutions, of the modules that were running on the SAP Portal, LSO and Performance Assessment, respectively, which went live in January 2021.

The migration of the ERP took place in May 2021, with no record of any operational disruption during or after this process. The GRC, the installed version of which was 10.1, was also upgraded to version 12.0.

As has been customary and according to the procedure followed in previous years, during the month of December, a test of the Recovery Plan for the systems installed in Mitrena was carried out, and the various redundancies of the local systems were successfully validated, namely the internal and external Internet and SAP Access networks and Local Servers, with recovery times (RTO) of less than 20 seconds.

On the other hand, seeking to continue with the Information Technology Security Policy of Lisnave and of the other companies of the Navivessel Group, various actions were organised, namely the update of the email flow platforms (Symantec Messaging Gateway) and firewall (Checkpoint), the new ANTI-SPAM control platform for the flow of emails from the Cloud, the implementation and update of the antivirus platform (Checkpoint Endpoint – Ex-Sandblast) and of new wireless network technologies (HPE Aruba) and also the segmentation of permissions for accounts with privileged access, with relevant gains in terms of the protection and safeguarding of information and of the systems, a necessary and indispensable condition for developing the Company's activity and its business.

Important updates were also carried out on the Virtual Server System, namely on the Hardware that supports the entire server infrastructure in DR and the process of updating the various workstations with the latest Windows 10 was continued.

Following the strategy started in 2020 and in order to seek to address the growing demands of teleworking with greater autonomy and mobility, Lisnave continued with the process of transitioning from Desktops to Laptops, under which it attributed 20 more portable devices.

Quality / Other Certifications

Lisnave keeps its Quality Management System self-sustaining and effective, directing its strategy towards the Satisfaction of its Customers and other Stakeholders, with Quality as its main priority and factor of success.

The reliability and efficacy of its processes, the continuous improvement and success achieved in the ISO 9001:2015 Follow-up Audit, conducted by Lloyd's Register / LRQA, lead Lisnave to a new objective; besides being the leader in this market segment, to head towards Total Quality and Excellence.

Ensuring compliance with all requirements, in 2021 Lisnave maintained the accreditation of the calibration laboratory in accordance with NP EN ISO/IEC 17025:2018, the International Ship & Port Facility Security Code and the commitment to comply with citizens' rights regarding the privacy of their personal data, under the General Data Protection Regulation.

In 2021, upholding the values that govern its activity and that of its people, Lisnave updated its Code of Conduct defining the standards in terms of professional ethics, enforcing the laws, rules, regulations and legal obligations in force.

The pandemic context caused by the outbreak of infection by SARS-COV-2 (COVID-19), which persisted in the previous year, led Lisnave to implement pandemic prevention and combat practices, proven by audits performed by Bureau Veritas, obtaining the Global Safe Site Certificate and permanently reviewing its Contingency Plan and associated Instructions.

5 | Human Resources

As has been reaffirmed in recent years, given the indispensability of ensuring its future survival and sustainability, Lisnave decided, in due course, to rejuvenate the company and to make some aspects of the Employment Contract more flexible.

Accordingly, in view of the systematic rejection by the Workers' Representative Bodies of the various Company Agreement proposals presented meanwhile, Lisnave decided to redirect its strategy through the development of an extensive Youth Recruitment and Training Programme, in order to provide them with the technical skills indispensable for the productivity challenges ahead and so start the inevitable process of staff rejuvenation.

With regard to the aforementioned Rejuvenation Policy started in 2006, and centred on the selection of young people with a suitable profile, up to 2021 Lisnave organised the implementation of several "Training and Basic Skills Programmes in the areas most requiring Human Resources in the company", involving around 500 Students.

On the other hand, with the collaboration of its Shareholder Navivessel, Lisnave also started the legal procedures for the constitution of a new company, which, having a corporate purpose similar to its own and operating on a service provision basis, would become, according to requirements, the company that would hire all future workers.

This company, LisnaveYards – Naval Services, LDA., which has been providing services to Lisnave since February 2009, had, on 31 December, a staff of 293 Workers in the different professions related with the activity, 135 of whom were Direct Workers, having contracted 20 Direct Workers, 5 Technicians and 17 Specialists, 14 of whom were Engineers, in the course of the year.

Charges with Remunerations

Before presenting the most relevant indicators, it should be noted that, following the opportune approval of the proposal of the Board of Directors relating to participation in the results achieved, all workers were awarded a balance sheet bonus, comprising a fixed part corresponding to 80% of the Fixed Monthly Remuneration, including Balance Sheet Bonus and two variable parts, one according to Absenteeism and the other dependent on the Performance Assessment, corresponding in aggregate to a total bonus of 0.75 million euros.

The total amount of Staff Costs amounted to 8.4 million euros, as detailed in the following table:

Staff Costs

Items	2021	2020
Remuneration, including Balance Sheet Bonus	5,436,348	6,172,114
Overtime	470,192	480,647
Bonuses, Subsidies and Other Remunerations	359,032	422,236
Subtotal	**6,265,572**	**7,074,997**
Social charges	2,098,311	2,510,555
Total	**8,363,883**	**9,585,552**

(Amounts in euros)

The reduction in the item "Remunerations" basically results from the natural departure, due to retirement, of staff throughout the year.

The reduction in the items "Overtime" and "Bonuses, Subsidies and Other Remunerations", is also related with the departure of workers already mentioned, plus the fact that the percentage of workers inclined to work overtime is increasingly lower.

The reduction in "Social Charges" was essentially due to issues related with the item "Insurance".

Also related with this topic, we should mention that an agreement was reached with the Workers' Representatives, under which a salary increase of 2.90% was agreed.

Training & Development

During 2021, the Company maintained its concern with the vocational training of its workers, having organised, despite the pandemic context, 82 vocational training courses considered as priority, involving 784 participants and contemplating fundamental aspects for the good performance of the activity, both due to their technical component and the training and awareness of the areas of Quality, Safety, Environment and Protection.

It should also be noted that despite the limitations already mentioned, 60% of the number of hours of training carried out were dedicated to the important areas of Qualification / Recycling / Production Techniques.

Regarding the Annual Training Plan, during the year training activities were organised with a total volume of training of 26,238 hours in diverse areas of knowledge.

Vocational Training | 2021

Areas of training	Total Hours	N. of Participants
Personal Development	14,077	249
Financial, Tax and Accounting Management	24	3
Hardware and Software	2	1
Quality, Safety, Environment and Protection	10,367	479
Qualification / Recycling / Production Techniques	1.768	52
Total	**26.238**	**784**

Youth Training

In relation to the Rejuvenation Plan that LISNAVE has been developing since 2006, 4 of the 5 Youth Training courses initially contemplated were held in the year, totalling 1840 hours of Training in which 41 Students participated. One of the courses contemplated had to be cancelled due to the pandemic confinement.

Strategic Succession Plan and Rejuvenation of Personnel

In addition to the Training and Recruitment already mentioned, LISNAVE pressed ahead with the implementation of the Strategic Plan for Staff Succession and Rejuvenation taking into account the favourable conditions existing for the retirement of older Staff, recruiting and mobilising a total of 4 Engineers internally for the purpose.

Health, Hygiene and Safety

In the course of the year LISNAVE maintained its traditional concern with the health of its Workers. In this perspective, besides occasional interventions, 602 Examinations were performed, of which 420 were in LISNAVEYARDS and 182 in LISNAVE, subdivided into 60 Admission, 250 Periodic and 292 Occasional Examinations.

On Health and Safety at Work, besides the fulfilment of the legislation and regulations in force, LISNAVE maintained its concern with the collective and individual safety of all the workers working in the Shipyard, promoting the approval and disclosure of the Alcohol and Drugs Control Regulations, regarding the culture of Prevention and Safety that it has been implementing.

Indicators

In 2021 the number of accidents increased slightly in relation to the previous year, while in 2020 the same number was recorded as in 2019. The increase is related with the change in the Accident Reporting Procedure made at the start of the year, in order to make this index more realistic and comprehensive, now accounting for accidents that were not accounted for before.

Also in this year and following on from last year, Lisnave did not record any very serious accidents among its workers. However, we regret to record an accident involving two workers of third companies, but within the perimeter of Lisnave, which resulted in one fatality.

With regard to the accident rate and according to the calculation formula defined by the International Labour Organization, 2021 had a severity index of 754.16 and a frequency rate of 25.42, thus improving the indicator of severity and worsening the frequency indicator – due to the new accounting of additional types– in relation to the numbers registered in the previous year

Promotion of Occupational Safety and Health

Continuing with the objective of leveraging the continuous improvement of the said accident rates, Lisnave promoted the holding of another series of Safety Training Courses, of which the following are particularly noteworthy for their relevance: "Alcohol and Drugs Regulations" and "Civil and Criminal Liability for Non-fulfilment of Safety Rules".

On the other hand, it maintained its strong commitment to informing and raising awareness among the various participants with regard to Safety and Health at Work and the Environment, having covered a total of 4,770 people in 2021, also including the reception and refresher courses for 4,116 Workers from Service Provider Companies.

With a view to promoting and divulging Health and Safety at Work, information was also provided in a more targeted way for specific situations to 645 persons, namely those involved in incidents or in work involving high safety risks, as well as in a broader context, awareness campaigns related with the areas of "Safety, Quality, the Environment and Good Practices", were resumed, promoted by the diverse productive sectors of the company aimed at Lisnave's workers and managers of Service Provider Companies.

Besides the information and training referred to above, also worth highlighting are the distribution of information and basic safety rules to people who enter the Company's facilities every day and who do not require safety training, such as salespeople, external technicians and other visitors.

Within the scope of this same policy, but with special incidence in the health area, LISNAVE promoted the habitual seasonal flu vaccination campaign, in which 58 Workers were vaccinated.

Covid19 – Contingency Plan

In keeping with the guidance given by the Directorate-General of Health and in view of the prevailing pandemic situation, LISNAVE drew up a Contingency Plan in good time, with the prime aim of promoting the Health and Safety of all workers who provide daily service at the Mitrena Shipyard, within the scope of which it defined and implemented a number of measures and procedures with a view to ensuring the continuity of the Company's activity and business.

The Contingency Plan initially approved on February 29, 2020, has since been revised several times, and its revision No. 13, dated February 2, is currently in force at the Company and is available for consultation by the workers. The reason for the successive revisions has to do with the respective updating of directives from the Directorate-General of Health, with which LISNAVE has always complied to excess.

In this context, LISNAVE has monitored and controlled the various health protection measures implemented throughout this period, namely the availability of alcohol gel in strategic locations of the Shipyard, the placement of acrylic dividers in the canteens, the general reinforcement of the cleaning and disinfection of spaces, machines and tools, the supply of masks and testing through the occupational medicine services, the cost of which exceeded 600 thousand euros in 2021, totalling more than one and a half million euros since the start of this pandemic.

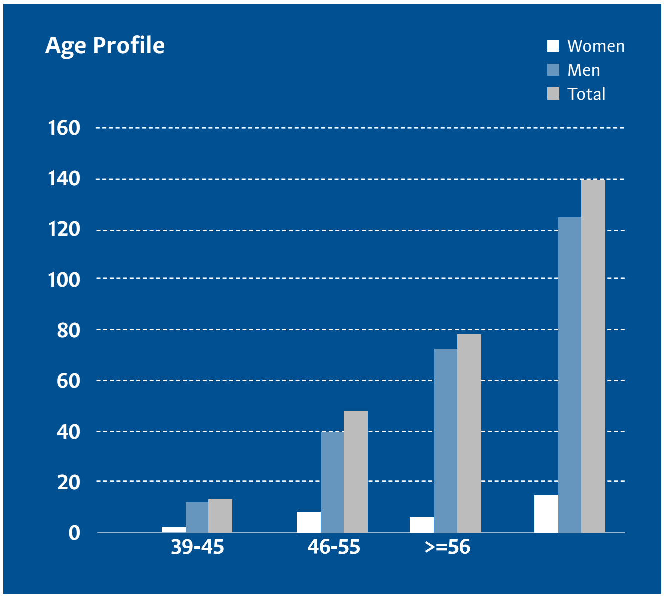
In addition to the aforementioned Plan, LISNAVE also divulged diverse information with the objective of, on the one hand, informing the Workers on the importance of the matter and, on the other, to make them aware of the need to comply with the defined rules and procedures.

Other Indicators

The absenteeism rate in 2021 revealed an increase over the previous year, still very much related to Covid-19.

Compared to the Staff Indicators at the end of 2020, LISNAVE's staff was reduced by 10 Workers, the majority of whom, under the terms of the Law, having taken old-age retirement.

On 31 December of 2021, LISNAVE's total workforce was 140 Workers with an average age of 56.67 years.



6 | Economic and Financial Situation

As mentioned above, LISNAVE repaired a total of 80 vessels in 2021, which corresponded to a total invoicing of 90.6 million euros.

Analysing the following table, we can see that the value of Total Invoicing registered growth of 4.2% when compared with the previous year, being accompanied by an increase of 5.3% in terms of the Number of Vessels Repaired.

On the other hand, the average billing per ship, of 1.133 million euros, suffered a slight decrease of 1% when compared with the same period of the previous year, associated with the slight reduction in the work content requested per ship in the so-called routine repairs.

Although there was a reduction in the value of the discounts granted to Customers, it still recorded a significant value, a consequence of the highly competitive market in which LISNAVE carries on its business.

Besides the increase in the number of ships repaired in the year compared to the previous year, when compared with the average of 77.7 vessels in the three year period of 2018/2020, rose by 3%.

Number of Ships and Invoicing

Items	2021	2020	2019	2018	2017
Vessels Repaired	80	76	72	85	78
Total Invoicing	90,6	87,0	62,2	80,7	87,5
Average Invoicing per Vessel	1,133	1,145	0,864	0,949	1,122

(Amounts in Millions of €)

This result is directly related with the evolution of demand, measured in the number of enquiries received, which was 5.6% higher than that observed in the previous year, and 18.3% when compared to the average in the three year period of 2018/2020. However, and despite the more aggressive commercial strategy that has been adopted, the success rate of 16.5% registered the lowest value since 2000, with the exception of the previous year, 0.8 pp lower when compared with the average observed in the three year period of 2018/2020, although it was 2.4 pp above the lowest value ever, registered in the previous year, a situation that bears witness to the worsening international competition that, as mentioned earlier, characterises this type of business.

It is also important to note the evolution of the US Dollar exchange rate, which during 2021 and contrary to the trend of last year, appreciated against the Euro by around 6.6%, essentially from the 2nd quarter. Taking into account the fact that LISNAVE's main clients still use the Dollar in their commercial transactions, this appreciation was a factor that facilitated LISNAVE's sales.

The following table presents the evolution of total Sales and Services Rendered.

Sales and Services Rendered

Items	2021	2020	2019	2018	2017
Ship Repairs	90 618	86 995	62 189	80 657	87 506
Revenue from Ships in Progress	943	2 823	2 537	-970	-3 094
Other Activities	4 951	3 339	5 705	2 817	1 433
Services Rendered	628	1 062	856	812	1 182
Total	**97 139**	**94 219**	**71 288**	**83 315**	**87 027**

(Amounts in Thousands of €)

The total amount of the items "Ship Repairs" and "Revenue from Ships in Progress" represented 94.3% of the total amount of "Sales and Services Rendered", with the "Other Activities" and "Services Rendered" items together recording a value of 5.6 million euros.

It should be pointed out that the amount of the item "Other Activities" registered an increase of 48.3% when compared with the previous year, resulting from the increase in Sales of "Other Services" and principally from the component of Sale of Services to the Company Lisnave Infraestruturas Navais, holder of the Mitrena Shipyard Concession Contract, related with the Shipyard Rehabilitation Investment Plan, which registered an increase of 47.8% compared to the previous Financial Year.

In relation to the evolution of the company's economic situation, the following table presents the Income Statements for the years 2021/2017, where we can see, on the one hand, the evolution of the profitability of Sales and, on the other, the evolution of the relative importance of the productive factors in the total operating income.

Income Statement

	2021		2020		2019		2018		2017	
Items	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Sales and services rendered	97 139		94 219		71 288		83 315		87 027	
Variation in production	0		0		0		0		0	
Own work capitalised	3		7		2		1		2	
Other income and gains	1 440		1 582		1 247		1 005		2 641	
Total operating income	**98 581**	**100**	**95 807**	**100**	**72 538**	**100**	**84 320**	**100**	**89 669**	**100**
Costs of raw materials consumed	7 119	7,2	5 264	5.5	4 461	6.2	5 540	6.6	6 009	6.7
External supplies and services	75 116	76.2	70 364	73.4	59 641	82.2	65 746	78.0	61 397	68.5
Staff costs	8 364	8.5	9 586	10.0	9 353	12.9	11 412	13.5	11 703	13.1
Depreciation, Impairment and Provisions	1 165	1.2	2 017	2.1	674	0,9	-5 989	-7.1	6 048	6.7
Tax	31	0.0	22	0.0	22	0.0	22	0.0	21	0.0
Other expenses and losses	474	0,5	485	0,5	456	0,6	784	0.9	1 387	1.5
Total operating Costs	**92 270**	**93.6**	**87 738**	**91.6**	**74 608**	**102.9**	**77 515**	**91.9**	**86 564**	**96.5**
Operating results	**6 311**	**6.4**	**8 069**	**8.4**	**-2 070**	**-2.9**	**6 805**	**8.1**	**3 105**	**3.5**
Financing results	-8	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Pre-tax results	**6 303**	**6.4**	**8 069**	**8.4**	**-2 070**	**-2.9**	**6 805**	**8.1**	**3 105**	**3.5**
Income tax for the period (-)	-1 726	-1.8	-2 258	-2.4	113	0.2	-2 192	-2.6	-1 151	-1.3
Net result of the period	**4 577**	**4.6**	**5 811**	**6.1**	**-1 957**	**-2.7**	**4 613**	**5.5**	**1 954**	**2.2**

(Amounts in Thousands of €)

A brief analysis of the Income Statement shows that the economic performance of the company in 2021 deteriorated in relation to the previous year, returning a "Net Profit" of 4.6 million euros.

Analysing the information in greater detail it can also be seen that the "Operating results of the year" are influenced by the significant 3.5 p.p. drop in the Gross Margin of the Projects.

On the other hand, and contrary to the situation observed in previous years, for the first time LISNAVE presented a value in "Financing results", associated to the fact that, in view of the pandemic situation in force, it had resorted to the Covid-19 Economy Support Line for exporting companies in the industrial and tourism sectors.

It should also be mentioned that, following the decision taken by Management at the end of 2003, exchange rate risks, related with the volatility of the Dollar, were eliminated in good time, given that the Company now bills its clients in euros. In this way, the exchange differences in 2021 were not materially relevant.

In addition to the analysis of the economic evolution of the company for the period from 2021 to 2017, the following table shows the most important Economic Indicators and Ratios.

Economic Aggregates

Items	2021	2020	2019	2018	2017
Overall Aggregates					
Gross value of production (GVP)	97 141	94 226	71 291	83 316	87 028
Gross value added (GVA)	17 371	21 525	8 330	13 302	22 355
Staff costs	8 364	9 586	9 353	11 412	11 703
Operating cash flow	7 476	10 087	-1 395	816	9 154
Average number of employees	**143**	**159**	**188**	**229**	**253**
Ratios					
Gross value of production per capita	679,3	592,6	379,2	363,8	344,0
Staff costs per capita	58,5	60,3	49,8	49,8	46,3
GVA / GVP	18%	23%	12%	16%	26%
Staff costs / GVA	48%	45%	112%	86%	52%

(Amounts in Thousands of €)

From their analysis it can be concluded that, in 2021, the Overall Aggregates and Ratios showed a mixed performance when compared with those of the previous year.

So, the aggregate “Gross Value of Production (GVP)” evolved positively as a result of the increase in Sales; the aggregates “Gross Value Added (GVA)” and “Operating Cash Flow” evolved negatively as result of the already mentioned reduction in the Gross Margin of Projects.

Notwithstanding these variations, the Company maintained a situation of economic sustainability, which allowed it, despite an extremely difficult year in world terms, to continue to operate and obtain positive results in a market characterised by strong competition and great unpredictability.

The evolution of the “Net situation”, for the period under review, is shown in the following table.

Net Situation

Items	2021	2020	2019	2018	2017
Share Capital	5 000	5 000	5 000	5 000	5 000
Shareholders Loans	0	0	0	0	0
Legal reserve and retained earnings	27 903	26 092	28 049	23 436	23 799
Net result of the year	4 577	5 811	-1 957	4 613	1 954
Total Net Situation	**37 481**	**36 903**	**31 092**	**33 049**	**30 753**

(Amounts in Thousands of €)

The Net situation on 31 December of 2021 showed a value of 37.5 million euros. The book value per share, at the end of the year, was 37.48 €, representing an increase of 650% compared to its nominal value.

Through the analysis of the main items of the Balance Sheet on 31 December of 2021, for the last five years, set out in following table, it is possible to analyse the evolution of the financial structure of the company.

Comparative abridged balance sheets

Items	2021	2020	2019	2018	2017
Assets					
Non-current assets	9 663	9 744	10 108	10 070	13 006
Inventories	1 923	1 947	1 988	1 962	1 985
Clients C/A (net of advances)	14 996	20 220	20 417	16 955	10 596
Other accounts receivable	9 990	7 583	4 977	6 885	5 571
Cash and bank deposits	29 459	29 397	19 242	26 798	29 975
Deferrals	537	262	222	195	120
Total Assets	**66 569**	**69 154**	**56 953**	**62 864**	**61 253**
Liabilities					
Provisions	75	141	340	771	1 583
Other non-current payables	48	2	19	25	30
Non-current financing obtained	470	0	0	0	0
Suppliers C/A (net of advances)	21 604	21 504	18 907	20 156	21 289
Other accounts payable	6 891	10 604	6 595	8 864	7 599
Deferrals	0	0	0	0	0
Total Liabilities	**29 088**	**32 251**	**25 861**	**29 816**	**30 500**
Net situation	**37 481**	**36 903**	**31 092**	**33 049**	**30 753**

(Valores em Milhares de euros)

In order to assess the Liquidity and Financial Structure of the Balance Sheet at the end of the year under review, a number of indicators were analysed which help to characterise the financial situation of the company, as follows:

Liquidity

Working capital in the order of 28.4 million euros and a Quick Ratio and Cash Ratio of 2.00 and 1.93, respectively, both higher than those recorded in the previous year, allow us to state that the Company's Short-term Financial Structure continues to be very solid.

The factors underlying this situation are the level of Cash Flow generated and the value of Cash and Banks, which stood at 29.5 million euros at the year end.

Financial structure

A non-current asset financing ratio of 3.88 and Total Solvency and self-financing ratios of 128.9% and 56.3%, respectively, allow the conclusion that the financial structure of the Balance Sheet continues to be very comfortable and adequate for the Company's core business, which is carried on in an extremely competitive and highly unpredictable market.

Lastly, and in keeping with legal requirements, it is hereby declared that, on 31 December of 2021, LISNAVE held no treasury shares and had no past-due debt to the State public sector, including the Social Security.

7 | Business Outlook for 2022

With demand for oil from the Far East continuing to be low, following the drastic reduction in 2020 and the existence of large, undepleted stocks, seaborne export flows continue to be reduced, seriously affecting the markets for the shipping of oil and refined products. For most of 2021, for most Shipowners, spot market rates were equal to or lower than vessel operating expenses and, when an improvement was in sight later that year, with the appearance of the new Omicron variant of Covid-19, international voyages were again restricted, which contained the already unstable turnaround in rates and profits in the global tanker market. This market is expected to see better days in 2022, due to a probable increase in the trade in oil and oil products and to the decommissioning of some surplus units, but the return to pre-pandemic levels could be slow, due to new vessels coming into operation.

After the large fluctuations of 2020, the containerised cargo shipping market experienced extraordinary conditions in 2021, driving sea freight prices three times higher than in 2020. Profits of container ship operators reached new all-time highs, a trend that is expected to continue during the first half of 2022. This situation may benefit European shipyards, due to the healthy financial condition of these Customers, despite the enormous pressure to reduce shipyard down-times due to very high freight rates. In 2021, a commercial relationship was started with a large player in this market, and this relationship is expected to continue in 2022.

The environmental restrictions that have been imposed by the IMO, both with regard to fuel and emissions and to the management of ships' ballast water, have forced Shipowners to modernise their fleets, something that has provided ship repair yards with an additional share in business and sales.

Lisnave has obtained its respective benefits in the last two years, with regard to the installation of ballast water treatment systems. It is expected that these systems will continue to be installed in 2022, continuing until mid-2023, followed by a gradual decrease until 2025, the legal deadline for ships to have this type of system.

With regard to emissions, experts predict that around 75% of the global fleet of bulk carriers and tankers will be unable to comply with the limits required by the IMO, which will come into force in January of 2023, unless they take corrective measures. These international impositions will require alterations to vessels, with the prospect of some benefit for shipyards.

In the passenger ship market, tighter restrictions in some attractive parts of the planet (the fjords of Norway, the Baltic, Arctic and Antarctic), provided Lisnave with the work of modernising the vessel "Vasco da Gama" in 2021 and following this global trend, similar projects are expected to be carried out in 2022, for other Shipowners in this market.

In short, despite the constant variations in the various shipping markets and the uncertainty about the evolution of the pandemic, it is anticipated that the high demand for ship repairs in 2021 will continue at least until the first semester of 2022. In the second semester, demand in Europe may reduce with the return to normality of Shipyards in the Far East, which have had the most restrictions due to the impact of the pandemic, mainly on the part of Shipowners that prioritise low prices.

Human Resources

In 2022 the Board of Directors intends to continue with its Strategic Human Resources Management policy, through the cooperation established with LisnaveYards, in order to continue to foster, through the latter, the creation of conditions that will ensure the future sustainability of this business sector in Portugal.

With this objective, Lisnave intends to continue to collaborate with LisnaveYards, seeking to ensure that it takes on greater responsibilities in developing the activity, in the light of the size of its staff, particularly as regards the number of its direct workers.

Seeking to resume the Rejuvenation Plan that the Company has been developing since 2006 and at the same time compensate for the courses that were postponed in 2020 and 2021, Lisnave intends to organise five new youth training courses in the areas of naval and mechanical metalworking, naval firemen, lifting and transport equipment operators and machine tool operators, the recruitment and training of 4 new Level IV Prevention and Safety Officers, as well as the contracting of 23 new Managers, 13 of whom are Engineers and 4 Specialists.

Besides youth training, Lisnave will continue with the Training of its workers, and, for the purpose, the Annual Training Plan for 2022 has been approved, within the scope of which 113 training courses are expected to be given, involving around 624 students, totalling 20,655 hours of training. On the other hand, Lisnave will continue to promote the training of new management, both in-house and by resorting to external partners, as well as the measures considered necessary to put into effect the Strategic Plan for the Succession and Rejuvenation of the Company's Management Staff, the date of issue of which is expected shortly.

8 | Proposal for the Appropriation of Profits

Considering the level of performance achieved in 2021, the Board of Directors decided to award a Balance Sheet Bonus to all workers.

It therefore proposes to the shareholders:

1 That the decision by the Board of Directors to award a Balance Sheet Bonus to all Company Employees, in the amount of EUR 542,000.00 (five hundred and forty-two thousand euros), already included in the Net Result for the Financial Year, be ratified, and that,

2 The Net Profit of the year, amounting to € 4,577,498.55 (four million, five hundred and seventy seven thousand, four hundred and ninety eight euros and fifty five cents), be applied as follows:

Dividends	3.000.000,00 euros
Retained earnings	1,577,498.55 euros

9 | Closing Remarks

Lastly, in closing the Management Report in respect of the business in 2021, the Board of Directors would like to express its profound gratitude and appreciation to the many people and entities that have directly or indirectly supported it in the pursuit of the established goals, in particular:

▶ The Customers and Suppliers, for the preference and confidence with which they have continued to distinguish Lisnave;

▶ The Shareholders, for the support, co-operation and interest that they have always displayed in their monitoring of the more relevant aspects of the management of the Company;

▶ To all the Company's Employees and their Representative Bodies for their willingness commitment and very considerable professionalism;

▶ The Audit Committee and the External Auditors for the participative way in which they have performed their duties;

▶ The Authorities in general and those of the Port Setúbal in particular for their understanding and co-operation in resolving issues inherent in the working of the Shipyard;

▶ The Credit Institutions for the excellent relations they have maintained with LISNAVE;

▶ Lastly, we would like to express our special thanks and our heartfelt condolences to Mr. Nelson Nunes Rodrigues, Shareholder and Director of LISNAVE, on his recent death. We pay tribute to his memory for his courage, as one of those who accepted the challenge of assuming the MBO of the Company, and for his professionalism and superior technical qualities, without ever neglecting the human aspect of management, which helped to transform a project in imminent technical bankruptcy into a case of great international success.

Setúbal, 25th February 2022

The Board of Directors

Chairman

José António Leite Mendes Rodrigues

Members of the Board

Nuno Miguel Ferreira de Almeida Antunes dos Santos
Cláudia Cristina Pelaio Rodrigues Braz
Luis Manuel dos Santos Silva Patrão
João Rui Carvalho dos Santos


LISNAVE
TANJA


PMAX

Balance

Statement of Changes in Equity

Statement of Profit and Loss by Activity

Cash Flow Statement

Annex

Auditing Committee Report and Advice

Legal Certification of Accounts

Extract of the Minute of the Annual General Meeting of Shareholders held on 31st March 2022 relating to the approval of documents reporting the Accounts for the 2021 Financial Year

BALANCE

Items	Notes	31-DEC-2021	31-DEC-2020
Assets			
Non-current Assets			
Tangible assets	8	6 378 344,52	6 480 683,87
Investment properties	7	2 567 100,00	2 567 100,00
Other finance investments		1 585,80	0,00
Deferred tax Assets	14	73 612,07	236 133,21
Ohter accounts receivable	15	192 820,08	10 424,08
Non-current Assets held for sale	8	450 000,00	450 000,00
		9 663 462,47	**9 744 341,16**
Current Assets			
Inventoires	10	1 923 282,67	1 946 908,83
Customers	15.1	15 702 896,72	20 417 341,34
Advances to Suppliers	15.3	643 468,89	48 404,04
State and other Public Entities	14/17.1	2 641 160,29	2 611 418,18
Other accounts receivable	15.2	7 349 171,62	4 972 057,80
Deferrals	17.2	536 617,40	262 092,14
Cash and short-ter deposits	4	29 459 086,75	29 397 102,76
		58 255 684,34	**59 655 325,09**
Total Assets		**67 919 146,81**	**69 399 666,25**

(Amounts in euros)

Items	Notes	31-DEZ-2021	31-DEZ-2020
Equity and Liabilities			
Equity			
Realized Capital	15.6	5 000 000,00	5 000 000,00
Legal reserves	17.3	1 398 173,26	1 398 173,26
Retained earnings	17.3	26 504 887,22	24 693 593,05
		32 903 060,48	**31 091 766,31**
Net Profit/Loss for the Period	17.3	4 577 498,55	5 811 294,17
Total Equity		**37 480 559,03**	**36 903 060,48**
Liabilities			
Non-current Liabilities			
Provisions	12	75 192,04	140 731,23
Obtained financing	15.4	470 000,00	0,00
Deferred Tax liabilities	14	48 205,02	2 345,42
Other debts payable	15.4	0,00	0,00
		593 397,06	**143 076,65**
Current Liabilities			
Suppliers	15.3	22 247 595,06	21 552 328,76
Advances to Customers	15	707 000,02	197 020,02
State and other Public Entities	14/17.1	242 877,54	2 382 627,00
Obtained financing	15.4	94 000,00	0,00
Other debts payable	15.5	6 553 718,10	8 221 553,34
		29 845 190,72	**32 353 529,12**
Total Liabilities		**30 438 587,78**	**32 496 605,77**
Total Equity and Liabilities		**67 919 146,81**	**69 399 666,25**

(Valores em euros)

STATEMENT OF CHANGES IN EQUITY

Description	Issued Capital	Legal Reserves	Earnings	Net Income	Total Equity
Position at 01/01/2020	**5 000 000,00**	**1 398 173,26**	**26 650 515,25**	**-1 956 922,20**	**31 091 766,31**
Reminder of the distribution of the Net Income for the Period			-1 956 922,20	1 956 922,20	0,00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net Income for the period				**5 811 294,17**	**5 811 294,17**
Operations with equity owners					
Dividends			0,00		0,00
Other Operations			0,00		0,00
	0,00	**0,00**	**0,00**	**5 811 294,17**	**5 811 294,17**
Position at the end of 2020	**5 000 000,00**	**1 398 173,26**	**24 693 593,05**	**5 811 294,17**	**36 903 060,48**
Position at 01/01/2021	**5 000 000,00**	**1 398 173,26**	**24 693 593,05**	**5 811 294,17**	**36 903 060,48**
Reminder of the distribution of the Net Income for the Period			5 811 294,17	-5 811 294,17	0,00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net Income for the period				**4 577 498,55**	**4 577 498,55**
Operations with equity owners					
Dividends			-4 000 000,00		-4 000 000,00
Dividends			0,00		0,00
	0,00	**0,00**	**-4 000 000,00**	**4 577 498,55**	**577 498,55**
Position at the end of 2021	**5 000 000,00**	**1 398 173,26**	**26 504 887,22**	**4 577 498,55**	**37 480 559,03**

(Amounts in euros)

PROFIT AND LOSS STATEMENT

Income and Services	Notes	2021	2020
Sales of Goods and Services Rendered	11	97 138 898,46	94 219 010,05
Operating Subsidies		0,00	161,72
Works for the Company		2 516,38	6 642,33
Costs of Goods and materials consumption	10	(7 119 450,47)	(5 264 028,42)
Externals supplies and services	17.4	(75 116 336,99)	(70 363 812,14)
Personnel expenses	16	(8 363 882,45)	(9 585 552,01)
Impairment of inventories (losses/gains)	10	19 510,25	7 706,62
Impairment of debts receivable (losses/reversals)	15.1	97 972,51	(894 187,18)
Provisions (Increases/Reductions)	12	35 539,19	74 658,34
Other operating income	17.5	1 439 548,23	1 581 513,74
Other operating expenses	17.6	(505 202,57)	(507 228,85)
Earnings before Interest, Taxes, Depreciation and Amortization		**7 629 112,54**	**9 274 884,20**
Depreciation and amortization expenses / reversals	8/17.7	(1 318 113,23)	(1 205 406,29)
Operational earnings before Interest and Taxes		**6 310 999,31**	**8 069 477,91**
Interest and similar expenses incurred	17.8	(7 950,85)	0,00
Earnings before Interest and Taxess		**6 303 048,46**	**8 069 477,91**
Period income taxes	14	(1 725 549,91)	(2 258 183,74)
Profit for the Year		**4 577 498,55**	**5 811 294,17**
Profit by Share		**4,58**	**5,81**

(Amounts in euros)

CASH FLOW STATEMENT

	Period	
Items	**2021**	**2020**
Cash Flow from Operating Activities		
Receivable from costumers	98 344 418,07	92 124 640,78
Payments to suppliers	-97 831 739,48	-85 341 812,01
Payments to employees	-6 081 045,32	-5 872 484,52
Cash Generated by Operations	**-5 568 366,73**	**910 344,25**
Income tax payments	-3 479 485,63	-210 330,26
Other payments/receivable related to opertaing activity	13 355 716,41	10 593 983,23
	4 307 864,05	11 293 997,227
Flow from Operating Activities (1)	**4 307 864,05**	**11 293 997,22**
Payments Related with:		
Tangible assets	-795 313,03	-1 132 210,45
Non-tangible assets	0,00	0,00
	-795 313,03	**-1 132 210,45**
Receivables Related with:		
Finance Investments	0,00	0,00
Interest and Similar Income	3 812,52	8 357,50
Flow from Investment Activities (2)	**-791 500,51**	**-1 123 852,95**
Receivables Related with:		
Loans obtained	564 000,00	0,00
Payments Related with:		
Interest and Similar Expenses	-18 194,63	-13 989,06
Dividends	-4 000 000,00	0,00
Flow from Financing Activities (3)	**-3 454 194,63**	**-13 989,06**
Changes in Cash and Cash Equivalent (4) = (1) + (2) + (3)	**62 168,91**	**10 156 155,21**
Net Foreign Exchange Difference	**184,92**	**1 002,99**
Cash and Cash Equivalents at Beginnings of Period	**-48 404,04**	**-19 241 950,54**
Cash and Cash Equivalents at End of Period	**643 468,89**	**48 404,04**
	595 249,77	**-19 192 543,51**

(Amounts in euros)

ANNEX

(Amounts are stated in euros unless specifically indicated otherwise)

1. Corporate Information

The Company was incorporated on March 12th 1997 under the business name of Navenova – Estaleiros Navais, S.A., its name subsequently being altered by a public deed dated July 31st 1997 to Lisnave – Estaleiros Navais, S.A.

Its main corporate purpose is the operation of shipyards for the construction and repair of ships relating to the exercising of the industry, trade as well the development of activities related with the latter or similar.

Its registered offices are situated in Mitrena, 2910-738 Setúbal.

The Company capital is held mainly by Navivessel – Estudos e Projectos Navais, S.A., which holds 72,86%, by Thyssenkrupp Technologies Beteiligungen GMBH, which holds 20,00% of capital, by the Parpúplica, SGPS,S.A. with 2,97% and by Public (OPT) with 4,17%.

2. General Accounting Policies used in the preparation of the Financial Statements

2.1 Basis of Preparation

The accompanying financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards (IFRS) issued and in force as at December 31, 2021.

The preparation of the financial statements in conformity with the Accounting Standardisation System (SNC) requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies adopted by Lisnave – Estaleiros Navais, S.A., having a significant impact on the carrying amounts of the assets and liabilities, as well as on the income and expenses of the reporting period.

Although these estimates are based on the best experience of the Board and on its best expectations in relation to the events and current and future operations, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 3.3.

2.2 Derogation of the provisions of the SNC

During the year to which these financial statements refer, there were no exceptional cases that directly entailed derogation of any provision laid down in the SNC.

2.3 Comparability of the financial statements

The financial statements of Lisnave, Estaleiros Navais, SA, for the year ended December 31, 2021, have been prepared on a going concern basis, from the accounting records and respective supporting documentation maintained in accordance with the law.

3. Accounting policies

3.1 Measurement bases used in the preparation of the financial statements

On the preparation of the financial statements, the Company adopted:
- The Bases stated in the annex to Statute Law no. 158 enacted on July 13th 2009 which instituted the SNC;
- The NCRF in force on the present date with those exemptions described in Note 2.

Hence, the financial statements were drawn up in line with the bases of continuity, the accruals regime, the consistency of presentation, materiality and aggregation, non-compensation and comparative information.

Being based on the provisions of the NCRF, the accounting policies adopted by the Company were as follows:

a. Tangible Fixed Assets

Tangible Fixed Assets refer to assets used in production, in the rendering of services or in administrative use.

With the exception of the Lands that are not depreciable, Tangible Fixed Assets are depreciated during the expected economic period of life and evaluated in terms of impairment whenever there is an indication that the asset may be in an impairment situation. Depreciations are calculated on a duodecimal basis as from that time when the assets are available for use for the desired purpose, using the straight line method.

The depreciation rates have been defined with a view to wholly depreciating the assets until the end of their anticipated working lives and they are as follows:

	2021	2020
Buildings and Other Constructions	2,50% – 5,00%	2,50% – 5;00%
Basic Equipment	5,00% – 12,50%	5,00% – 12,50%
Transport Equipment	25,00%	25,00%
Administrative Equipment	6,25% – 33,33%	6,25% – 33,33%
Other Tangible Assets	16,67%	16,67%

It is assumed that the residual value is zero meaning that the depreciable value concerning the depreciations coincides with the cost.

The depreciation methods, estimated working life and residual value, are revised at the end of each year and the effects of the alterations are treated as alterations to estimates i.e. the effect of alterations is treated in prospective fashion.

The depreciation cost is recognised in the profit-and-loss account under the item Expenses / Reversions of Depreciation and Amortisation.

The standard repair and maintenance costs are recognised as expenses in the period during which they occur.

Any gain or loss deriving from the derecognising of a tangible asset (calculated as the difference between the sale value minus sales costs and the book value) is included in the result for the financial year in the year in which the asset is derecognised.

Tangible Fixed Assets in Progress relate to assets which are still at a construction or development stage and are measure at the cost of acquisition, only being depreciated when they are available for use.

Impairment

The Company evaluates whether there is any indicator that an asset may be impaired at the end of the year. Should there be any indicator, the Company estimates the recoverable amount of the asset (which is the highest between the fair value of the asset or of a cash generating unit minus the selling costs and its value in use) and they recognise the impairment in the results for the financial year whenever the recoverable amount is lower than the book value.

When evaluating whether there is an indicator of impairment, the following situations are considered:

▶ During the period the market value of an asset reduced significantly more than that would be expected as a result of the passage of time or normal usage;
▶ During the period major alterations occurred – or will occur in the near future – with an adverse effect on the Company as regards the technological, market, economic or legal environment in which the Company operates or on the market to which the asset is dedicated;
▶ The market interest rates or other investment return market rates increased during the period and these increases will probably effect the discount rate used to calculate the value in use of an asset and will materially reduce the recoverable amount of the asset;
▶ The carrying amount of the net assets of the entity is greater than its market capitalisation;
▶ Evidence is available of the obsolescence of or physical damage to an asset;
▶ Major improvements with an adverse effect on the entity occurred during the period, or it is expected they will occur in a near future to the extent that, or in the way in which, an asset is used it is expected to be used. These alterations include an asset which has become idle, plans to discontinue or restructure the operating unit to which the asset belongs, plans to dispose of an asset before the date expected previously;
▶ There is evidence in the internal reports that indicate that the economic performance of an asset is, or will be, worse than that expected.

Regardless of whether there are indicators of their being impaired any assets which is still not available for use is tested annually.

Impairment reversions are recognised under results and are only carried out up to the limit which would result if the asset had never been subject to impairment.

b. Deferred Tax Assets and Liabilities and Income tax for the Period

b.1 Deferred Tax Assets and Liabilities

Deferred Tax Assets and liabilities derive from the calculating of timing differences between the accounting base and the fiscal base of the assets and liabilities of the Company.

Deferred Tax Assets reflect:

▶ Timing differences which are deductible insofar as the existence of future taxable profits is probable with regard to which the deductible difference may be used;

- Unused tax losses and tax credits insofar as it is probable that future taxable profits are available against which they can be used.

Deductible timing differences are timing differences resulting in amounts which are deductible when determining taxable profit/tax loss for future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred Tax Liabilities reflect taxable timing differences.

Taxable timing differences are timing differences resulting in amounts which are deductible when determining taxable profit/tax loss for future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred taxes are not recognised as regards the timing differences associated with investments in branches and associates and interests in joint ventures as it is assumed that the following conditions have been simultaneously met:

- The Company is capable of controlling the timing of the reversion of the timing difference; and
- It is probable that the timing differences will not revert in the foreseeable future.

The measurement of Deferred Tax Assets and liabilities:

- This is carried out in accordance with the rates which it is expected are applicable in the period during which the asset is realised or the liability settled based on the tax rates approved as at the date of the balance sheet and
- Reflects the tax impacts which follow and the Company expects, as at the date of the balance sheet, to recover or settle the carrying amount for its assets and liabilities.

b.2 Income tax

The Income tax for the Period encompasses the deferred and current taxes of the financial year.
Current Tax is determined in line with the accounting result adjusted in accordance with the tax legislation in force.

The Company is subject to income tax at the rate of 21%, plus the Municipal Surcharge up to the maximum rate of 1.5% on the Taxable Profit and the State Surcharge rate, of 3% and 5% resulting in a maximum aggregate rate of 27.5%.

Under the terms of prevailing legislation, the corresponding tax returns are subject to revision by the tax authorities for a period varying between 4 and 5 years which may be extended under certain circumstances, to wit when there are tax losses or inspections, claims or challenges or are in progress.

The Board of Directors, based on the positions of its tax consultants and bearing in mind the responsibilities recognised, understands that any revisions of said tax returns will not result in material corrections to the consolidated financial statements.

c. Inventories

The inventories include the raw materials which are valued at the cost of acquisition or net realisable value, the lower of the two, with the costing method being the average cost one.

The cost of the inventories includes:

- Purchasing costs (purchasing cost, import duties, non-recoverable taxes, transport costs, handling and other directly attributable to purchase, deducting any commercial discounts, rebates and other similar items);
- Any other costs incurred to ensure placement of inventories at its facilities and desired conditions;
- Variations in fair value should the inventories be associated with hedging derivative instruments (§37 b) of the NCRF 27).

Whenever the net realisable value is lower than the cost of acquisition or production, there is a reduction in the value of the inventories by way of the recognition of a loss owing to impairment which is reverted when the grounds which gave rise to it cease to exist.

To this end, the net realisable value is the estimated selling price during the ordinary course of business activity minus the estimated finishing costs and the costs required making the sale. The estimates take into account any variations related with events occurring after the end of the period insofar as said events confirm the existing conditions at the end of the period.

d. Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is primarily recovered through a sale transaction rather than through continuing use.

It is considered that this condition is met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. The corresponding sale must be completed within one year from the date of the non-current asset classified as available for sale.

Non-current assets classified as held for sale are measured at the lower value between its carrying amount before classification and its fair value.

e. Financial assets not included in the above paragraphs

Financial assets are recognised when the Company is a party to the respective contractual relationship. Financial assets not included in the aforementioned paragraphs and which are not valued at fair value are valued at the cost or at the depreciated cost net of losses due to impairment, where applicable.

At the end of the year the company valued the impairment of these assets. Whenever there was objective evidence of impairment, the company recognised a loss owing to impairment in the profit-and-loss account.

Objective evidence that a financial asset or a group of assets could be in impairment bore in mind observable data which related to the following loss events:

- Significant financial difficulty of the debtor;
- Breach of contract such as failure to pay or default as regards the payment of interest or depreciation of debt;
- The Company, for economic or legal reasons related with the financial difficulty of the debtor provides the debtor with concessions which it would otherwise not consider;
- It has become probable that the debtor will file for bankruptcy or any other financial reorganisation;
- Observable information indicating that there is a reduction in the measurement of the estimated future cash flows of a group of financial assets since their initial recognition.

Individual significant financial assets were valued individually for the purposes of impairment. The others were valued in line with similar credit risk characteristics.

Some specific aspects related with each of the types of financial assets are set out below.

e.1 Clients

Accounts receivable from Clients are measured at the time of initial recognition in accordance with the measurement criteria for Sales and the Rendering of Services described in paragraph l), being subsequently measured at cost minus impairment.

Impairment is determined in line with the criteria defined in paragraph e).

e.2 Advances to Suppliers

These balances do not earn interest or do they imply any kind of interest and hence they are presented at the respective nominal value, deducting losses owing to impairment, where applicable, determined in line with the criteria defined in paragraph e).

e.3 Other Credits Receivable

The other credits receivable are valued in the manner set out below:

- Staff – at cost minus impairment;
- Debtors owing to income accruals – at cost minus impairment;
- Other debtors - at cost minus impairment.

In both cases impairment is determined based on the criteria defined in paragraph e).

e.4 Cash and Banks

The amounts included under the item Cash and Banks correspond to cash amounts and other deposits, falling due in under three months, and which may be mobilised immediately with an insignificant risk of any alteration to value.

These balances are measured at cost.

For the purposes of the cash flow statement, the item "Cash and cash equivalents" not only includes Cash and Banks but also, where applicable:

- The bank overdrafts included under the item Financing Obtained from the Balance Sheet; and
- The Cash and cash equivalents balances included under the item Non-Current Assets held for Sale.

f. State and Other Public Bodies

The assets and liabilities balances of this item are calculated in line with prevailing legislation.

As regards assets for which no impairment was recognised as it is considered that this is not applicable in view of the specific nature of the relationship.

g. Assets and liabilities Deferrals

This item reflects the transactions and other events with regard to which their total imputation to results in a single financial year is not appropriate.

h. Equity Items

h.1 Capital Realised

In compliance with the provisions of article 272 of the Trading Company Code (CSC) the memorandum of association indicates the timeframe for realising the capital subscribed and not paid up as at the date of the deed. During this timeframe the respective shareholders are not entitled to vote at General Meetings under the terms defined in article 384, also of the CSC.

h.2 Legal Reserves

According to article 295 of the CSC, at least 5% of the result must be set aside for the formation or strengthening of the legal reserve until the latter represents at least 20% of the Share capital.

The legal reserve may not be distributed except in the event of liquidation and it can only be used to soak up losses once all the other reserves have been used up, or for incorporation in Share capital (article296 of the CSC)

h.3 Results carried forward

This item does not include any gains owing to increases in Fair Value in Financial Instruments, Financial Investments and Investment Properties which, in accordance with no.2, article 32 of the CSC, would only be available for distribution when the elements or rights which gave rise thereunto have been disposed of, exercised, dissolved or settled.

i. Provisions

This item reflects the present obligations (legal or constructive) of the entity deriving from past events whose settlement is expected to result in an outflow of resources from the entity which incorporate economic benefits and whose timing and amount are uncertain, but whose value may be reliably estimated.

Provisions are measured by the best estimate of the expenditure required to settle the present obligation as at the date of balance sheet. Whenever the effect of the time value of money is material, the amount of a provision is the present value of the expenditure which it is expected will be necessary to settle the obligation using a pre-tax discount rate which reflects the current market valuations of the time value of money and the specific risks of the liabilities and which does not reflect risks with regard to which the estimates of future cash flows have been adjusted.

Some specific aspects relating to Provisions have been set out below.

i1 Provisions for Court Proceedings

This item includes the provision for a court proceeding in progress with regard to IRC (corporation tax) from 2003. It is measured by its present value.

i.2 Other Provisions

This item includes, inter alia, the following provisions:

- Provisions for commission payable related with the renderings of services provided by the Company;
- Provisions for supplier invoices;
- Other miscellaneous items.

These provisions are recorded at their present value.

j. Other Financial Liabilities not included in the previous paragraphs

Financial liabilities are recognised when the Company is a party to the respective contractual relationship.

Financial liabilities not included in the aforementioned paragraphs are valued at cost or depreciated cost under the terms indicated in the paragraphs below.

j.1 Suppliers

The accounts payable to suppliers are initially recognised at the respective fair value and, subsequently, are measured at cost.

j.2 Client Advances

Client Advances do not earn interest nor involve any interest and are thus measured at cost.

j.3 Other Debts Payable

The other debts payable do not bear interest nor involve any interest and are thus measured at cost.

k. Effect of alterations to exchange rates

Transactions in a foreign currency are converted into euros at the rates on the transaction dates.

Any balances still outstanding at year-end are converted at the closing rate and the differential is recognised under results.

l. Rendering of Services

The Rendering of Services is measured at the fair value of remuneration received or to be received, deducting any amounts relating to commercial discounts and other discounts granted.

When the rendering of the service includes subsequent services, that correspondent part of the revenue is deferred and recognised as revenue during the period in which the service is carried out.

Although revenue is only recognised when it is likely that the economic benefits associated with the transaction will flow into the Company, should any uncertainty arise about the collectability of an amount already included in the revenue, the bad debt amount – or the amount with regard to which recovery has ceased to be likely – is recognised as an impairment and not as an adjustment to the amount of revenue originally recognised.

Some specific aspects have been set out below about the recognition of Renderings of Services.

l.1 Rendering of Services

Revenue from the Rendering of Services is recognised when the outcome of the transaction can be reliably estimated which occurs when all the following conditions have been met:

- The revenue amount can be reliably measured;
- It is likely that the economic benefits associated with the transaction will flow to the Company;
- The transaction completion stage as at the date of the balance sheet can be reliably measured; and
- Any costs incurred by the transaction and the costs to complete the transaction can be reliably measured.

The percentage of completion is determined in line with the proportion which the costs incurred to date has of the total estimated costs of the rendering of services (relating to services carried out or being carried out).

Progressive payments and client advances are not borne in mind when determining the percentage of completion.

m. Payroll Expenses

Payroll expenses are recognised when the service provided by the employees regardless of their date of payment.

Some specific aspects have been set out below relating to each of the types of Payroll Expenses.

m.1 Holidays and Holiday Allowances

According to the employment legislation in force, employees are entitled to holidays and holiday allowance in the year subsequent to that when the service is provided. Hence, an increase in the amount to be paid in the following year was recognised in the results of the financial year, being reflected under the item “Other Debts Payable”.

m.2 Distribution of Profits to Employees

Distributions of Profits to employees are recognised under Payroll Expenses in the period to which they relate and not as a distribution of Results. Hence, an increase in the amount to be paid in the following year was recognised in the results of the financial year, being reflected under the item “Other Debts Payable”

m.3 Employment Severance Benefits

The Company recognises a liability and an expense for Employment Severance Benefits when it has already demonstrably committed to:

- Cease the employment of an employee or group of employees prior to the normal retirement date; or
- Provide severance benefits as a result of an offer made to encourage voluntary departure.

It is considered that the Company has already demonstrably committed when it has a detailed, formal plan as regards the severance and there is no realistic possibility of withdrawal and when the plan includes at least the following:

- The location, post and approximate number of employees whose services are to be severed;
- The severance benefit for each classification or post of employment; and
- The time when the plan is to be implemented.

Employment Severance Benefits are recognised as an expense immediately and whenever they fall due over 12 months after the balance sheet date they are measured at the discounted value.

In the case of offers made to encourage voluntary departure, the measurement of the Employment Severance Benefits is based on the number of employees who it is expected will accept the offer.

n. Contingent Assets and liabilities

A Contingent Asset is a possible asset deriving from past events and whose existence shall only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity.

Contingent Assets are not recognised in the financial statements so as not to result in the recognition of income which may never be realised. However, they are disclosed when the existence of a future inflow is likely.

A Contingent Liability is:

- A possible obligation which derives from past events and whose existence shall only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity, or
- A present obligation which derives from past events but which is not recognised because:
  - It is not likely that an outflow of resources is required to settle the obligation or
  - The amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities are not recognised in the financial statements so as not to result in the recognition of expenses which may never become effective. However, they are disclosed whenever there is a probability of future outflows which is not remote.

3.2 Judgements applied to the accounting policies

a. Useful lives of Tangible and Intangible Fixed Assets

The useful life of an asset is the period during which an entity expects that this asset will be available for its use and must be revised at least at the end of each financial year.

The amortisation/depreciation method to be applied and the estimated losses deriving from the replacement of equipment before the end of its useful life on the ground of technological obsolescence, is essential to determine the effective useful life of an asset.

These parameters are defined in accordance with the best management estimate for the assets and business in question, also considering the practices adopted by companies in those sectors in which the Company operates.

b. Deferred Tax Assets

The company records deferred taxes in accordance with NCRF 25.

These arise from the existence of deductible and / or taxable temporary differences and aim to correct specialization of income tax for the period.

The adoption of this standard includes the possibility that recovery or settlement of a certain amount, inherent to assets or liabilities, allows that future tax payments being larger or smaller than supposed to be, if such recoveries and / or settlements did not exist.

c. Services Rendered Recognition

The company recognizes revenue in accordance with the recommendations in NCRF 20.

The revenue associated with a transaction should be recognized by reference to the stage of completion of the transaction at the balance sheet date, when the outcome of that transaction involving the rendering of services can be reliably estimated. All following conditions must be met:

- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the balance sheet date can be reliably measured; and
- Costs incurred with the transaction and the costs to complete the transaction can be reliably measured.

The recognition of revenue by reference to the completion stage of a transaction is often referred to as the method of the percentage of completion. Under this method, revenue is recognized in the accounting periods in which the services are provided. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period.

The stage of a transaction can be determined by a variety of methods. An entity uses the method that measures reliably the services performed.

Depending on the nature of the transaction, the methods may include:

a) Surveys of work performed;
b) Services performed to date as a percentage of total services to be performed; or
c) The proportion of the costs incurred to date related to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Progress payments and advances received from customers often do not reflect the services performed.

When the outcome of the transaction involving the rendering of services can't be reliably estimated, revenue should be recognized only to the extent of the expenses recognized are recoverable.

The Company uses the percentage of completion method in recognition of their services rendered. Use of this method requires the Company to estimate the services performed as a percentage of total services to be performed, which also need to be estimated.

d. Provisions for Taxes

The Company, supported by the positions of its tax consultants and bearing in mind the recognised responsibilities, believes that any revisions of said tax returns would not result in any material corrections to the consolidated financial statements which require the formation of any tax provision.

3.3 Main sources for the uncertainty of the estimates

The estimates are based on the best knowledge to be found at any time and on any actions which it is planned to carry out, being permanently revised in line with the information available. Alterations to any subsequent circumstances and facts may lead to a revision of the estimates in the future meaning that the actual results may differ from the present estimates.

a. Impairment of Non-financial Assets

Impairment occurs when the book value of an asset or a cash generating unit exceeds its recoverable amount which is the higher between the fair value minus the selling costs and its value in use.

The calculation of the fair value minus the selling costs is based on any information there is of contracts already signed in transactions of similar assets with entities in which there is no relationship between them or observable prices on the market minus incremental costs to sell the asset.

The value in use is calculated in line with a discounted cash flow model which considers a budget for the next five years which does not include restructuring activities with regard to which there is still no commitment to major future investments intended to improve future economic benefits which will derive from the cash generating unit which is being tested.

The recoverable amount is particularly sensitive to:

- The market share during the budget period
- Inflation in the price of raw materials
- Gross margin
- Rate of growth used to extrapolate the cash flows beyond 5 years
- Discount rates used to carry out the discount of future cash flows.

b. Impairment of accounts receivable

The credit risk of the balances of accounts receivable is evaluated at each reporting date, bearing in mind the historic information of the debtor and its risk profile as referred to in paragraph 3.1.

The accounts receivable are adjusted by the evaluation carried out of the estimated collection risks as at the Balance sheet date which may diverge from the actual risk to be incurred in the future.

c. Provisions

The recognition of provisions has inherent therein the determination of the probability of the outgoing of future flows and their reliable measurement. These factors are very often dependent on future events and are not always under the control of the Company meaning that they may lead to major future adjustments, either by dint of a variation in the budgets used or by the future recognition of provisions previously disseminated as contingent liabilities.

d. Leases

The Leasing Contracts, where the Company is the lessee, are classified as Financial Leases, if through them are transferred substantially all risks and rewards of the ownership, and as Operating Leases, if through them are not transferred substantially all the risks and rewards of the ownership.

The classification of Leases in Financial or Operational is made depending on the substance and not the form of the Contract.

In Leases considered as Operating, rents are recognized as costs in the Income Statement on a straight line basis over the period of the Contract.

4. Cash and short-term deposits

The Cash and Banks item on the Balance sheet can be broken down as follows:

	2021	2020
Cash on hands	54.578,30	30.574,99
Short-term deposits	404.508,45	1.366.527,77
Other Bank Deposits	29.000.000,00	28.000.000,00
	29.459.086,75	**29.397.102,76**

5. Accounting policies, alterations to accounting estimates and errors

In the Financial Year 2021 no alterations occurred of accounting policies, accounting estimates or errors, passable to be reported in the present Note.

6. Related Parties

The Group to which the Company belongs is made up of the following entities:

				Nature of Relationship	
Name	**Location**	**% Stake**	**% Votes**	**Services that Lisnave provides/ Transactions it carries out**	**Services that Lisnave receives/ Transactions it receives**
Navivessel, Estudos e Projectos Navais, S.A.	Portugal	72,86%	72,86%	Dividends	Consultancy Services
Thyssenkrupp Tech. Beteiligungen GMBH	Germany	20,00%	20,00%	Dividends	
Parpública, SGPS, S.A.	Portugal	2,97%	2,97%	Dividends	Member of the Statutory Audit Board and non- Executive Director
Other Shareholders		4,17%	4,17%	Dividends	
Lisnave Infraestruturas	Portugal	-	-	Recovery of shipyard	Shipyard Rent
Repropel	Portugal	-	-	Support to repairs and comissions	Propeller repair
Gaslimpo	Portugal	-	-	Support services	Gas research services
Rebocalis	Portugal	-	-	Support services	Seamanship services
Lisnave Internacional	Portugal	-	-		International services
Tecor	Portugal	-	-	Support services	Treatment of surfaces
NavalRocha	Portugal	-	-		
Navalset	Portugal	-	-		Support and Legal Advisory
LisnaveYards	Portugal	-	-	Support services	Sub contract services for repairs
Dakarnave	Senegal	-	-		

The parent Company is Navivessel, Estudos e Projectos Navais, S.A. whose registered offices are situated in Portugal.

The final controlling parent Company is Navalset – Serviços Industriais e Navais, S.A.

The amount of the transactions, outstanding balances, and adjustments to bad debts related with outstanding balances and the expenses recognised during the period in terms of bad debts from related parties are those indicated in the table below:

Name	Year	Clients	Suppliers	Sales and rendering of Services	Purchases	Supplies and External Services
Navivessel, Estudos e projectos Navais, S.A.	2021	-	312.267,75	-	-	295.504,92
	2020	-	312.267,75	-	-	295.504,92
ThyssenKrupp Techn. Beteiligungen GmbH	2021		-	-		-
	2020	-	-	-	-	-
Parpública, S.A. Estado Português	2021	-	-	-	-	-
	2022	-	-	-	-	-
Other Shareholders	2021	-	-	-	-	-
	2020	-	-	-	-	-
Lisnave Infraestruturas	2021	2.374.434,68	-	3.044.270,84	-	3.267.569,45
	2020	1.684.942,39	-	3.224.230,63	-	2.015.330,96
Repropel	2021	65.477,37	11.512,80	68.824,10	-	19.110,00
	2020	42.071,15	1.488,30	116.709,76	-	15.340,00
Gáslimpo	2021	-	196.258,64	20.247,67	65.443,56	631.340,01
	2020	-	185.222,23	17.558,07	67.778,41	436.663,28
Rebocalis	2021	-	531.049,40	19.908,46	-	1.136.028,81
	2020	-	411.705,89	39.890,66	-	977.194,58
Lisnave Internacional	2021	1.575,92	-	6.718,27	-	-
	2020	-	-	2.917,20	-	-
Tecor	2021	-	2.422.682,25	200.592,00	-	8.021.462,50
	2020	-	3.317.578,13	206.946,67	-	7.865.409,31
NavalRocha	2021	202,95	-	165,00	-	800,00
	2020	-	-	185,00	-	-
Navalset	2021	-	5.535,00	-	-	18.000,00
	2020	-	5.535,00	-	-	18.000,00
LisnaveYards	2021	-	1.424.753,01	536.520,61	-	9.502.062,05
	2020	-	1.921.356,60	492.091,96	-	9.357.704,49
Dakarnave	2021	-	-	-	-	-
	2020	-	-	-	-	-

7. Investment Properties

The investment properties relate to the site of Quinta da Chanoca which is held for enhancement in the capital value. No movement occurred in the financial years of 2020 and 2021.

8. Tangible Fixed Assets and Non-current Assets Held for Sale

The gross carrying amount and accumulated depreciation and losses owing to impairment at the start and at the end of the period are as follows:

	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangible Assets
Costs January 1st 2020	**1.811.296,59**	**10.004.342,24**	**148.737,73**	**1.472.678,11**	**8.066.365,88**	**796.447,53**	**22.299.868,08**
Increases	-	-	-	-	-	1.329.321,79	1.329.321,79
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	-	338.870,49	-	166.194,85	627.145,11	(1.132.210,45)	-
Disposals	-	-	-	-	-	-	-
Write-Offs	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-
December 31st 2020	**1.811.296,59**	**10.343.212,73**	**148.737,73**	**1.638.872,96**	**8.693.510,99**	**993.558,87**	**23.629.189,87**
Increases	-	-	-	-	-	1.215.773,88	1.215.773,88
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	40.319,87	298.647,15	-	115.186,89	341.159,12	(795.313,03)	-
Disposals	-	-	-	-	-	-	-
Write-Offs	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-
December 31st 2021	**1.851.616,46**	**10.641.859,88**	**148.737,73**	**1.754.059,85**	**9.034.670,11**	**1.414.019,72**	**24.844.963,75**

	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangible Assets
Costs							
January 1st 2020	**1.227.684,90**	**6.108.030,68**	**58.835,13**	**1.214.033,29**	**7.334.515,71**	**-**	**15.943.099,71**
Depreciations	102.048,91	619.294,52	32.411,99	105.633,83	346.016,84	-	1.205.406,29
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Write-Offs	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
December 31st 2020	**1.329.733,81**	**6.727.325,40**	**9.247,12**	**1.319.667,12**	**7.680.532,55**	**-**	**17.148.506,00**
Depreciations	100.562,61	658.891,92	32.411,98	133.807,37	392.439,35	-	1.318.113,23
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Write-Offs	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
December 31st 2021	**1.430.296,42**	**7.386.217,32**	**123.659,10**	**1.453.474,49**	**8.072.971,90**	**-**	**18.466.619,23**
Net Book Value:							
As at December 31st 2021	**421.320,04**	**3.255.642,56**	**25.078,63**	**300.585,36**	**961.698,21**	**1.414.019,72**	**6.378.344,52**
As at December 31st 2020	**481.562,78**	**3.615.887,33**	**57.490,61**	**319.205,84**	**1.012.978,44**	**993.558,87**	**6.480.683,87**
As at January 1st 2020	**583.611,69**	**3.896.311,56**	**89.902,60**	**258.644,82**	**731.850,17**	**796.447,53**	**6.356.768,37**

In the period ended the Company recorded in non-current Assets held for sale as follows:

	2021	2020
Non-current Assets held for sale		
Gross	600.000,00	600.000,00
Impairment	(150.000,00)	(150.000,00)
	450.000,00	**450.000,00**

9. Impairment of Non-current Assets Held for Sale

The value of impairment of non-current Assets held for sale amounted to 150.000,00 euros.

According to NCRF 12, an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any, the entity shall estimate the recoverable amount of the asset. During the year 2021, it wasn´t requested a new external estimate, because it was understood that the assets value was duly evaluated.

In the year were not registered any impairment of tangible fixed assets or investment properties.

10. Inventories

The total carrying amount of inventories:

	2021	2020
Raw materials, subs. and consumption		
Gross	2.472.107,30	2.515.243,71
Impairments	(548.824,63)	(568.334,88)
	1.923.282,67	**1.946.908,83**

The inventory amounts recognised as an expense during the period are shown in the tables below.

a) Cost of goods sold and materials consumed:

	Raw Material and consumable supplies
Inventories as at January 1st 2020	2.564.234,93
Purchases	5.215.037,20
Inventories as at December 31st 2020	2.515.243,71
	5.264.028,42
Inventories as at January 1st 2021	2.515.243,71
Purchases	7.076.314,06
Inventories as at December 31st 2021	2.472.107,30
	7.119.450,47

b) Impairment of inventories recognized as a loss / gain for the period:

	2021	2020
Impairment losses		
Raw materials and consumable supplies	-	-
	-	**-**
Reversion of impairment losses		
Raw materials and consumable supplies	19.510,25	7.706,62
	19.510,25	**7.706,62**

11. Revenue

Revenue is itemised as follows:

	2021	2020
Sale of Goods		
By-products, waste and scrap		
Portugal	221.440,30	601.719,87
	221.440,30	**601.719,87**
Rendering of Services		
Services		
Total Europe	**49.761.227,66**	**63.801.199,84**
Portugal	12.826.914,64	5.748.613,02
E.U.	19.612.963,15	40.340.826,05
Outros	17.321.349,87	17.711.760,77
Total Africa	**6.815.789,00**	**3.936.454,00**
Total America	**21.125.499,00**	**15.117.447,36**
Total Asia	**13.014.309,50**	**9.507.543,98**
Total Oceania	**6.200.633,00**	**1.254.645,00**
	96.917.458,16	**93.617.290,18**
	97.138.898,46	**94.219.010,05**

Years	By-products, waste and scrap	Ship repairing	Other activities	Rendering of services	Total
2021	221.440,30	91.560.076,47	4.951.145,01	406.236,68	**97.138.898,46**
2020	601.719,87	89.818.004,16	3.339.473,66	459.812,36	**94.219.010,05**

12. Provisions

The movement in provisions, by each provision, has been shown in the table below:

	Provisions for Court Proceedings in progress	Provisions for Commissions / Claim	Other Provisions	Total
On January 1st 2020	**112.003,38**	**136.151,19**	**92.235,00**	**340.389,57**
Increases for the year	-	30.000,00	-	30.000,00
Utilisation for the year	-	-	-	-
Revers. for the year	(44.286,34)	(125.000,00)	(60.372,00)	(354.658,34)
On Dec. 31st 2020	**67.717,04**	**41.151,19**	**31.863,00**	**140.731,23**
On January 1st 2021	**67.717,04**	**41.151,19**	**31.863,00**	**140.731,23**
Increases for the year	-	-	-	-
Utilisation for the year	-	(30.000,00)	-	(30.000,00)
Revers. for the year	-	(11.151,19)	(24.388,00)	(35.539,19)
On Dec. 31st 2021	**97.717,04**	**-**	**7.475,00**	**75.192,04**

13. Effects of alterations to exchange rates

The amount of the exchange gains/losses recognised in the results is that indicated in the table below:

	2021	2020
Exchange gains included under:		
Other income and gains	821,86	618,61
	821,86	**618,61**
Exchange losses included under:		
Other expenses and losses	1.359,92	1.468,41
	1.359,92	**1.468,41**

14. Income tax

The Expense (income) regarding current taxes is that shown in the table below:

	2021	2020
Current tax		
IRC (corporation tax) for the year	1.517.169,17	1.864.137,33
Deferred Tax		
Originating from, and the object of, reversion of timing differences	208.380,74	394.046,41
Other movements	-	-
	1.725.549,91	**2.258.183,74**

The Adjustment recognised in the current tax period for previous periods is that shown in the table below.

	2021	2020
Excess Tax Estimate	-	30.793,21
Insufficient Tax Estimate	(111.912,83)	(36.530,38)
	(111.912,83)	**(5.737,17)**

During the year 2021, there were no other changes in tax rates or imposition of new taxes.

The chang in the value recorded in deferred taxes results from the variation of its base (taxable temporary differences).

The numerical reconciliation between the effective average rate of tax and the applicable rate of is that indicated in the table below.

	Tax Base		Rate of Tax	
	2021	2020	2021	2020
Pre-Tax result	6.303.048,46	8.069.477,91		
Rate of Income tax in Portugal	21%	21%		
Tax on profit at the nominal rate	**1.323.640,18**	**1.694.590,36**	**21,00%**	**21,00%**
Non-taxable income				
Reversal of adjustments and impairment	709.003,72	153.754,52		
Reversion of provisions taxed in previous years	65.539,19	229.658,34		
Excellentia Insurance Policy	182.396,00	-		
Fiscal Benefits	74.993,00	67.190,00		
	1.031.931,91	**450.602,86**	**(3,44%)**	**(1,17%)**
Costs not deductible for tax purposes				
Donations	-	3.900,00		
Fines, administrative fines and compensatory interest	148,36	59,90		
Undocumented expenses	98.007,99	10.566,07		
Depreciations not accepted for tax purposes	33.805,87	19.027,79		
Provisions beyond legal limits	-	30.000,00		
Recording of impairment losses	-	683.363,11		
Bad Credits	4.554,58	5.376,00		
Insufficiency Taxes Estimate	111.912,83	36.530,38		
Corrections on previous Financial Years	32.218,01	242.454,70		
Others	72.236,75	79.331,72		
	352.884,39	**1.110.609,67**	**1,18%**	**2,89%**

	Tax Base		Rate of Tax	
	2021	2020	2021	2020
Tax loss deduction	-	(2.074.033,24)	-	-
Taxable profit	5.624.000,94	6.655.451,48	-	-
Rate of Income tax in Portugal	21%	21%	-	-
Tax calculated	**1.181.040,20**	**1.397.644,81**	**18,74%**	**22,72%**
Autonomous taxation	128.048,93	94.076,01	2,03%	1,17%
Municipal Surcharge	84.360,01	130.942,27	1,34%	1,62%
State Surcharge	123.720,03	241.474,24	1,96%	2,99%
Effect of increase/reversion of deferred taxes	208.380,74	394.046,41	3.31%	4,88%
	544.509,71	**860.538,93**	**8,64%**	**10,66%**
Income tax	**1.725.549,91**	**2.258.183,74**	**27,38%**	**33,38%**

Deferred taxes can be broken down as follows:

	Balance Sheet Accounts		Income Statement Accounts	
	2021	2020	2021	2020
Deferred Tax Assets				
Others	73.612,07	236.133,21	(162.521,14)	70.700,90
Tax losses	-	-	-	(481.887,34)
	73.612,07	**236.133,21**	**(162.521,14)**	**(411.186,44)**
Deferred Tax Liabilities				
Excellentia Insurance Policy	(48.205,02)	(2.345,42)	(45.859,60)	17.140,03
	(48.205,02)	**[2.345,42)**	**45.859,6**	**17.140,03**

15. Financial instruments

The disclosures of this note cover the following Balance sheet items:

	2021	2020
Assets		
Non-current		
Other Financial Assets	-	-
Other Receivables	192.820,08	10.424,08
	192.820,08	**10.424,08**
Current		
Clients		
Gross amount	16.719.018,65	21.433.463,27
Impairments	(1.016.121,93)	(1.016.121,93)
Advances to Suppliers	781.377,32	249.426,42
Impairments	(137.908,43)	(201.022,38)
Other debts receivable	7.430.507,45	5.088.252,19
Impairments	(81.335,83)	(116.194,39)
	23.695.537,23	**25.437.803,18**
Liabilities		
Non-current		
Obtained financing	470.000,00	-
Current		
Suppliers	22.247.595,06	21.552.328,76
Obtained financing	94.000,00	-
Client advances	707.000,02	197.020,02
Other accounts payable	6.553.715,10	8.221.553,34
	29.602.310,18	**29.970.902,12**
Equity		
Share capital	5.000.000	5.000.000
	5.000.000	**5.000.000**

15.1 Clients

The clients aging can be broken down in the manner indicated in the table below:

	Gross Amount	Impairment	Net Balance
2021	16.719.018,65	1.016.121,93	15.702.896,72
2020	21.433.463,27	1.016.121,93	20.417.341,34

			Debt due				
	Net Balance	Debt not due	< 30 Days	30-60 Days	61-90 Days	91-120 Days	> 120 Days
2021	15.702.896,72	11.180.754,58	1.892.481,99	48.817,08	420,49	360,77	2.580.061,81
2020	20.417.341,34	16.428.872,46	363.893,57	3.193,36	143.467,87	69.473,05	3.408.441,03

The movement in the item impairment of debts receivable can be broken down as follows:

	Opening Balance	Increase	Utilisation	Reversion	Closing Balance
2021 Exercise					
Clients	1.016.121,93	-	-	-	1.016.121,93
Suppliers	201.022,38	-	-	63.113,95	137.908,43
Other debtors	116.194,39	-	-	34.858,56	81.335,83
	1.333.338,70	**-**	**-**	**97.972,51**	**1.235.366,19**
2020 Exercise					
Clients	-	1.016.121,93	-	-	1.016.121,93
Suppliers	288.098,57	24.113,15	-	111.189,34	201.022,38
Other debtors	151.052,95	-	-	34.858,56	116.194,39
	439.151,52	**1.040.235,08**	**-**	**146.047,90**	**1.333.338,70**

15.2 Others credits receivable

The others credits receivable can be broken down as follows:

	2021	2020
Other non-current credits receivable		
Other Financial Assets	192.820,08	10.424,08
Other current credits receivable		
Debtors for accrued income		
Revenue from orders in progress	7.221.664,99	4.720.854,76
Interest on Time Deposits	738,00	2.104,00
Others	72.205,27	153.381,89
Other debtors and creditors		
Staff	4.039,49	3.785,51
Court Proceedings	42.279,00	86.565,34
Others	89.580,70	121.560,69
Impairment	(81.335,83)	(116.194,39)
	7.349.171,62	**4.972.057,80**

In order to ensure the accounting treatment in accordance with NCRF 20 for repairs / works in progress ongoing for the Year 2021, we proceeded to an analysis of revenue and costs associated with each. In respect of the costs already incurred, invoicing already issued and margin / mark-up estimated, we proceeded to the registration of an income increase accordingly. The change in this item relates to major repairs carried over from year, which are estimated to be completed during the first quarter of 2022.

15.3 Suppliers

The suppliers balance can be broken down as follows:

	2021	2020
Suppliers Current Account		
National	15.715.664,29	14.447.692,18
Foreigners	1.009.159,71	246.732,22
Parent Company	5.535,00	5.535,00
Subsidiary Companies	4.898.523,85	6.149.618,50
Suppliers: receiving and conferring	**618.712,21**	**702.750,86**
	22.247.595,06	**21.552.328,76**
Advances to Suppliers		
National	777.606,96	246.764,32
Impairments	(137.908,43)	(201.022,38)
Foreigners	3.770,36	2.662,10
	643.468,89	**48.404,04**

15.4 Obtained financing

The Obtained financing can be broken down as follows:

	2021	2020
Obtained financing – Non current		
Bank loan	470.000,00	-
	470.000,00	**-**
Obtained financing – Current		
Bank loan	94.000,00	-
	94.000,00	**-**

15.5 Other accounts payable

Other accounts payable can be broken down as follows:

	2021	2020
Other accounts payable – non current		
Other financial assets	-	-
Other accounts payable – current		
Creditors from accrued expenses		
Remunerations to be settled – holidays and holiday	969.289,20	961.169,94
Yard Rent	110.064,25	912.201,37
Commissions	1.766.635,69	1.559.314,37
Brokers	1.061.663,65	274.337,50
Claims and Settlements	164.023,60	35.293,50
Internal Works	11.760,67	179.028,72
Costs Center	301.458,13	1.436.489,89
Project Costs	1.356.596,42	281.530,75
Others	215.369,22	281.530,75
Agents	47.198,45	261.976,45
Other debtors and creditors		
Staff - Balance Sheet Bonuses	520.000,00	750.000,00
Miscellaneous	29.658,82	17.219,58
	6.553.718,10	**8.221.553,34**

15.6 Share capital

The amount of nominal share capital and share capital to be paid up and respective period is indicated in the table below:

	2021	2020
Nominal share capital issued	5.000.000,00	5.000.000,00
Nominal share capital issued and paid up		
NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	3.642.865,00	3.641.885,00
THYSSENKRUPP TECHNOLOGIES BETEILIGUNGEN GMBH	1.000.000,00	1.000.000,00
PARPÚBLICA, PARTICIPAÇÕES PÚBLICAS, SGPS, S.A.	148.330,00	148.330,00
OTHER SHAREHOLDERS (OPT)	208.805,00	209.785,00
	5.000.000,00	**5.000.000,00**
Capital to be paid up	-	-

Share capital is represented by 1,000,000 Nominative Shares with a nominal value of 5 euros each.

15.7 Guarantees

Financial assets provided as backing, as an attachment or promissory attachment as collateral are as follows:

Entities	Beneficiary	Currency	Amount
M/BCP	Alfândega de Lisboa	EUR	55.660,00
M/BCP	Alfândega de Setúbal	EUR	100.000,00
M/BCP	Alfândega de Lisboa	EUR	24.939,00

15.7 Risks relating to financial instruments

The financial risk is the risk of the fair value or future cash flows of a financial instrument varying and of obtaining results other than those expected, whether these are positive or negative, altering the net worth of the Company.

When carrying out its current activities the Company is exposed to a variety of financial risks liable to alter its net worth which, depending on their nature, can be grouped into the following categories:

- Market risk
    - Interest rate risk
    - Exchange rate risk
    - Other price risks
- Credit risk
- Liquidity risk

The management of the aforementioned risks – risk which largely derives from the unpredictability of the financial markets – requires the careful application of a series of rules and methodologies approved by the Board whose ultimate objective is the minimisation of their potential negative impact on the net worth and performance of the Company.

With this objective in mind, all management is geared towards two essential concerns:

- To reduce, whenever possible, any fluctuations in the results and cash-flows subject to situations of risk;
- To limit any deviations from the forecast results by way of strict financial planning based on multiannual budgets.

As a rule, the Company does not assume speculative positions meaning that, generally speaking, the operations carried out in the context of financial risk management are aimed at controlling already existing risks to which the Company is exposed.

The Board defines principles for risk management as a whole and policies which cover specific areas such as fore risk, interest rate risk, liquidity risk, credit risk and the use of derivative or non-derivative financial instruments and the investment of excess liquidity.

The management of financial risks including their identification and evaluation – is carried out by the Financial Management in accordance with policies approved by the Board.

Interest rate risk

Interest rate risk is the risk of the fair value or the future cash flows of a financial instrument varying owing to alterations to market interest rates, altering the net worth of the Company.

The Company has no financing and it is thus not subject to interest rate risk.

Exchange rate risk

The exchange rate risk is the risk of the fair value or cash flows of a financial instrument varying as a result of alterations to exchange rates.

The internationalisation of the Company forces it to be exposed to the exchange rate risk of the currencies of various countries.

Exposure to exchange rate risk essentially derives from the operating activities of the Company (in which the expenses, income, assets and liabilities are denominated in currencies different from the reporting currency). However, transactions and balances in foreign currency are immaterial.

Credit risk

The credit risk is the risk of a counterparty failing to meet its obligations under the terms of a financial instrument, bringing about a loss.

The Company is subject to risk in credit as regards the following operating activity – Clients, suppliers and other credits receivable and others debts payable.

The management of credit risk with regard to clients and other credits receivable is carried out as follows:

- Following policies, procedures and controls established by the Company;
- The debits outstanding are monitored on a regular basis;
- For new clients, whose relationship with the Company is recent, down payments are requested on part of the order made;
- The Company has a credit insurance policy in force.

16. Payroll Expenses

The details for Payroll Expenses are those indicated in the table below:

	2021	2020
Remunerations of the Governing Bodies	680.087,60	680.935,40
Staff Remunerations	6.111.684,23	7.271.159,27
Other Remunerations		
Compensations	-	-
Charges on Remunerations	1.550.106,74	1.820.104,74
Accident at work and professional illness insurance	182.738,69	214.122,40
Social action expenses	762.623,35	912.160,75
Other staffing expenses	65.968,81	513.510,17
	9.353.209,42	**11.411.992,73**

The Company established in 2008, an Insurance Policy (OEXL103112067) which translates into a financial investment to 10 years.

As regards the value of liabilities for past services (net of the asset of the policy OEXL103112068) it is presented in assets for a value of 192.820 euros (2020: 10.424). The value of liability was adjusted by interest expenses and expenses of the current services, a net total of 182.396 euros recognized under the heading of personal expenses and the actuarial losses and for the return of the assets of OEXL103112068 policy.

The actuarial gain is generated by the reduction of the population safe.

The values indicated above, supported by a technical study prepared by an Independent Entity, took into account the appropriate variables.

17. Other Information

17.1 State and Other Public Entities

This item can be broken down in the way indicated in the table below:

	2021	2020
Balance to be received		
Income tax	21.500,50	
VAT	2.619.659,79	2.611.418,18
	2.641.160,29	**2.611.418,18**
Balance to be paid		
Income tax	-	1.844.001,80
Income Tax Withholdings	103.743,74	268.282,24
Social Security Contribution	138.990,94	270.342,96
WCF / Work Compensation Funds	142,86	-
	242.877,54	**2.382.627,00**

17.2 Deferrals

The expenses to be recognised can be broken down as follows:

	2021	2020
Expenses to be recognised		
Insurance policies	378.400,83	167.812,59
Software assistance	146.915,98	80.317,26
Advertising contract	8.431,95	3.482,00
Other Expenses	2.868,64	10.480,29
	536.617,40	**262.092,14**

17.3 Reserves and Results

This item can be broken down in the manner indicated in the table below:

	Legal Reserves	Retained earnings	Net Income for the Period	Total
Balance on January 1st 2020	**1.398.173,26**	**26.650.515,25**	**(1.956.922,20)**	**26.091.766,31**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	-	-	-
Remainder of the distribution of the net income for the period	-	(1.956.922,20)	1.956.922,20	-
Net income for the period	-	-	5.811.294,17	5.811.294,17
Others	-	-	-	-
Balance on December 31st 2020	**1.398.173,26**	**24.693593,05**	**5.811.294,17**	**31.903.060,48**
Balance on January 1st 2021	**1.398.173,26**	**24.693.593,05**	**5.811.294,17**	**31.903.060,48**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(4.000.000,00)	-	(4.000.000,00)
Remainder of the distribution of the net income for the period	-	5.811.294,17	(5.811.294,17)	-
Net income for the period	-		4.577.498,55	4.577.498,55
Others	-	-	-	-
Balance on December 31st 2021	**1.398.173,26**	**26.504.887,22**	**4.577.498,55**	**32.480.559,03**

17.4 Supplies and External Services

This item can be broken down as indicated in the table below:

	2021	2020
Subcontracts	48.502.396,92	45.263.202,37
Specialised works	4.675.770,05	3.871.246,47
Advertising	60.859,93	67.770,58
Surveillance and security	746.908,47	797.712,46
Fees	203.166,81	354.279,71
Commissions	2.410.415,85	2.824.218,84
Upkeep and repair	3.787.936,33	3.584.675,20
Tools and utensils	5.910,60	5.462,63
Books and technical documentation	35.589,85	16.403,60
Office material	57.002,06	49.139,61
Gifts to clients	35.964,12	31.940,22
Electricity	2.060.681,25	1.938.213,04
Fuels	1.317.036,43	1.170.203,84
Travel and accommodation	138.069,03	138.680,97
Staff/load transport	1.122.016,77	1.077.326,63
Rentals and hire	4.705.570,47	4.680.274,80
Communication	79.144,08	81.716,36
Insurance policies	1.528.033,34	1.379.620,01
Royalties	46.877,57	46.064,41
Litigation and notaries	1.129,18	401,18
Out-of-pocket expenses	48.892,57	44.800,06
Cleaning, hygiene and comfort	302.110,63	296.262,24
Others	3.244.854,68	2.644.196,91
	75.116.336,99	**70.363.812,14**

Operating Leases

During the 2020 and 2021 exercises were recognized as costs the amounts of 148.482,00 and 128.196,66 euros, respectively, related to the rents of operating lease contracts, included under the heading income and rentals.

In addition, at the date of the balance, the company held operating lease contracts, whose rents are due as follows:

	2021	2020
Total of future minimum payments:		
No more than 1 year	125.943,91	108.857,87
More than 1 year and no more than 5 years	274.088,75	48.579,75
More than 5 years	-	-
	400.032,66	**157.437,62**

17.5 Other Income and Gains

This item can be broken down as indicated in the table below:

	2021	2020
Supplementary Income		
Others	453.403,66	486.373,40
Discounts obtained for prompt payment	252.707,08	210.997,65
Inventory gains	57.387,41	46.987,67
Income and gains one remaining		
Exchange differences assets	821,86	618,61
Income and gains on Non-Financial Investments		
Disposals		
Others	121.308,83	7.958,04
Others		
Corrections on previous periods	525.733,09	791.226,11
Excess tax estimate	-	30.793,21
Tax return	-	-
Other unspecified items	25.739,78	1.097,55
Interest earned		
Free Deposits	2.446,52	5.461,50
Other similar Income	**-**	**-**
	1.439.548,23	**1.581.513,74**

17.6 Other Expenses and Losses

This item can be broken down as indicated in the table below:

	2021	2020
Taxes	31.122,32	21.863,70
Bad debts	4.554,58	5.376,00
Cash discounts	-	-
Losses on inventories	7.091,85	6.509,26
Losses on Disposals / Write-offs	-	-
Outros		
Corrections related to prior periods	32.218,01	242.454,70
Donations	67.500,00	75.900,10
Membership fees	113.465,96	91.859,96
Insufficiency to estimate taxes	132.286,69	36.530,38
Undocumented expenses	98.007,99	10.566,07
Fines and penalties		
Not tax fines	148,31	59,90
Others	203,05	1.594,83
Interest paid		
Default and compensatory interests	0,05	-
Foreign exchange losses		
Others	1.359,92	1.468,41
Other Expenses and Losses		
Others	17.243,84	13.045,51
	505.202,57	**507.228,85**

17.7 Expenses / Reversions of Depreciation and Amortisation

This item can be broken down as indicated in the table below:

	2021	2020
Depreciation and amortisation expenses		
Investment Properties	-	-
Tangible Fixed Assets	1.318.113,23	1.205.406,29
	1.318.113,23	**1.205.406,29**

17.8 Interest and similar expenses

This item can be broken down as indicated in the table below:

	2021	2020
Interest and similar expenses		
Obtained financing interest	7.950,85	-
	7.950,85	**-**

18. Events after the balance sheet date

The date whereupon the financial statements are authorised for issue was February 25th 2022. These financial statements were authorised for issue by the Board of Directors. There are no events between the balance sheet date and the authorisation date for issue which have not already been registered or disclosed in the present financial statements.

19. Other information required by laws

Under the terms and for the purposes of the provisions of article 447 of the Company Trading Code, it is hereby informed that the members of the Board of Directors of the Company José António Leite Mendes Rodrigues and Nelson Nunes Rodrigues, are indirect holders and under the nº2 of the same article, 364.286 Shares each one, through the Navivessel – Estudos e Projectos Navais, S.A. and of Navalset, Serviços Industriais e Navais, S.A..

As regards the Company Supervisory Body, it is hereby informed that the latter does not find itself in any of the situations foreseen in the main body of this Article.

Under the terms and for the purposes of the provisions of nº.4, article 448 of the Company Trading Code, it is hereby informed that on the date of closure of the Financial Year, and according to Company records, the following shareholders have 72.85% and 20.00%, respectively, of the Share capital of Lisnave:

- ▶ Navivessel – Estudos e Projectos Navais, S.A. — **Holding 728.573 Shares.**
- ▶ Thyssenkrupp Technologies Beteiligungen GMBH — **Holding 200.000 Shares.**

Under the terms and for the purposes of the provision nº 1 article 66 A of the Company Trading Code, it is hereby informed that there was no operations out of the Balance.

Under and for the purposes of paragraph nº 2, article nº 66 A of the Código das Sociedades Comerciais, it is reported that the total fees charged, in the year 2019 and 2020, by the Statutory Auditors were 25.200,00 euros and 32.400,00 euros, respectively.

The posts held by the Directors of Lisnave in other Companies can be broken down as follows:

Directors	Companies	Position Held
Eng. José António Leite Mendes Rodrigues	Navivessel, S.A.	Director
	Navalset, S.A.	Chairman of Board of Directors
	Lisnave Infraestruturas Navais, S.A.	Chairman of Board of Directors
	Lisnave Internacional, S.A.	Director
	LisnaveYards, Lda.	Director
Dr. Nelson Nunes Rodrigues	Navivessel, S.A.	Chairman of Board of Directors
	Navalset, S.A.	Director
	Lisnave Infraestruturas Navais, S.A.	Director
	Lisnave Internacional, S.A.	Chairman of Board of Directors
	Dakarnave, S.A.	Chairman of Board of Directors
	Repropel, Lda	Director
	LisnaveYards, Lda.	Director
Dr. Luís Manuel dos Santos Silva Patrão	ANA, S.A.	Director N/Executive
	EMEL, S.A.	Chairman of G.A.
	Ass. Mutualista Montepio Geral	Director N/Executive
Dr. João Rui Carvalho dos Santos	Navivessel, S.A.	Director
	Lisnave Internacional, S.A.	Director
	Dakarnave, S.A.	Director
	NavalRocha, S.A.	Director
	Gaslimpo, S.A.	Director
	Associação das Indústrias Navais	President
	Fename – Fed. Nacional do Metal	Vice President
	AISET – Assoc. Ind. Península Setúbal	President of the Supervisory Board
	CPS – Comunidade Portuária Setúbal	President of the Supervisory Board
	LisnaveYards, Lda.	Director
	TECOR – Tecnologia Anticorrosão, S.A.	Director
	Rebocalis – Reb. e Assist. Marítima, LDA.	Director

AUDITING COMMITTEE REPORT AND ADVICE

2021 Financial Year

Dear Shareholders,

1. In compliance with legal provisions and the Memorandum of Association, of «Lisnave - Estaleiros Navais, S.A.», Supervisory Board, in the exercise of its responsibilities, and after having reviewed the Balance Sheet, the Income Statement by Nature, the Statement of Changes in Equity, the Cash Flow Statement, the Annex and all other account reporting items prepared by the Board of Directors and included in the 2021 Management Report & Accounts, hereby issues its Report and Opinion on these account reporting items.

2. The Supervisory Board has monitored Lisnave activity with the appropriate frequency throughout the financial year, by examining the documents submitted and the briefings it regularly held with the Board of Directors and Statutory Auditor. It verified the regularity of the bookkeeping, accounting records and respective documentation and also the compliance of accounting policies and valuation criteria adopted with the Accounting Standardization System. It became aware and was informed about the current constraints and main challenges for the Company's business.

3. It is the belief of the Supervisory Board that the technical procedures followed, leading to the preparation of the financial statements submitted and, in particular, taking into account the explanations included in the Annex to the Balance Sheet and to the Income Statement, complemented by the content of the management report prepared by the Board of Directors, reflect the amounts shown in the respective supporting documents and, as a whole, provide a true financial and economic overview of the assets and the results in accordance with the guidelines of the Accounting Standards System.

4. The Supervisory Board considered the work carried out by the Statutory Auditors and the Auditors' Report, which is attached, an opinion with which the Supervisory Board agrees and should be taken as an integral part of this Report.

5. In the Management Report it has prepared, the Board of Directors describes the way in which the activity of the company was carried out during the Financial Year 2021 within the context of: (i) adverse market conditions, aggravated by the measures imposed by the authorities to contain the spread of the pandemic, such as the closure of borders and the prophylactic isolation of workers and crews, (ii) increase in the imbalance between supply and demand in the maritime transport market and its consequent effects on freight rates, with different trends between oil tankers, negative and bulk carriers, positive, (iii) increase in demand expressed in the number of inquiries resulting from the strong commercial action developed, which reached its best level after 2011, (iv) the continued low profitability for Shipowners due to the increase in the average freight rates of the tanker fleet combined with the growth in supply that reflects the high number of new ships launched with less need for repair and the increase in ships sold to be decommissioned, albeit at a slower pace (v) increase in the demand for transporting containerized cargo, associated with the congestion seen in the ports, resulting from the disturbances in the logistic chains, created conditions for the freight rate to have increased by 270% compared to 2020, (vi) effects of the scarcity of manpower resources provided by service providers, having been necessary to resort to providers abroad, with less advantageous conditions (vii) search for markets and projects with greater added value. The year 2021 was also marked by the start of numerous projects, parallel to normal operation, in the field of (i) investments, such as the installation of the photovoltaic power station or the acquisition of a plasma cutting machine; (ii) human resources, through the development of an integrated plan, which ranges from recruitment to career management; (iii) security, investing in awareness-raising and communication improvement actions; with the expectation that everyone will have medium/long term favourable impacts on the Company.

6. Lisnave's activity, which since 2009 has been carried out under market conditions that tend to be unfavourable, affecting the ship repair market, registered a good overall performance in the 2021 fiscal year, exceeding the activity objectives established in the budget for 2021, expressed by:

▶ 16% commercial success rate, 93 orders, translating an increase in the enquiries/orders/success rate compared to the previous year, of 14%, 76 orders;

▶ The average level of work achieved per ship, which remained at very low levels in previous years, reached 1.13 million euros, slightly below the 1.15 million euros recorded in 2020, but above the 864 thousand euros and 949 thousand euros, in 2019 and 2018, respectively;

▶ Maintenance of Lisnave's prominent position in the world Naval Repair market and its essentially export vocation, translated into sales and services rendered to the foreign market accounting for 86.5% of the total.

7. With regard to the amounts expressed in the financial statement for the financial year, the following indicators should be noted:

▶ The total volume of sales and services rendered, of 97 million euros, which represents an increase of 3.1% compared to 2020, 94 million euros;
Supplies and External Services in the order of 75.1 million euros, representing 81.4% of total Operating Expenditure;

▶ Result generated by operations (EBITDA) for the year, positive by 7.6 million euros;

▶ Positive cash flow from operating activities in the amount of 4.3 million euros;

▶ Positive net profit of 4,577 thousand euros, reflecting the satisfactory performance registered in the year, reinforcing the economic and financial sustainability of Lisnave.

8. In view of the foregoing, as a result of the measures taken during the Financial Year, the Audit Board, in the exercise of its responsibilities, would like to express its gratitude for the cooperation provided by the company employees with whom it had to engage, as well as for the cooperation and availability of the Board of Directors and the references made in its Report, and also to the Statutory Auditor, for their cooperation and availability, and taking into account, notwithstanding an expected positive market development in 2022, the context of uncertainties and conditions regarding the stability of the activity, concludes by issuing the following

OPINION

a) The Management Report and Accounts for the Financial Year should be approved;

b) The proposed distribution of earnings of the Financial Year, amounting to 4,577,498.55 euros, submitted by the

Board of Directors, should be approved.
Lisbon, 9th of March 2022

The Supervisory Board's

President
Manuel Serpa Leitão

Statutory Auditor
Tânia Sofia Luís Mineiro

Statutory Auditor
Mário Alexandre Guerreiro Antão

STATUTORY AUDIT

Report on the Financial Statements

Opinion

We have audited the financial statements prepared by LISNAVE – Estaleiros Navais, S.A. (the Entity) , comprising the balance sheet as at 31 December 2021 (showing a total of 67,919,146.81 euros and a total equity of 37,480,559.03 euros including a net profit of 4,577,498.55 euros), the income statement by nature, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year ended on that date, as well as the notes to the financial statements which include a summary of the most significant accounting policies.

In our opinion, the attached financial statements give a true and fair view in all material aspects of the financial position of LISNAVE – Estaleiros Navais, S.A., as of 31 December 2021 and its financial performance and cash flows for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards as adopted in Portugal under the Accounting Standards System.

Basis of Presentation

Our audit has been carried out in accordance with the International Standards on Auditing (ISA) and all other technical and ethical standards and guidelines of the Register of Auditors. Our responsibilities, pursuant to these standards, are described in the section "Auditor's responsibility for the audit to the financial statements" below. We are legally independent from LISNAVE – Estaleiros Navais, S.A. , and we have complied with all other ethical requirements of the code of ethics of the Register of Auditors.

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

Responsibility of the management and the supervisory bodies for the financial statements

The management body is responsible for:

- preparing financial statements that give a true and fair view of the financial position, the financial performance and the cash flows of LISNAVE – ESTALEIROS NAVAIS, S.A. , in accordance with the Accounting and Financial Reporting Standards as adopted in Portugal under the Accounting Standards System;

- preparing the management report in accordance with applicable legal and regulatory provisions;

▶ creating and maintaining an appropriate internal control system so that the financial statements can be prepared free of material misstatement whether due to fraud or error;

▶ adopting accounting policies and criteria that are appropriate in the circumstances; and

▶ assessing Lisnave – Estaleiros Navais, S.A..'s capacity to continue as a going concern, disclosing any matters that may cast significant doubt on the continuity of the business, as applicable.

The supervisory body is responsible for supervising the preparation and disclosure procedure of Lisnave – Estaleiros Navais, S.A.'s financial information.

Auditor's responsibility for auditing the financial statements

Our responsibility consists of obtaining reasonable assurance on whether the financial statements, as a whole, are free of material misstatements whether due to fraud or error, and issuing a report expressing our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with ISAs will always detect a misstatement when it exists. Misstatements may derive from fraud or error and are deemed to be material if, separately or jointly, they can be reasonably expected to influence the users' economic decisions based on those financial statements.

As part of an audit carried out in accordance with ISAs, we exercise professional judgment and remain professionally sceptical throughout the audit. We also:

▶ identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures that address these 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 overriding 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 Lisnave – Estaleiros Navais, S.A.'s internal control;

▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- come to a conclusion on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Lisnave – Estaleiros Navais, S.A.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause Lisnave – Estaleiros Navais, S.A. to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation;

- communicate with those charged with governance 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

Our responsibility also includes the verification of the consistency of the information included in the management report with the financial statements.

REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

In compliance with article 451(3) (e) of the Commercial Companies Code, we are of the opinion that the management report has been prepared in accordance with the applicable legal and regulatory requirements in force, the information contained therein is consistent with the audited financial statements and, to the best of our knowledge and assessment of Lisnave – Estaleiros Navais, S.A., we have not identified any material inaccuracies.

Lisbon, 25th of February 2022

RSM & Associados – Sroc, Lda.
Represented by Joaquim Patrício da Silva (Roc nº 320)

EXTRACT OF THE MINUTE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON 31ST MARCH 2022 RELATING TO THE APPROVAL OF DOCUMENTS REPORTING THE ACCOUNTS FOR THE 2021 FINANCIAL YEAR

The Annual General Meeting of Lisnave - ESTALEIROS NAVAIS, S.A., was held at 11:00 a,m. at the Company's Registered Offices at 11.00 a.m. on the thirty-one day of March two thousand twenty two.

Dr. Luís Miguel Nogueira Freire Cortes Martins, Chairman of the board of the general meeting, chaired the meeting assisted by the Vice – Chairman Dr. Carlos Fernando Pinheiro and by the Secretary of the board, Dr. Manuel Joaquim Rodrigues.

The Chairman also confirmed, through the respective attendance list, that the following Shareholders having voting rights were present or represented:

▶ Navivessel, Estudos e Projectos Navais, S. A., represented by Dra. Ana Rita Martins Rodrigues Eusébio, holder of 728.377 (Seven hundred and twenty-eight thousand, three hundred and seventy seven) shares, representing 72,83% (Seventy-two point eighty-three percent) of the votes;

▶ Thyssenkrupp Technologies Beteiligungen GMBH, represented by Engº. Jan Krabbenhöft, holder of 200.000 (Two hundred thousand) shares, representing 20% (Twenty per cent) of the votes;

▶ Parpública Participações Públicas (SGPS), S.A., represented by Dr. Carlos Ribeiro, holder of 29.666 (Twenty-nine thousand, six hundred and sixty-six) shares, representing 2,96% (Two point ninety-six per cent) of the votes;

▶ João Alexandre Dinis de Sousa, holder of 10.000 (Ten thousand) shares, representing 1% (One per cent) of the votes;

▶ Jorge de Melo Banha Sousa Pereira, holder de 1.100 (One thousand, one hundred) shares, representing 0,11% (zero point eleven per cent) of the votes.

The Board of Directors and the Auditing Committee were present.

Item 1 and 2 To discuss and approve the 2021 Annual Management Report and Accounts and Auditing Committee Report

... the Chairman submitted the Report and Accounts for the year 2021 and the Auditing Committee Report to the joint vote, which were unanimously approved.

Item 3 To discuss and approve the Proposal for the Appropriation of Profits
... , the Chairman declared that the Table had received a Proposal for the Appropriation of Profits presented by the Board of Directors, which he read out, the contents of which were as follows:

"Considering the level of performance achieved in the Financial Year 2021, the Board of Directors decided to assign a Balance Sheet Bonus to all workers.

In this way, it proposed to the Shareholders:

1. That the decision of the Board of Directors be ratified to assign a Balance Sheet Bonus to the generality of the Company's Employees, in the amount of € 542,000.00 (Five Hundred and Forty-Two Thousand euros), already included in the Net Income for the Year and which,
2. The Net Income for the Year, in the amount of € 4,577,498.55 (Four million, five hundred and seventy-seven thousand, four hundred and ninety-eight euros and fifty-five cents), is given the following application:

Retained Earnings	1,577,498.55 euros.
Dividends	3,000,000.00 euros.

Mitrena, March 31st, 2022
The Board of Directors"
(following are signatures of two Lisnave Directors)

..., the Chairman put it to the vote and it was likewise unanimously approved.

Item 4 Ratify the appointment, by co-optation, of The Administrator Dr. Cláudia Cristina Pelaio Rodrigues Braz
..., the Chairman stated that the Table had received a Proposal subscribed by Shareholder Navivessel, Estudos e Projectos Navais, S.A., which he read out, the contents of which were as follows:

"The Board of Directors of Lisnave – Estaleiros Navais, S.A. proposes, complying with the provisions of Article 393(4) of the Code of Commercial Companies, that the co-operation of The Administrator Dr. Cláudia Cristina Pelaio Rodrigues Braz be ratified, whose appointment was unanimously approved at a meeting of the Board of Directors that took place on February 25th, 2022.

Mitrena, March 31st, 2022
The Board of Directors"

Submitted to the vote, this proposal was approved unanimously.

Item 5 To carry out a General Appraisal of the Management and Supervision of the Company.
…, the Chairman stated that the Table had received a Proposal subscribed by Shareholder Navivessel, Estudos e Projectos Navais, S.A., which he read out, the contents of which were as follows:

"Considering the competent and efficient way in which the Company's Corporate Officers had performed their respective duties, especially during 2020, Navivessel, Estudos e Projectos Navais, S.A., proposes that the General Meeting approve a vote of praise for the Board of Directors and Audit Committee of Lisnave, Estaleiros Navais S.A..

Caparica, March 25th, 2022
The Representative of Shareholder Navivessel"

Submitted to the vote, this proposal was approved unanimously.

The Chairman of the Board, joined the vote of praise proposed by Shareholder Navivessel.
The vote was tabled, this proposal was adopted unanimously.

If there is nothing more to be addressed, the President has closed the meeting from which this Minutes will be drawn up, which will be signed by the President and other Members of the Bureau.

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