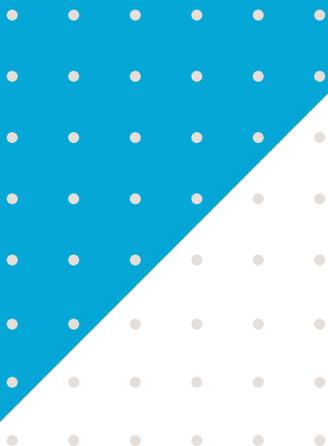


# REPORT AND ACCOUNTS

**2021 FINANCIAL YEAR**



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## **Message from the President of the Board of Directors**

2021 was mainly characterized as the 2<sup>nd</sup> year of the COVID-19 Pandemic.

After a period, in 2020, of adapting to the new context of uncertainty in terms of public health, we had the appearance of hope with the arrival of the first vaccines that appeared at the end of the year. Plans began to prepare the economic recovery for 2021.

However, the Delta variant fully arrived in 2021, and the economy was confined until April 2021.

The second year of uncertainty and postponement of a set of investments foreseen by the economical authors conditioned the performance of the Portuguese economy.

In the scope of the activity of Caravela, I point out two phenomena that strongly contributed to the performance in 2021:

- 1) The reduction in insurable activity resulting from the economic slowdown impacted the dynamics of the acquisition of new partnerships and customers.
- 2) Unemployment and bankruptcies/shortage in the activity of the companies of sectors most affected by the economy resulted in a strong increase in the cancellation of policies due to lack of payment, despite the existent moratorium.

In spite of these factors, the growth of Caravela was 15,5% in 2021, well above the one verified by the Non-Life insurance market (4,9% in 2021).

The net result was 3,4 million euros, inferior to the 4,0 million euros verified in 2020, and was essentially conditioned by the advances and retreats verified in 2020 and 2021 in the economy, with the largest reflex visible in policy annulments as a result of both unemployment and bankruptcies that occurred in some of the sectors most affected by the Pandemic.

The stability of the network contributed to this growth that, despite the difficulties, kept showing a growth tendency.

In 2021 we started, through the Freedom to Provide Services faculty in the European market, a partnership in the French market with the MGA-Dune which started in April 2021.

On the second semester of the year, showing a high vaccination level, the mobility levels went back to those of 2019, during August, September, and October, but when the Omicron variant appeared, we saw a reversal of the growth tendency once more.

For 2022, we face two strong challenges:

- 1) The ability to reflect inflationary pressures in the insurance prices.
- 2) The ability to return to the growth levels from before the Pandemic.

In the second quarter of 2021, several initiatives were launched regarding traditional businesses, B2C digital, and affinity groups which seek to answer these challenges.

With a very comfortable financial situation, Caravela presents a SCR [Solvency Ratio] and MCR [Minimal Capital Requirement] ratio in Solvency II of 212.8% and 459.1% on the 31<sup>st</sup> of December 2021, we are in a good position for further achievements in the post-Pandemic period.

We thank all stakeholders that are a part of our support ecosystem for their support and contribution to the development of the activity of Caravela.

These achievements are mainly due to the work of the employees of Caravela, whose dedication and commitment have allowed overcoming the obstacles that appeared along the way.

A word of appreciation to the insurance mediation businessmen we have with us in this journey, who are growing in number and are having a greater bond to the project.

We would also like to thank all service providers because they were able not only to interpret the operational model of Caravela but also to contribute with innovation and service quality for the improvement of the “Customer’s Experience”.

We thank the collaboration of the Insurance and Pension Funds Supervisory Authority and the suggestions presented in the follow-up of Caravela’s activity.

A final appreciation note to Caravela – Companhia de Seguros, S.A.’s shareholders for the support they have shown to this project, whose greater goal is to provide customers with a new experience regarding insurance, characterised by innovation and response to new challenges.

Despite the vicissitudes of 2020 and 2021, marked by the COVID-19 Pandemic, the journey continues towards new conquests!

Luis Cervantes

## SOCIAL BODIES

On 31<sup>st</sup> December 2021, Caravela – Companhia de Seguros, S.A.’s Social Bodies is as follows:

### General Meeting

- **President** - Nuno Miguel Marques dos Santos Horta
- **Secretary** - Nuno Miguel Novais Grangeon Cárcomo Lobo

### Board of Directors

- **President** - Luís Filipe Sampaio Cervantes
- **Vice-President** - David Angulo Rubio
- **Voting Member** - António Manuel Nestor Ribeiro
- **Voting Member** - Fabrizio Cesario
- **Voting Member** - George Koulouris
- **Voting Member** - Gonçalo Lopes da Costa de Ramos e Costa
- **Voting Member** - José Paulo de Castro Trigo

### Fiscal Council

- **President** - Manuel Augusto Lopes de Lemos
- **Voting Member** - Humberto Manuel Martins Carneiro
- **Voting Member** - José Elísio Lopes da Silva Quintas – ROC nº 643
- **Substitute Member** - José António Truta Pinto Rabaça

### Statutory Auditors

- **Effective** - Mazars & Associados - Sociedade de Revisores Oficiais de Contas, S.A. – Audit firm no. 51, represented by Pedro Miguel Pires de Jesus - Statutory auditor no. 1930
- **Alternate** - Paulo Jorge Damião Pereira – Statutory auditor no. 1219

# REPORT AND ACCOUNTS

2021 FINANCIAL YEAR

REPORT OF THE BOARD OF  
DIRECTORS

## 1. Introduction

From a global point of view, the resurgence of the pandemic postponed once more the start of robust economic growth; despite that, the support to economic policies—monetary and fiscal—and the ongoing vaccination campaigns around the world are reflecting an improvement of economic perspectives for 2022.

The long-term perspectives for the global economy are clearly better even if unequal in the different regions of the globe.

The European Union (EU) approved a regulation that establishes the Recovery and Resilience Mechanism that will distribute 750 billion euros in funds to finance the investment and reform programs defined on national recovery and resilience national plans later approved by UE, and which had to be based on pre-defined strategic goals, like green transition, digital transformation, and social and territorial cohesion.

Despite the uncertainty we live in, in 2021 the national insurance market presented a volume of production of direct insurance superior to 13,1 billion euros, reflecting an increase of 34,8% when compared to the amount verified in 2020.

This growth was strongly influenced by the Life line of business with an expressive growth of 69,5%, represented in 7,7 billion of gross written premiums.

The subsector of Non-Life line of business maintained an extremely limited growth, like in the past years, achieving the 5,4 billion euros of gross written premiums, with a positive variation of 4,9% considering the previous year.

Meanwhile, Caravela - Companhia de Seguros, S.A. continued its path of growth, based on significant knowledge of the Portuguese insurance market and supported by innovative projects, some of which were abroad. This growth was seen in a business volume of 116,4 million euros at the end of the financial year, which represented an increase of 15,5% regarding 2020, allowing for the maintenance of the Company in the 10<sup>th</sup> place of the ranking of Non-Life companies active in Portugal.

From the events that occurred in the year that now ended, the most significant will have been the first partnership ever made with a foreign broker, which allowed for the beginning of the commercialization of a product design by Caravela under the Freedom to Provide Services (LPS) regime, in the competitive French insurance market.

## 2. Mission

Caravela, beyond the goal of supporting the construction of a sustainable society, has as its mission the defence of fundamental values like professionalism, integrity, confidence, rigor, and dedication, based in partnerships with the quality mediation and all its suppliers and employees under the banner of feelings of belonging and sharing, to serve the community well in the key area that is risk-taking.

## 3. Macroeconomic Framework

### 3.1. International Context<sup>1</sup>

Throughout 2021, notwithstanding all the above, a path began to be followed marked by the recovery of the

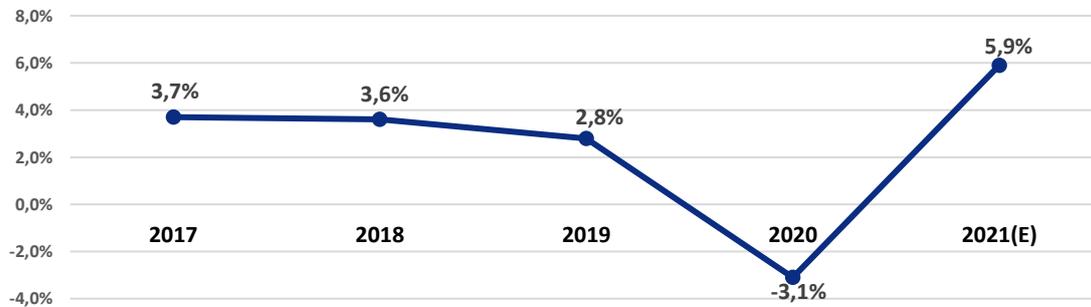
<sup>1</sup> Source:

International Monetary Fund (January 2022) – “World Economic Outlook Update, January 2022” Available at: <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

European Central Bank (No. 8 January 2022) – “Economic Bulletin”. Available at <https://www.ecb.europa.eu/pub/pdf/ecbu/eb202008.en.pdf>. Economic and monetary developments (p.3)  
Bank of Portugal (December 2021) – “Boletim Económico”

economic activity at a global level, after the negative impact caused by the COVID-19 pandemic. Following the last forecasts of the International Monetary Fund (IMF), a growth of the world's gross domestic product of 5,9% is expected, showing a sharp contrast regarding 2020 (-3,1%) and approaching pre-pandemic values:

### Evolution of the World's GDP



During the year there was a sharp growth in global activity. Although in the first semester the growth rhythm began moderately, due to the worsening of the pandemic in that period in some countries, there was a greater dynamism after the second semester, mainly due to the advanced economies, because of the progress verified in the vaccination rates, the economic support measures, and the impact of greater flexibility in economic activity restriction measures.

There was a more robust growth of commercial trades in emerging countries, mainly after the opening of the economies, in the first semester of 2021. However, some uncertainty is noticeable, regarding the recovery rhythm of the global economy, provoked by the limitations of the offer in the supply of essential intermediary products, such as semiconductors, necessary to the fabrication of products, with direct consequences on the industrial production and exports of advanced economies. Additionally, there still are disturbances in the international trade caused by the United Kingdom's exit from the European Union.

From all economies, the following stand out:

- In the United States, the evolution of the economy is estimated at 5,6%, recovering after moderate growth in the third quarter caused by the resurgence of COVID-19 infections. The decrease of the waiting time and shipping costs between China and the United States stands out, even if the stock volume of durable goods remains below the pre-pandemic levels.
- China is estimated to have a GDP growth of 8,1%, but the growth rhythm in the activity sharply decreased due to energy shortage, instability in the real estate sector, and the new COVID-19 outbreaks.
- As in China, Japan's economy decreased in the third quarter, due to supply constraints and the resurgence of COVID-19 infections. The progress in vaccination and the continuous political support have been particularly important for the economic growth, which was around 1,6% in 2021.
- There was a strong resurgence of COVID-19 infections in India in the second quarter of 2021, which caused a significant contraction in the economic activity, followed by a recovery in the third quarter. The favourable recovery rhythm in India positively impacted the increase of the growth of the world's GDP (excluding the Euro area) on the third and fourth quarters, even if it was not followed by developments in other great economies. It is foreseen that India had, in 2021, an economic growth of

9%. It was the country with the most positive evolution among the developing countries and emerging markets.

- The United Kingdom saw its economic activity remain moderate. The main causes for this scenario were interruptions in the supply chain, workforce shortage due to the global conditions and Brexit, and poor investment. However, the private consumption pushed the economic activity forward, as COVID-19 restrictions diminished. It is expected a growth of the GDP of 7,2%.

As it can be seen on the commentaries above, from the developing countries and emergent markets, China and India positively stand out, following the advanced economies in the return to the pre-pandemic crisis scenario. However, the recovery is still behind in other emergent economies, and it is foreseen this slower momentum will impact global activity in the future. In 2021, the developing countries and emergent markets will have presented a growth of 6,5%.

In the Euro Zone, the economy is still recovering, and an economic growth of 5,2% is foreseen for 2021 and of 3,9% for 2022. It is expected that the strong domestic demand will push the recovery of the economic activity forward in the near future. Throughout 2021, the labour market has also positively evolved, with a greater number of people employed, which justifies the increase of rent and consumption of the families. It should be noted that the growing costs associated with energy are having a negative impact on consumption. The projection regarding foreign demand in the Euro area is of an increase of 8,9% in 2021 and 4,0% in 2022. However, it is worth noting that these results are inferior when compared to previous projections, which is essentially due to the negative impact of global import supply problems. The *Eurosystem* projections for inflation point towards a rise of 0,3% in 2020, 2,6% in 2021, and 3,2% in 2022.

It is important to note that, due to the last pandemic wave, some Euro Area countries have reintroduced stricter containment measures which, as a result, may delay economic recovery, especially in travel, tourism, housing, and entertainment sectors. In fact, new virus variants have generated once more an uncertainty climate, as well as influenced the consumers' trust and their companies. Additionally, the shortage of equipment, materials and labour is hampering the production of goods, causing delays in construction and slowing down the recovery in some sectors.

Projections for 2022 point towards:

- A moderate growth of the world's economic activity, where the global economy is expected to grow 4,4% because of the mobility restrictions and health impacts due to the new virus variant – *Omicron*.
- A rise in inflation in the advanced economies, caused by the increase in prices of energy and non-energy raw materials, which will remain high in 2022, after the significant increase in 2021, and will decrease in the following years.
- Despite these aspects, the outlook for 2022 is encouraging regarding the growth of the world economy.

### 3.2. National Context<sup>2</sup>

After a historic contraction of the economy in 2020 (-8,4%), 2021 was marked by the sharp growth of the Portuguese economy and the strong recovery of the economic activity. GDP is estimated to grow 4,9% comparatively with the same period of last year, the highest one since 1990:

<sup>2</sup> Source:

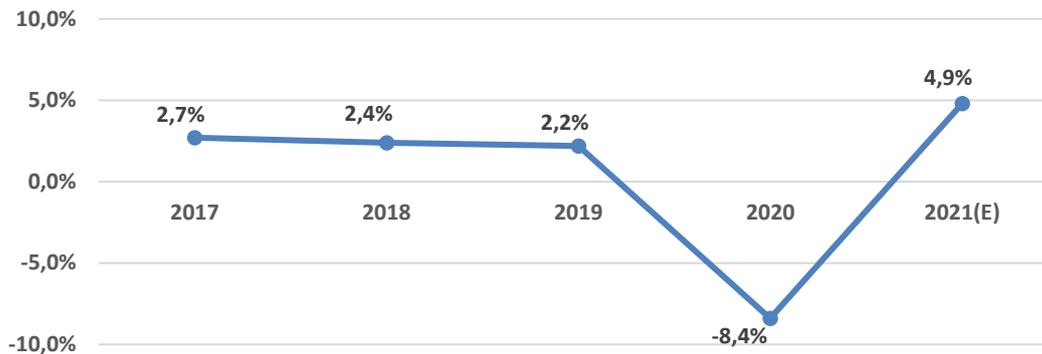
Bank of Portugal (December 2021) – “Boletim Económico”.

[Portuguese] Department of Finance – “Relatório do Orçamento do Estado 2022”.

[Portuguese] National Institute of Statistics (January 2022) – “Contas Nacionais Trimestrais - Estimativa Rápida”. Available at

[https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=472472540&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=472472540&DESTAQUESmodo=2)

### GDP evolution in Portugal



Even if, due to the consequences provoked by the several COVID-19 pandemic waves, in the first quarter of 2021 there was a downturn in the Portuguese economy, factors such as the gradual lifting of the restrictive confinement measures, high COVID-19 vaccination rates, and economic stimulus programs, nationally and in Europe, boosted the recovery of economy and, consequently, the results noticed in the first semester of this year were positive, where the GDP's growth was of 4,3%, comparatively with the same period of 2020.

In the last semester of 2021, due to the increase of economic consumption, mainly in August, the economic activity recovered accelerated, even if the touristic activity is evolving slowly, but positively.

Overall, in 2021, domestic demand had a positive contribution for the growth of the Portuguese economy, and a recovery of the private consumption and investment was seen. Also, there was a significant increase in imports and exports of goods and services, resulting from the contribution of net external demand, which was less negative.

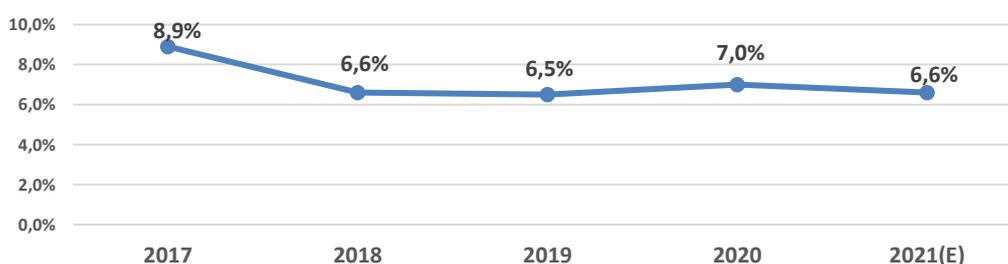
It is expected that in 2021 the public debt to GDP ratio, decreases to 126,9% from the 135,2% recorded in 2020.

The labour market had an especially positive evolution. Despite having recorded a slight increase in unemployment, there was an increase in the number of employed persons of 2,5%. This contributed to the increase of the active population comparatively with 2020, thus following the economic recovery.

The unemployment rate in 2021 should be of 6,6%, comparatively with the 7,0% recorded in 2020, reaching pre-pandemic values. The unemployment rate is expected to continue to fall in the coming years, reaching 5,4% in 2024.

The positive forecasts for the labour market are the effect of the unusual nature of the economic crisis caused by the pandemic, as well as the support labour measures adopted throughout 2020 and 2021:

### Evolution of the unemployment rate in Portugal



It is expected that inflation, influenced by the evolution of prices of energetic goods, increases in 2021 to 0,9%, in contrast to what was seen in 2020 (-0,1%).

Projections for the Portuguese economy in 2022 point towards a GDP growth period of 5,8%, and the reintroduction of restrictive measures to contain the pandemic, resulting from the appearance of new pandemic waves in Europe which may impact the evolution of the economic activity, mainly in the tourism sector. Additionally, the shortage of raw materials and other goods, as well as the increase of their cost, as a result of problems in the world supply chains, may also condition the recovery rhythm.

With the expected economic recovery, the public debt ratio as a percentage of GDP shall resume the downward trend of the years before the pandemic. That way, it is foreseen for 2022 a reduction of this indicator in 4,1 pp, for 122,8% of the GDP. Regarding inflation, forecasts show a growth of up to 1,8% in 2022, decelerating in the following years.

### 3.3. Financial System<sup>3</sup>

Throughout 2021, for most of the advanced economies, fiscal policy remained expansionary in order to support the recovery of the economic activity, even if there were some fiscal imbalances and an increase in public debt. Forecasts show that monetary and financial conditions in the Euro area are expected to remain favourable.

Short-term interest rates remained negative and at historically low levels, and it is estimated they remain so for a longer time frame than the one foreseen. This is due, partly, to the revision of the European Central Bank's strategy in the middle of last year. The projections show that the short-term interest rate (3-month EURIBOR) was of -0,5% in 2021, and will not have any variation in 2022, despite increasing from 2023 onwards.

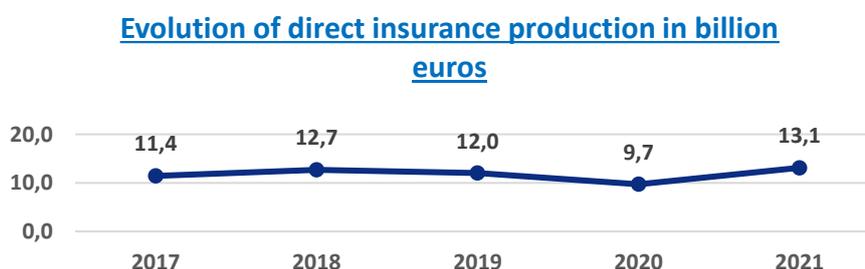
On a more global perspective, there was a rising inflationary pressure in many economies, so there has been an increase in the interest rates of the central banks of some emergent markets and developing economies, as well as in some advanced economies. With this rise in interest rates, there will be an increase of the charges of debt service in some countries. Additionally, loans will become more expensive all around the world, overloading public finance.

In 2021, the interest rate implicit in the Portuguese government bonds fell slightly, to 2% from 2,2% in 2020, and it is expected to remain unchanged in 2022.

Regarding foreign exchange market, it is expected a euro-dollar exchange rate of 1,18%, slightly above the 1,14% seen in 2020. For the following years, this rate is expected to be in the region of 1,13%.

### 3.4 Insurance industry trends and development prospects<sup>4</sup>

In 2021, in the Portuguese insurance sector, the direct insurance production volume was of 13,1 billion euros, having shown a positive variation of 34,8% regarding 2020:



<sup>3</sup> Source:  
 Bank of Portugal (December 2021) – “Boletim Económico”  
 [Portuguese] Department of Finance – “Relatório do Orçamento do Estado 2022”

This positive evolution had a strong contribution from the Life line of business, which recorded a variation of 69,5%, comparatively with 2020, representing now 58,3% of the total production of the sector. It should be noted the modality of Capitalisation Products that showed the greatest variation, 96.2%.

In the Non-Life market, the direct insurance production volume was of 5,4 billion euros, having shown a positive variation of 4,9% regarding 2020.

The Non-Life claims ratio improved slightly in 2021, from 59,4% to 58,4%.

In the main lines of business of this subsector, the following developments were recorded:

- Car sales in 2021 was near 2020's level (+1,9%), having the lack of semiconductors, in the second half of the year, delayed the beginning of the sales recovery comparatively with 2020. In the insurance market, this situation contributed for the slow growth in the Motor line of business (1,3%), recording a negative oscillation in the claims ratio, which went from 57,5% to 58,5%;
- In the Health line of business, there was a decrease of 8,4%, thus confirming the trend of the previous years, and the claim ratio was of 72,0% comparatively with 66,9% from 2020;
- The Workers Compensation line of business maintained the growth propensity shown in previous fiscal years, with a positive variation of 6,6%, showing an improvement in the claims ratio which was 68,9% comparatively with the 75,1% recorded in 2020. Despite this production growth, it should be noted that the growth of this line of business is highly connected to the economic activity. For that reason, the pandemic impact can still be seen;
- Fire and Other Damages showed an increase of 6,8%, and the upward trend in Multiple Risk insurance is noteworthy: 5,1%. Regarding claims, this line of business had a rate of 45,6% in 2021, less than the one verified in 2020, which was of 50,6%;
- Transports line of business showed an increase of 5,4% and, regarding claims, it showed an unfavourable evolution, despite not that significant, which was fixed in 32,1% against the 21,0% of the previous year;
- In the Third Party Liability line of business there was a growth of 10,9%, and the claims were fixed in 36,4%, comparatively with 43,5% from 2020.

## 4. Activity of Caravela

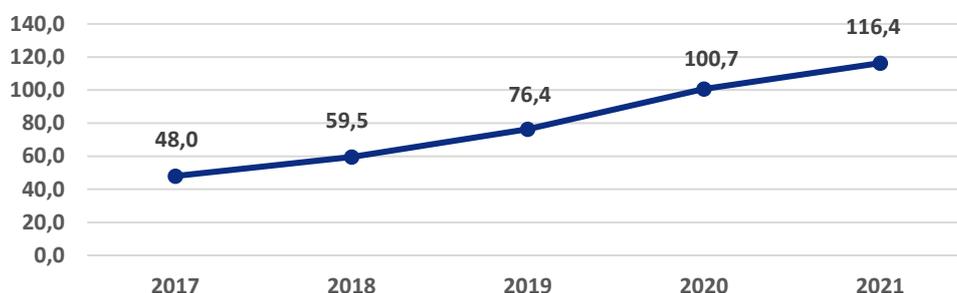
### 4.1. Main Indicators

The activity of Caravela has been based on, in the last years, a significant and constant rise in production and on a strong a sustainable balance of its management indicators.

Under the headings of profits and losses, Gross Written Premiums, net of reversals and cancellations, showed strong growth, of 15,5%, maintaining the trend of recent years and ending 2021 with a total of 116.380 thousand euros:

<sup>4</sup> Source:  
APS – Database, from Segurdata, on 2021.12

### Development of direct insurance production in millions of euros



The claims ratio, net of reinsurance, showed an increase of 4,0 pp, regarding the previous year.

Regarding the components of the balance sheet, it should be noted that the weight of technical reserves, which are now 86,3% of Written Gross Premiums, showing an increase of 7,1% comparatively with the previous year, noting that the Company's growth contributed to this situation.

It is also worth noting that the improvement in Equity, with a variation of +24,4%, comparatively with the same period of the previous year, due to the operation of capital increase performed in December (10.000 thousand euros).

The net result was of 3.396 thousand euros, representing 2,9% of the gross written premiums, allowing for the continuity of the positive results recorded since 2015.

There is a slight increase of the combined ratio, reaching 95,6%, with an increase of 1,5% comparatively with 2020. It should also be noted that, despite this slight increase, there was a decrease of the expense ratio of 2.2 pp.

The following table presents the main indicators for the economic/financial analysis of the Company, allowing the positive evolution and health of Caravela to be seen, in most of these indicators:

### Summary Indicators

U: thousands of euros

	2021	2020	% VAR 21/20
<b>Balance sheet</b>			
Net Assets	177 203	143 436	23,5%
Equity*	58 550	47 083	24,4%
Unearned premiums reserve	23 543	20 368	15,6%
Claims reserve	76 607	60 522	26,6%
Claims net of reinsurance reserve	45 294	35 864	26,3%
Technical provisions	100 453	81 156	23,8%
<b>Gains and Losses</b>			
Gross written premiums	116 380	100 719	15,5%
Earned premiums, net of reinsurance	86 006	71 621	20,1%
Direct insurance claims costs	76 885	62 557	22,9%
Claims costs, net of reinsurance	58 556	45 920	27,5%
Operational costs	28 724	25 667	11,9%
Income	1 659	801	107,0%
Net profit	3 396	3 960	-14,2%
<b>Indicators</b>			
Gross written premiums / no. of employees	875	781	12,0%
Direct insurance claims ratio	67,8%	65,2%	3,9%
Claims ratio net of reinsurance	68,1%	64,1%	6,2%
Net result / gross written premiums	2,9%	3,9%	-25,8%
Claims reserves / gross written premiums	65,8%	60,1%	9,5%
Technical reserves / gross written premiums	86,3%	80,6%	7,1%
Net profit / equity	5,8%	8,4%	-31,0%
Net profit / share capital	7,7%	11,5%	-33,6%
Combined ratio	95,6%	94,1%	1,5%

\* The share capital was increased by resolution of the General Meeting of 9 July 2019 and consequent authorisation of the ASF in the 17<sup>th</sup> of December 2019, for 44.388.315,20 euros, the last instalment of 10.000.000,00 euros having been made in last December.

## 4.2. Technical Management

### 4.2.1. Productions and Policies

Caravela closed the financial year of 2021 with a Gross Written Premiums (GWP) volume of 116,4 million euros, which represents a production increase of 15,7 million euros and a growth rate of 15,5% regarding the amount of 2020.

It should also be noted that the market share, including the activity in Portugal and abroad, rose from 1,8% in 2020 to 2,0% in 2021.

The organic and consolidated growth seen in recent years is based on individuals and small and medium businesses segments, as well as on rigorous and careful risks underwriting, oriented towards the profitability of all business lines.

A good performance was maintained, in all lines of business, except for the Marine and Transports business line, where the effects caused by the pandemic still show impact, resulting in a decrease of production of 18,1%.

Although with a growth rate above the market, comparatively with previous years, a decrease in the Motor line of business is seen, +11,4%, below the global growth rate of Caravela. On the other hand, there is a very positive evolution of the Personal Accidents, Fire and Other Damages, and Workers Compensation lines of business.

This growth is supported by the continuity of the pre-defined strategy, based on:

- Increasing the cadence of new production;
- Increase in the distribution base;
- Underwriting businesses for individuals and micro and small companies;
- In broadening the target segment to medium and large companies, resulting in the capture of new business within these segments.

In 2021, the beginning of Caravela's commercial activity abroad has also contributed to the growth of the portfolio, especially in the Fire and Other Damages line of business.

The following table shows a variation structure of gross written premiums by line of business, where it can be confirmed that, except for the Marine and Transports lines of business, all show positive evolution:

### Production Structure and Variation

U: Euros

LINES OF BUSINESS	GWP		
	2021	2020	Δ 21/20
Accidents and Health	31 772 201	26 095 184	21,8%
Fire and Other Damages	11 273 602	8 703 919	29,5%
Motor	71 428 781	64 145 114	11,4%
Third Party Liability	1 532 182	1 318 675	16,2%
Marine and Transports	373 474	456 004	-18,1%
<b>TOTAL</b>	<b>116 380 240</b>	<b>100 718 896</b>	<b>15,5%</b>

Regarding the structure of the premiums of the portfolio, Caravela presented the same distribution trend seen in the previous year, maintaining the predominance of the weight of the Motor and Accidents and Health lines of business, respectively of 62,4% and 24,9%, these two lines of business together representing 87,3% of the gross written premiums.

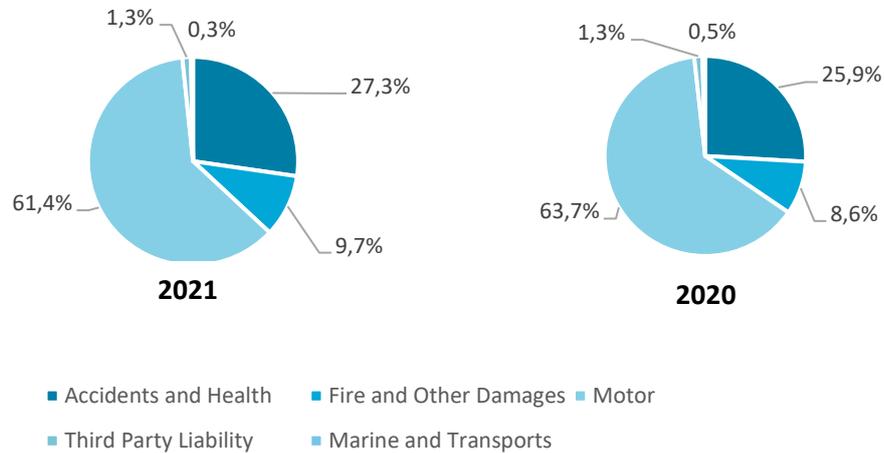
The following table presents a structure of the portfolio and the weight per line of business regarding 2020 and 2021:

### Portfolio Structure

LINES OF BUSINESS	POLICIES IN FORCE			
	2021	Weight	2020	Weight
Accidents and Health	13 930	4,1%	11 892	3,9%
Fire and Other Damages	39 102	11,4%	36 532	12,0%
Motor	283 823	82,6%	250 632	82,1%
Third Party Liability	5 641	1,6%	4 867	1,6%
Marine and Transports	1 322	0,4%	1 168	0,4%
<b>TOTAL</b>	<b>343 818</b>	<b>100,0%</b>	<b>305 091</b>	<b>100,0%</b>

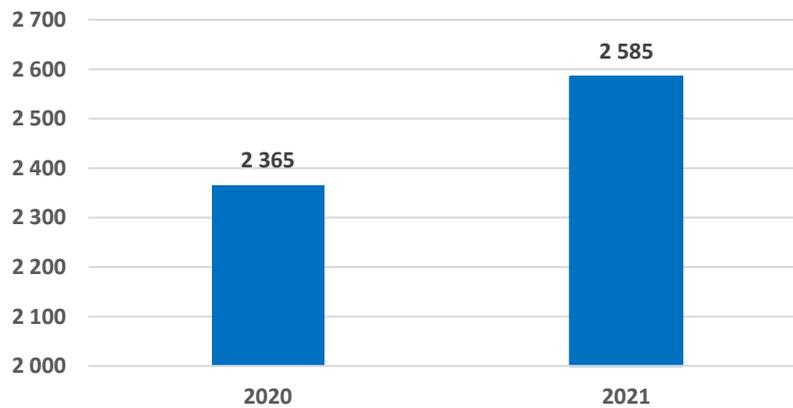
The following table shows the relative weight of the several lines of business, in the portfolio structure of the Company:

**Portfolio structure in %**



This development continues an improvement in performance regarding the analysis of the policy-per-employee ratio:

**Number of policies per employee**



**4.2.2. Claims**

The global claims ratio of Caravela in 2021, calculated considering the earned premiums, reached 67,8%, corresponding to an increase of 3,9 pp comparatively with 2020's fiscal year, which was set in 65,2%.

In the fiscal year of 2021, the costs with claims had an increase of 22,9% (+14.327 thousand euros in absolute value) regarding the previous fiscal year, totalling 76.885 thousand euros, before the allocation of other costs.

Except for the Third Party Liability line of business, which presented a decrease of the claims ratio of 60,1% (-673 thousand euros), all remaining business segments had an impact in the increase of the costs with claims.

It was the Motor line of business that, in absolute value, presented a larger increase in costs, 8.837 thousand euros (+22,1%), but it was in the segment Fire and Other Damages that there was a greater growth in relative terms, 53,5% (+2.269 thousand euros).

The increase was set in 22,6% (+3.837 thousand euros) in the Accidents and Health lines of business.

There was an increase of a lesser expression of 28,1% (+56 thousand euros) in the least representative lines of business, Marine and Transports:

#### Costs with claims

U: euros

LINES OF BUSINESS	2021	2020	Δ 21/20
Accidents and Health	20 797 255	16 959 347	22,6%
Fire and Other Damages	6 525 974	4 256 135	53,3%
Motor	48 859 188	40 021 912	22,1%
Third Party Liability	446 411	1 119 905	-60,1%
Marine and Transports	256 244	200 046	28,1%
<b>TOTAL</b>	<b>76 885 072</b>	<b>62 557 345</b>	<b>22,9%</b>

For a more detailed analysis, the following table presents the claim rates by the diverse groups of lines of business:

#### Claims ratio

LINES OF BUSINESS	2021	2020	Δ 21/20
Accidents and Health	68,2%	67,9%	0,6%
Fire and Other Damages	65,3%	50,9%	28,5%
Motor	69,7%	66,9%	4,3%
Third Party Liability	29,9%	88,6%	-66,3%
Marine and Transports	68,4%	44,1%	55,3%
<b>TOTAL</b>	<b>67,8%</b>	<b>65,2%</b>	<b>3,9%</b>

The increase of the number in claims in 2021 was set in 24,7%, being the Motor line of business the one that most contributed to this fact, achieving a growth of 24,5%.

In the group of lines of business Accidents and Health, the increase was of 38,1% regarding the previous year; this significant oscillation is directly related to the reduction of the number of claims that occurred in 2020, as a result of the general and prolonged confinement verified throughout the year due to the pandemic, being teleworking mandatory for a significant part of the population.

In the Fire and Other Damages business line, the increase in the number of claims was reduced, of only 6,9%, following an evolution of the number of policies in force in these lines of business.

With a reduced impact, because there are the least representative lines of businesses, the number of claims in Third Party Liability increased 55,2% in relative terms and a total of 185 occurrences in absolute terms, whereas in the Marine and Transports the number of claims was the same as the one verified in the previous year.

The table in the next page clarifies what is mentioned above:

### No. of opened claims

LINES OF BUSINESS	2021	2020	Δ 21/20
Accidents and Health	5 494	3 979	38,1%
Fire and Other Damages	3 548	3 319	6,9%
Motor*	34 197	27 457	24,5%
Third Party Liability	520	335	55,2%
Marine and Transports	77	77	0,0%
<b>TOTAL</b>	<b>43 836</b>	<b>35 167</b>	<b>24,7%</b>

\* It does not include Travel Assistance claims.

Regarding 2020, the policies in force had a growth of 12,7%, as the number of claims increased 24,0%, thus translating into an increase in the claims frequency rate. To this fact, the reduction of frequency seen in 2020 due to the general confinement contributed greatly.

Thus, the fiscal year of 2021 closed with a global claim frequency rate of 13,5%, 3,1 pp higher than in 2020.

However, it should be noted that, in the Motor line of business, the most representative of all business lines, the increase of the frequency rate was only of 1,1%:

### Claims frequency

LINES OF BUSINESS	2021	2020
Accidents and Health	42,6%	35,7%
Fire and Other Damage	9,4%	9,6%
Motor	12,8%	12,7%
Third Party Liability	9,9%	7,2%
Marine and Transports	6,2%	7,2%
<b>TOTAL</b>	<b>13,5%</b>	<b>13,1%</b>

#### 4.2.3. Reinsurance

In the reinsurance policy of Caravela there are Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other Reinsurance modalities appropriate to the protection of the accepted risks.

The reinsurance program, approved by the Company for 2021, suffered small alterations in its structure comparatively with the previous year, regarding the Reinsurers of 2020 involved in the treaties.

Regarding the proportional treaties, which encompass the Fire and Other Damages, Marine, Transports and Engineering lines of business, the retention in the share and the limit of surplus, except for the Fire and Multi-risk Treaty, where the limit of rose to 7.500.000 euros.

Regarding the Excess of Loss treaties, which encompass the Motor, Personal Accidents, Workers Compensation and Third Party Liability lines of business, did not suffer any alteration considering priority, except for the Motor line of business, whose priority rose to 500.000 euros. In terms of capacity there have only been changes in the Motor Treaty – Own Damage, where the aggregate annual limit has increased to 6.500.000 euros.

The Reinsurers involved are selected considering their reliability and financial solvency, as well as their service provision, follow-up, and presented availability. In this line of thought, it was decided to maintain Nacional Re as leader, in most treaties, with a participation of 40%.

This way, in the renewals of the treaties, the minimum rating demanded to a Reinsurer is of “A-”, in accordance with the rating agencies S&P and/or AM Best. The table below shows the range of the main reinsurers, as well as their rating as at 31/12/2021:

REINSURANCE 2021	
Reinsurer	Rating S&P
Nacional Re	A
CCR Re	AA
Helvetia	A
Qbe	A+
Hannover Re	AA-
R+V	A+
Covea	A+
Odyssey	A-

It should also be noted that, regarding Accepted Reinsurance, Caravela held its policy of non-acceptance of this type of business.

### 4.3. Financial Management

#### 4.3.1. Financial Investments

Financial Investments, namely the Property Assets, grew 14.398 thousand euros in 2021, translating in a growth of 15,0% comparatively with 2020.

The management of the financial assets, in partnership with OFI Asset Management, has been being executed in accordance with the investment policy of the Company, guided, as in previous years, by criteria of prudence, safety, and liquidity, and in compliance with the recommendations either of ASF (Portuguese Insurance and Pension Funds Supervisory Authority) or of EIOPA (European Insurance and Occupational Pensions Authority).

The following table presents the summary of the situation recorded on the 31<sup>st</sup> of December 2021:

### Assets Portfolio

U: thousand euros

ASSET PORTFOLIO	2021			2020			% Var 21/20
	AMOUNT	%	%	AMOUNT	%	%	
<b>1. REPRODUCTIVE INVESTMENTS</b>							
Financial Assets							
Government bonds*	11 179	10%	9%	11 967	13%	12%	-7%
Other bonds*	46 662	43%	39%	46 389	50%	47%	1%
Stocks and Investment Funds	20 090	19%	17%	3 062	3%	3%	556%
Granted Loans	50	0%	0%	252	0%	0%	-80%
Liquidity**	29 747	28%	25%	31 660	34%	32%	-6%
Sub-total	107 727	100%	90%	93 330	100%	95%	15%
Other Non-financial assets							
Property	9 049		8%	1 232		1%	635%
Sub-total	9 049		8%	1 232		1%	635%
<b>TOTAL (1)</b>	<b>116 777</b>		<b>98%</b>	<b>94 561</b>		<b>97%</b>	<b>23%</b>
<b>2. OPERATIONAL INVESTMENTS</b>							
Equipment, Furniture, and Material	2 930		2%	3 241		3%	-10%
<b>TOTAL (2)</b>	<b>2 930</b>		<b>2%</b>	<b>3 241</b>		<b>3%</b>	<b>-10%</b>
<b>TOTAL (1) + (2)</b>	<b>119 706</b>		<b>100%</b>	<b>97 802</b>		<b>100%</b>	<b>22%</b>

\* Appreciation with accrued interest

\*\* Fixed-term and Demand Deposits with accrued interest and Treasury Funds

The exposure to government bonds decreased 7,0% comparatively with 2020, as the exposure to stocks and investment funds grew 17.028 thousand euros. This exposure is essentially due to the compliance with the asset allocation strategy established in the investment policy.

Liquidity, between Demand Deposits, Fixed-Term Deposits, and Treasury Funds, remained in line with 2020, justified by the capital increase carried out at the end of the year, being, however, in line with the risk and capital management parameters.

#### 4.3.2. Financial Investments Results

The financial results show, in 2021, an increase, compared to the same period of the previous year, of 858 thousand euros, +107.0%, essentially due to a greater realisation of capital gains and an increase in the income generated of 135.6%:

### Financial Income

U: thousands of euros

	2021	2020	% VAR 21/20
Investment income	1 133	481	135,6%
Investment profit and loss	526	321	64,1%
<b>FINANCIAL MARGIN</b>	<b>1 659</b>	<b>801</b>	<b>107,0%</b>

Emphasis should be given to the fact that there was no impairment in financial assets during the last three years, demonstrating the large caution in choosing the application making up Caravela's investment portfolio.

As to the rate of return, the total asset portfolio registered a positive average remuneration of 1.3%.

## 4.4. Operating Costs

### 4.4.1. Cost allocation by nature

The total costs by nature to be allocated, reached 14,396 thousand euros, which represents an increase of 7.7%, compared to 2020, due to a general increase in both acquisition costs and other expenses headings:

#### Costs by nature

Costs by nature	2021	2020	VAR 21/20%
Personnel expenses	6 731	6 691	0,6%
External services and supplies	4 915	4 173	17,8%
Taxes and fees	1 059	971	9,1%
Amortisations for the financial year	1 357	1 237	9,7%
Risks and charges reserves	0	0	-
Interest incurred	26	29	-11,5%
Commissions	308	260	18,3%
<b>TOTAL</b>	<b>14 396</b>	<b>13 362</b>	<b>7,7%</b>

U: thousands of euros

### 4.4.2. Staff

The number of staff increased by 3.1%, from 129 to 13329 permanent staff:

#### Evolution of Staff

	2021	2020	VAR 21/20%
Effective staff at the beginning of the period	129	120	7,5%
Entries	10	12	-16,7%
Exits	6	3	100,0%
Effective staff at the end of the period	133	129	3,1%

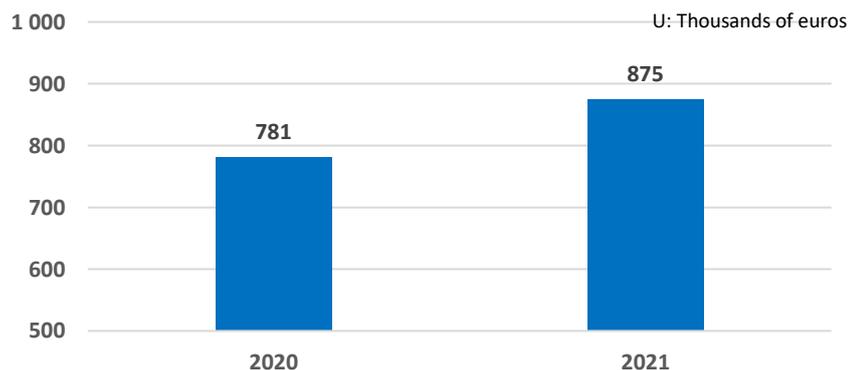
  

Gross premiums issued / no. of employees	2021	2020	VAR 21/20%
	875	781	12,0%

U: thousands of euros

As can be seen in the following chart, there has been a constant increase in productivity over recent years, from 781 thousand euros in 2020 to 875 thousand euros in 2021, mainly due to the increase in production:

#### Premiums issued by employee



The distribution by age and gender was as follows:

**Age distribution by gender**

AGE GROUP	MEN	WOMEN
Up to 30 years old	11	5
From 31 to 40 years old	11	15
From 41 to 50 years old	26	37
From 51 to 60 years old	15	7
Over 61 years old	5	1
<b>TOTAL</b>	<b>68</b>	<b>65</b>
<b>AVERAGE AGE</b>	<b>44 YEARS OLD</b>	

#### 4.5. Governance

On January 1<sup>st</sup>, 2016, the Legal Regime for Access and Exercise of Insurance and Reinsurance Activities (RJASR) came into force, which adopted a new Solvency regime, this date being defined in Law no. 147/2015 of September 9<sup>th</sup>, which transposed into the internal legal order the Directive 2009/138/EC, of the European Parliament and Council, of November 25<sup>th</sup>, 2009.

As already stressed in previous years, the entry into force of the Solvency II regime has significantly raised the response requirements in terms of both compliance and disclosure imposed on Insurance Companies. In addition, the requirement to provide accounting, statistical and behavioural information, in accordance with the RJASR, shall remain in view of the Regulatory Standard No. 8/2016-R, of August 16<sup>th</sup>, as amended by Regulatory Rule no. 10/2020-R of November 3<sup>rd</sup>.

In the field of Solvency II, during 2021, several actions have been undertaken, of which the following are highlighted:

- Participation in the Workgroup sessions of the “Risk Management and Actuarial Services” of the Technical Committee “Economy and Finance” of the Portuguese Association of Insurers (APS);
- Submission of the QRT – Quantitative Reporting Templates to the Portuguese Supervisory Authority for Insurance and Pension Funds (ASF), the former being defined by EIOPA and managed by the supervisory agencies, regarding the end of year position with the reference date 31<sup>st</sup> of December 2020 and on a quarterly basis for the last quarter of 2020 and the first three quarters of 2021;
- Reporting of the 2020 Supervision Periodic Report to the ASF, which is provided for in article 35 of Directive 2009/138/EC of the European Parliament and of the Council, in article 21 of the RJASR and in articles 304 to 314 of the Delegated Regulation (EU) 2015/35 of the Commission, of the 10th of October 2014, whose structure and content is specified in such regulation;
- Public disclosure of the 2020 Solvency and Financial Condition Report provided for in articles 51 to 56 of Directive 2009/138/EC of the European Parliament and of the Council, Article 83 of the RJASR and Articles 290 to 303 of the Delegated Regulation (EU) 2015/35 of the Commission;
- Reporting to the ASF of the ORSA 2021 Report for the five-year period 2021-2025.

#### 4.6. Solvency Margin Estimate

The Company has calculated the Solvency Ratio (SCR) and Minimum Capital Requirement (MCR) for the 31<sup>st</sup> of December 2021 and the 1<sup>st</sup> of January 2022 using the transitional and long-term measures authorised by the ASF.

The solvency capital ratio, verified in 2021, had an unfavourable evolution compared to the same period of the previous year, going from 271.2% to 212.8%. This ratio was influenced both by the increase in the capital requirement originated by Caravela's organic growth.

With these figures, the Company comfortably exceeds the capital target and, consequently, the regulatory requirement.

The following table shows the Solvency II eligible own funds and capital requirements, in each of the above-mentioned dates:

<u>Solvency Capital Requirement</u>			
	U: thousands of euros		
	31.12.2020	31.12.2021	01.01.2022
<b>Eligible Own Funds</b>	<b>54 570</b>	<b>52 856</b>	<b>52 783</b>
Share Capital	34 388	44 388	44 388
<b>Solvency Capital Requirement</b>	<b>20 118</b>	<b>24 843</b>	<b>24 843</b>
Tax Adjustment	-5 397	-6 664	-6 664
Operating Risk	3 159	3 403	3 403
<b>Base Capital Requirement</b>	<b>22 357</b>	<b>28 104</b>	<b>28 104</b>
Diversification effect	-10 576	-13 290	-13 290
Risk components total	32 933	41 394	41 394
Market Risk	4 871	8 281	8 281
Counterparty default risk	2 959	3 445	3 445
Health underwriting risk	9 147	9 978	9 978
Non-life underwriting risk	15 955	19 690	19 690
<b>Solvency Ratio</b>	<b>271,2%</b>	<b>212,8%</b>	<b>212,5%</b>

The following table shows the eligible own funds and capital requirements to calculate the minimum solvency capital (MCR), on the same dates:

<u>Minimum Capital Requirement</u>			
	U: thousands of euros		
	31.12.2020	31.12.2021	01.01.2022
Eligible Own Funds	44 511	51 329	51 236
Minimum Capital Requirement	9 053	11 179	11 179
<b>Minimum Capital Ratio</b>	<b>491,7%</b>	<b>459,1%</b>	<b>458,3%</b>

## 4.7. Share Capital and Results

### 4.7.1. Share Capital Development

Caravela's share capital, was increased by resolution of the General Meeting of the 9<sup>th</sup> of July 2019 and consequent authorisation by the ASF on the 17<sup>th</sup> of December 2019, to €44,388,315.20, the last instalment amounting to €10,000,000.00 having been made last December.

Thus, on December 31, 2021 the share capital was €44,388,315.20, fully subscribed, paid for and represented by 79,056,677 shares with no nominal value.

### 4.7.2. Results for the 2021 Financial Year

The gross result calculated at the end of 2021 was 3,540,334.63 euros, which, deducted from the estimated income tax, led to a net result of 3,395,707.80 euros, representing a decrease of 14.2% compared to the previous financial year.

The Board of Directors decided to propose the following application of the determined amount:

- 339,570.78 euros (10% of the Net Result) for the Legal Reserve account;
- 3,056,137.02 euros, remaining amount, for the Free Reserves account.

With the approval of the previously proposed application of results, the Company's Equity will amount to 58,550,334.56 euros.

## 5. COVID-19 Impact and Evolution to 2022

The effects of the COVID-19 Pandemic felt in 2021 were the extension of the advances and retreats of the economy provoked by the confinements that resulted from the different variants that appeared.

The impact felt on 2021 can be divided into 3 great areas:

- Reduction of the business volume resulting from the renegotiation and alteration of agreements in force, as well as the increase of business discounts as a way of customer retention in this adverse moment;
- A direct consequence of moratorium implementation for the payment of insurance premiums and payment plans negotiation, besides the need of reinforcing the provision levels regarding receipts to be collected;
- The need for reinforcement of the levels of claims reserves for the lines of business of Workers Compensation and Motor, in order to face the inevitable frequency increase in the post-Pandemic period.

With the joint effect of the vaccination program and group immunity, it is foreseeable that the recovery in activity levels in the insurance sector of the pre-Pandemic period is verified from the second quarter of 2022.

The main priorities for 2022 are:

- Maintaining a high-quality level in the satisfaction of our customers' needs;

- Develop solutions that can meet the new post-Pandemic challenges, namely inflationary tendencies;
- Adjust the Financial Investments policy to a context of rising inflation;
- Design a new business strategy as a way to position Caravela regarding the support to customers and business partners in the post-Pandemic paradigm;
- Finally, as social liability is an intrinsic goal of the insurance activity, it is Caravela's intention, in a socially complicated moment like the one we live in, to maintain its commitment to implementing guiding principles in the areas of social and environmental well-being, either internally or for the community, progressively adopting the ESG (Environmental, Social, and Governance) politics.

Additionally, after concluding this report, it should be noted that the Board of Directors is closely monitoring the development of the current conflict situation in Ukraine and its possible repercussions on the national and world economy, which, at this date, cannot be reliably predicted. The evolution and consequences of this conflict may have an impact on the Company's activity.

## 6. Final Remarks

The Board of Directors wishes to express once again its appreciation to all Customers, Agents and Reinsurers, as well as all Employees for actively and constructively participating in the life of the Company.

It also notes with appreciation the monitoring and advisory actions undertaken by the Supervisory Board throughout the financial year.

The Board of Directors reiterates its gratefulness to the Portuguese Insurance and Pension Funds Supervisory Authority for all its support, as well as to the Portuguese Association of Insurers for the work carried out in favour of the Portuguese insurance market.

Lastly, in concluding this report, the Board of Directors expresses its appreciation to the Shareholders for all the support and trust shown in the Company's management team during the financial year now ended.

Lisbon, on the February 22, 2022

The Board of Directors,

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Luís Cervantes  
President

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David Angulo  
Vice-President

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António Nestor Ribeiro  
Member

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Fabrizio Cesario  
Member

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George Koulouris  
Member

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Gonçalo Ramos e Costa  
Member

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Paulo Trigo  
Member

# REPORT AND ACCOUNTS

2021 FINANCIAL YEAR

**CORPORATE GOVERNANCE  
REPORT**

## 1. Introduction

Caravela-Companhia de Seguros, S.A., prepares its Corporate Governance Report in a clear and transparent manner in the light of the rules in force, observing the best practices and recommendations applicable in the market.

### 1. Shareholding Structure

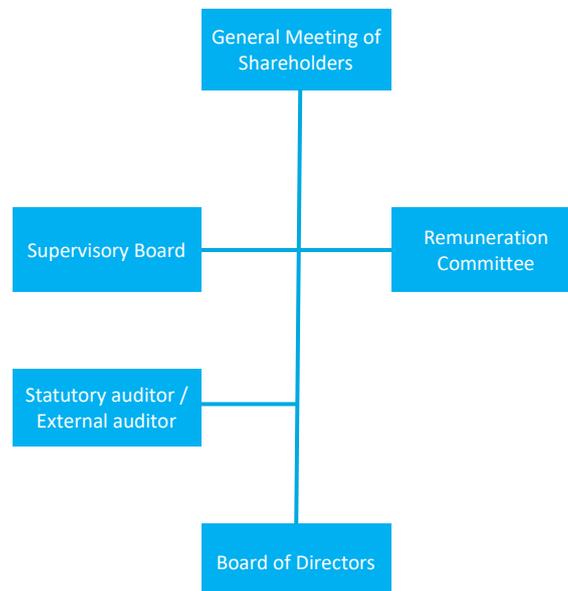
The Company's share capital, fully subscribed and paid for, is of 44,388,315.20 euros, represented by 79,056,677 shares with no nominal value, granting identical rights to all shareholders.

## 2. Governing Structure

The company's governing model that ensures the effective segregation of managing and supervisory functions follows the traditional Latin model and is composed of the following governing bodies, in accordance with the Company's Articles of Association:

- General Meeting
- Board of Directors
- Supervisory Board
- Statutory Auditor / External Auditor

The organisational chart below shows this organisational structure:



According to article 11 of the Company's Articles of Association, the day-to-day management falls on a Board of Directors composed of seven members elected for four-year terms, who can be re-elected.

The current Board of Directors has a 2019-2022 term and is comprised of seven directors , one being the President, another Vice-President and five Members.

The Board of Directors, as the governing body of the Company, has the broadest powers to manage and represent the Company.

Under the terms of art. 12 of Caravela's Articles of Association, the following are the responsibility of the Board:

- The management of the Company, practicing all acts that fall within its corporate purpose;
- The acquisition, encumbrance and disposal of all assets and rights of the Company;
- The conclusion of any financing contracts and the carrying out of other credit operations;
- The definition of the organisation and working methods of the Company;
- The approval of annual plans and their respective budgets;
- The delegation of its powers to one or more of its members and/or proxy holders;
- The creation of advisory boards;
- The implantation and compliance with legal provisions, as well as the resolutions of the General Meeting.

The supervision of management acts is exercised by a Supervisory Board composed by three effective members, at least one of whom must have a higher education appropriate to the performance of his duties and an alternate member, with terms of office equal to those of the Board of Directors and are also eligible for re-election.

The remuneration of the members of the corporate bodies is determined by the Remuneration Committee, composed of three members – one of them being the President – designated by the General Meeting and also for four-year periods, with the possibility of re-election.

### **3. Remuneration of the governing bodies**

Remuneration of the members of the administrative bodies and supervisory board is set in accordance with the remuneration policy approved by the Remuneration Committee.

Apart from the fixed remuneration, the members of the board of directors can have a variable remuneration which is granted according to the Company's net results.

The Remuneration Committee shall meet once a year in a plenary session whenever it is necessary to discuss and set the remuneration of the members of the Board of Directors and Supervisory Board.

Remuneration of the Statutory Auditor is established in the service agreement and is in line with the existing market practice.

## **4. Composition of Governing Bodies**

### **4.1 General Meeting**

The Board of the General Meeting was, on the 31<sup>st</sup> of December 2021, composed as follows:

- President: Nuno Miguel Marques dos Santos Horta
- Secretary: Nuno Miguel Novais Grangeon Cárcomo Lobo

## 4.2 Board of Directors

The composition of the Board of Directors was as follows:

- President: Luís Filipe Sampaio Cervantes
- Vice-President: David Angulo Rubio
- Member: António Manuel Nestor Ribeiro
- Member: Fabrizio Cesario
- Member: George Koulouris
- Member: Gonçalo Lopes da Costa de Ramos e Costa
- Member: José Paulo de Castro Trigo

The professional qualifications of the members of the Board of Directors and their professional activity in recent years are presented below:

### Luís Cervantes - President

- Academic qualifications:  
Holds an Undergraduate Degree in Economics  
Post-Graduate Degree in Risk and Derived Products Management
- Activity in the past years:  
BES Director (1993-2005)  
Manager of Crediflash (2004-2006)  
Advisor of the Board of Directors of the insurance company Tranquilidade (2005-2006)  
Member of the Executive Board of the insurance company AXA Portugal (2006-2010)  
Member of the Executive Board of the insurance company Seguro Direto Gere (2008)  
Manager of Sabseg Seguros (2010-2017)  
Chairman of the Board of Directors of AAA-SGPS, S.A. (November 2016 – June 2017)  
President of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2017-)

### David Angulo - Vice-President

- Academic qualifications:  
Holds an Undergraduate Degree in Business Administration  
Holds a Master's Degree in Business Administration
- Activity in the past years:  
Financial Analyst at Gescapital, S.A. (1992-1993)  
Division Director of Bankinter, S.A. (1993-1996)  
CFO of Aegon Union Asseguradora (1997-2001)  
Managing Director of Aegon Union Asseguradora (2001-2005)  
General Manager for Insurance, Santander UK Bank, plc (2005-2007)  
President of AVIVA plc, London and Madrid (2007-2014)  
Executive President of Dunas Capital España, S.S. (2014-)  
Vice-President of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2019-)

António Nestor Ribeiro – Member

- Academic qualifications:  
Holds an Undergraduate Degree in Computer Systems Engineering  
Holds a Master’s Degree in Computer Science – Distributed Systems, Computer Architecture and Computer Communications  
Holds a PhD in Computer Science – Fundamentals of Computing
- Activity in the past years:  
Assistant Director of the Undergraduate course in Computer Engineering (2008-2010)  
Member of the Course Committee of the Undergraduate Course in Computer Science (2008-2010)  
Member of the Pedagogical Council of the Engineering School (2010-2013)  
Director of the Undergraduate course in Computer Engineering (2010-2013)  
Assistant Director of the IT Department (2012-2016)  
Member of the Directing Committee of the IT Department (2010-2016)  
Assistant Professor of the University of Minho  
Founding Manager of MobiComp (2008)  
Co-founder of iMobileMagic (2011-2016)  
Vice-President of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2017-) (2014-2019)  
Director of Caravela - Companhia de Seguros, S.A. (2019-)

Fabrizio Cesario – Member

- Academic qualifications:  
Holds an Undergraduate Degree in Economics  
Holds a Master’s Degree in Business Administration
- Activity in the past years:  
Financial Analyst of Rothschild Italy (1992-1995)  
Managing Director/Vice-President of Lehman Brothers Europe (1995-2008)  
Managing Director of Lazard Capital International Limited (2009-2010)  
Partner of Anacap Financial Partners LLP, London (2010-2017)  
Partner of Toscafund Asset Management (2017-)  
Director of Caravela - Companhia de Seguros, S.A. (2019-)

George Koulouris - Member

- Academic qualifications:  
Holds an Undergraduate Degree in Economics  
Holds a Master’s Degree in Business Administration
- Activity in recent years:  
Analyst/Associate of UBS, AG London (1999-2002)  
Associate of Credit Suisse, AG London (2003-2005)  
Vice-President of Financial Institutions of Deutsche Bank AG London (2006-2007)  
Supervisor/Head of the M&A Division of Marfin Investment Group Holding, S.A. (2007-2013)  
Partner of Anacap Financial Partners LLP, London (2013-2017)  
Partner of Toscafund Asset Management (2017-)  
Director of Caravela - Companhia de Seguros, S.A. (2019-)

#### Gonçalo Ramos e Costa – Executive Board Member

- Academic qualifications:  
Holds an Undergraduate Degree in Business Administration
- Activity in recent years:  
Marketing Manager at Lusitânia (1993-1998)  
Marketing Director at Lusitânia (1998-2001)  
Delegated Director of Moçambique-Companhia de Seguros S.A., based in Maputo (2001-2004)  
Director of Moçambique-Companhia de Seguros, S.A. (2004-2014)  
Coordinating Director of the Financial, Administration and Property Management Division of Lusitania (2007-2014)  
Director-General of AAA – SGPS (2014-2017)  
Director of Caravela - Companhia de Seguros, S.A. (2014-)

#### Paulo Trigo – Executive Board Member

- Academic qualifications:  
Holds an Undergraduate Degree in Civil Engineering  
Holds a Post-Graduate Degree in Industrial Safety and Engineering  
Course in Risk Analysis, Safety and Prevention Technician and Fire Prevention Technician in industrial companies
- Activity in the past years:  
Director of the Risk Analysis Office in Tranquilidade (1990-1998)  
Coordinating Director of the North Regional Operating Directorate in Tranquilidade (1998-2005)  
Coordinating Director of the Large Customers Directorate of Tranquilidade (2005-2014)  
Delegated Manager of Caravela - Companhia de Seguros, S.A. (2014-2017)  
Director of Caravela - Companhia de Seguros, S.A. (2017-)

### **4.3 Supervisory Board and Statutory Auditor**

In accordance with article 413, item 1, paragraph a) of the Portuguese Commercial Companies Code, the supervision of the Company is the responsibility of a Supervisory Board and an Audit Firm, with the competencies foreseen by law.

The members of the Supervisory Board were as follows:

- President: Manuel Augusto Lopes de Lemos
- Member: Humberto Manuel Martins Carneiro
- Member: José Elísio Lopes da Siva Quintas, Statutory accountant no. 643
- Alternate: José António Truta Pinto Rabaça

The Audit Firm, as of December 31, 2021, was Mazars & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by:

- Effective: Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A., Audit Firm no. 51, represented by Pedro Miguel Pires de Jesus – Statutory Auditor no. 1930
- Alternate: Paulo Jorge Damião Pereira, Statutory Auditor no. 1219

#### 4.4 Remuneration Committee

The Remuneration Committee was composed of the following three members:

- President: Fabrizio Cesario
- Member: George Koulouris
- Member: António Nestor Ribeiro

The members of the Remuneration Committee are not remunerated and have no family links between them.

### 5. Remuneration earned by the members of the Board of Directors and Supervisory Bodies (pursuant to article 29 of Law no. 28/2009 of September 19<sup>th</sup>)

The following table shows the basic remuneration of the members of the board of directors and supervisory board:

#### 5.1. Aggregate

U: Euros

	Fixed Remuneration	Variable Remuneration	Total Annual Remuneration
Board of Directors	657 256,00	0,00	657 256,00
Supervisory Board	37 700,00	0,00	37 700,00
<b>TOTAL</b>	<b>694 956,00</b>	<b>0,00</b>	<b>694 956,00</b>

#### 5.2. Individual

U: Euros

Board of Directors	Fixed Remuneration	Variable Remuneration	Total Annual Remuneration
Luís Filipe Sampaio Cervantes	211 576,00	0,00	211 576,80
David Angulo Rubio	50 000,00	0,00	50 000,00
Gonçalo Lopes da Costa de R. e Costa	198 288,55	0,00	198 288,55
José Paulo de Castro Trigo	197 390,65	0,00	197 390,65
<b>TOTAL</b>	<b>652 000,00</b>	<b>5 256,00</b>	<b>657 256,00</b>

U: Euros

Supervisory Board	Fixed Remuneration	Variable Remuneration	Total Annual Remuneration
Manuel Augusto Lopes de Lemos	7 200,00	0,00	7 200,00
Humberto Manuel Martins Carneiro*	23 900,00	0,00	23 900,00
José Elísio Lopes da Silva Quintas	6 600,00	0,00	6 600,00
<b>TOTAL</b>	<b>37 700,00</b>	<b>0,00</b>	<b>37 700,00</b>

\*Amount refers to the year and to previous years adjustments

### 6. Remuneration of the Auditor / Statutory Auditor

Remuneration of the Statutory Auditor is in accordance with the conditions set out in articles 59 and 60 of Decree-Law no. 487/99, of November 16<sup>th</sup>, as amended by Decree-Law no. 224/2008 of November 20<sup>th</sup>. The fees are proposed by the Statutory Auditor and approved by the Board of Directors, with the Supervisory Board's opinion. In 2021, the amounts paid including VAT were:

U: Euros	
Description of MAZAR's Fees	Amount
Solvency II	18 450
Statutory Auditing (year 2020)	36 900
<b>TOTAL</b>	<b>55 350</b>

## 7. Share of the Members of the Board of Directors and Supervisory Board in the Insurer's Capital (Article 447 of the Commercial Companies Code)

Name	Number of shares held at 31/12/2021
Luís Filipe Sampaio Cervantes (shares in Âncoras de Júpiter Unipessoal, Lda)	3 288 760
António Manuel Nestor Ribeiro (shares in Blue Wave S.A.)	1 540 606

# REPORT AND ACCOUNTS

2021 FINANCIAL YEAR

EMPLOYEE REMUNERATION  
POLICY

## 1. Introduction

The remuneration policy of Caravela-Companhia de Seguros, S.A., aims to ensure that all its employees are remunerated in accordance with the duties they perform and the actual results of their activity.

The remuneration of Caravela's workers includes a fixed component and, in some functions, may also include a variable component.

In practical terms, the fixed component results from the application of the Collective Work Regulation Instruments applicable to the insurance sector and is appropriate to the payment of the work performed.

The overall remuneration policy takes into account the different contributions of the various bodies and functions to the achievement of Caravela's annual or multi-year objectives.

On this basis, the functions are described and assessed using specific assessment methodologies and criteria, which guarantee transparency and impartiality in line with the best market practices in terms of credibility and reliability in the alignment of objectives and calculation of results.

The existing bands guarantee respect for internal equity in terms of remuneration policy and also serve as a guarantee for fixed remuneration and any variable remuneration.

The adjustment of the remuneration policy fundamentals necessarily has as its reference both the national economic situation and Caravela's short- and medium-term strategy, which are determining and fundamental references for a fair and correct implementation of that policy.

## 1. Legal framework

This policy is based on compliance with the legislation and regulations in force, of which the following diplomas are highlighted:

- Regulatory Standard No. 5/2010-R of April 1<sup>st</sup> (Disclosure of information on the remuneration policy of insurance companies and pension fund management companies);
- Official circular No. 6/2010 of April 1<sup>st</sup> (Remuneration policy of insurance or reinsurance companies and pension fund management companies);
- Legal Regime of Access and Exercise of the Insurance and Reinsurance Activity (RJASR), approved by Law no. 147/2015;
- EIOPA guidelines on the system of governance of Insurance Companies.

Such remuneration policy is based on a cautious and appropriate monitoring in order to avoid any conflict of interests and is in line with the growth, profitability and productivity policy defined by the Company's shareholders.

## 2. Competence

The remuneration policy for employees must be proposed by the Human Resources Department for subsequent approval by the Board of Directors and is reviewed annually.

### 3. Disclosure

The remuneration policy is disclosed in the different areas as required by the law and rules in force.

### 4. Remuneration components

Apart from the fixed remuneration, Caravela's employees can have a variable remuneration, of which the main assumptions are:

- The balance between both remunerations, in order to achieve easy and clear planning of the variable part;
- The variable remuneration shall result from a system of objectives and performance that will give special focus to Caravela's objectives that must be clear, precise, determinable and achievable.

### 5. Other benefits

Apart from the above-mentioned elements, Caravela's employees receive the following benefits:

- Workers Compensation Insurance;
- Personal Accidents Insurance;
- Health Insurance;
- Life Insurance;
- Service award, in accordance with the Company Agreement signed in 2016;
- Financial support defined specifically for the period relating to the COVID-19 pandemic.

# REPORT AND ACCOUNTS

2021 FINANCIAL YEAR

FINANCIAL STATEMENTS

BALANCE SHEET

## BALANCE SHEET (1/2)

U: Euros

Annex notes	Balance sheet as of 31.12.2021	31/12/2021		31/12/2020	
		Gross amount	Impairment, depreciations / amortisations or adjustments		Net amount
	<b>ATIVO</b>				
6	Cash, cash equivalents and demand deposits	6 015 600,62		6 015 600,62	5 202 233,01
	Investments in branches, associates and joint ventures	5 000,00		5 000,00	5 000,00
	Financial assets held for negotiation	0,00		0,00	0,00
	Financial assets classified in initial recognition at fair value through profit and loss	0,00		0,00	0,00
	Hedging derivatives	0,00		0,00	0,00
5	Available assets for sale	104 844 886,01	176 805,00	104 668 081,01	90 088 086,93
3.2.2	Loans and accounts to be received	2 898 564,78	0,00	2 898 564,78	3 095 374,21
	Deposits with ceding companies	0,00		0,00	0,00
3.2.2	Other deposits	2 848 864,78		2 848 864,78	2 843 833,11
3.2.2	Granted loans	49 700,00		49 700,00	251 541,10
	Accounts receivable	0,00		0,00	0,00
	Others	0,00		0,00	0,00
	Investments to be held until maturity	0,00		0,00	0,00
3.3.1-7	Land and buildings	9 049 484,16	0,00	9 049 484,16	1 231 882,32
	Land and buildings for own use	0,00		0,00	0,00
3.3.1-7	Investment land and buildings	9 049 484,16		9 049 484,16	1 231 882,32
8	Other tangible assets	2 929 544,33	1 245 077,25	1 684 467,08	2 173 616,67
	Inventory	87 521,26		87 521,26	86 469,47
	<i>Goodwill</i>	0,00		0,00	0,00
3.4-10	Other intangible assets	5 945 638,27	2 507 127,19	3 438 511,08	2 288 547,30
4.1.3	Technical reserves of ceded reinsurance	34 016 490,44	0,00	34 016 490,44	26 351 659,72
4.1.2-4.1.3	Unearned premiums reserve	2 703 377,90		2 703 377,90	1 693 928,82
	Mathematical reserve of the life line of business	0,00		0,00	0,00
4.1.1-4.1.3	Claims reserve	31 313 112,54		31 313 112,54	24 657 730,90
	Profit sharing reserve	0,00		0,00	0,00
	Interest rate commitments reserve	0,00		0,00	0,00
	Portfolio stabilisation reserve	0,00		0,00	0,00
	Other technical reserves	0,00		0,00	0,00
	Assets due to post-employment benefits and other long term benefits	0,00		0,00	0,00
3.9.1-11	Other debtors due to insurance operations and other operations	16 518 227,02	2 361 557,34	14 156 669,68	11 398 808,66
3.8.1-3.8.2-3.9.1-11	Accounts receivable due to direct insurance operations	14 922 344,01	2 320 183,98	12 602 160,03	10 144 792,31
3.9.1-4.4-11	Accounts receivable due to other reinsurance operations	1 033 419,55	0,00	1 033 419,55	306 459,26
3.8.2-3.9.1-11	Accounts receivable due to other operations	562 463,46	41 373,36	521 090,10	947 557,09
20	Tax assets	846 774,21	0,00	846 774,21	1 166 793,38
20	Current tax assets	804 778,41		804 778,41	310 952,96
20	Deferred tax assets	41 995,80		41 995,80	855 840,42
3.9.3	Accruals and deferrals	335 442,19		335 442,19	347 511,64
	Other asset elements	0,00		0,00	0,00
	Non current assets held-for-sale and discontinued operational units	0,00		0,00	0,00
	<b>TOTAL ASSETS</b>	<b>183 493 173,29</b>	<b>6 290 566,78</b>	<b>177 202 606,51</b>	<b>143 435 983,31</b>

Certified Accountant

Eduardo Cunha

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

## BALANCE SHEET (2/2)

U: Euros

Annex notes	Balance sheet as of 31.12.2021	31/12/21	31/12/20
	<b>LIABILITIES AND EQUITY</b>		
	<b>LIABILITIES</b>		
4.1.3	Technical reserves	100 453 241,17	81 156 183,79
3.7.1-4.1.2-4.1.3	Unearned premiums reserve	23 543 053,97	20 367 529,74
	Mathematical reserve of the life line of business	0,00	0,00
3.7.2-4.1.3	Claims reserve	76 607 070,88	60 521 587,98
	For life line of business	0,00	0,00
4.1.3	For workers compensations line of business	42 318 685,93	33 620 036,03
4.1.3	For other lines of business	34 288 384,95	26 901 551,95
	Profit sharing reserve	0,00	0,00
	Interest rate commitments reserve	0,00	0,00
	Portfolio stabilisation reserve	0,00	0,00
3.7.4-4.1.3	Equalisation reserve	303 116,32	267 066,07
3.7.3-4.1.3	Unexpired risks reserve	0,00	0,00
	Other technical reserves	0,00	0,00
	Financial liabilities of the deposit component of insurance contracts, and insurance contracts and operations considered as investment contracts for accounting purposes	0,00	0,00
3.2.3.	Other financial liabilities	1 908 130,29	2 264 299,00
	Hedging derivatives	0,00	0,00
	Subordinated liabilities	0,00	0,00
3.2.3	Deposits received from reinsurers	529 947,07	517 450,96
3.2.3-3.8.6	Others	1 378 183,22	1 746 848,04
3.6-19	Liabilities due to post-employment benefits and other long term benefits	174 400,46	150 130,82
3.9.2	Other creditors due to insurance operations and other operations	10 560 690,80	7 779 032,13
3.9.2	Accounts payable due to direct insurance operations	5 810 825,20	4 987 742,27
3.9.2	Accounts payable due to other reinsurance operations	3 966 639,53	2 006 162,73
3.9.2	Accounts payable due to other operations	783 226,07	785 127,13
20	Tax liabilities	3 992 467,25	3 597 552,68
20	Current tax liabilities	3 950 437,63	3 228 760,65
20	Deferred tax liabilities	42 029,62	368 792,03
3.9.3	Accruals and deferrals	1 563 341,98	1 405 390,89
	Other reserves	0,00	0,00
	Other liability elements	0,00	0,00
	Liabilities of a group for disposal classified as held for sale	0,00	0,00
	<b>TOTAL LIABILITIES</b>	<b>118 652 271,95</b>	<b>96 352 589,31</b>
	<b>EQUITY</b>		
21	Capital	44 388 315,20	34 388 315,20
	(Treasury shares)	0,00	0,00
	Other equity instruments	0,00	0,00
22	Revaluation reserve	186 798,33	1 639 102,35
22	From fair value adjustments of financial assets	186 798,33	1 639 102,35
	From revaluation of land and buildings for own use	0,00	0,00
	From revaluation of intangible assets	0,00	0,00
	From revaluation of other tangible assets	0,00	0,00
	From fair value adjustments of hedging instruments in cash flow hedges	0,00	0,00
	From fair value adjustments of foreign currency net investments hedging	0,00	0,00
	From exchange rate differences	0,00	0,00
22	Deferred tax reserve	-42 029,62	-368 792,03
22	Other reserves	10 483 975,59	6 524 324,30
21	Results brought forward	137 567,26	940 792,89
	Results of the financial year	3 395 707,80	3 959 651,29
	<b>TOTAL EQUITY</b>	<b>58 550 334,56</b>	<b>47 083 394,00</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>177 202 606,51</b>	<b>143 435 983,31</b>

Certified Accountant

Eduardo Cunha

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

# REPORT AND ACCOUNTS

2021 FINANCIAL YEAR

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNTS

## PROFIT AND LOSS ACCOUNTS (1/2)

U: Euros

Annex notes	Profit and loss account as of 31.12.2021	Financial year 2021			Financial year 2020	
		Technical Life	Technical Non-life	Non Technical		Total
	Premiums earned net of reinsurance		86 158 692,35		86 158 692,35	71 707 654,15
12	Gross written premiums		116 380 233,56		116 380 233,56	100 718 896,32
	Ceded reinsurance premiums		28 434 625,99		28 434 625,99	24 434 960,77
	Gross unearned premiums reserve (change)		2 948 975,30		2 948 975,30	4 839 286,15
	Unearned premiums reserve, reinsurers share (change)		1 162 060,08		1 162 060,08	263 004,75
	Commissions on insurance contracts and operations considered as investment contracts or as service contracts for accounting purposes		0,00		0,00	0,00
4.1.1	Claims costs, net of reinsurance		61 520 208,11		61 520 208,11	48 648 642,76
4.1.1	Paid amounts		52 241 312,98		52 241 312,98	42 127 151,44
4.1.1	Gross amounts		64 105 269,71		64 105 269,71	50 356 865,72
4.1.1	Reinsurers share		11 863 956,73		11 863 956,73	8 229 714,28
4.1.1	Claims reserve (change)		9 278 895,13		9 278 895,13	6 521 491,32
4.1.1	Gross amount		15 744 505,43		15 744 505,43	14 929 372,07
4.1.1	Reinsurers share		6 465 610,30		6 465 610,30	8 407 880,75
4.1.3	Other technical reserves, net of reinsurance		36 050,25		36 050,25	31 672,82
	Mathematical reserve of the life line of business, net of reinsurance				0,00	0,00
	Gross amount				0,00	0,00
	Reinsurers share				0,00	0,00
	Profit share, net of reinsurance		0,00		0,00	0,00
12-17	Net amount of operating costs and expenses		20 823 408,97		20 823 408,97	18 845 868,98
12-17	Acquisition costs		21 732 922,21		21 732 922,21	19 250 507,30
12-17	Deferred acquisition costs (change)		379 159,93		379 159,93	-260 104,84
12-17	Administrative costs		3 713 508,73		3 713 508,73	3 390 924,52
	Commissions and profit sharing in reinsurance results		5 002 181,89		5 002 181,89	3 535 458,00
13	Income		1 132 530,87	0,00	1 132 530,87	480 793,01
13	From interest on financial assets not valued at fair value through profit and loss		1 132 530,87	0,00	1 132 530,87	480 793,01
	From interest on financial liabilities not valued at fair value through profit and loss		0,00	0,00	0,00	0,00
	Other		0,00	0,00	0,00	0,00
3.9.5	Financial expenditures		313 286,41	0,00	313 286,41	296 735,63
3.9.5	From interest on financial assets not valued at fair value through profit and loss		313 286,41	0,00	313 286,41	296 735,63
	From interest on financial liabilities not valued at fair value through profit and loss		0,00	0,00	0,00	0,00
	Other		0,00	0,00	0,00	0,00

### Certified Accountant

Eduardo Cunha

### Board of Directors

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Fabrizio Cesario

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Gonçalo Ramos e Costa

Paulo Trigo

## PROFIT AND LOSS ACCOUNTS (2/2)

Annex notes	Profit and loss account as of 31.12.2021	Financial year 2021				Financial year 2020
		Technical Life	Technical Non-life	Non Technical	Total	
14	Net profit on financial assets and liabilities not valued at fair value through profit and loss		469 118,58	0,00	469 118,58	170 095,32
14	From available-for-sale assets		469 118,58	0,00	469 118,58	170 095,32
	From receivable loans and accounts		0,00	0,00	0,00	0,00
	From investments to be held until maturity		0,00	0,00	0,00	0,00
	From financial liabilities valued at amortised cost		0,00	0,00	0,00	0,00
	From others		0,00	0,00	0,00	0,00
	Net profit from financial assets and liabilities valued at fair value through profit and loss		0,00	0,00	0,00	0,00
	Net profit from financial assets and liabilities held for negotiation		0,00	0,00	0,00	0,00
	Net profit from financial assets and liabilities classified in initial recognition at fair value through profit and loss		0,00	0,00	0,00	0,00
	Exchange rate differences		0,00	0,00	0,00	0,00
	Net profit due to sale of non financial assets not classified as non-current assets held-for-sale and discontinued operational units		0,00	0,00	0,00	0,00
15	Impairment losses (net from reversal)		-57 038,54	0,00	-57 038,54	-150 560,90
15	From available-for-sale assets		-57 038,54	0,00	-57 038,54	-150 560,90
	From receivable loans and accounts valued at amortised cost		0,00	0,00	0,00	0,00
	From investments to be held until maturity		0,00	0,00	0,00	0,00
	From others		0,00	0,00	0,00	0,00
	Other income/technical expenses, net from reinsurance		0,00	0,00	0,00	0,00
	Other reserves (change)		0,00	0,00	0,00	0,00
3.9.4	Other income/costs		0,00	-1 584 091,97	-1 584 091,97	-557 794,96
	<i>Negative Goodwill</i> immediately recognized in profit and loss		0,00	0,00	0,00	0,00
	Profit and loss from associates and joint ventures accounted for using the equity method		0,00	0,00	0,00	0,00
	Profit and loss from non-current assets (or groups for disposal) classified as held-for-sale		0,00	0,00	0,00	0,00
	<b>PRE-TAX NET RESULT</b>		5 124 426,60	-1 584 091,97	3 540 334,63	4 128 388,23
20	Income tax for the financial year - Current taxes		0,00	134 007,84	134 007,84	134 860,74
20	Income tax for the financial year - Deferred taxes		0,00	10 618,99	10 618,99	33 876,20
	<b>NET PROFIT OF THE FINANCIAL YEAR</b>		5 124 426,60	-1 728 718,80	3 395 707,80	3 959 651,29

### Certified Accountant

Eduardo Cunha

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Paulo Trigo

# REPORT AND ACCOUNTS

**2021 FINANCIAL YEAR**

**FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES TO EQUITY**

## STATEMENT OF CHANGES TO EQUITY

**Financial year 2021**

U: Euros

Annex notes	STATEMENT OF CHANGES TO EQUITY	Share capital	Revaluation reserve by fair value adjustm. of available-for-sale financial assets	Deferred tax reserve	Legal reserve	Other reserves	Results brought forward	Result of financial year	Total
	<b>Balance sheet as of 31-12-2020</b>	34 388 315,20	1 639 102,35	-368 792,03	2 021 549,12	4 502 775,18	940 792,89	3 959 651,29	47 083 394,00
	Correction of errors (IAS 8)								0,00
	Changes to accounting policies (IAS 8)								0,00
21	<b>Amended initial balance sheet</b>	34 388 315,20	1 639 102,35	-368 792,03	2 021 549,12	4 502 775,18	940 792,89	3 959 651,29	47 083 394,00
	Capital increases/reductions	10 000 000,00							10 000 000,00
22	Net profit from fair value adjustments of available-for-sale financial assets		-1 452 304,02						-1 452 304,02
22	Adjustments due to recognised deferred taxes			326 762,41			-803 225,63		-476 463,22
22	Increase in reserves through application of results				395 965,13	3 563 686,16	-3 959 651,29		0,00
	Profit/loss distribution								0,00
	Other gains/losses recognised directly in equity								0,00
21	Transfers between equity items not included in other lines						3 959 651,29	-3 959 651,29	0,00
	<b>Total changes to equity</b>	10 000 000,00	-1 452 304,02	326 762,41	395 965,13	3 563 686,16	-803 225,63	-3 959 651,29	8 071 232,76
21	Net result of the period							3 395 707,80	3 395 707,80
	Early profit distribution								0,00
	<b>Balance sheet as of 31-12-2021</b>	<b>44 388 315,20</b>	<b>186 798,33</b>	<b>-42 029,62</b>	<b>2 417 514,25</b>	<b>8 066 461,34</b>	<b>137 567,26</b>	<b>3 395 707,80</b>	<b>58 550 334,56</b>

**Financial year 2020**

U: Euros

Annex notes	STATEMENT OF CHANGES TO EQUITY	Share capital	Revaluation reserve by fair value adjustm. of available-for-sale financial assets	Deferred tax reserve	Legal reserve	Other reserves	Results brought forward	Result of financial year	Total
	<b>Balance sheet as of 31-12-2019</b>	24 388 315,20	688 603,98	-154 935,90	1 599 552,57	704 806,28	940 792,89	4 219 965,45	32 387 100,47
	Correction of errors (IAS 8)								0,00
	Changes to accounting policies (IAS 8)								0,00
21	<b>Amended initial balance sheet</b>	24 388 315,20	688 603,98	-154 935,90	1 599 552,57	704 806,28	940 792,89	4 219 965,45	32 387 100,47
	Capital increases/reductions	10 000 000,00							10 000 000,00
22	Net profit from fair value adjustments of available-for-sale financial assets		950 498,37						950 498,37
22	Adjustments due to recognised deferred taxes			-213 856,13					-213 856,13
22	Increase in reserves through application of results				421 996,55	3 797 968,90	-4 219 965,45		0,00
	Profit/loss distribution								0,00
	Other gains/losses recognised directly in equity								0,00
21	Transfers between equity items not included in other lines						4 219 965,45	-4 219 965,45	0,00
	<b>Total changes to equity</b>	10 000 000,00	950 498,37	-213 856,13	421 996,55	3 797 968,90	0,00	-4 219 965,45	10 736 642,24
21	Net result of the period							3 959 651,29	3 959 651,29
	Early profit distribution								0,00
	<b>Balance sheet as of 31-12-2020</b>	<b>34 388 315,20</b>	<b>1 639 102,35</b>	<b>-368 792,03</b>	<b>2 021 549,12</b>	<b>4 502 775,18</b>	<b>940 792,89</b>	<b>3 959 651,29</b>	<b>47 083 394,00</b>

Certified Accountant

Eduardo Cunha

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

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George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

# REPORT AND ACCOUNTS

**2021 FINANCIAL YEAR**

**FINANCIAL STATEMENTS**

**STATEMENT OF COMPREHENSIVE  
INCOME**

## STATEMENT OF COMPREHENSIVE INCOME

U: Euros

Annex notes	Total	
	Financial year 2021	Financial year 2020
Net profit of the financial year	3 395 707,80	3 959 651,29
Other comprehensive income of the financial year	-1 779 066,43	736 642,24
Available-for-sale financial assets	-1 452 304,02	950 498,37
22 Net profit and loss	-1 452 304,02	950 498,37
Reclassification of profit and loss in financial year results	0,00	0,00
Impairment	0,00	0,00
Disposal	0,00	0,00
22 Taxes	326 762,41	213 856,13
Net profit and loss in different exchange rates	0,00	0,00
Post-employment benefits	0,00	0,00
Other movements	0,00	0,00
<b>Total net of tax comprehensive income</b>	<b>1 616 641,37</b>	<b>4 696 293,53</b>

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# REPORT AND ACCOUNTS

2021 FINANCIAL YEAR

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

## CASH FLOW STATEMENT

U: Euros

	<u>Financial year 2021</u>	<u>Financial year 2020</u>		
<b>Operational activities:</b>				
Payments from clients	118 645 546	101 099 400		
Payments to suppliers	-5 796 061	-5 192 352		
Payments to personnel	-6 711 280	-6 400 771		
Pension Funds Contributions	-63 482	-69 754		
<b>Operation generated cash flow</b>	<u>106 074 723</u>	<u>89 436 523</u>	106 074 723	89 436 523
Payment/return regarding income tax	-397 173	-166 402		
Other gains/payments concerning the operational activity:				
Payments of claims	-61 140 567	-47 627 973		
Gains/payments of reinsurance	-9 396 799	-12 135 952		
Gains/payments of de co-insurance	194 998	282 850		
Gains/payments of other taxes and fees	-14 990 072	-12 834 073		
Other gains/payments	-5 330 847	-3 838 370		
<b>Cash flow generated before the extraordinary items</b>	<u>15 014 263</u>	<u>13 116 603</u>	15 014 263	13 116 603
Gains regarding extraordinary items	0	0		
Payments regarding extraordinary items	-23 109	-1 208		
<b>Cash flow from operational activities (1)</b>			<u>14 991 154</u>	<u>13 115 395</u>
<b>Investment activities:</b>				
<b>Gains from:</b>				
Financial investments	53 533 486	27 178 189		
Tangible assets	0	17 000		
Intangible assets	0	0		
Investment subsidies	0	0		
Interests and similar profits	1 085 039	846 515		
Dividends	283 305	6 295		
Other gains regarding the investment activity	57 039	30 000	54 958 869	28 077 999
<b>Payments concerning:</b>				
Financial investments	69 218 590	47 305 103		
Tangible assets	7 645 319	105 332		
Intangible assets	1 933 566	606 410		
Other payments regarding the investment activity	213 726	121 628	79 011 202	48 138 473
<b>Cash flow from investment activities (2)</b>			<u>-24 052 333</u>	<u>-20 060 474</u>
<b>Funding activities:</b>				
<b>Gains from:</b>				
Contracted loans	0	0		
Capital increases, supplementary payments and share premiums	10 000 000	10 000 000		
Subsidies and donations	0	0		
Sale of own shares	0	0		
Coverage of losses	0	0		
Other gains regarding the funding activity	0	0	10 000 000	10 000 000
<b>Payments regarding:</b>				
Contracted loans	0	0		
Amortisation of leasing contracts	77 499	84 364		
Taxes and similar costs	6 012	3 859		
Dividends	0	0		
Reduction of capital and supplementary payments	0	0		
Acquisition of own shares	0	0		
Other payments regarding the funding activity	36 911	36 900	120 422	125 123
<b>Cash flow from funding activities (3)</b>			<u>9 879 578</u>	<u>9 874 877</u>
<b>Cash flow and its equivalents (4)=(1)+(2)+(3)</b>			818 399	2 929 798
<b>Effects of different exchange rates</b>			0	0
<b>Cash flow and its equivalents at the beginning of the financial year</b>			8 046 066	5 116 268
<b>Cash flow and its equivalents at the end of the financial year</b>			<u>8 864 465</u>	<u>8 046 066</u>

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# REPORT AND ACCOUNTS

**2021 FINANCIAL YEAR**

**ANNEX TO THE**

**FINANCIAL STATEMENTS**

## 1. General Information

Caravela – Companhia de Seguros, S.A., hereinafter referred to as CARAVELA or Company, is a limited liability company registered under the Corporate Body Number 503 640 549 in the Commercial Registry Office of Lisbon, resulting from the change of the corporate name of Macif Portugal – Companhia de Seguros, S.A. on January 8, 2015, as per registration in the Commercial Registry Office of Lisbon.

The Company was established in 1996 under the corporate name Euresap – Euresa Portugal Companhia de Seguros, S.A., which was changed in 2001 to Companhia de Seguros Sagres, S.A., and in 2010 to Macif Portugal – Companhia de Seguros, S.A. It was fully acquired by AAA, SGPS, S.A. on November 12, 2014.

On June 26, 2017, 26.600.000 shares were transferred from the Shareholder AAA, SGPS, S.A.—representing 100% of the share capital—to several Shareholders; in addition, the capital was increased by 6,000,101.96 euros, through the issue of 14,509,472 new shares at a unit value of 0.413530 euros.

By decision of the General Meeting held on July 9, 2019, a new capital increase was carried out on December 18, 2019, in the amount of 30,000,000.00 euros, through the issue of 37,947,205 new shares with no nominal value the amount of 10,000,000.00 euros on December 2019. On December 2020 the same amount of 10,000,000.00€, in cash, and on December 2021 the remaining amount of 10,000,000.00 euros was paid up, thus concluding the full payment of Caravela’s share capital.

The Company's share capital is represented by 79,056,667 nominative shares with no nominal value, in the total amount of 44,388,315.20 euros, 48% held by the Shareholder TPIF Douro BidCo S.à.r.l. with 37,947,205 shares, which has been controlling the Company since 2019.

With head office in Lisbon, at Avenida Casal Ribeiro nº 14, Caravela has offices in Oporto, Leiria, and Faro, exercising the activity of insurance and reinsurance of Non-Life lines of business, through authorisation no. 1133 granted by the Insurance and Pension Funds Supervision Authority (ASF).

The Company’s direct insurance premium volume reached 116,380 thousand euros, corresponding to an increase of 15.5% compared to the previous year (100,719 thousand euros in 2020), with the Motor line of business continuing to be the most significant with 64,702 thousand euros of gross premiums written, representing 55.6% of the total volume of premiums (57.9% in 2020), followed by the Labour Accidents line of business with 29,636 thousand euros of gross premiums written, which corresponds to 25.5% of the total (24.1% in 2020).

All amounts in this Appendix to the Financial Statements are in euros, rounded to the nearest unit.

The Company’s Financial Statements as at December 31, 2021 have been reviewed by the Board of Directors at a meeting held on January 20, 2022.

The Management Report and the Financial Statements shall be submitted for approval of the General Meeting of Shareholders to be held on March 18, 2022.

## 2. Segment Information

The Company’s total business comes from insurance contracts regarding the Non-Life line of business entered into in Portugal, there being only one Geographical Segment; the distribution by business lines as at December 31, 2021 and 2020 is as follows:

2021  
 U: Euro

Heading	Accidents and Health	Fire and Other Damage	Motor	Marine and Transports	Transported Goods	Third Party Liability	Miscellaneous	TOTAL
Gross written premiums	31 777 141	11 243 946	64 702 116	152 690	217 743	1 515 703	6 770 896	116 380 234
Reinsurance ceded premiums	10 734 916	8 955 224	8 433 209	121 408	162 222	27 646	0	28 434 626
Gross earned premiums	31 499 278	9 958 407	63 566 669	144 246	225 534	1 491 747	6 545 378	113 431 258
Reinsurance gross earned premiums	10 708 648	7 822 494	8 430 949	115 479	167 426	27 646	-76	27 272 566
Investment results	601 879	105 763	570 380	3 302	988	22 025	41 065	1 345 402
Gross claims costs	22 247 377	6 734 982	45 502 131	189 184	71 193	479 009	4 625 899	79 849 775
Reinsurers' share in claims costs	9 575 817	5 036 640	3 449 311	197 002	29 648	41 150	0	18 329 567
Change in other technical reserves	4 335	184 050	0	2 071	-1 821	0	27	188 661
Gross operating costs and expenses	8 692 577	2 971 208	13 340 255	31 228	57 984	371 110	208 616	25 672 980
Commissions and profit sharing in reinsurance results	1 288 642	3 290 582	320 914	48 354	53 481	209	0	5 002 182
<b>Technical result</b>	<b>1 312 679</b>	<b>678 657</b>	<b>633 939</b>	<b>54 941</b>	<b>14 869</b>	<b>677 365</b>	<b>1 751 977</b>	<b>5 124 427</b>
Other non-technical income/ expenses								-1 584 092
<b>Non-technical result</b>								<b>-1 584 092</b>
<b>Result before taxes</b>								<b>3 540 335</b>
Technical Reserves of Direct Insurance	43 900 467	8 922 211	46 626 744	263 292	80 155	1 792 457	3 383 496	<b>104 968 822</b>

 2020  
 U: Euro

Heading	Accidents and Health	Fire and Other Damage	Motor	Marine and Transports	Transported Goods	Third Party Liability	Miscellaneous	TOTAL
Gross written premiums	26 097 628	8 676 000	58 284 314	193 670	259 789	1 306 001	5 901 495	100 718 896
Reinsurance ceded premiums	8 846 214	6 564 240	8 719 972	89 699	177 416	37 419	0	24 434 961
Gross earned premiums	25 930 306	8 340 581	54 560 753	184 174	266 084	1 261 822	5 335 890	95 879 610
Reinsurance gross earned premiums	8 844 309	6 303 124	8 722 052	83 042	182 009	37 419	0	24 171 956
Investment results	284 332	23 959	173 439	556	473	8 355	13 600	504 714
Gross claims costs	18 308 209	4 473 953	37 422 397	116 490	87 271	1 147 449	3 730 469	65 286 238
Reinsurers' share in claims costs	8 067 764	3 415 619	4 944 131	113 018	81 917	15 147	0	16 637 595
Change in other technical reserves	2 443	114 880	0	2 279	-1 608	0	0	117 994
Gross operating costs and expenses	5 698 218	2 263 654	13 463 761	42 064	65 851	329 105	432 352	22 295 005
Commissions and profit sharing in reinsurance results	876 005	2 237 039	305 984	49 571	66 617	243	0	3 535 458
<b>Technical result</b>	<b>2 305 227</b>	<b>861 585</b>	<b>376 096</b>	<b>103 444</b>	<b>81 567</b>	<b>-228 406</b>	<b>1 186 670</b>	<b>4 686 183</b>
Other non-technical income/ expenses								-557 795
<b>Non-technical result</b>								<b>-557 795</b>
<b>Result before taxes</b>								<b>4 128 388</b>
Technical Provisions of Direct Insurance	35 098 189	5 659 132	39 998 340	126 424	107 398	1 835 238	3 073 593	<b>85 898 313</b>

### 3. Basis of preparation of the financial statements and accounting policies

#### A. Amendments to the rules that became effective on January 1, 2021

##### 1) IFRS 16 – 'Covid-19 related rent subsidies'

Given the global pandemic caused by the new coronavirus (COVID-19), lessors have granted benefits to lessees in respect of lease instalments, which can take different formats, such as the reduction, write-off, or deferment of contractual lease instalments.

This amendment to IFRS 16 introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether bonuses granted by lessors under COVID-19, and exclusively these bonuses, qualify as modifications to leases.

Lessees who choose to apply this exemption, account for the change to the rental payments, as variable rental payments in the period(s) in which the event or condition leading to the payment reduction occurs.

The practical expedient is only applicable when the following conditions are cumulatively met:

- The change in the lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration immediately before the change;

- Any reduction in lease payments only affects payments due on or before June 30, 2021; and
- There are no substantive changes to other terms and conditions of the lease.

This change is applied retrospectively with the impacts reflected as an adjustment to results brought forward (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the change.

Regulation of Endorsement by the European Union: Regulation (EU) 2020/1434, of October 9.

Effective date: Annual reporting periods beginning on or after June 1, 2020.

#### 2) IFRS 4 - 'Insurance contracts - Deferral of application of IFRS 9'

This amendment refers to the temporary accounting consequences that result from the difference between the effective date of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts.

In particular, the amendment made to IFRS 4, postpones from 2021 to 2023 the expiry date of the temporary exemption from the application of IFRS 9 with the aim of aligning the effective date of the latter with that of the new version of IFRS 17, which was subject to amendments in May, 2020.

This exemption is optional, and only applies to entities that substantially develop insurance activity.

Regulation of Endorsement by the European Union: Regulation (EU) 2020/2097, of December 15.

Effective date: Annual reporting periods beginning on or after January 1, 2021

#### 3) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – 'Reform of benchmark interest rates - phase 2'

As the process of reform of the reference interest rates ('IBOR reform') is still ongoing in the different financial markets, the amendments to the standards introduced by the IASB, in this second phase, address issues that arise in the accounting of financial instruments indexed to these rates due to the replacement of a reference interest rate by an alternative one, and provide for the application of exemptions such as:

- i) Changes to the designation and documentation of coverage;
- ii) Recycling of amounts accumulated in the cash flow hedge reserve;
- iii) Retrospective assessment of the effectiveness of a hedging relationship under IAS 39;
- iv) Changes in the hedging relationships for groups of items;
- v) Presumption that an alternative reference rate designated as a risk component not contractually specified, is separately identifiable and qualifies as a hedged risk;

European Union Endorsement Regulation: Regulation (EU) 2021/25, from January 13.

Effective date: Annual periods beginning on or after January 1, 2021.

### **B. Amendments to the rules that became effective on or after January 1, 2022**

#### 1) IAS 16 - 'Income before start-up'

This amendment is part of the narrow scope amendments (narrow scope amendments) published by the IASB in May, 2020.

With this amendment, IAS 16 – ‘Tangible fixed assets’ will prohibit the deduction of amounts received as consideration for items sold that resulted from the test production of tangible fixed assets (‘outputs’), at the book value of those assets.

The consideration received for the sale of the outputs obtained during the testing phase of the tangible fixed assets should be recognised in the income statement, in accordance with applicable regulations, as well as directly related costs.

This amendment applies retrospectively, without restating the comparatives.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

## 2) IFRS 3 – ‘Reference to the Framework’

This amendment is part of the narrow scope amendments (narrow scope amendments) published by the IASB in May, 2020.

This amendment updates the references to the Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business combinations.

The amendment also introduces references to liabilities and contingent liabilities under IAS 37 and IFRIC 21 incurred separately versus liabilities and contingent liabilities assumed in a business combination.

This amendment is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

## 3) IAS 37 – ‘Onerous contracts - costs of fulfilling a contract’

This amendment is part of the narrow scope amendments (narrow scope amendments) published by the IASB in May, 2020.

This amendment specifies which costs the entity should consider when assessing whether a contract is onerous. Only expenses directly related to the performance of the contract are accepted, and these may include:

- i) The incremental costs to fulfil the contract such as direct labour and materials; and
- ii) the allocation of other expenses that relate directly to the performance of the contract, for example the allocation of depreciation costs of a given tangible fixed asset used to perform the contract.

This amendment should be applied to contracts which—at the beginning of the first annual reporting period to which the amendment is applied—still include unfulfilled contractual obligations, without there being a need to restate the comparative. Any impact should be recognised against results brought forward at that date.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

4) IFRS 16 – “Leases - COVID-19 related rent subsidies after June 30, 2021”

The amendment extends the date of application of the amendment to IFRS 16 – ‘Leases - COVID-19 related rent subsidies’ from June 30, 2021 to June 30, 2022.

The conditions for the application of the practical expedient remain the same:

- i) If the lessee is already applying the 2020 practical expedient, he will have to continue to apply it to all leases with similar characteristics, and on comparable terms;
- ii) If the lessee has not applied the practical expedient to the 2020 eligible rent subsidies, he cannot apply the extension to the 2020 amendment.

This amendment is applied retrospectively with the impacts reflected as an adjustment to the opening balance of results brought forward of the annual reporting period in which the lessee first applies this amendment.

European Union Endorsement Regulation: Regulation (EU) 2021/1421, from August 30.

Effective date: Annual periods beginning on or after April 1, 2021, with earlier adoption permitted, contingent on the adoption of the first amendment to IFRS 16.

**C. Annual improvement cycle 2018-2020**

1) IFRS 1 – ‘Subsidiary as a first-time adopter of IFES’

Subsidiaries that become first-time adopters of IFRS after their parent, and which choose to measure their assets and liabilities at the carrying amounts expressed in the parent’s consolidated financial statements, may measure cumulative translation differences for all transactions denominated in foreign currencies at the amounts that would be determined in the parent’s consolidated financial statements based on the parent’s date of transition to IFRSs.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

2) IFRS 9 – ‘Derecognition of financial liabilities - costs incurred to be included in the “10 per cent change” test’

This improvement clarifies that when derecognition tests are performed on renegotiated liabilities, the net amount between fees paid and fees received should be determined considering only the fees paid or received between the borrower and the lender, including fees paid or received, by either entity on behalf of the other.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022. Contracted.

### 3) IFRS 16 – ‘Lease incentives’

The improvement is to amend the illustrative example 13 accompanying IFRS 16 to remove an inconsistency in the accounting treatment of incentives provided by the lessor to the lessee.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) No. 2021/1080, from June, 28.

Effective date: Annual periods beginning on or after January 1, 2022.

### 4) IFRS 41 – ‘Taxation and measurement of fair value’

This improvement removes the requirement to exclude tax cash flows from the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13 – ‘Fair Value’.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, form June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

### 5) IFRS 17 – ‘Insurance contracts (issued on 18.05.2017); including amendments to IFRS 17 (issued on 25.06.2020)’

IFRS 17 replaces IFRS 4 – ‘Insurance Contracts’, the rule has been in force since 2004. IFRS 17 applies to all entities that issue insurance contracts, reinsurance contracts, and investment contracts with discretionary participation feature.

The entities can choose to account pursuant to IFRS 17 or IFRS 15 regarding fixed rate service contracts, whose main goal is the provision of services. As provided in IFRS 4, financial collateral arrangements are allowed to be included under the IFRS 17 since the entity has explicitly classified them as insurance contracts. The insurance contracts in which the entity holds an insurance policy are not within the scope of IFRS 17 (exception to ceded reinsurance).

IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete (building block approach) or simplified (premium allocation approach) model. The full model is based on probability-weighted and risk-adjusted discounted cash flow scenarios and a contractual service margin, which represents the estimated future contract profit. Subsequent changes in estimated cash flows are adjusted against the contractual service margin, unless it becomes negative.

During the implementation period and in response to some of the concerns and challenges inherent in the implementation of IFRS 17, the IASB published in 2020, specific amendments to the initial text of IFRS 17, as well as proposals for clarification, in order to simplify some of the requirements of this standard and speed up its implementation.

The changes made have impacts in eight areas of IFRS 17, such as:

- i) Scope;
- ii) Level of aggregation of insurance contracts;

- iii) Recognition;
- iv) Measurement;
- v) Modification and derecognition;
- vi) Presentation of the Statement of Financial Position;
- vii) Recognition and measurement of the Income Statement; and
- viii) Disclosures.

The main changes introduced to IFRS 17 relate to:

- expected recovery of cash flows from the acquisition of assets by insurance contracts;
- contractual service margin attributable to investment services;
- exclusion from scope of certain credit card (or similar) agreements, as well as some financing agreements;
- presentation of insurance contract assets and liabilities in the statement of financial position in portfolios rather than groups;
- applicability of the risk mitigation option, when using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss to mitigate financial risks;
- accounting policy choice to change estimates made in prior interim periods when IFRS 17 applies;
- inclusion of income tax payments and receipts specifically attributable to the policyholder under the terms of the insurance contract (as to cash flow compliance); and
- practical transition arrangements.

IFRS 17 is retrospective in application with exemptions provided for the transition date.

European Union Endorsement Regulation: Regulation (EU) 2021/2036, from November 19.

Effective date: Annual periods beginning on or after January 1, 2023.

#### **D. Amendments to standards published by IASB not yet endorsed by the EU**

##### 1) IAS 1 – ‘Classification of liabilities as current or non-current’

Clarification on the classification of liabilities as current or non-current balances depending on the rights that an entity must defer their payment, at the end of each reporting period (the standard no longer makes reference to unconditional rights, as loans are rarely unconditional on the fulfilment of specific conditions).

The classification of liabilities is not affected by the entity’s expectations (the assessment should determine whether a right exists but should not consider whether the entity will exercise that right), or by events that occur after the reporting date, such as the breach of a given covenant.

Further clarification is provided regarding the meaning of ‘liquidation’ of a liability, which is now defined as the extinguishing of a liability through transfer:

- i) Cash or other economic resources; or
- ii) The entity's own equity instruments.

This amendment applies retrospectively.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2023.

#### 2) IAS 1 – 'Disclosure of accounting policies'

Change to the disclosure requirements of accounting policies that are now based on the definition of 'material' instead of 'significant'.

Information about an accounting policy is considered material if, in its absence, users of the financial statements would be unable to understand other financial information included in the financial statements.

Immaterial information regarding accounting policies need not be disclosed.

IFRS Practice Statement 2, was also amended to clarify how the concept of 'material' applies to the disclosure of accounting policies.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2023.

#### 3) IAS 8 – 'Disclosure of accounting estimates'

Introduction of the definition of accounting estimate and how it is distinguished from changes in accounting policies.

Accounting estimates are now defined as monetary amounts that are subject to measurement uncertainty used to achieve the objective(s) of an accounting policy.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2023.

#### 4) IFRS 12 – 'Deferred tax related to assets and liabilities associated with a single transaction'

IAS 12 now requires entities to record deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences.

The subject transactions relate to the registration of:

- i) Assets under right of use and lease liabilities;
- ii) Provisions for dismantling, restoration, or similar liabilities with corresponding amounts recognised as part of the cost of the related asset when, at the date of initial recognition, they are not relevant for tax purposes.

These temporary differences are not within the scope of the exemption of initial recognition of deferred taxes.

The cumulative effect of the initial application of this amendment is recognised as an adjustment to the opening balance of results brought forward (or other component of equity, as appropriate) of the earliest comparative period presented.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2023.

5) IFRS 17 – ‘Initial application of IFRS 17 and IFRS 9 - comparative information’

This change applies only to insurance companies in their transition to IFRS 17, allowing the adoption of an ‘overlay’ in the classification of a financial asset for which the insurer does not apply retrospectively, under IFRS 9. The amendment aims to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, regarding the comparative information that must be presented on initial application of IFRS 17, and is expected:

- i) Its individual application for each financial asset;
- ii) The presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to the financial asset, however without the requirement to apply the impairment requirements of IFRS 9;
- iii) The obligation to use reasonable and supportable information available at the transition date to determine how the insurer expects that financial asset to be classified under IFRS 9.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2023.

**E. Basis of preparation of the financial statements**

Caravela’s Financial Statements as at December 31, 2021 have been prepared in accordance with the provisions of the Plan of Accounts for Insurance Companies (PCES), approved by Regulatory Standard no. 10/2016-R, of September 15, from the Supervisory Authority for Insurance and Pension Funds (ASF).

The figures in the Balance Sheets accounts and Profit and Loss Account for the years 2021 and 2020 are comparable to each other, and the Financial Statements are prepared in accordance with International Financial Reporting Standards (IAS/IFRS) adopted by the European Union, with the exception of IFRS 4 - Insurance Contracts, in which only the principles of classification of the type of insurance contracts were adopted.

Income and expenses are recognised in the financial year to which they refer, regardless of the date in which they were paid or received, in accordance with the accrual accounting principle.

The Financial Statements have been prepared in accordance with the historical cost principle, except for available-for-sale financial assets and investment properties, which are registered at fair market value.

Given the fact that direct insurance premiums are recognised as income at the time of issue or renewal of the corresponding policy, and claims are registered upon their reporting, certain accruals are undertaken in accordance with the accounting policies specified below, that have been applied consistently for the periods indicated.

### 3.1. Cash and cash equivalents and demand deposit

In the Cash Flow Statement, the amounts registered in the Balance Sheet, which include cash value and cash equivalents available in banks, are easily convertible into cash.

### 3.2. Financial instruments

#### 3.2.1. Available-for-sale financial assets

Caravela classifies its financial assets at the time of their initial recognition and according to their purpose, particularly in 'Available-for-sale financial assets'. The Company intends to hold these assets indefinitely and not classified them as held-to-maturity investments.

Such assets are initially recognized at fair value, including transaction costs, and subsequent changes in fair value are recognized in the Revaluation Reserve in equity.

The fair value corresponds to the value at which these assets can be traded under normal conditions of active markets.

In accordance with IFRS 13, financial assets can be valued at fair value according to one of the following levels:

- Level 1 - Fair value determined directly with reference to an active official market.
- Level 2 - Fair value determined using valuation techniques based on observable prices in current markets for the same financial instrument.
- Level 3 - Fair value determined using valuation techniques that are not based on observable prices in tradable current markets for the same financial instrument.

The Company's financial assets are spread across Levels 1 and 3.

At the time of disposal or recognition of impairment, changes in fair value are registered in costs or income for the financial year against shareholders' equity.

The Company adopts the criteria of recognition of impairment whenever there is a continuous devaluation of more than 180 days or a devaluation of significant value, when above 30% of the respective price, in the case of capital instruments.

In debt instruments, impairment is recognized when there is a significant financial difficulty of the issuer, becoming probable bankruptcy proceedings or a breach of contract due to default in interest or capital payments.

Impairment losses on equity instruments cannot be reversed, and thus any potential gains arising after the recognition of impairment losses are registered in the Revaluation Reserve. When potential losses are subsequently calculated, impairment is considered, which shall be taken into account in the income statement.

Interest on debt instruments is recognized in the income for the year and is specialized according to the time elapsed up to the end of the year, being calculated by the effective rate method and registered in Income, where dividends from equity instruments are also recognised when the Company's right to receive them is known.

### 3.2.2. Loans and Accounts receivable

It comprises unquoted financial assets in an active market, including fixed-term deposits in credit institutions, allocated to insurance contracts, initially recognized by their fair value which correspond to their nominal value, and the loans granted.

The balance of the item Other Deposits and Loans Granted on December 31, 2021, by maturity, is as follows:

U:Euro				
Other Deposits and Loans Granted	Start	Expiry Date	Term (days)	Amount*
<b>Term Deposit:</b>				
Millennium BCP	20.11.2021	19.11.2022	365	598 565
Banco Carregosa	19.07.2021	18.01.2022	185	245 110
Bankinter	26.12.2021	25.03.2022	90	2 000 000
Bankinter	28.04.2021	27.04.2022	365	5 190
				<b>2 848 865</b>
<b>Loans Granted:</b>				
Supplementary Capital Contributions COLMENA				49 700
				<b>49 700</b>
				<b>2 898 565</b>

\* - Includes accrued interest

### 3.2.3. Financial liabilities

The Company classifies an instrument as a financial liability when there is a contractual obligation to settle it.

Financial liabilities consist of deposits received from reinsurers and operating lease transactions in accordance with IFRS 16, which came into effect on 01.01.2019.

These liabilities are derecognised when they are settled or extinguished, and had the following breakdown, by year:

	U:Euro	
	2021	2020
<b>Deposits received from Reinsurers</b>		
Premiums	0	0
Claims	529 947	517 451
	<b>529 947</b>	<b>517 451</b>
<b>Operating Lease (IFRS 16)</b>		
Transport Equipment	161 662	162 886
Leased Buildings	1 216 521	1 583 962
	<b>1 378 183</b>	<b>1 746 848</b>
<b>Total Balance Sheet</b>	<b>1 908 130</b>	<b>2 264 299</b>

### 3.3. Land and Buildings

#### 3.3.1. Investment properties

During the current year, on February 26, the Company acquired a business venture comprising twelve pavilions for commerce/industry, located at Estrada Nacional 10, km 139.1, in São João da Talha, part of the Parish Councils of Santa Iria de Azóia, São João da Talha and Bobadela, in the municipality of Loures, comprising twelve units designated by the letters 'A' to 'L', for a total acquisition value of 6,760,000 euros.

The Company maintains in its assets the property acquired in 2016, constituted by the building units designated by the letters 'V', 'X', 'Z', 'AA', 'AB', 'AC' and 'AD', which are part of the urban building located in Praça Conde de Agrolongo no. 161 to 183, parish of Braga (São José de São Lázaro and São João do Souto), municipality of Braga, for the overall price of 1,140,000 euros. The property is written in the accounts for 1,231,882 euros.

Both properties were classified as investment properties and valued according to the terms of IAS 40, and therefore not depreciated.

#### 3.4. Other tangible and intangible assets

At the time of the initial recognition of these assets, Caravela capitalizes the purchase value and the expenses incurred which are required so that assets shall be placed in service, in accordance with IAS 16.

Tangible assets useful life varies according to the expected time to achieve future economic benefits. These assets are gradually depreciated during those periods.

Costs incurred in the acquisition of intangible goods (software), as well as the expenses of their implementation, are also capitalised and depreciated on a straight-line basis over the expected useful life of three years, and for a period of six years for acquisitions occurring from 2015 onwards.

Software maintenance costs, when incurred, are directly recognised in Results as financial year costs.

Such goods are reversed at the time of disposal or when they cease to produce economic benefits, and profit or loss are directly recognised in the Income statement.

The Company verified a possible impairment loss of this type of goods, according to the terms of IAS 36 and IAS 38 and concluded that this group of goods is duly valued to the date of the financial year closure, continuing to provide the expected economic benefits.

#### 3.5. Profit tax

The Company is subject to Corporate Income Tax at the rate of 21% plus 1.5% of Local Tax, current tax calculated based on taxable income for the financial year and after deduction of tax losses calculated in previous financial years and subject to such deduction.

To the accumulated rate of 22.5% of Corporate Income Tax an additional 3% charge is added corresponding to the state tax, under the terms of Law 66-B/2012, of December 31, which is the percentage that corresponds to the bracket of taxable income of Caravela (over 1,500,000.00 euros and under 7,500,000.00 euros).

As taxable profit usually differs from the accounting result, deferred taxes with effect on payable or recoverable tax in subsequent years and which correspond temporary taxable differences or deductible between the

balance sheet values and tax base are calculated. Such deferred taxes are usually calculated at the rate in force on the balance sheet date.

The deferred tax in the Company corresponds to net gains and impairment of available-for-sale financial assets.

### 3.6. Employee Benefits

#### A. Defined Benefit Pension Plan

In this Pension Plan there is only one retired former administrator who receives a retirement pension.

Further information is disclosed in note 19.

#### B. Defined Contribution Pension Plan

The financing vehicle of this Plan is 'Zurich Life Open Pension Plan for Companies' of Zurich Vida, S.A. (Fund No. 287), which covers all the Company's employees in a homogeneous manner since the 2019 financial year.

This Fund is now constituted under the terms of the Company Agreement and, as a result, the employees who were not included in this Plan have been covered by it since January 1, 2019.

Additional information is also disclosed in note 19.

#### C. Service Award

According to clause 42 of ACT 2016, published in the Bulletin of Work and Employment no. 4, of January 29, verified the requirements mentioned in clause no. 42 of ACT 2016, whenever the employee, completes one or more multiples of five years of service in the Company, is entitled to receive a single premium corresponding to 50% of his monthly salary, in monetary expression, or in kind (granting of days of leave with pay).

### 3.7. Technical Reserves for Direct Insurance and Ceded Reinsurance

The following paragraphs describe the Technical Provisions of the Non-Life:

#### 3.7.1. Direct Insurance Unearned Premiums Reserve

The reserve for unearned premiums is based on the assessment of premiums written before the end of the financial year that expire after that date. It is intended to cover the risks undertaken by the Company from the end of the financial year until the expiry of the corresponding insurance contracts, reaching a total of 28,058,634 euros before deducting deferred acquisition costs (in 2020 the amount of this reserve was 25,109,659 euros).

The reserve is calculated by using the *pro-rata temporis* method applied to each premium written for each existing contract and for all lines of business, deducted from acquisition costs also attributable to subsequent years in the same proportion as the premiums.

#### 3.7.2. Direct Insurance Claims Reserve

The claims reserve corresponds to the estimated amount of claims charges resulting from insurance contracts, whether declared or not on the closing date, and which are outstanding, including estimated liability for claims incurred during the period but not reported (IBNR), or already reported but insufficiently reserved (IBNER). It

also includes administrative costs to be incurred with future settlement of claims in management or not yet reported.

These reserves are reviewed on a regular basis as the Company's liabilities are settled to maintain an adequate provisioning level or to be compatible with existing liabilities.

Its estimated amount in the financial year was 76,607,071 euros, compared to 60,521,588 euros in 2020; this amount includes 478,630 euros (386,653 euros in 2020) of future expenses reserve with occurred claims management.

### 3.7.3. Unexpired Risks Reserve

Unexpired Risks Reserve corresponds to the necessary amount to cover possible compensation and charges likely to arise after the end of the financial year, which exceed the amount of unearned and future premiums on existing contracts at the date of the financial statements.

The amount of the said reserve is equal to the product of the gross written premiums total attributable to future financial years (unearned premiums) and unpaid premiums on existing contracts, by the total of claims, expenses, and yield ratios, subtracting investments ratio, deducted from a unit and the unexpired risks reserve is created and/or uplifted whenever the total of the ratio exceeds '1'.

As a result of applying strict underwriting criteria to the business, the Company again had no need to register a provision for ongoing risks in the year.

### 3.7.4. Equalisation Reserve

This reserve is set up to address the risk of Earthquakes in insurance lines of business where, due to their nature, high disturbances are expected: Fire, Multi-Risk, Housing, and Commercial and Associative Activities.

It is calculated by applying a risk factor, defined by the Supervisory Authority for Insurance and Pension Funds, for each seismic area, to the capital retained by the Company.

At the end of 2021, the amount registered for this reserve was 303,116 euros, compared to 267,066 euros in 2020.

### 3.7.5. Mathematical Reserve

Mathematical reserves determine the current value of the Company's future liabilities, which are calculated based on actuarial methods, under the laws in force.

### 3.7.6. Technical Reserves of Ceded Reinsurance

It comprises the Reserves for Claims and Unearned Premiums Reserve, determined by applying the criteria described above for direct insurance, considering the types of treaty reinsurance and the conditions therein expressed, such as yielding percentages and other clauses, and corresponds to the reinsurers share of responsibility in the total responsibilities of the Company.

## 3.8. Adjustments and Accruals

### 3.8.1 Adjustments for Receipts to be Collected

The purpose of the adjustments carried out was reduce the total amount of the premiums to be collected to the estimated realisable value.

Receipts issued but not collected at the end of the year are included within the heading 'Accounts Receivable from Direct Insurance Operations' and the adjustment amount is shown to be deducted from the assets of the balance sheet.

The payment scheme for insurance premiums provided for in the Legal Framework for Insurance Contract approved by DL no. 72/2008 of April 16, amended by Law no. 147/2015, of September 9, determines that the non-payment of the initial premium on the due date, or the initial fraction, implies the automatic termination of the contract with effect from the date of its conclusion. It further determines that the non-payment in subsequent annuities precludes the renewal of such contracts, with the result that these premiums are written off when they have not been collected.

The effect that the Covid-19 pandemic had on the payment of insurance premiums by policyholders continued to have a major impact on the level of effective collection during 2021. As a result, there was a need to reinforce the amount of adjustments of receipts pending collection determined in the 2021 financial year, which was 2,227,722 euros (712,050 euros in 2020), equivalent to 1.9% of gross premiums written net of reversals and cancellations (0.7% in 2020).

### 3.8.2. Adjustments for Doubtful Credits

The overall balance of the headings 'Insurance intermediaries' and 'Other debtors' decreased by 15,531 euros during the financial year, and therefore the overall amount of adjustments at the date of the Financial Statements is 133,835 euros (149,366 euros in 2020).

### 3.8.3. Deferred acquisition costs

Acquisition costs that are directly or indirectly related to the sale of insurance contracts are capitalised and deferred during the contract's validity.

As at the end of the financial year, said costs totalled 4,515,580 euros (in 2020 they were 4,742,129 euros).

### 3.8.4. Agents and Brokers Commissions

These are represented by the amount contractually allocated to the agents and brokers, by the raising and collection of insurance premiums, and registered as a cost when processing premiums receipts.

This heading includes the accrual of commercial incentive commissions payable to intermediaries in the first quarter of the following year, after the final calculation of results by intermediary, which is made at the beginning of the following year, and provided that the commercial production, claims, and collection targets set out in the protocols with the intermediaries are met.

The amount of production incentive commissions for 2021—payable to the agents and brokers within the first quarter of 2022—of 571,869 euros was recognised in the financial year.

### 3.8.5. Liabilities for holiday pay and holiday subsidy

Liabilities for holiday pay and holiday subsidy are included in the heading 'Accruals and Deferrals' of the liability, corresponding to two months of remuneration and their charges, based on the year values plus planned increases. They are intended to recognise legal responsibilities at the end of the financial year, which are regularised subsequently for services rendered by employees until December 31, 2021.

### 3.8.6. Leases

The Company classifies lease agreements as finance leases or operating leases according to the underlying asset and the right of control over that asset.

Operations are classified as finance leases when the risks and rewards incidental to ownership of an asset have been transferred to the lessee, the financial charges being recognised in the income statement in the period to which they relate, and the amount of depreciation deducted from liabilities, all other lease transactions being considered as operating leases.

Caravela has concluded the following financial leasing contracts:

- Two contracts in January 2018 with Banco BPI, relating to transport equipment (vehicles)—for a period of sixty months—at a variable interest rate of 1.375%;
- A contract in October 2019 with the rental company Mercedes-Benz Financial Services for the acquisition of a car—for a period of sixty months—at a variable interest rate of 3.8404%;
- A contract in January 2020 with Banco BPI, relating to transport equipment (one vehicle)—for a period of sixty months—at a variable interest rate of 1.43%.

Payments made under these leasing contracts are recorded by the Company in third party accounts, the amounts relating to the reimbursement of capital, and in costs the interest for the period to which they relate.

The aforementioned assets shall be subject to depreciation and the depreciation policy used is consistent with other depreciable assets held by the Company. The recognised depreciation is calculated in accordance with IAS 16.

With the entry into force of IFRS 16-Locations on January 1, 2019, the Company has the right to use an underlying asset against a liability for future payments associated with the use of that asset.

IFRS 16 does not cover leasing contracts with a duration of less than 12 months or underlying assets with a value of less than USD \$5,000.

In the initial measurement the liability is recognized at the beginning of the operating lease contract at the present value of future payments, and the right to use the asset is measured at cost, at the same value as the liability.

In subsequent estimates the liability is measured using the effective interest rate method and the right of use (asset) depreciation is recognized.

The following tables reflect the impacts of the adoption of IFRS 16-Leases on the Company's accounts on the transition on 31.12.2021:

U: Euro

	Right of Use 31-12-2020	Financial Liabilities 31-12-2020	New Leases 2021	Deprediation year	Interest Expenses	Amortisation Financial Liabilities	Right of Use 31-12-2021	Financial Liability 31-12-2021
Real Estate	1 541 816	1 583 962	0	363 418	14 159	367 441	1 178 398	1 216 521
Vehicles	158 904	162 886	108 184	108 347	5 850	109 407	158 741	161 662
	<b>1 700 720</b>	<b>1 746 848</b>	<b>108 184</b>	<b>471 765</b>	<b>20 009</b>	<b>476 849</b>	<b>1 337 139</b>	<b>1 378 183</b>

### 3.9. Breakdown of Other headings in the Financial Statements

#### 3.9.1. Other debtors by insurance operations

As at December 31, 2021 and 2020 this heading presented the following composition:

U: Euro

	2021	2020
<b>Accounts receivable from direct insurance operations:</b>		
Receipts to be collected:		
- Workers Compensation	2 462 865	2 017 269
- Fire and other damage	1 167 667	534 509
- Motor	5 013 498	2 966 006
- Other lines of business	1 024 240	625 808
	<b>9 668 270</b>	<b>6 143 591</b>
Claims Reimbursements:		
- Workers Compensation	543 669	746 095
- Fire and other damage	7 550	23 750
- Motor	2 984 459	2 421 033
- Other lines of business	118 862	106 433
	<b>3 654 541</b>	<b>3 297 312</b>
Agents and Brokers:		
- Current Accounts	1 515 964	1 424 918
- Receivable Comissions	66 030	74 980
	<b>1 581 994</b>	<b>1 499 898</b>
Coinsusers:		
- Current accounts	8 984	15 731
- Other balance	8 498	8 221
	<b>17 482</b>	<b>23 952</b>
Other:		
- Other balance	58	82
	<b>58</b>	<b>82</b>
Adjustments for receipts to be collected	-2 227 722	-712 050
Adjustments for doubtful credits	-92 462	-107 993
	<b>-2 320 184</b>	<b>-820 043</b>
	<b>12 602 160</b>	<b>10 144 792</b>
<b>Accounts receivable from ceded reinsurance operations:</b>		
Current accounts	1 033 420	306 459
Adjustments for doubtful credits	0	0
	<b>1 033 420</b>	<b>306 459</b>
<b>Accounts receivable from other operations:</b>		
Personnel	32 303	3 867
Workers Compensation Fund	5 292	7 599
Other sundry debtors	524 868	977 465
Adjustments for doubtful credits	-41 373	-41 373
	<b>521 090</b>	<b>947 557</b>
<b>Balance Sheet</b>	<b>14 156 670</b>	<b>11 398 809</b>

On December 31, 2021, and 2020, receipts to be collected presented the following seniority:

	U:Euro	
	2021	2020
Up to 30 days	3 660 565	2 552 841
From 31 to 90 days	2 428 444	1 673 194
From 91 to 180 days	1 965 058	1 440 793
From 181 to 360 days	1 153 737	196 212
More than 360 days	460 466	280 553
<b>Total</b>	<b>9 668 270</b>	<b>6 143 591</b>

Receipts for collection with more than 30 days refer to businesses placed in coinsurance and insurance contracts concluded with public entities and municipalities, which by their nature have specific payment deadlines, as well as the moratorium granted by the Company in accordance with the legislation in force, mentioned in note 3.8.1.

### 3.9.2. Other debtors by insurance operations

This heading registered the following amounts as at December 31, 2021 and 2020:

#### Other Debtors by Insurance Operation

	U:Euro	
	2021	2020
<b>Accounts payable for direct insurance operations:</b>		
Agents and Brokers:		
- Current accounts	745 040	623 059
- Payable commissions	493 283	175 568
	<b>1 238 323</b>	<b>798 627</b>
Coinsurers:		
- Current accounts	69 034	55 906
- Other balance	2 028	1 414
	<b>71 062</b>	<b>57 319</b>
Policyholders:		
- Insurance Reversals	476 993	699 508
- Premiums received in advance	4 002 455	3 426 547
	<b>4 479 448</b>	<b>4 126 055</b>
Others (claims reimbursements):	<b>21 992</b>	<b>5 741</b>
	<b>5 810 825</b>	<b>4 987 742</b>
<b>Accounts receivable for ceded reinsurance operations:</b>		
Current accounts	<b>3 966 640</b>	<b>2 006 163</b>
<b>Accounts payable for other operations:</b>		
Personnel	197	2 831
Suppliers	737 712	734 652
Other sundry debtors	45 317	47 644
	<b>783 226</b>	<b>785 127</b>
<b>Balance Sheet</b>	<b>10 560 691</b>	<b>7 779 032</b>

### 3.9.3. Accruals and deferrals

As at December 31, 2021 and 2020, accruals and deferrals of assets and liabilities were composed as follows:

	<i>U:Euro</i>	
	2021	2020
Deferred Expenses:		
Insurance	70 256	28 515
Rentals and Leases	14 540	38 265
IT Services	182 966	106 396
Activity Contributions	0	838
Other expenses	67 681	173 498
<b>Total Balance Sheet</b>	<b>335 442</b>	<b>347 512</b>

	<i>U:Euro</i>	
	2021	2020
Expenditure accruals:		
Payable interest	0	0
Remuneration payable to personnel (holidays and allowance)	671 806	640 751
Charges on payable remuneration	166 309	158 421
Bonuses to be paid to personnel	0	0
Payable commissions	592 399	481 897
Other accruals	93 393	124 322
<b>Total balance sheet</b>	<b>1 523 907</b>	<b>1 405 391</b>

	<i>U:Euro</i>	
	2021	2020
Deferred Income:		
Rentals and Leases	39 435	0
<b>Total balance sheet</b>	<b>39 435</b>	<b>0</b>

Under the commission item 'Commissions payable' of 592,399 euros relates to intermediate commissions of 571,869 euros and 20,530 euros of investment banking commissions payable in 2022.

The heading 'Other accruals', in the amount of 93,393 euros, includes the accruals of the year, supplies and external services.

### 3.9.4. Other income/expenditure/adjustments

The breakdown of other income, other expenditure and other adjustments as at December 31, 2021 and 2020 is detailed on the table in the page that follows:

U:Euro

	2021	2020
<b>Income and non-current gains</b>		
Settlement of advanced payments (previous years)	0	63 139
Debt recovery (previous years)	10 193	0
Others	26 649	65 207
	<b>36 841</b>	<b>128 346</b>
<b>Income and financial gains</b>		
Others	19 566	16 947
	<b>19 566</b>	<b>16 947</b>
<b>Other non-technical income</b>		
Others	216	3 802
	<b>216</b>	<b>3 802</b>
<b>Expenses and non-current losses</b>		
Donations	-5 500	-500
Patronage	0	-50 000
Fines and penalties	-3 253	-214
Various contributions	-5 662	-1 693
Others		
Tenant rentals (Covid-19)	-15 050	-11 525
Tangible assets losses	0	-26 524
Powerful Caravel	-73 077	-33 882
Miscellaneous	-30 898	-2 000
	<b>-133 441</b>	<b>-126 337</b>
<b>Expenses and financial losses</b>		
Interest incurred	0	-17
Others	-7 134	0
	<b>-7 135</b>	<b>-17</b>
<b>Adjustments</b>		
for receipts to be collected	-1 515 671	-578 569
for other debtors	15 531	-1 966
	<b>-1 500 141</b>	<b>-580 535</b>
	<b>-1 584 092</b>	<b>-557 795</b>

### 3.9.5. Financial expenditure

The breakdown in the 2021 and 2020 financial years was as follows:

**Financial Expenditures**

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	2021			2020		
	Technical Account	Non-technical Account	Total	Technical Account	Non-technical Account	Total
<b>Investment expenses:</b>						
Allocated costs	313 286		313 286	296 736		296 736
Other investment expenses	0		0	0		0
<b>Total</b>	<b>313 286</b>	<b>0</b>	<b>313 286</b>	<b>296 736</b>	<b>0</b>	<b>296 736</b>

## 4. Nature and extent of headings and risks arising from insurance contracts and reinsurance assets

### 4.1. Amounts disclosed in the financial statements resulting from insurance contracts

#### 4.1.1. Claims reserve

a) The amount of Claims Reserve as of December 31, 2021, resulted from deterministic and stochastic methods related to the statistical treatment of runoff triangles which corresponds to the net compensation of reimbursements collected, with no costs allocated to the management of claims and gross reinsurance.

b) Reserves amounts were obtained according to the following procedures:

- Without deflating the amounts of compensations already paid, i.e. without placing their 2021 costs;
- Not considering the discounted value of future payments, nor its growth due to inflation.

c) In small lines of business, provisioning is carried out on a case-by-case basis based on the information contained in the claim and expert reports.

d) In the Workers Compensation line of business, there is a mathematical reserve that registers the Company's liability for claims occurring up to December 31, 2021, and involves pension payments already approved by the Labour Court or with a conciliation agreement already done. Said reserve also registers the estimation of liabilities with presumed incapacities resulting from claims that are awaiting agreement or decision.

In accordance with the principle of prudence used by the Company, the TV 88/90 life table continued to be used to calculate the Mathematical Reserve, with a technical interest rate of 2.15% (2.35% in 2020) and 3% of management charges.

The remission of Pensions for Workers Compensation is calculated by the TD 88/90 life table, with a technical interest rate of 5.25%, according to the Ordinance No. 11/2000, of January 13, including 1% of management charges.

The IBNR reserve, pensions only, is calculated according to the number of pensions of the injured persons, excluding death pensions, since such claims are known immediately.

e) In addition, the Lifetime Assistance Reserve is calculated according to the TV 88/90 life table with 3% of charges and the technical interest rate of 2.15% (2.35% in 2020), with a growth rate of 2% added to average lifetime costs against future inflation.

f) Balance sheet claims reserve is increased from the claims reserve management expenses, where deterministic models are applied to run off triangles of paid amounts with claims management expenses. Costs allocation by year of occurrence and year of payment is made through the number of claims under management in the year.

g) The amount of the total unreported claims reserve (IBNR) was estimated according to the number of claims incurred each year and, according thereto, a deterministic model is applied to estimate the total number

of expected claims, per year of occurrence and thus obtaining the claims that will be reported in referring to years of occurrence already elapsed.

Based on these numbers of expected IBNR situations and the total estimated cost of claims per year of occurrence, the amount of the desirable IBNR reserve is found.

h) The case-by-case amount of the claims reserve declared in the financial year has been increased to cope with any unforeseen shortcomings (IBNER).

The development of the direct insurance claims reserve related to claims occurring in financial years prior to 2021 and its readjustments in the year ended as at December 31, 2021 can be found in the Appendix 2 of this report.

The breakdown of the claims reserve (not including management costs) for the years 2021 and 2020 is shown below:

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	2021			2020		
	Declared	Undeclared	Total Balance Sheet	Declared	Undeclared	Total Balance Sheet
<b>Workers Compensation:</b>						
- Mathematical Reserve	11 319 773	22 788 058	34 107 831	8 746 931	17 898 088	26 645 018
- Lifetime Assistance Reserve	634 657	43 215	677 873	581 868	51 371	633 239
- Other Benefits Reserve	6 815 373	439 708	7 255 081	5 831 149	295 135	6 126 284
	<b>18 769 804</b>	<b>23 270 981</b>	<b>42 040 785</b>	<b>15 159 948</b>	<b>18 244 594</b>	<b>33 404 542</b>
<b>Other Insurance:</b>						
Personal Accidents and Passengers	165 144	27 433	192 577	355 156	12 614	367 769
Health	0	0	0	0	0	0
Fire and Other Dmage	1 936 965	2 288 305	4 225 269	1 792 872	497 382	2 290 254
Motor	25 089 757	2 148 382	27 238 139	20 214 509	1 546 124	21 760 633
Marine, Aviation and Transports	192 390	1 815	194 206	63 257	2 549	65 806
Transported Goods	36 309	8 958	45 267	54 117	10 817	64 935
Third Party Liability	992 835	353 309	1 346 144	1 065 187	354 139	1 419 327
Credit and Guarantee	0	0	0	0	0	0
Miscellaneous:						
- Legal Protection	7 971	232	8 203	8 171	478	8 649
- Assistance	835 740	2 110	837 850	747 745	5 275	753 020
	<b>29 257 112</b>	<b>4 830 543</b>	<b>34 087 656</b>	<b>24 301 015</b>	<b>2 429 378</b>	<b>26 730 393</b>
<b>Total</b>	<b>48 026 916</b>	<b>28 101 525</b>	<b>76 128 440</b>	<b>39 460 963</b>	<b>20 673 972</b>	<b>60 134 935</b>

Liabilities do not include the costs charged to the claims management and are not deducted from the reimbursements issued.

The assigned reinsurance claims reserve and the respective annual change in profit and loss account is analysed as follows:

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	Balance of the balance sheet		Gains and Losses Changes	
	2021	2020	2021	2020
Accidents and Health	23 747 351	18 201 143	5 546 208	5 306 341
Fire and Other Damage	3 570 292	1 796 741	1 773 550	250 506
Motor:				
Civil Liability	2 397 776	2 264 913	132 863	583 845
Other Coverage	1 173 181	2 071 580	-898 400	1 981 664
Marine and Transports	135 944	47 314	88 630	31 972
Transported Goods	31 687	45 454	-13 767	35 409
Third Party Liability	256 882	230 585	26 298	15 147
Miscellaneous	0	0	0	0
<b>Total</b>	<b>31 313 113</b>	<b>24 657 731</b>	<b>6 655 382</b>	<b>8 204 885</b>

The costs of direct insurance claims, reported as of December 31, 2021, are detailed in Appendix 3.

Claims costs net of reinsurance can be analysed, as shown in the following table, as of December 31, 2021 and 2020:

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	2021			2020		
	Paid Claims	Reserve Changes	Overall cost	Paid Claims	Reserve Changes	Overall Cost
Direct Insurance:						
Workers Compensation	13 224 683	8 901 076	22 125 759	10 130 023	7 833 621	17 963 644
Personal Accidents and Passengers	295 134	-173 517	121 617	179 428	165 137	344 565
Health	0	0	0	0	0	0
Fire and Other Damage	4 777 041	1 957 941	6 734 982	4 221 962	251 991	4 473 953
Motor	40 558 666	4 943 465	45 502 131	31 527 607	5 894 790	37 422 397
Marine, Aviation and Transports	59 067	130 117	189 184	70 520	45 970	116 490
Transported Goods	84 562	-13 369	71 193	23 806	63 465	87 271
Third Party Liability	565 602	-86 593	479 009	632 514	514 935	1 147 449
Credit and Guarantee	0	0	0	0	0	0
Miscellaneous:						
- Legal Protection	26 179	2 333	28 511	20 955	5 647	26 602
- Assistance	4 514 336	83 052	4 597 388	3 550 051	153 817	3 703 868
	<b>64 105 270</b>	<b>15 744 505</b>	<b>79 849 775</b>	<b>50 356 866</b>	<b>14 929 372</b>	<b>65 286 238</b>
Ceded Reinsurance:						
Workers Compensation	-3 968 391	-5 614 961	-9 583 352	-2 761 156	-5 171 405	-7 932 561
Personal Accidents and Passengers	-61 217	68 752	7 535	-266	-134 937	-135 203
Health	0	0	0	0	0	0
Fire and Other Damage	-3 507 188	-1 529 452	-5 036 640	-3 026 242	-389 376	-3 415 619
Motor	-4 214 847	765 537	-3 449 311	-2 378 622	-2 565 509	-4 944 131
Marine, Aviation and Transports	-40 877	-156 125	-197 002	-48 670	-64 348	-113 018
Transported Goods	-56 583	26 935	-29 648	-14 758	-67 159	-81 917
Third Party Liability	-14 853	-26 298	-41 150	0	-15 147	-15 147
Credit and Guarantee	0	0	0	0	0	0
Miscellaneous:						
- Legal Protection	0	0	0	0	0	0
- Assistance	0	0	0	0	0	0
	<b>-11 863 957</b>	<b>-6 465 610</b>	<b>-18 329 567</b>	<b>-8 229 714</b>	<b>-8 407 881</b>	<b>-16 637 595</b>
<b>Net Total</b>	<b>52 241 313</b>	<b>9 278 895</b>	<b>61 520 208</b>	<b>42 127 151</b>	<b>6 521 491</b>	<b>48 648 642</b>

Claims costs are stated net of received/issued reimbursements and include charged claims management costs.

#### 4.1.2. Unearned premiums reserve

The breakdown of unearned premiums reserve of direct insurance and ceded reinsurance is as follows:

U:Euro

**Direct insurance:**

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Calculated Amount	Deferred acquisition costs	Balance Sheet Value 2021	Balance Sheet Value 2020
Accidents and Health	1 386 509	356 322	1 030 186	885 478
Fire and Other Damages	4 374 056	827 141	3 546 915	2 460 803
Motor:				
Civil Liability	11 594 822	1 756 725	9 838 097	8 742 467
Other Coverages	7 629 272	1 213 210	6 416 063	5 770 902
Marine and Transports	69 032	10 574	58 458	50 842
Transported Goods	34 353	4 567	29 786	34 038
Third Party Liability	433 148	106 692	326 456	328 550
Miscellaneous	2 537 442	240 350	2 297 092	2 094 450
<b>Direct Insurance Total</b>	<b>28 058 634</b>	<b>4 515 580</b>	<b>23 543 054</b>	<b>20 367 530</b>

U:Euro

**Ceded reinsurance:**

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Calculated Amount	Deferred acquisition costs	Balance Sheet Value 2021	Balance Sheet Value 2020
Accidents and Health	91 237	7 372	83 865	61 931
Fire and Other Damages	3 453 046	896 379	2 556 667	1 571 937
Motor:				
Civil Liability	5 441	0	5 441	4 968
Other Coverages	10 493	0	10 493	8 707
Marine and Transports	48 041	16 648	31 393	27 535
Transported Goods	23 797	8 328	15 469	18 851
Third Party Liability	0	0	0	0
Miscellaneous	76	27	49	0
<b>Total Ceded Reinsurance</b>	<b>3 632 131</b>	<b>928 753</b>	<b>2 703 378</b>	<b>1 693 929</b>

### 4.1.3. Total Technical Reserves

In the following tables, the development of technical reserves of direct insurance and ceded reinsurance of the Company can be verified during the years under review:

U:Euro

Technical Reserves of Direct Insurance	Calculated Amount	Deferred acquisition costs	Balance Sheet 2021	Balance Sheet 2020	Variation
<b>Unearned premiums reserve</b>					
Accidents and Health	1 386 509	356 322	1 030 186	885 478	
Fire and other Damage	4 374 056	827 141	3 546 915	2 460 803	
Motor:					
Civil Liability	11 594 822	1 756 725	9 838 097	8 742 467	
Other Coverage	7 629 272	1 213 210	6 416 063	5 770 902	
Marine and Transports	69 032	10 574	58 458	50 842	
Transported Goods	34 353	4 567	29 786	34 038	
Third Party Liability	433 148	106 692	326 456	328 550	
Miscellaneous	2 537 442	240 350	2 297 092	2 094 450	
Subtotal	28 058 634	4 515 580	23 543 054	20 367 530	3 175 524
<b>Equalisation Reserve</b>			303 116	267 066	36 050
<b>Claims Reserve</b>					
Accidents and Health:					
Mathematical Reserve			34 107 831	26 645 018	
Lifetime Assistance			677 873	633 239	
Other Services			7 728 254	6 711 286	
Fire and other Damage			4 245 039	2 303 548	
Motor:					
Civil Liability			21 994 210	16 286 383	
Other Coverage			5 408 439	5 623 310	
Marine and Transports			194 260	65 836	
Transported Goods			45 802	65 254	
Third Party Liability			1 359 309	1 426 046	
Miscellaneous			846 053	761 669	
Subtotal	0	0	76 607 071	60 521 588	16 085 483
<b>Unexpired Risks Reserve</b>					
Accidents and Health			0	0	
Fire and other Damage			0	0	
Motor:					
Civil Liability			0	0	
Other Coverage			0	0	
Marine and Transports			0	0	
Transported Goods			0	0	
Third Party Liability			0	0	
Miscellaneous			0	0	
Subtotal	0	0	0	0	0
<b>Total</b>	<b>28 058 634</b>	<b>4 515 580</b>	<b>100 453 241</b>	<b>81 156 184</b>	<b>19 297 057</b>

**Technical Reserves of Ceded Reinsurance**

U:Euro

Technical Reserves of Ceded Reinsurance	2021	2020
Unearned Premiums Reserve	2 703 378	1 693 929
Claims Reserve:		
Reported Claims	21 258 529	17 632 340
Unreported Claims (ibnr)	10 054 584	7 025 391
	31 313 113	24 657 731
<b>Total technical reserves of ceded reinsurance</b>	<b>34 016 490</b>	<b>26 351 660</b>

## 4.2. Nature and Extent of Specific Insurance Risks

The specific insurance risk corresponds to the risk inherent in the trading of insurance contracts, associated to product design and their pricing, to the underwriting process, liabilities provisioning, and claims and reinsurance management.

In Non-Life insurance, the specific risk of insurance includes, among others, premiums, reserves, and catastrophic risks.

The underwriting, provisioning, and reinsurance processes are duly documented with respect to the main activities, risks and controls

In summary, the most important control mechanisms are:

- Delegation of Competencies formally defined for different processes;
- Segregation of functions between the areas that carry out risk analyses and calculate tariffs;
- Limited access to different applications according to their user profile;
- Documentation scanning in issuing processes and claims management;
- Procedures of case-by-case cross-checks.

The level of claims reserve is monitored monthly, with quarterly reviews to all claims processes, being implemented stochastic assessment models to fill insufficient reserves.

The development of the direct insurance claims reserve, gross reinsurance, and net reimbursements, excluding mathematical reserves of the Workers Compensation line of business and claims reserve management costs, can be analysed as follows through the triangles of claims costs and payments of the last 10 years:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Initial estimate of costs with claims, gross reinsurance and net reimbursements, excluding mathematical reserves, management costs reserves, IBNR and IBNER</b>	26 307	14 091	13 569	14 759	16 900	18 275	24 338	27 887	35 428	44 266	55 902
<b>Cumulative payments</b>											
One year later	20 896	10 497	10 240	10 593	14 741	16 958	25 599	30 270	39 115	44 699	
Two years later	21 713	11 218	11 227	11 592	15 990	18 106	27 015	31 875	40 921		
Three years later	22 469	11 691	11 769	11 889	17 089	18 830	27 490	32 690			
Four years later	23 043	11 759	12 074	12 043	17 319	19 773	28 558				
Five years later	23 287	12 158	12 155	12 338	17 889	19 859					
Six years later	23 501	12 178	12 175	12 384	18 084						
Seven years later	23 547	12 224	12 451	12 474							
Eight years later	23 555	12 256	12 876								
Nine years later	23 562	12 676									
Ten years later	23 525										
<b>Final estimation of costs with claims</b>											
One year later	24 227	13 179	13 815	14 167	17 801	19 816	27 908	32 369	41 440	48 644	
Two years later	24 027	13 457	13 397	13 391	18 034	19 923	28 522	33 359	42 850		
Three years later	23 789	13 375	13 430	13 166	17 877	20 440	28 740	34 233			
Four years later	23 918	13 019	13 291	13 173	18 048	20 509	29 084				
Five years later	23 907	12 730	13 244	12 811	12 238	20 541					
Six years later	23 749	12 827	13 261	12 791	18 286						
Seven years later	23 607	12 729	13 238	12 908							
Eight years later	23 592	12 982	13 303								
Nine years later	23 587	12 986									
Ten years later	23 548										
	2 759	1 105	265	1 851	-1 385	-2 266	-4 696	-6 346	-7 422	-4 377	

Caravela practices a ceded reinsurance policy based on proportional and non-proportional treaties. In 2021, the reinsurance structure consists of proportional treaties (Share and Surplus) and non-proportional treaties (Excess of Loss and Catastrophic Coverage), as follows:

Line of Business	Type of Reinsurance
Workers Compensation	Excess of loss (XL) and Proporcional
Personal Accidents	Excess of loss (XL) and Proporcional
Health	Fronting
IDD	Share
IDD and Engineering (Natural Hazards)	Excess of loss (XL)
Engeneering	Share
Motor	Excess of loss (XL) and Proporcional
Marine and Transports	Share
Transported Goods	Share
Report and Accounts - General	Excess of loss (XL)

### 4.3. Nature and Extent of Market, Credit, Liquidity and Operating Risks

#### A) Market Risk

Market risk consists of risk of loss or adverse movements in the value of assets related to changes in the market prices of financial instruments.

This risk includes exchange rate, stock, real estate, interest, spread, and concentration risks.

The Investment policy defines the guiding principles for prudent investment management as well as monitoring and reporting activities.

In order to assure an adequate risk management, portfolio exposure limits were set out based on 6 specific criteria:

- Asset class;
- Type of issuer (legal form);
- Rating level;
- Activity sector;
- Geographical area;
- Concentration by issuer.

#### B) Exchange rate risk

Exchange rate risk is caused by the instability of exchange rates against the Euro. Exposure to such risk is residual due to the non-authorisation of investment in foreign currency established in the investment policy. Indirectly, through the transparency of investment funds held, there is an insignificant exposure to foreign currency. The capital requirement is as follows:

Scenarios	(thousands of euros)	
	Capital Requirement	
	2021	2020
Shock of +/- 25% to foreign currency exposures	0	3

### C) Stock Risk

Stock risk results from the instability of stock market prices, with equity securities being exposed to such risk, particularly investments funds totally or partially composed of said titles. The sensitivity analysis is described as follows:

Scenarios	(thousands of euros)	
	Capital Requirement	
	2021	2020
Shock in Shares Type I	0	94
Shock in Shares Type II	3 238	1 598

### D) Property Risk

Property risk results from the instability of real estate price market. In 2021, this risk had a relevant variation, as far as the capital requirement is concerned, since the assets exposed suffered a change, so the capital requirement is described as follows:

Scenarios	(thousands of euros)	
	Capital Requirement	
	2021	2020
Shock of 25% in property and real estate fund values	2 262	308

### E) Interest rate risk

Interest rate risk arises from changes in the temporal structure or the instability of interest rates. Assets (Bonds and Fixed-term Deposits) and liability (technical reserves, especially the mathematical reserve of Workers Compensation) are exposed to interest rate risk.

The capital scenario is described in the following table:

Assets	(thousands of euros)	
	Efeito nos ativos	
	2021	2020
Downward shock on the risk free interest rate curve	58	0
Upward shock on the risk free interest rate curve	-2 866	-2 793

Liabilities	(thousands of euros)		
	Effect in liabilities		
	2021	2020	
Downward shock on the risk free interest rate curve	481	256	
Upward shock on the risk free interest rate curve	-2 553	-2 163	
	$\Delta$ NAV Down	423	256
	$\Delta$ NAV Up	312	630
	Mktint	423	630

## F) Spread Risk

The spread risk consists of unexpected losses caused by the depreciation of credit quality or default of a business partner, reflecting the instability of credit spreads along the risk-free of interest rates curve. The securities exposed to this risk are mainly corporate bonds and fixed-term deposits.

Assets with direct exposure to spread risk have the following profile:

(milhares de euros)

Rating	2021			2020		
	% de exposição	Duração	Requisito de capital	% de exposição	Duração	Requisito de capital
AAA	2%	2,8	19	2%	3,8	23
AA	21%	5,0	475	21%	5,8	512
A	36%	3,4	870	44%	3,8	980
BBB	41%	2,7	1 316	33%	2,4	916
BB	0%	0,0	0	0%	0,0	0
B	0%	0,0	0	0%	0,0	0
CCC or lower	0%	0,0	0	0%	0,0	0
Unrated	1%	0,0	7	1%	0,5	7
<b>Total</b>	<b>100%</b>	<b>3,4</b>	<b>2 688</b>	<b>100%</b>	<b>3,7</b>	<b>2 439</b>

## G) Concentration Risk

Concentration risk refers to additional instability in a very concentrated portfolio. Portfolio distribution per activity sector can be analysed as follows:

(milhares de euros)

Sector de Atividade	2021			2020		
	%	Exposição	Imparidade	%	Exposição	Imparidade
Comunicações	2%	2 284	0	3%	2 295	0
Consumo - Cíclico	10%	9 957	0	10%	9 311	0
Consumo - Não Cíclico	4%	3 674	0	5%	4 435	0
Financeiro	17%	18 225	0	18%	15 825	0
Fundos	44%	46 333	0	35%	31 238	0
Governos	13%	13 777	0	15%	13 641	0
Serviços	7%	7 379	0	12%	11 038	0
Outro	3%	3 093	0	3%	2 562	0
<b>Total</b>	<b>100%</b>	<b>104 723</b>	<b>0</b>	<b>100%</b>	<b>90 345</b>	<b>0</b>

The group of the 10 largest securities per issuer group is basically composed of public issuers.

(milhares de euros)

Grupo Emissor	2021			
	Tipo Activo	Rating	Exposição	Peso
Divida Pública Portuguesa	OBG	BBB	4 242	3,9%
Divida Pública Espanhola	OBG	A	3 032	2,8%
Divida Pública Belga	OBG	AA	2 159	2,0%
Banco Bankinter	CPZ	BBB	2 005	1,9%
Credit Agricole Sa	OBG	A	1 483	1,4%
Divida Pública Irlanda	OBG	A	1 248	1,2%
Bp Capital Markets Plc	OBG	A	1 141	1,1%
Agence Française Développement	OBG	AA	1 097	1,0%
Schlumberger Finance Bv	OBG	A	1 052	1,0%
Wells Fargo & Company	OBG	BBB	1 043	1,0%
<b>Total</b>			<b>18 503</b>	<b>17%</b>
<b>Total Carteira Investimentos</b>			<b>107 572</b>	<b>100%</b>

(milhares de euros)

Grupo Emissor	Tipo Ativo	2020		Exposição	Peso
		Rating			
Divida Pública Portuguesa	OBG	BBB		4 766	5,1%
Divida Pública Espanhola	OBG	A		3 133	3,4%
Divida Pública Belga	OBG	AA		2 243	2,4%
Banco Bankinter	CPZ	BBB		2 000	2,1%
Simon Intl Finance Sca	OBG	A		1 460	1,6%
Vf Corp.	OBG	A		1 431	1,5%
Divida Pública Irlanda	OBG	A		1 305	1,4%
Schlumberger Finance Bv	OBG	A		1 188	1,3%
Bp Capital Markets Plc	OBG	A		1 160	1,2%
Agence Française Développement	OBG	AA		1 139	1,2%
<b>Total</b>				<b>19 825</b>	<b>21%</b>
<b>Total Carteira Investimentos</b>				<b>93 188</b>	<b>100%</b>

## H) Liquidity Risk

Liquidity risk arises from the possibility of the Company not holding assets with enough liquidity to meet the obligations to policyholders and other creditors as they mature.

For risk mitigation purposes, it should be noted that the Company has a monthly liquidity plan which is reviewed weekly and analysed daily.

The liquidity plan also aims at the financial investment of surplus capital, particularly in short and medium-term deposits to the safeguard of advanced mobilisation.

Whenever there are strong outflows, the Financial Management together with Investment Management, foresees liquidity needs.

## I) Credit Risk

Credit risk consists of the risk of loss due to default or deterioration of counterparty credit levels which is mitigating existing risk, such as reinsurance contracts, receivable amounts by intermediaries, as well as other credit exposures that have not been considered in the spread risk.

The Company has control procedures to mitigate such risk regarding clients and agents, particularly the systematic monitoring of the amounts and seniority of receivable receipts.

As far as reinsurers are concerned, they are carefully selected not only due to their economic and financial strength, but also to their technical capacity. An analysis is performed periodically to the development of the reinsurers' ratings.

## J) Operating Risk

Operating risk is the risk of significant losses resulting from inadequacy or failures in processes, people or systems, or external events.

The following point, which refers to the internal control system, includes the operating risks with highest granularity.

The operational risk management aims to identify and know the risks that the Company faces and to monitor them in accordance with the tolerances set.

The methodological approach used follows three stages:

i) Identification and classification of risks

The identification of the risks is carried out through interviews with the officials in charge for the Company's main areas.

In these interviews the main top-down risks of the area will be identified and categorised according to ASF guidelines.

In addition to the risk category and subcategory, the Company defines the risk to which it is exposed, as well as the causes and consequences.

ii) Control's assessment and its effectiveness

This assessment is very important for the correct identification of inherent and residual risks of each risk, being crucial to identify mitigation actions/additional controls to be carried out.

In order to calculate the impact and probability (inherent and residual), it is necessary to resort to a set of methods such as: data on internal losses; data on external losses; experience and intuition of risk owners.

iii) KRI<sup>1</sup> identification and action plans

KRI is related to a specific risk and is used as an alert for a possible change in probability and impact of a risk occurring.

After identifying and classifying the main top-down risks of the Company, the risks that will be subject to stress tests in the scope of the prospective self-assessment process are identified.

Such risks should reflect high impact and medium/low probability risks to ensure the use of budget variables to test their impact.

**K) Internal control system**

The internal control system comprises a set of means, behaviours, procedures, and actions adapted to its own characteristics and is intended to provide a reasonable assurance in achieving the Company's goals.

The main expected effects of an effective internal control system and operational management risk are:

Identify potential events that are likely to affect the achievement of the Company's goals, ensure treatment in case of risk occurrence, and anticipate actions to be taken;

- Define a control system proportional to the risks that the organisation is willing to accept to increase its value;
- Allow management to make clear decisions.

The Company follows the COSO Report<sup>2</sup> definition and matrices.

The Company understands 'internal control' as a means of:

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<sup>1</sup> Key Risk Indicator

<sup>2</sup> Committee Of Sponsoring Organisation of the Treatway Commission

- Controlling its processes;
- Improving its activities;
- Enhancing its competitiveness.

Internal control must be done by all: Anyone active in the organisation must manage their risks and controls in the field of their activity.

From this perspective, the risks identified for each of the Company's activities (Macro processes) are formalised through a risk mapping.

- Each compilation includes the Company's activities in processes and subprocesses;
- For each subprocess, risk events are identified;
- For each risk event a control objective is associated;
- For each control objective, one or more examples of control activities are described in order to clarify the understanding of the control objective, if necessary.

For each control objective, officers must:

- Describe the implemented control to provide a reasonable assurance regarding occurrence (frequency) and severity (cost) of the identified risk event;
- And self-assess the effectiveness of the control through a questionnaire.
- Self-assessment of the internal control system takes place in different stages:
- Self-assessment campaign;
- Description of control activities;
- Self-assessment of control activities;
- Action plans, if necessary;
- Independent testing;
- Test of effectiveness of controls (design and operational);
- Recommendation, if necessary.

#### **4.4. Impairment losses recognised and reversed regarding reinsurance assets**

There were no impairment losses this financial year.

#### **4.5. Qualitative information regarding premiums and reserves adequacy**

Analysis to claims ratio and portfolio profitability are periodically performed, segmented by several variables as well as other actuarial studies to assess adequacy of the tariffs applied.

The aggregate ratio (division of all costs in the Technical Account by the total revenue detailed herein) is calculated for each line of business. Tariff's adequacy or inadequacy is measured to whether this ratio is lower or higher than 100%, completing the criterion by analysing the Unexpired Risks Reserve structure.

Tariff sensitivity analyses are also carried out as well as comparative studies with market practices.

The adequacy analysis of technical reserves is carried out periodically through deterministic and stochastic methods, in addition to regular audits, namely case-by-case analysis of claim processes.

#### 4.6. Qualitative and quantitative information on claims and expenses ratios, combined claims and expenses ratios, and operating ratio (resulting from the consideration of income from investments in different segments), calculated without reduction of ceded reinsurance

The claims reserve at the end of the financial year is 76,607,071 euros, compared to 60,521,588 euros in 2020.

The Company's overall claims ratio in 2021, calculated on the gross premiums written and before cost allocation, was 66.1% (62.1% in 2020) and 68.6% after cost allocation (64.8% in 2020).

Claims ratio (per lines of business)	2021	2020
Workers Compensation	74,7%	73,9%
Personal Accidents	11,2%	41,9%
Health	0,0%	0,0%
<b>Accidents/ Health</b>	<b>70,0%</b>	<b>70,2%</b>
Fire / Other Damage	59,9%	51,6%
Motor	70,3%	64,2%
Other lines of business	62,0%	66,3%
<b>Claims Ratio (1)</b>	<b>68,6%</b>	<b>64,8%</b>

(1) - Including costs allocated to claims

The combined ratio (including reinsurance) shows the following composition as at December 31, 2021 and 2020:

Results analyses	2021	2020
Operating costs and expenses/ earned premiums	24,1%	26,3%
Claims costs/ acquired premiums	71,5%	67,8%
<b>Combined Ratio</b>	<b>95,6%</b>	<b>94,1%</b>

#### 4.7. Recoverable amounts in respect of amounts paid for claims arising from the acquisition of rights of the insured concerning third parties (subrogation) or obtaining legal ownership of insured goods (salvage)

The amount related to claims reimbursements on the last days of the years 2021 and 2020 was as follows:

Type of reimbursement	U:Euro	
	Recoverable amount in 2021	Recoverable amount in 2020
Inventories/ Salvage	0	0
Other Policyholders/ Claims Reimbursemen	3 632 549	3 291 571
Other Debtors/Creditors/Claims Reimburse	0	0

The Company believes that the reimbursement amount is recoverable, and therefore concluded that there was no impairment in this financial year and no loss was registered.

## 5. Financial instruments (does not include investment contracts)

The Inventory of Holdings and Financial Instruments as at December 31, 2021 is presented in Appendix 1, of which the following summary is presented:

		U:Euro
Financial Instrument	Balance Sheet Value	
Bonds and other fixed-income securities		
from public issuers		12 908 658
from other issuers		44 932 251
Shares		493 867
Other variable-income securities		46 333 305
<b>Total</b>		<b>104 668 081</b>

### A) Initial recognition and subsequent measurement

All financial instruments held by Caravela are open to negotiation in stock markets or on regulated markets, and are measured at fair value, except for the Prodis Thema Fund and Lehman securities which are measured by 0.00€ and 10.00€, respectively, as for these assets, impairments were recognized for default by issuers in 2010 and 2011.

At the time of purchase, available-for-sale financial assets are recognised at fair value (purchase price) added to the trading costs.

In subsequent measurements such assets are also registered at fair value and their corresponding changes are recognised in equity, within 'revaluation reserves for adjustments of fair value in available-for-sale financial assets'.

During the financial year of 2021, the Company recognised a negative change in equity amounting to -1,452,304 euros (in 2020, the charge was equally positive amounting to +950,498 euros) in the fair value of investment portfolios, which is registered in the revaluation reserve.

### B) Segmentation by categories

The Company's investment policy, specified in item 4 is in accordance with the rules and limitations established by the Supervisory Authority for Insurance and Pension Funds and the prudential diversification of investments is taken into consideration, ensuring its suitability to the responsibilities of CARAVELA in order to improve the risk/profitability interface.

The strategy and criteria for the management of investments is established annually by the Management and the implementation and performance are monitored monthly, in order to constantly adjust the investment portfolio to the specified goals.

During 2021, the activities undertaken adjusted the portfolio of financial assets to the strengthened prudential structure, in compliance with the previously outlined goal.

Financial instruments by category are composed as follows:

U:Euro

Financial Instrument	Fair Value 2021	%	Fair Value 2020	%
Holdings in subsidiaries and partners	5 000	0%	5000	0%
Shares, participation units and investment funds	46 827 172	43%	31 731 450	34%
Fixed-income securities	55 813 342	52%	54 263 018	58%
Variable income securities	2 027 567	2%	4 093 619	4%
Derivative instruments	0	0%	0	0%
Deposits with credit institutions	3 054 157	3%	2 989 957	3%
Other loans	49 700	0%	251 541	0%
<b>Total</b>	<b>107 776 938</b>	<b>100%</b>	<b>93 334 585</b>	<b>100%</b>

In accordance with the established rules, Caravela's financial assets continued to be mostly invested in the Euro Zone, as can be seen in the table below:

U:Euro

Securities portfolio	Fair Value 2021	%	Fair Value 2020	%
<b>Eurozone</b>	<b>89 854 938</b>	<b>86%</b>	<b>74 549 053</b>	<b>86%</b>
Portugal	9 676 019	9%	7 782 861	9%
Germany	4 112 744	4%	3 798 639	4%
Austria	898 632	1%	933 462	1%
Belgium	2 159 068	2%	2 243 068	2%
Spain	5 566 983	5%	6 110 800	7%
France	57 985 767	55%	43 025 370	48%
Ireland	1 248 385	1%	1 629 585	2%
Italy	614 928	1%	623 649	1%
Luxembourg	811 314	1%	2 112 404	2%
The Netherlands	4 967 907	5%	5 034 014	6%
Norway	616 130	1%	629 300	1%
Sweden	1 197 061	1%	625 901	1%
<b>Outside Eurozone</b>	<b>14 867 843</b>	<b>14%</b>	<b>15 795 575</b>	<b>14%</b>
<b>Total</b>	<b>104 722 781</b>	<b>100%</b>	<b>90 344 628</b>	<b>100%</b>

The following tables indicate the liquidity risk in which the Company may incur for not having access to all its financial assets at the time of fulfilling the commitments arising from insurance contracts, during the last 2 years and regarding investments in the bond market:

U:Euro

Financial Asset	Maturity as at 31.12.2021					Total
	< 6 months	< 1 year	< 3 year	< 5 years	> 5 years	
Public Debt	307 481	2 027 567	387 452	160 153	8 296 978	11 179 631
Fixed-rate bonds	1 823 238	3 576 968	11 031 747	10 684 219	19 545 106	46 661 278
Floating-rate bonds	0	0	0	0	0	0
<b>Total</b>	<b>2 130 718</b>	<b>5 604 535</b>	<b>11 419 199</b>	<b>10 844 372</b>	<b>27 842 085</b>	<b>57 840 909</b>

U:Euro

Financial Asset	Maturity as at 31.12.2020					Total
	< 6 months	< 1 year	< 3 years	< 5 years	> 5 years	
Public debt	416 090	2 045 451	3 201 056	377 797	7 702 258	13 742 653
Fixed-rate bonds	102 203	1 524 676	13 596 674	13 713 860	15 676 572	44 613 984
Floating-rate bonds	0	0	0	0	0	0
<b>Total</b>	<b>518 292</b>	<b>3 570 127</b>	<b>16 797 730</b>	<b>14 091 657</b>	<b>23 378 830</b>	<b>58 356 637</b>

The following table reveals the credit quality of the bond issuers, in accordance with the ratings outlined by external entities at the time of this analysis:

U:Euro

Bond rating	2021	%	2020	%
AAA	1 024 297	2%	1 051 648	2%
AA +	898 632	2%	933 462	2%
AA	4 551 467	8%	3 036 659	5%
AA -	8 430 106	15%	8 937 357	15%
A +	6 590 434	11%	3 873 042	7%
A	5 640 202	10%	8 113 528	14%
A -	11 301 083	20%	11 754 372	20%
BBB +	8 126 378	14%	7 956 314	14%
BBB	8 787 491	15%	9 420 743	16%
BB	0	0%	0	0%
BB +	0	0%	476 632	1%
BBB -	2 490 810	4%	2 802 870	5%
BB -	0	0%	0	0%
B +	0	0%	0	0%
CC	0	0%	0	0%
CCC	0	0%	0	0%
Unquoted	10	0%	10	0%
<b>Total</b>	<b>57 840 909</b>	<b>100%</b>	<b>58 356 637</b>	<b>100%</b>

The Company did not carry out any transactions in derivative contracts nor did it use repurchase transactions or stock lending during the year.

The Company followed the same criteria to recognise impairment of securities, mentioned in note 3.2.1., during this financial year, having been recorded as follows:

- For **equity instruments** the Company considers a continued devaluation when such devaluation lasts for over 180 days, or a devaluation of significant value when it surpasses 30% in its corresponding quoted value at the date of the balance sheet;
- For **debt instruments** the Company recognises impairment when there is significant financial difficulty of the issuer, increasing the likelihood of a bankruptcy proceeding or a breach of contract due to noncompliance with the interest or capital payments.

At the close of the financial year 2021, the segregation by the respective categories in 2021 and 2020 was as follows:

					2021
					U:Euro
Financial Asset	Acquisition Amount	Fair value	Reversal in Revaluation Res.	Accum. Impairment (Net of Reversal)	
Public debt					0
Fixed-rate bonds	92 451	10	0	-92 441	
Floating-rate bonds					0
Shares					0
Units of Investment Funds	699 937		-615 572	-84 364	
<b>Total</b>	<b>792 387</b>	<b>10</b>	<b>-615 572</b>	<b>-176 805</b>	

					2020
					U:Euro
Financial Asset	Acquisition Amount	Fair Value	Reversal in Revaluation Res.	Accum. Impairment (Net of Reversal)	
Public debt					0
Fixed-rate bonds	92 451	10	0	-92 441	
Floating-rate bonds					0
Shares					0
Units of Investment Funds	699 937		-558 534	-141 403	
<b>Total</b>	<b>792 387</b>	<b>10</b>	<b>-558 534</b>	<b>-233 844</b>	

The financial assets available for sale had the composition described on the following page at the end of each of the years in comparison:

Financial Assets available-for- sale valued at Fair Value								2021
								U:Euro
Financial Asset	Acquisition cost	Interest receivable	Amount before impairment	Accumulated impairment	Net amount	Currency differences	Fair value reserve	Balance sheet amount*
<b>Debt instruments</b>								
Of public debt								
Of national issuers	4 259 991	4 799	4 264 790		4 264 790		-22 841	4 241 948,99
Of foreign issuers								
Spain	2 276 204	12 770	2 288 973		2 288 973		35 143	2 324 116,65
France			0		0		0	0,00
Germany	300 313	7 151	307 464		307 464		17	307 480,68
Belgium	2 117 323	9 468	2 126 791		2 126 791		32 277	2 159 068,49
Ireland	1 215 043	12 567	1 227 610		1 227 610		20 775	1 248 384,74
Austria	900 319	432	900 751		900 751		-2 119	898 631,51
Of other public issuers								
Of national issuers	0	0	0		0		0	0
Of foreign issuers	1 704 907	15 410	1 720 317		1 720 317		8 710	1 729 027,39
Of other public issuers								
Of national issuers	99 956	1 556	101 513		101 513		2 614	104 126
Of foreign issuers	44 445 989	203 562	44 649 551	-92 441	44 557 111		271 014	44 828 124
	<b>57 320 045</b>	<b>267 715</b>	<b>57 587 760</b>	<b>-92 441</b>	<b>57 495 319</b>	<b>0</b>	<b>345 590</b>	<b>57 840 909</b>
<b>Equity instruments</b>								
Of national issuers	3 671	0	3 671		3 671			3 671
Of foreign issuers	490 196	0	490 196		490 196		0	490 196
	<b>493 867</b>	<b>0</b>	<b>493 867</b>	<b>0</b>	<b>493 867</b>	<b>0</b>	<b>0</b>	<b>493 867</b>
<b>Other instruments</b>								
Units								
Of residents	5 044 620	0	5 044 620		5 044 620		-92 797	4 951 823
Of non-residents	41 531 841	0	41 531 841	-84 364	41 447 476		-65 994	41 381 482
	<b>46 576 461</b>	<b>0</b>	<b>46 576 461</b>	<b>-84 364</b>	<b>46 492 096</b>	<b>0</b>	<b>-158 791</b>	<b>46 333 305</b>
<b>Total</b>	<b>104 390 373</b>	<b>267 715</b>	<b>104 658 088</b>	<b>-176 805</b>	<b>104 481 283</b>	<b>0</b>	<b>186 798</b>	<b>104 668 081</b>

\* - Includes interest receivable

**Financial Assets available-for-Sale valued at Fair Value**

Financial Asset	Acquisition cost	Interest receivable	Amount before impairment	Accumulated impairment	Net amount	Currency differences	Fair value reserve	2020
								U:Euro
Balance sheet amount*								
<b>Debt instruments</b>								
Of public debt								
Of national issuers	4 702 552	24 287	4 726 840		4 726 840		39 540	4 766 379,36
Of foreign issuers								
Spain	3 520 943	24 987	3 545 930		3 545 930		106 278	3 652 207,89
France	504 453	3 193	507 646		507 646		17 787	525 433,15
Germany	307 039	7 152	314 191		314 191		2 891	317 081,64
Belgium	2 132 949	9 468	2 142 417		2 142 417		100 651	2 243 068,49
Ireland	1 230 110	12 567	1 242 677		1 242 677		62 344	1 305 020,74
Austria	900 362	432	900 794		900 794		32 668	933 461,51
Of other public issuers								
Of national issuers	0	0	0		0		0	0
Of foreign issuers	0	0	0		0		0	0
Of other issuers								
Of national issuers	99 924	1 556	101 480		101 480		4 366	105 846
Of foreign issuers	43 070 325	234 486	43 304 811	-92 441	43 212 371		1 295 767	44 508 138
	<b>56 468 657</b>	<b>318 128</b>	<b>56 786 785</b>	<b>-92 441</b>	<b>56 694 344</b>	<b>0</b>	<b>1 662 292</b>	<b>58 356 637</b>
<b>Equity instruments</b>								
Of national issuers	3 571	0	3 571		3 571			3 571
Of foreign issuers	490 196	0	490 196		490 196		0	490 196
	<b>493 767</b>	<b>0</b>	<b>493 767</b>	<b>0</b>	<b>493 767</b>	<b>0</b>	<b>0</b>	<b>493 767</b>
<b>Other instruments</b>								
Units								
Of residents	2 334 808	0	2 334 808		2 334 808		-9 405	2 325 403
Of non-residents	29 067 468	0	29 067 468	-141 403	28 926 065	0	-13 785	28 912 280
	<b>31 402 276</b>	<b>0</b>	<b>31 402 276</b>	<b>-141 403</b>	<b>31 260 873</b>	<b>0</b>	<b>-23 190</b>	<b>31 237 683</b>
<b>Total</b>	<b>88 364 700</b>	<b>318 128</b>	<b>88 682 828</b>	<b>-233 844</b>	<b>88 448 985</b>	<b>0</b>	<b>1 639 102</b>	<b>90 088 087</b>

\* - Includes interest receivable

## 6. Cash and cash equivalents and demand deposit

Cash and demand deposits amounts registered in the balance sheet are in euro currency and are meant for short-term treasury payments.

All cash balance and its equivalents, as well as demand deposits in credit institutions, are available for use of the Company.

As at December 31, 2021 and 2020, the balance sheet heading presents the following composition:

	U:Euro	
	2021	2020
<b>Cash and equivalents</b>		
Head Office	200	200
Other Offices	600	600
	800	800
<b>Demand deposits</b>	<b>6 014 801</b>	<b>5 201 433</b>
	<b>6 015 601</b>	<b>5 202 233</b>

The reconciliation of the amounts calculated in the Cash Flow Statement with the equivalent items reported in the Balance Sheet presents the following structure:

U:Euro

	2021	2020
Cash	800	800
Bank deposits available on demand	6 014 801	5 201 433
Other bank deposits available on demand	2 848 865	2 843 833
<b>Cash and cash equivalents at the end of the year - Cah Flow Statement</b>	<b>8 864 465</b>	<b>8 046 066</b>

## 7. Land and Buildings

As described in note 3.3.1, the Company owns the following income property, valued at fair value, in accordance with IAS 40:

 2021  
 Un: EUR

Real Estate	Acquisition Value	Acquisition Year	Sale Year	Sale Amount	Net Balance Amount
Of Income					
Campo Vinha Braga	1 231 882	2016			1 231 882
Armazéns Tejo (includes acquisition expenses)	7 817 602	2021			7 817 602
<b>Total</b>	<b>9 049 484</b>			<b>0</b>	<b>9 049 484</b>

In this financial year, Caravela proceeded with the valuation of the Campo da Vinha property, in Braga, and the book value did not change.

## 8. Other fixed tangible assets (except lands and buildings)

Tangible assets are valued at their historical purchase cost deducted from accumulated depreciations.

Repair and maintenance costs are not capitalised, and are directly recognised in results, when incurred.

Depreciations were calculated through the straight-line method based on annual rates accepted for tax purposes and which reflect the estimated useful life of the assets.

The movements registered in 2021 and 2020 were the following:

 2021  
 U:Euro

HEADINGS	Opening Balance		Increases		Transfers and Write-offs	Disposals	Depreciations of the Financial Year		Closing Balance (net amount)
	Gross Amount	Depreciations	Acquisitions	Revaluations			Uplift	Settlements	
<b>Tangible Assets</b>									
Administration equipment	248 129	248 129	0	0	0	0	0	0	0
Machines and tools	235 439	224 042	8 094	0	0	0	9 344	0	10 147
IT equipment	608 045	385 293	27 583	0	0	0	82 238	0	168 097
Indoor facilities	2 989	1 749	0	0	0	0	413	0	826
Transportation equipment	338 923	151 090	0	0	0	0	71 567	0	116 266
Hospital equipment	0	0	0	0	0	0	0	0	0
Other equipment	106 505	56 829	17 460	0	762	0	15 145	762	51 991
Operational lease	2 177 311	476 591	108 184	0	0	0	471 764	0	1 337 139
<b>TOTAL</b>	<b>3 717 340</b>	<b>1 543 723</b>	<b>161 321</b>	<b>0</b>	<b>762</b>	<b>0</b>	<b>650 471</b>	<b>762</b>	<b>1 684 467</b>

2020  
 U:Euro

HEADINGS	Opening Balance		Increases		Transfers and Write-offs	Disposals	Depreciations of the Financial Year		Closing Balance (net amount)
	Gross amount	Depreciations	Acquisitions	Revaluations			Uplift	Settlements	
<b>Tangible Assets</b>									
Administration equipment	243 797	243 797	4 382	0	51	0	4 382	51	0
Machines and tools	228 493	217 279	6 946	0	0	0	6 763	0	11 397
IT equipment	432 998	339 583	269 141	0	94 095	0	116 282	70 572	222 751
Indoor facilities	2 989	1 336	0	0	0	0	413	0	1 240
Transportation equipment	257 123	99 523	121 800	0	0	40 000	71 567	20 000	187 833
Hospital equipment	0	0	0	0	0	0	0	0	0
Other equipment	94 460	44 914	12 045	0	0	0	11 915	0	49 676
Operational lease	1 990 255	0	190 328	0	3 273	0	476 591	0	1 700 719
<b>TOTAL</b>	<b>3 250 116</b>	<b>946 432</b>	<b>604 642</b>	<b>0</b>	<b>97 419</b>	<b>40 000</b>	<b>687 913</b>	<b>90 622</b>	<b>2 173 616</b>

## 9. Allocation of investments and other assets

The Company has allocated its investments and other assets solely to insurance contracts in the years 2021 and 2020 as follows:

 2021  
 U:Euro

INVESTMENTS AND OTHER ASSETS	Total
Cash and equivalents	6 015 601
Land and buildings	9 049 484
Invest. In subsidiaries, associated companies, and joint ventures	5 000
Financial assets held-for-trading	
Financial assets classified in initial recognition at fair value through profit and loss	
Hedging derivatives	
Financial assets available-for-sale	104 668 081
Loans and accounts receivable	2 898 565
Held-to-maturity investments	
Other tangible assets	1 684 467
Other intangible assets	3 438 511
<b>TOTAL</b>	<b>127 759 708</b>

 2020  
 U:Euro

INVESTMENTS AND OTHER ASSETS	Total
Cash and equivalents	5 202 233
Land and buildings	1 231 882
Invest. In subsidiaries, associated companies, and joint ventures	5 000
Financial assets held-for-trading	
Financial assets classified in initial recognition at fair value through profit and loss	
Hedging derivatives	
Financial assets available-for-sale	90 088 087
Loans and accounts receivable	3 095 374
Held-to-maturity investments	
Other tangible assets	2 173 616
Other intangible assets	2 288 547
<b>TOTAL</b>	<b>104 084 740</b>

## 10. Intangible Assets

This heading comprises software investment, which is amortised over 3 years through the straight-line method, as well as 10-year concession rights of the national trademarks 'Netagentes', 'Protegemos o Seu Futuro', 'Caravela Seguros', and 'Caravela', in the total amount of 4,414 euros, included in the heading of other intangible assets.

For software purchases occurring since the financial year of 2015, the use of the amortisation method for a maximum period of useful life of 6 years was established.

These assets are valued at net purchase cost of the accumulated amortisations and within the limits of current rates, wherefore the costs incurred with the subsequent maintenance of the software are recognised in results and are therefore not capitalised.

The movements registered in 2021 and 2020 were the following:

HEADINGS	Opening Balance		Increases		Transfers and Write-offs	Disposals	Amortisations of the Financial Year		Closing Balance (net amount)
	Gross amount	Amortisations	Acquisitions	Revaluations			Uplift	Settlements	
2021 U:Euro									
<b>Intangible Assets</b>									
Development expenses	937 755	312 582	0	0	0	0	312 554	0	312 619
Expenses with IT applications	2 476 997	1 498 059	915 000	0	0	0	381 157	0	1 512 782
Intangible Assets under construction	682 406	0	1 877 540	0	948 475	0	0	0	1 611 471
Others	4 414	2 384	0	0	0	0	391	0	1 639
<b>TOTAL</b>	<b>4 101 573</b>	<b>1 813 025</b>	<b>2 792 540</b>	<b>0</b>	<b>948 475</b>	<b>0</b>	<b>694 102</b>	<b>0</b>	<b>3 438 511</b>
2020 U:Euro									
<b>Intangible Assets</b>									
Development expenses	0	0	937 755	0	0	0	312 582	0	625 173
Expenses with IT applications	1 420 988	1 261 978	1 056 010	0	0	0	236 081	0	978 938
Intangible assets under construction	2 018 405	0	671 487	0	2 007 485	0	0	0	682 406
Others	4 414	1 993	0	0	0	0	391	0	2 030
<b>TOTAL</b>	<b>3 443 807</b>	<b>1 263 971</b>	<b>2 665 251</b>	<b>0</b>	<b>2 007 485</b>	<b>0</b>	<b>549 054</b>	<b>0</b>	<b>2 288 547</b>

The heading 'intangible assets in progress', amounting to 1,611,471 euros, refers to payments made to date, in connection with the development of new computer applications, namely:

- Payment Management Project, which is scheduled for completion in 2022, amounting to 29,336 euros;
- Electronic Invoicing of Public Bodies to the value of 13,505 euros;
- IFRS 17 Implementation Project, amounting to 1,508,651 euros, scheduled to start development in 2020 and to be completed in 2023.

The development projects in the scope of Collection Automation, Product Evolution, Development of the Production Environment, Application Support, Analytics, Portal, among others, once implemented in this financial year, ceased to be part of the intangible assets in progress, having been transferred to the Company's assets, included in the headings tangible fixed assets and intangible assets, for the total amount of 948,475 euros.

## 11. Other reserves and adjustments to asset accounts

### Breakdown of adjustment accounts and other reserves by the corresponding sub-accounts

U:Euro

Headings	Opening balance	Increase	Decrease	Closing Balance
<u>Adjustments for receipts to be collected</u>				
Other policyholders				
- Workers compensation	230 093	624 191	396 811	457 473
- Personal accidents and passengers	37 575	61 018	30 866	67 727
- Fire and other damages	34 757	114 123	71 378	77 503
- Motor	336 664	1 299 576	217 236	1 419 004
- Marine and transports	2 417	17 495	16 732	3 180
- Transported goods	11 188	11 637	18 733	4 091
- Third party liability	16 833	27 787	40 022	4 598
- Legal protection	1 626	6 837	1 054	7 410
- Assistance	40 898	172 287	26 449	186 737
<b>Subtotal</b>	<b>712 050</b>	<b>2 334 951</b>	<b>819 280</b>	<b>2 227 722</b>
<u>Adjustment of doubtful credit</u>				
Agents and brokers	107 993	0	15 531	92 462
Other debtors	41 373	0	0	41 373
Subtotal	149 366	0	15 531	133 835
<b>Total</b>	<b>861 417</b>	<b>2 334 951</b>	<b>834 811</b>	<b>2 361 557</b>

## 12. Insurance contract premiums

The structure of premiums recognised in the financial year resulting from insurance contracts, and other values, is shown in Annex 4.

Earned premiums net of reinsurance are analysed as follows:

U:Euro

	2021	2020	Change 2021/2020
Gross written premiums	116 380 234	100 718 896	15,5%
Ceded reinsurance premiums	-28 434 626	-24 434 961	
Change in the gross unearned premiums reserve	-2 948 975	-4 839 286	
Change in the reinsurance unearned premiums reserve	1 162 060	263 005	
<b>Earned premiums net of reinsurance</b>	<b>86 158 692</b>	<b>71 707 654</b>	<b>20,2%</b>

## 13. Investment income/revenue

Income from shares is accounted for in the heading 'Investment income' upon the receipt of granted dividends.

Interest from bonds and other fixed-income securities are also recognised in the headings regarding 'investment income', being accrued at the end of the financial year based on the nominal value and the interest rate applicable to the corresponding period (accrued interest).

Income recognised during the year and the previous year, by investment category, were the following:

U:Euro

Investment Category	Income in 2021	%	Income in 2020	%
Holdings in subsidiaries and associated companies	0	0%	0	0%
Financial assets available for sale:				
Shares and other variable-income securities	287 845	25%	4 453	1%
Fixed income securities (bonds)	358 609	32%	385 937	80%
Land and buildings (of income)	479 656	42%	76 200	16%
Loans granted	5 959	1%	12 500	0%
Fixed-term deposits in credit institutions	463	0%	1 703	0%
Demand deposits in credit institutions	0	0%	0	0%
<b>Total income</b>	<b>1 132 531</b>	<b>100%</b>	<b>480 793</b>	<b>100%</b>

#### 14. Investment profit and loss

The result from profit and loss recognised in the financial year and the previous financial year were the following:

2021  
U:Euro

Investment Category	Investment Gains	Investment Losses	Net Total
Shares and other variable-income securities	48 804	-61 570	-12 766
Fixed income securities (bonds)	485 456	-3 572	481 884
<b>Total</b>	<b>534 260</b>	<b>-65 141</b>	<b>469 119</b>

2020  
U:Euro

Investment Category	Investment Gains	Investment Losses	Net Total
Shares and other variable-income securities	0	-94 078	-94 078
Fixed-income securities (bonds)	268 265	-4 092	264 173
<b>Total</b>	<b>268 265</b>	<b>-98 169</b>	<b>170 095</b>

#### 15. Profit and loss from fair value adjustments in investments

During the financial year, the Company recognised a reversal of impairment in the amount of 57,039 euros, as a result of the payment made by Prodis Thema Fund.

## 16. Profit and loss in exchange differences

There was no significant profit/loss in 2021 since the Company's financial investments are entirely expressed in 'euro' currency.

## 17. Miscellaneous expenses by function and nature

In 2021 and 2020, the Company sustained the following operating costs and expenses for the purchase of insurance contracts:

U: Euro

Operating Costs and Expenses	Agents and Brokers commissions		Allocation		Total		Var.Total 2021/2020	
	2021	2020	2021	2020	2021	2020	Valor	%
Acquisition costs	12 890 275	11 021 814	8 842 648	8 228 694	21 732 922	19 250 507	2 482 415	12,90%
Administration expenses	1 438 524	1 283 268	2 274 984	2 107 656	3 713 509	3 390 925	322 584	9,51%
Change in deferred acquisition costs	226 549	-346 426			226 549	-346 426	572 975	-165,40%
<b>Total</b>	<b>14 555 348</b>	<b>11 958 656</b>	<b>11 117 632</b>	<b>10 336 350</b>	<b>25 672 980</b>	<b>22 295 005</b>	<b>3 377 974</b>	<b>15,15%</b>

Expenses are initially registered by nature and are later allocated to the claims, acquisition, administrative, and investment functions, in accordance with the chart of accounts and the allocation criteria in force at the Company, specifically according to the number of claims, the amount of gross premiums concerning the new production registered in the year, the gross written premiums net of cancellations and returned premiums, and to the costs with investments associated with technical reserves, as well as the people associated with each function.

Costs and expenses by nature allocated to the different functions during the financial years 2021 and 2020 were the following:

2021  
U: Euro

Costs and expenses by natura to be allocated	Allocated to claims costs	Allocated to acquisition costs	Allocated to administration expenses	Allocated to investment expenses	Total allocated	
Personnel expenses	6 731 247	1 151 043	4 395 504	1 130 850	6 731 247	
External services and supplies	4 915 047	1 075 405	3 024 471	778 118	4 915 047	
Taxes and fees	1 059 035	484 262	452 746	116 480	1 059 035	
financial year	1 356 774	232 008	885 973	227 938	1 356 774	
Other reserves	0	0	0	0	0	
Interest charges	25 883	4 426	16 901	4 348	25 883	
Comissions	307 636	17 559	67 052	17 251	307 636	
<b>Total</b>	<b>14 395 622</b>	<b>2 964 704</b>	<b>8 842 648</b>	<b>2 274 984</b>	<b>14 395 622</b>	
		<b>21%</b>	<b>61%</b>	<b>16%</b>	<b>2%</b>	<b>100%</b>

2020  
 U:Euro

Costs and expenses by nature to be allocated	Allocated to claims costs	Allocated to acquisition costs	Allocated to administration expenses	Allocated to investment expenses	Total allocated	
Personnel expenses	6 691 355	1 150 913	4 362 763	1 117 456	6 691 355	
External services and supplies	4 173 255	854 479	2 613 336	669 367	4 173 255	
Taxes and fees	971 052	492 476	376 849	96 524	971 052	
Depreciations and amortisations of the financial year	1 236 967	212 758	806 502	206 573	1 236 967	
Other reserves	0	0	0	0	0	
Interest charges	29 261	5 033	19 078	4 887	29 261	
Comissions	260 089	13 234	50 165	12 849	260 089	
<b>Total</b>	<b>13 361 979</b>	<b>2 728 893</b>	<b>8 228 694</b>	<b>2 107 656</b>	<b>13 361 979</b>	
		20%	62%	16%	2%	100%

The change between 2021 and 2020 within the heading 'External services and supplies' is as follows:

U:Euro

Heading	2021	%	2020	%	2021/ 2020
Electricity	23 693	0,5%	22 869	0,5%	3,6%
Fuel	88 794	1,8%	75 738	1,8%	17,2%
Water	2 659	0,1%	3 302	0,1%	-19,5%
Printed matter	24 838	0,5%	47 227	1,1%	-47,4%
Office supplies	16 551	0,3%	22 362	0,5%	-26,0%
Technical books and documents	4 059	0,1%	1 765	0,0%	129,9%
Gift items	67 323	1,4%	77 210	1,9%	-12,8%
Maintenance and repair	112 423	2,3%	75 590	1,8%	48,7%
Rents and leasing	136 974	2,8%	107 622	2,6%	27,3%
Representation expenses	44 790	0,9%	51 215	1,2%	-12,5%
Communication	832 697	16,9%	673 540	16,1%	23,6%
Travel and accomodation	93 813	1,9%	91 769	2,2%	2,2%
Insurances	82 052	1,7%	74 036	1,8%	10,8%
Independent work expenses	212 008	4,3%	187 753	4,5%	12,9%
Publicity and advertising	508 619	10,3%	461 110	11,0%	10,3%
Cleaning, hygiene and comfort	32 426	0,7%	38 672	0,9%	-16,2%
Litigation and notary	797	0,0%	3 536	0,1%	-77,5%
Specialized work	2 113 359	43,0%	1 711 135	41,0%	23,5%
Levies (of the activity)	96 902	2,0%	83 546	2,0%	16,0%
Workplace meals	3 102	0,1%	3 265	0,1%	-5,0%
Premium collection expenses	300 653	6,1%	244 840	5,9%	22,8%
Other services and supplies	116 513	2,4%	115 153	2,8%	1,2%
<b>Total</b>	<b>4 915 047</b>	<b>100%</b>	<b>4 173 255</b>	<b>100%</b>	<b>17,8%</b>

Some service supply headings registered a more significant change, namely:

The increase of 48.7% in maintenance and repair expenses, being the amount of 20,172 euros in building maintenance, 10,390 euros in vehicle repair, and 6,271 euros in administrative equipment.

In communication, the variation of 23.6% is essentially due to the increase in internet and data services and courier services.

The 10.3% increase in advertising costs is the result of increased publicity and communication in the press, and in merchandising, to promote Caravela.

The ongoing IT and digital platform development projects justify the 23.5% increase in specialised work in the financial year.

## 18. Personnel expenses

### A) Average number of employees by professional categories

According to the Company Agreement (CA), the average number of employees, by professional category, working for CARAVELA during 2021 was 128—compared to 127 in 2020—the absolute number being 133 on December 31, 2021, four more employees than in 2020, which were 129.

ANNUAL AVERAGE		ANNUAL TOTAL	
COMPANY AGREEMENT		COMPANY AGREEMENT	
Director	1	Director	1
Technical Manager	13	Technical Manager	14
Sales Manager	4	Sales Manager	4
Operational Manager	2	Operational Manager	2
Technician	14	Technician	14
Operational Coordinator	22	Operational Coordinator	23
Operational Specialist	69	Operational Specialist	72
General Assistant	1	General Assistant	1
Operational Assistant	2	Operational Assistant	2
<b>ANNUAL AVERAGE</b>	<b>128</b>	<b>ANNUAL TOTAL</b>	<b>133</b>

### B) Personnel expenses regarding the financial year

Personnel costs amounted to 6,731,247 euros in the financial year, which represent an increase of 0.6% when compared to the 6,691,355 euros in 2020 and which account for 19,745 euros registered in the financial year corresponding to the payment of the service award, as prescribed in note 3.6.

It is worth highlighting the additional contribution in the financial year carried out for the Individual Retirement Plan (P.I.R.) in the amount of 76,237 euros, which had been of 63,186 euros in 2020, in accordance with the following note.

These expenses were as follows at December 31, 2021 and 2020:

U:Euro

Accounts	Headings	2021	2020	2021/2020
	Personnel expenses			
6800	Remuneration of governing bodies	675 906	882 412	-23,40%
6801	Personnel remuneration	4 451 665	4 267 680	4,31%
6802	Charges on remunerations	1 205 418	1 159 053	4,00%
6803	Post-employment benefits	76 237	63 186	20,65%
6804	Other long-term benefits to employees	19 745	17 117	15,35%
6806	Compulsory insurances	155 484	150 035	3,63%
6807	Social welfare expenses	88 967	79 272	12,23%
6808	Other personnel expenses	57 826	72 599	-20,35%
	<b>TOTAL</b>	<b>6 731 247</b>	<b>6 691 355</b>	<b>0,60%</b>

To complement the Policy concerning the Remuneration of Governing Bodies and Supervisory Board, there were no further retirement pension obligations to former members of the mentioned bodies, apart from a former manager who is covered by the 'Zurich Life Open Pension Plan for Companies / Defined Benefit Pension Plan' mentioned in the following note.

## 19. Obligations concerning employee benefits

### A) Defined Benefit Pension Plan

Plan associated with the funding quota of responsibilities falling within the scope of the 2008 Collective Labour Contract, which is independent from the public Social Security system, covering employees from labour unions admitted in the activity until June 22, 1995, and that have not joined other proposed solutions.

Pensions to be granted are determined in accordance with the provisions of the 2008 Collective Labour Contract, wherefore this benefit is granted to employees who retire within the insurance activity.

This plan now covers only one participant (a former director, who retired on the grounds of old age), as shown in the following table:

RETIRED POPULATION	
Number of beneficiaries	1
Average age	76
Average annual benefit/ pension (€)	3.763

### B) Defined Contribution Pension Plan (PIR)

Plan associated with the funding quota of the Individual Retirement Plan (PIR) beginning on January 1, 2012.

The contributions to this plan are the percentages given in Annex V of the Company Agreement, applied on the basis of the annual base salary of the employee, and the contribution in the year 2021 was 76,237 euros.

The amount of the contributions is ensured at the benefit settlement date.

The Company's liabilities are recognized as a cost of the financial year when due.

ASSUMPTIONS	
<b>Mortality Table</b>	GRF95
<b>Technical Rate</b>	1,0%
<b>Charge</b>	0,5%

WORKING POPULATION	
Number of participants	97
Average age	46,5
Average annual wage	19 943
Average seniority (years)	17,4

RESULTS	
Liabilities value as at 31.12.2021	361 423
Total value of contributions (PIR)	361 423
Fund value as at 31.12.2021	404 189
Funding ratio	111,83%

U:Euro

## 20. Income tax

### A) Current tax

The Corporate Income Tax is determined based on reverse charge statements of the Company, prepared in accordance with the tax regulations in force, being subject to inspection and potential adjustment by the Tax Authority during the period of five years.

During 2021 financial year, the Tax Authority carried out an inspection of the accounts of the financial year 2019 which did not result in any tax acts or tax matters unfavourable to the Company.

During the current financial year, Caravela incurred in R&D expenses amounting to 2,500,000 euros, which, in its understanding, are eligible under SIFIDE II (System of Tax Incentives for Business R&D), provided for in the applicable legislation.

As the Company understands that approval of the corresponding tax credit in the amount of 1,150,000 euros, which represents 46% of the amount invested in R&D, is highly likely, it will formalise the submission of an application to the incentives system during 2022 and deduct the tax benefit in the Income Statement Form 22 of the Corporate Income Tax to be submitted to the Tax Authority in 2022.

Given that the Application to the Tax Incentives System for Research and Business Development for the year 2020, which was submitted by Caravela in July 2021, was fully accepted by the National Innovation Agency (ANI), the Company can benefit from a tax credit of 1,112,500, corresponding to 74.2% of the investment amount of 1,500,000 euros in 2020, being that, part of the tax benefit in the amount of 747,656 euros was already deducted in the Income Statement Model 22 of the Corporate Income Tax for 2020, submitted to the Tax Authority in May 2021.

## B) Deferred tax

Deferred taxes were calculated based on the temporary differences between some asset and liability values and the corresponding tax base.

In this financial year the amount of 803,226 euros of deferred tax assets relating to the tax loss for the year 2014 was recognised under Results Brought Forward, as it had already been deducted in previous years in the Income Statements Form 22 of the Corporate Income Tax.

The current and deferred tax assets and liabilities recognised as of December 31, 2021, and 2020 are presented below:

### Tax Assets and Liabilities

	U:Euro	
	2021	2020
<b>Current tax assets</b>		
Income tax (deliveries on account)	478 699	230 829
Income tax (withholdings by third parties)	126 165	16 455
Value Added Tax (in favour of the Company)	0	0
Stamp duty (processed)	98 783	16
Withholding Tax	133	102
Rate for the Portuguese National Authority for Civil Protection (processed)	0	0
Rate for the Workers Compensation Fund (processed)	65 911	35 404
Rate for the Motor Guarantee Fund (processed)	0	0
Social Security Contributions (in favour of the Company)	35 087	28 147
	<b>804 778</b>	<b>310 953</b>
<b>Current tax liabilities</b>		
Income tax payable	-134 008	-134 861
Withholding tax	-122 795	-116 794
Value added tax	-38 854	-10 001
Stamp duty	-1 166 255	-928 901
Rate for the Portuguese National Authority for Civil Protection	-73 618	-62 109
Rate for the Portuguese National Institute for Medical Emergency	-327 157	-259 606
Rate for the Workers Compensation Fund	-1 453 879	-1 167 417
Rate for the Insurance Institute of Portugal	-136 419	-126 587
Rate for the Motor Guarantee Fund	-313 252	-264 105
Green Cards	-31 831	-29 262
Social Security contributions	-129 027	-127 146
Government agency payments	-23 343	-1 973
	<b>-3 950 438</b>	<b>-3 228 761</b>
<b>Deferred tax assets</b>		
From temporary differences		
Available-for-sale assets	41 996	52 615
From tax losses	0	803 226
	<b>41 996</b>	<b>855 840</b>
<b>Deferred tax liabilities</b>		
From temporary differences		
Available-for-sale assets	42 030	-368 792
	<b>42 030</b>	<b>-368 792</b>
<b>Total</b>	<b>-3 061 634</b>	<b>-2 430 759</b>

Pursuant to article 21 of Decree-law no. 441/1991 and of Decree-law no. 534/1980, the Company is up to date with their Social Security and Tax Authority payments.

## 21. Capital

Subscribed Caravela's share capital as at December 31, 2021 amounted to 44,388,315 euros, and is represented by 79,056,677 registered shares with no par value, and is distributed among various shareholders, individuals and companies.

As mentioned in note 1, the payment of the entire share capital took place in this financial year 2021, through the contribution of the remaining 10,000,000 euros, in accordance with the decision of the General Meeting of July 9, 2019.

As at December 31, 2021 and December 31, 2020, the composition of the subscribed social capital was as follows:

NAME	BENEFICIARY NAME	# SHARES 2021	SHARE CAPITAL % 2021	# SHARES 2020	SHARE CAPITAL % 2020
TPIF Douro BidCo, S.à R.L.	Martin Brian Hughes	37 947 205	48,00%	37 947 205	48,00%
VALENS PRIVATE EQUITY, UNIPessoal LDA.	Mário Nuno dos Santos Ferreira	5 533 967	7,00%	5 533 967	7,00%
NELSON QUINTAS PATRIMÓNIO LDA	Jorge Nelson Ferreira de Aguiar Quintas	5 533 967	7,00%	5 533 967	7,00%
VIOLAS SGPS SA	Manuel Soares de Oliveira Violas Rita Celeste Soares Violas e Sá	5 533 967	7,00%	5 533 967	7,00%
ANCORAS DE JUPITER UNIPessoal, LDA	Luís Filipe Sampaio Cervantes	3 288 760	4,16%	3 288 760	4,16%
IBG - HOLDING, LTD	Isabel Maria Araujo Rodrigues de Sá	3 288 760	4,16%	3 288 760	4,16%
MONSEUL UNIPessoal LDA	Francisco Miguel Cubelo Faria Vasconcelos Machado	2 156 279	2,73%	2 156 279	2,73%
SUSTENTÁVELEXITO, UNIPessoal, LDA	Fernando José Lopes de Araújo	2 156 279	2,73%	2 156 279	2,73%
DAXA PARTICIPAÇÕES, SGPS, UNIPessoal LDA	António Ferreira da Silva	2 055 475	2,60%	2 055 475	2,60%
BLUE WAVE SGPS SA	António Manuel Nestor Ribeiro	1 541 606	1,95%	1 541 606	1,95%
FEMACOSA, UNIPessoal LDA	Fernando Manuel Fernandes da Costa Santos	1 541 606	1,95%	1 541 606	1,95%
TLCI 2 - SOLUÇÕES INTEGRADAS DE TELECOMUNICAÇÕES, S.A.	António Jorge Pereira Martins João Pedro de Freitas Pereira Martins Guilherme Pereira Martins	1 233 286	1,56%	1 233 286	1,56%
GOL HEALTH, LDA	Antonio Miguel Gouveia de Brito Pinheiro Pereira Carlos Manuel Ribeiro de Sousa Carlos Alberto Fernandes Barbosa	1 233 285	1,56%	1 233 285	1,56%
IMOMINIUS	José Manuel Capa Pereira	1 233 285	1,56%	1 233 285	1,56%
IMPACTO MAGNÉTICO, UNIPessoal, LDA	Inácio da Silva Sousa	1 233 257	1,56%	1 233 257	1,56%
Manuel Salgueiro Rodrigues	O próprio	822 190	1,04%	822 190	1,04%
Gilberto Almeida Romeiro	O próprio	770 803	0,98%	770 803	0,98%
DIVAD LDA	Maria Filomena de Brito Vargas Lopes David Mário Henrique de Almeida Santos David	411 095	0,52%	411 095	0,52%
Francisco José Pereira Gonçalves	O próprio	411 095	0,52%	411 095	0,52%
GOBGEST LDA.	Jorge Filipe Araújo Pontes	411 095	0,52%	411 095	0,52%
José António Carvalho Pereira	O próprio	308 321	0,39%	308 321	0,39%
Luís Afonso Cortez Rodrigues Queiró	O próprio	205 547	0,26%	205 547	0,26%
TCO INVESTIMENTOS - SGPS LDA	Carlos Alberto da Cunha Oliveira	205 547	0,26%	205 547	0,26%
		<b>79 056 677</b>	<b>100,00%</b>	<b>79 056 677</b>	<b>100,00%</b>

The composition of Caravela's equity at the end of the financial years of 2021 and 2020 can be analysed in the following table:

U: Euro

Equity	2021	2020
Share Capital	44 388 315	34 388 315
Revaluation reserves	186 798	1 639 102
Deferred tax reserve	-42 030	-368 792
Other reserves		
Reserva Legal	2 417 514	2 021 549
Free reserves	8 066 461	4 502 775
Results brought forward	137 567	940 793
Result of the Financial Year	3 395 708	3 959 651
	<b>58 550 335</b>	<b>47 083 394</b>

In the following tables we analyse the heading “Results brought forward”:

 2021  
 U: Euro

Results brought forward	Debit	Crédito
<b>Balance sheet as at 31-12-2020</b>		<b>940 793</b>
Net result for the year of 2020		3 959 651
Transfer to Legal Reserve	395 965	
Transfer to Free Reserves	3 563 686	
Reversal Deferred Tax Assets - Tax Losses 2014	803 226	
	<b>4 762 877</b>	<b>4 900 444</b>
<b>Balance sheet as at 31-12-2021</b>		<b>137 567</b>

 2020  
 U: Euro

Results brought forward	Debit	Credit
<b>Balance sheet as at 31-12-2019</b>		<b>940 793</b>
Net result for the year of 2019		4 219 965
Transfer to Legal Reserve	421 996	
Transfer to Free Reserves	3 797 969	
	<b>4 219 965</b>	<b>5 160 759</b>
<b>Balance sheet as at 31-12-2020</b>		<b>940 793</b>

## 22. Reserves

Movements of the several reserves registered in equity, in 2021, are presented in the following Statement of Changes to Equity:

 2021  
 U: Euro

STATEMENT OF CHANGES TO EQUITY	Share Capital	Revaluation reserve by fair value adjustm. of available-for-sale financial assets	Revaluation reserve by revaluation of own use land and buildings	Deferred tax reserve	Legal reserve	Other reserves	Results brought forward	Result of the financial year	Total
<b>Balance Sheet as at 31-12-2020</b>	34 388 315	1 639 102	0	-368 792	2 021 549	4 502 775	940 793	3 959 651	47 083 394
Capital increases/decreases	10 000 000								10 000 000
Net profit from fair value adjustments of available-for-sale financial assets		-1 452 304							-1 452 304
Adjustments for recognition of deferred taxes				326 762			-803 226		-476 463
Increases in reserves through application of results					395 965	3 563 686	-3 959 651		0
Profit distribution									0
Other gains/losses recognised directly in equity									0
Transfers between equity headings not included in other lines							3 959 651	-3 959 651	0
<b>Total changes to equity</b>	<b>10 000 000</b>	<b>-1 452 304</b>	<b>0</b>	<b>326 762</b>	<b>395 965</b>	<b>3 563 686</b>	<b>-803 226</b>	<b>-3 959 651</b>	<b>8 071 233</b>
Net result of the period								3 395 708	3 395 708
<b>Balance Sheet as at 31-12-2021</b>	<b>44 388 315</b>	<b>186 798</b>	<b>0</b>	<b>-42 030</b>	<b>2 417 514</b>	<b>8 066 461</b>	<b>137 567</b>	<b>3 395 708</b>	<b>58 550 335</b>

### A) Revaluation reserve

The revaluation/fair value reserve is intended to register adjustments in the fair value of available-for-sale financial assets, net of impairment recognised in the financial year and/or previous financial years, not being relevant to profit and loss until the disposal of assets, whereby the corresponding balance is recognised in results or directly in equity.

The revaluation reserve at the end of the financial years 2021 and 2020 is composed as follows:

	Acquisition value/amortised cost	Impairment (net of reversal)	Fair value (net of depreciatio	Revaluation reserve
Available-for-sale assets	104 668 081	-176 805	104 678 074	186 798
				<b>186 798</b>

2021  
U: Euro

	Acquisition value/amortised cost	Impairment (net of reversal)	Fair value (net of depreciatio	Revaluation reserve
Available-for-sale assets	90 088 087	-233 844	91 493 346	1 639 102
				<b>1 639 102</b>

2020  
U: Euro

### B) Legal reserves

In accordance with article 62 of Law no. 145/2015 of September 9, a percentage of not less than ten percent of annual net profits is transferred to this account until it equals the share capital.

It is only to be used in share capital increases or for the coverage of losses and cannot be distributed.

The balance of this heading increased by 395,965 euros in the financial year, corresponding to 10% of the net profit from the previous financial year, which was transferred to Legal Reserve.

### C) Free reserves

These reserves result from the excess of positive results which are not necessary for the legal reserve or for the coverage of carried-over losses.

Its balance increased 3,563,686 euros in the financial year, which corresponds to the remaining amount after the allocation of the Legal Reserve.

### D) Deferred tax reserve

Deferred taxes are recognised directly in results when they relate temporary differences between asset and liability book values and the corresponding tax bases, unless they are related to equity headings, in which case they are recognised directly in equity.

The variation in this reserve at the close of 2021 and 2020 is analysed below:

	Opening Balance	Increases	Decreases	Final Balance
Available-for-sale assets	-368 792	0	326 762	-42 030
	<b>-368 792</b>	<b>0</b>	<b>326 762</b>	<b>-42 030</b>

 2021  
 U: Euro

	Opening Balance	Increases	Decreases	Final Balance
Available-for-sale assets	-154 936	0	-213 856	-368 792
	<b>-154 936</b>	<b>0</b>	<b>-213 856</b>	<b>-368 792</b>

 2020  
 U: Euro

### 23. Transactions between related parties

During the financial year of 2021, Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A., invoiced the following fees:

Description of MAZARS' Fees	Amount	U: Euro Amount
Solvency II		18 450
Statutory Auditing	year 2020	36 900
<b>TOTAL</b>		<b>55 350</b>

### 24. Cash Flow Statement

The statement was prepared by the direct method and is presented in the Annual Report and Accounts, along with the remaining Financial Statements.

### 25. Commitments

Caravela holds operating and financial lease contracts regarding transportation and IT equipment.

The detail as of December 31, 2021, by years of maturity of the operating lease contracts, is shown in the table below:

End of the Contract	No. of Vehicles	Maximum amount payable (€)
2022	17	37 441
2023	8	52 071
2024	9	130 148
<b>Total</b>	<b>34</b>	<b>219 660</b>

The details as at December 31, 2021, regarding financial lease contracts are as follows:

*U: Euro*

End of the Contract	No. of Vehicles	No. of Equipment (IBM)	Contract No.	Amount payable Interest	Amount payable Equity
2023	-	1	PT6PBQTD5N	61 633	2 701
2023	1	-	1860027000	304	25 225
2023	1	-	1860023400	303	25 150
2023	1	-	141337	2 113	32 638
2025	1	-	2060004900	1 530	54 910
<b>Total</b>				<b>65 883</b>	<b>140 625</b>

## 26. Provisions and Contingent Liabilities

The Company did not consider it necessary to set up provisions for future payments, as it does not consider it likely that this will happen.

There are no contingent liabilities to be disclosed as of the Financial Statements date.

## 27. Events after the Balance Sheet date not described in previous items

There were no significant events to be registered after the Balance Sheet date.

Lisbon, February 22, 2022

Certified Accountant

Eduardo Cunha

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

**ANNEX 1 - INVENTORY OF HOLDINGS AND FINANCIAL INSTRUMENTS AS AT DECEMBER 31, 2021**

U: Euro

IDENTIFICATION OF SECURITIES		Quantity	Nominal value amount	% of nominal value	Average acquisition price	Total acquisition amount	Amount in the Balance Sheet	
Code	Designation						Unit *	Total *
1 - SUBSIDIARIES, ASSOCIATES, JOINT VENTURES								
		total	0			0,00		0,00
2 - OTHER								
2.1 - National Securities								
2.1.1 - Equity instruments and units								
2.1.1.1 - Shares								
	MOBILITY 24	3 571	3 571	100,00%	1,00	3 571	1,00	3 571
	COLMENA, Unip. Lda	100	100	100,00%	1,00	100	1,00	100
	subtotal	3 671	3 671			3 671		3 671
2.1.1.2 - Share securities								
	subtotal	0				0,00		0,00
2.1.1.3 - Units in investment funds								
PTAPPAIM0000	EAST WEST VC - FUNDO CAP.RISCO	569	555 992	100,00%	1,00	555 992	0,96	535 071
PTCRVRIM0009	CAPITAL CRIATIVO IV	10	488 628	100,00%	1,00	488 628	0,97	473 277
PTCRVAIM0016	CAPITAL CRIATIVO V	10	500 000	100,00%	1,00	500 000	0,97	485 040
PTCRVOIM0010	FCR C2 R&D GROWTH VI	20	500 000	100,00%	1,00	500 000	1,00	500 000
PTGWTDIM0008	GROWTH INOV, FCR	1 500	1 500 000	100,00%	1,00	1 500 000	0,97	1 458 435
PTIDCKIM0009	INDICO BLUE FUND - FUNDO CAP. RISCO	1 500 000	1 500 000	100,00%	1,00	1 500 000	1,00	1 500 000
	subtotal	1 502 109	5 044 620			5 044 620		4 951 823
2.1.2 - Debt securities								
2.1.2.1 - Of government bonds								
PTOTAE00021	PORTUGAL GOVT 4.95%/25-10-2023	220	220 000	122,67%	1,23	269 863	1,11	244 549
PTOTVLE00001	ETAT PORTUGAL EUR6M+110 2022/12/05	2 000	2 000 000	103,34%	1,03	2 066 800	1,01	2 027 567
PTOTEO00033	ETAT PORTUGAL 0,3%/ 17-10-2031	2 000	2 000 000	100,56%	1,01	2 011 100	0,98	1 969 833
	subtotal	4 220	4 220 000			4 347 763		4 241 949
2.1.2.2 - Of other public issuers								
	subtotal	0				0,00		0,00
2.1.2.3 - Of other issuers								
PTBSSJOM0014	BRISA 2%/ 22-03-2023	100	100 000	99,77%	1,00	99 774	1 078,66	104 126
	subtotal	100	100 000			99 774		104 126
	total	1 506 432	5 368 291			9 495 828		9 301 569
2.2 - Foreign securities								
2.2.1 - Equity instruments and units								
2.2.1.1 - Shares								
	CA Life	451	450 759	100,00%	1,00	490 196	1,09	490 196
	subtotal	451	450 759			490 196		490 196
2.2.1.2 - Participation securities								
	subtotal	0				0,00		0,00
2.2.1.3 - Units in investment funds								
IE0030487957	PRODIS THEMA FUND	4 382	4 382		19,25	84 364	0	0
FR0007045109	FEDERAL SUPPORT MONET ESG SI	1 397	1 397		10 478,94	14 639 076	10 478,78	14 638 856
FR0011381227	OFI RS MONETAIRE IC	268	268		100 031,34	26 808 400	99 785,92	26 742 627
	subtotal	6 047	6 047			41 531 841		41 381 483
2.2.1.4 - Other								
	subtotal	0				0,00		0,00
2.2.2 - Debt securities								
2.2.2.1 - Of government bonds								
XS2024602240	AUTOBAHN SCHNELL 0.1%/ 09-07-2029	900	900 000	100,05%	1,00	900 423	998,48	898 632
BE0000347568	ETAT BELGIQUE 0.9%/ 22-06-2029	2 000	2 000 000	107,83%	1,08	2 156 500	1 079,53	2 159 068
ES0000012888	ETAT ESPAGNE 1.4%/ 30-07-2028	2 000	2 000 000	109,43%	1,09	2 188 520,00	1 090,61	2 181 214
ES00000123X3	ETAT ESPAGNE 4.4%/ 31/10/2023	130	130 000	126,81%	1,27	164 853,00	1 099,25	142 903
IE00BH3SQ895	ETAT IRLANDE 1.1%/ 15-05-2029	1 000	1 000 000	108,61%	1,09	1 086 090	1 088,23	1 088 232
IE00B4TV0D44	ETAT IRLANDE 5.4%/ 13-03-2025	130	130 000	142,40%	1,42	185 120	1 231,95	160 153
DE000A1K0UG6	KFW 2.5%/17-01-2022	300	300 000	113,52%	1,14	340 545	1 024,94	307 481
	subtotal	6 460	6 460 000			7 022 051		6 937 682
2.2.2.2 - Of other public issuers								
XS1623360028	DEXIA CREDIT LOCAL FRANCE 0.25%/ 02-06-2022	100	100 000	99,69%	1,00	99 688	1 004,75	100 475
FR0013183167	ILE DE FRANCE 0.5%/ 14-06-2025	200	200 000	97,54%	0,98	195 086	1 027,64	205 528
FR0011512193	ILE DE FRANCE 2.25% / 10-06-2023	200	200 000	110,91%	1,11	221 810	1 050,40	210 080
ES0000101693	MADRID 1.189%/ 08-05-2022	110	110 000	104,05%	1,04	114 455,00	1 013,92	111 531
ES0000101818	MADRID 2.146%/ 34-04-2027	350	350 000	115,19%	1,15	403 179,00	1 124,40	393 542
ES0000106619	PAYS BASQUE 1.450%/ 30-04-2028	650	650 000	111,41%	1,11	724 132,50	1 089,03	707 871
	subtotal	1 610	1 610 000			1 758 351		1 729 027

IDENTIFICATION OF SECURITIES		Quantity	Nominal value amount	% of nominal value	Average acquisition price	Total acquisition amount	Amount in the Balance Sheet	
Code	Designation						Unit *	Total *
2.2.2.3 - Of other issuers								
XS1136406342	3M 1.5%/ 09-11-2026	500	500 000	109,29%	1,09	546 435	1 063,64	531 818
XS2180510732	ABN AMRO BANK 1.250%/ 28-05-2025	500	500 000	99,68%	1,00	498 400	989,36	494 678
ES0200002022	ADIF AV 0.8%/ 05-07-2023	200	200 000	99,74%	1,00	199 488	1 022,62	204 525
ES0200002048	ADIF AV 0.950%/ 30-04-2027	200	200 000	99,85%	1,00	199 692	1 052,08	210 415
ES0200002014	ADIF AV 1.875%/ 22-09-2022	100	100 000	103,35%	1,03	103 350	1 022,14	102 214
FR0013302197	ADP 1%/ 13-12-2027	700	700 000	106,68%	1,07	746 782	1 034,59	724 215
XS1529854793	AEGON 1%/ 08-12-2023	200	200 000	100,45%	1,00	200 900	1 025,53	205 106
FR0013431137	AFD 0.25%/ 29-06-2029	600	600 000	100,63%	1,01	603 780	1 009,07	605 440
XS0745896000	AFD 3.75%/ 15-02-2027	400	400 000	126,57%	1,27	506 272	1 228,57	491 430
FR0014001LQ5	AGENCE FRANCE LOCALE 0%/ 20-03-2031	1 000	1 000 000	96,38%	0,96	963 840	968,80	968 800
FR0013505559	AIR LIQUIDE FIN 1%/ 02-04-2025	300	300 000	99,89%	1,00	299 679	1 040,98	312 294
DE000A1954V6	ALLIANZ FIN II 0.875%/ 06-12-2027	900	900 000	105,84%	1,06	952 560	1 040,90	936 809
XS1878191052	AMADEUS IT 0.875%/ 18-09-2023	400	400 000	99,90%	1,00	399 592	1 015,99	406 397
XS1288342659	AMERICAN HONDA FIN 1.375%/ 10-11-2022	400	400 000	104,30%	1,04	417 200	1 016,82	406 728
XS2389757944	ANZ NOVA ZELÂNDIA 0.2%/ 23-09-2027	1 000	1 000 000	99,74%	1,00	997 380	989,34	989 342
FR0013251170	ASF 1.125%/ 20-04-2026	100	100 000	99,71%	1,00	99 711	1 050,66	105 066
XS1907118894	AT AND T 1.05%/ 05-09-2023	300	300 000	99,75%	1,00	299 250	1 022,57	306 770
XS2180007549	AT T 1.6%/ 19-05-2028	400	400 000	107,75%	1,08	430 992	1 066,91	426 763
FR0013378445	ATOS 0.75% 07/05/2022	200	200 000	99,75%	1,00	199 508	1 007,29	201 458
FR0011372622	AUCHAN 2.375%/ 12-12-2022	300	300 000	109,65%	1,10	328 950	1 026,74	308 021
XS1557268221	BANCO SANTANDER 1.375%/ 09-02-2022	100	100 000	100,88%	1,01	100 880	1 014,14	101 414
XS1079726334	BANK OF AMERICA 2.375%/ 19-06-2024	100	100 000	109,03%	1,09	109 030	1 071,59	107 159
XS1678372472	BBVA 0.75% /11-09-2022	400	400 000	99,42%	0,99	397 680	1 010,48	404 192
XS0821096418	BK NED GEMEENTEN BNG 2.25% / 30-08-2022	200	200 000	111,48%	1,11	222 950	1 026,38	205 276
XS1589881785	BMW FIN 0.875%/ 03-04-2025	150	150 000	99,48%	0,99	149 217	1 035,82	155 373
XS1910245676	BMW FIN 1% / 14-11-2024	200	200 000	99,28%	0,99	198 568	1 032,59	206 518
XS1419646317	BNP 1.5%/ 25-05-2028	900	900 000	109,53%	1,10	985 770	1 082,64	974 377
FR0014006C59	BOUYGUES 0.5%/ 02-11-2030	1 000	1 000 000	99,77%	1,00	997 730	992,21	992 208
XS1114473579	BP CAPITAL MARKETS PLC 2.213%/ 25-09-2026	200	200 000	110,35%	1,10	220 700	1 098,28	219 656
XS1851277969	BP CAPITAL MARKETS 0.9%/ 03-07-24	500	500 000	100,35%	1,00	501 760	1 027,96	513 982
XS1114477133	BP CAPITAL MARKETS 1.526%/ 26-09-2022	400	400 000	105,47%	1,05	421 880	1 018,41	407 365
FR0013204476	BPCE 0.375%/ 05-10-2023	100	100 000	96,10%	0,96	96 102	1 010,99	101 099
FR0013455540	BPCE 0.5%/ 24-02-2027	400	400 000	99,07%	0,99	396 284	1 003,35	401 339
FR0013403862	BPCE SFH 0.625%/ 22-09-2027	300	300 000	101,74%	1,02	305 220	1 034,61	310 384
FR0013244415	BPIFRANCE 0.75%/ 25-11-2024	400	400 000	102,90%	1,03	411 600	1 031,64	412 656
FR0013256369	BPIFRANCE 1% / 25-05-2027	300	300 000	103,17%	1,03	309 504	1 066,13	319 838
XS1377681272	BRITISH TELECOM 1.125% / 10-03-2023	300	300 000	101,69%	1,02	305 059	1 022,82	306 847
XS1401331753	CARREFOUR 0.75%/ 26-04-2024	100	100 000	99,21%	0,99	99 214	1 019,32	101 932
FR0013256427	CFR 0.2%/ 16-06-2022	200	200 000	99,86%	1,00	199 714	1 005,78	201 156
FR0013213832	CNP ASSURANCES 1.875%/ 20-10-2022	600	600 000	102,30%	1,02	613 790	1 018,90	611 339
XS1197833053	COCA COLA 1.125%/ 09-03-2027	1 000	1 000 000	98,82%	0,99	988 220	978,62	978 617
ES0224261042	CORES 1.5%/ 27-11-2022	100	100 000	101,40%	1,01	101 400	1 018,70	101 870
FR0014005J14	CREDIT AGRICOLE 0.5%/ 21-09-2029	800	800 000	99,77%	1,00	798 176	988,18	790 547
FR0011625482	CREDIT AGRICOLE 3.15%/ 23-12-2023	400	400 000	114,65%	1,15	458 600	1 064,00	425 600
FR0011659366	CREDIT AGRICOLE SA 3.030 / 21-02-2024	250	250 000	114,12%	1,14	285 300	1 067,02	266 755
DE000A194DD9	DAIMLER FIN 0.875%/ 09/04/2024	300	300 000	99,52%	1,00	298 554	1 028,68	308 603
XS2391406530	DEUTSCHBAHNFIN 0,35%/ 29-09-2031	600	600 000	99,85%	1,00	599 118	987,99	592 795
XS1309518998	DEUTSCHE BAHN FIN 1.25% / 23-10-2025	100	100 000	99,00%	0,99	98 996	1 050,36	105 036
XS2009152591	EASYJET 0.875%/ 11-06-2025	300	300 000	98,45%	0,98	295 347	1 008,57	302 570
XS1505884723	EASYJET 1.125%/ 18-10-2023	100	100 000	99,38%	0,99	99 384	1 017,28	101 728
XS1558083652	EDP FINANCE 1.875%/ 29-09-2023	100	100 000	99,66%	1,00	99 657	1 041,38	104 138
XS1222590488	EDP FINANCE 2%/ 22-04-2025	200	200 000	103,98%	1,04	207 950	1 078,06	215 613
XS2390400716	ENEL FIN INTL 0.375%/ 28-05-2029	500	500 000	99,90%	1,00	499 510	981,96	490 979
XS1684269332	ENI 1% / 14-03-2025	100	100 000	99,67%	1,00	99 671	1 035,50	103 550
XS1515222385	EQUINOR 0.75%/ 09-11-2026	300	300 000	104,47%	1,04	313 419	1 026,77	308 031
XS1396767854	GAS NATURAL FIN 1.25%/ 19-04-2026	300	300 000	100,90%	1,01	302 700	1 051,37	315 410
XS1612542669	GENERAL ELECTRIC 0.375%/ 17-05-2022	200	200 000	99,54%	1,00	199 082	1 008,54	200 848
XS1147605791	GLAXOSMITHKLINE CAPITAL 1.375% / 02-12-2024	200	200 000	104,35%	1,04	208 700	1 061,49	208 858
XS1366026679	HONEYWELL INTL 1.3%/ 22-02-2023	400	400 000	104,40%	1,04	417 600	1 029,31	411 725
FR0013444304	HSBC FRANCE 0.1%/ 03-09-2027	300	300 000	99,85%	1,00	299 547	983,73	295 118
XS1485597329	HSBC HLDG 0.875%/ 06-09-2024	200	200 000	98,20%	0,98	196 400	1 024,18	204 836
XS1375955678	IBM 1.75% 07-03-2028	600	600 000	113,11%	1,13	678 660	1 097,54	658 521
FR0013320058	ICADE 1.625%/ 28-02-2028	500	500 000	107,88%	1,08	539 395	1 065,42	532 712

IDENTIFICATION OF SECURITIES		Quantity	Nominal value amount	% of nominal value	Average acquisition price	Total acquisition amount	Amount in the Balance Sheet	
Code	Designation						Unit *	Total *
XS1882544627	ING GROUP 1%/ 20/09/2023	200	200 000	99,32%	0,99	198 647	1 022,69	204 539
XS1319817323	INTL FLAVOR FRAGRANCES 1.75%/ 14-03-2024	100	100 000	99,82%	1,00	99 822	1 047,20	104 720
XS1578294081	ITALGAS 1.125%/ 14-03-2024	100	100 000	99,71%	1,00	99 706	1 034,50	103 450
XS1683495136	JOHN DEERE CASH MANAG. 0.5%/ 15-09-2023	400	400 000	99,86%	1,00	399 434	1 015,17	406 066
XS1402921412	JP MORGAN 1.5%/ 29-10-2026	600	600 000	105,00%	1,05	629 986	1 060,69	636 413
FR0013121753	KLEPIERRE 1.875%/19-02-2026	700	700 000	106,59%	1,07	746 109	1 076,68	753 677
FR0012758985	LA POSTE 1.125%/04-06-2025	200	200 000	101,75%	1,02	203 500	1 046,47	209 295
FR0013286846	LEGRAND 0.5%/ 09-10-2023	200	200 000	99,47%	0,99	198 942	1 012,54	202 507
FR0013266830	LEGRAND 0.75%/ 06-07-2024	200	200 000	99,59%	1,00	199 186	1 024,26	204 852
XS0257022714	LEHMAN 0% /12-06-2013	100	100 000	92,45%	0,92	92 451	0,10	10
XS2393236000	MCDONALD S 0.25%/04-10-2028	400	400 000	99,33%	0,99	397 320	983,90	393 561
XS1403264374	MCDONALDS 1%/ 15-11-2023	300	300 000	100,94%	1,01	302 822	1 023,66	307 098
FR0012332203	MERCIALYS 1.787% /31-03-2023	100	100 000	103,30%	1,03	103 300	1 032,06	103 206
XS1398336351	MERLIN PROP.2.225%/ 25-04-2023	400	400 000	105,16%	1,05	420 630	1 037,74	415 096
XS1675764945	MITSUBISHI UFJ FIN GR 0.872%/ 07-09-2024	400	400 000	100,00%	1,00	400 000	1 025,15	410 059
XS2241387096	MIZUHO FIN 0.693%/ 07-10-2030	600	600 000	100,31%	1,00	601 852	991,61	594 968
XS1685481332	NATIONAL AUSTRALIA BK 0.625%/ 18-09-2024	800	800 000	99,50%	1,00	796 024	1 019,08	815 265
XS2148372696	NESTLÉ FIN INTL 1.125%/ 01/04/2026	200	200 000	99,42%	0,99	198 838	1 051,95	210 389
XS1640493372	NORDEA BANK 0.3%/ 30-06-2022	200	200 000	99,89%	1,00	199 772	1 005,31	201 062
XS2149368529	PHILIPS 1.375%/ 30-03-2025	200	200 000	99,55%	1,00	199 100	1 049,60	209 919
XS1577747782	PRICELINE 0.8% / 10-03-2022	200	200 000	100,61%	1,01	201 226	1 007,79	201 558
XS1325825211	PRICELINE 2.15% / 25-11-2022	100	100 000	100,06%	1,00	100 060	1 018,22	101 822
XS1900752814	PROCTER AND GAMBLE 1.2%/ 30-10-2028	900	900 000	108,76%	1,09	978 840	1 064,04	957 635
XS1382784509	RABOBANK 1.250%/ 23-03-2026	100	100 000	103,67%	1,04	103 672	1 058,39	105 839
XS0826634874	RABOBANK 4.125%/ 14-09-2022	300	300 000	117,14%	1,17	351 414	1 042,71	312 812
FR0013183431	RATP 0.375% 15-06-2024	500	500 000	100,55%	1,01	502 740	1 018,24	509 122
FR0013241361	RCI BANQUE 1.375% 08-03-2024	40	40 000	99,78%	1,00	39 910	1 034,53	41 381
FR0013393774	RCI BANQUE 2%/ 11-07-2024	200	200 000	99,63%	1,00	199 260	1 049,58	209 916
XS1613140489	REPSOL INTL FIN 0.5%/ 23-05-2022	300	300 000	100,02%	1,00	300 072	1 006,44	301 932
FR0012199065	RESEAU DE TRANSPORT 1.625% /08-10-2024	200	200 000	106,20%	1,06	212 400	1 046,34	209 268
XS2153459123	ROYAL SCHIPHOL 2%/ 06-04-2029	900	900 000	111,85%	1,12	1 006 650	1 114,04	1 002 636
FR0013214137	SAGESS 0.625%/ 20-10-2028	100	100 000	98,65%	0,99	98 650	1 035,43	103 543
FR0013053329	SANEF 1.875% /16-03-2026	100	100 000	102,12%	1,02	102 120	1 069,30	106 930
FR0013505104	SANOFI 1%/01-04-2025	200	200 000	99,72%	1,00	199 446	1 040,41	208 081
XS1956025651	SANTANDER CONS FIN 1%/ 27-02-2024	100	100 000	99,56%	1,00	99 555	1 029,71	102 971
XS2166754957	SCHLUMBERGER FINANCE 1.375% 28-10-2026	1 000	1 000 000	105,83%	1,06	1 058 346	1 052,21	1 052 211
XS1232098001	SIMON INTL FIN 1.375%/ 18-11-2022	400	400 000	103,67%	1,04	414 680	1 013,12	405 248
XS1318709497	SNAM 1.375%/ 19-11-2023	200	200 000	103,41%	1,03	206 820	1 030,68	206 136
XS0867612466	SOCIETE GENERALE 4%/ 07-06-2023	300	300 000	114,95%	1,15	344 850	1 078,38	323 515
XS2404629235	SVENSKA HANDELSBANKEN 0.125% 03-11-26	1 000	1 000 000	99,75%	1,00	997 510	996,00	995 999
FR0013016631	TDF INFRASTRUCTURE 2.875%/ 19-10-2022	600	600 000	99,62%	1,00	597 696	993,04	595 823
XS2001737324	TELENOR 0.75%/ 31-05-2026	300	300 000	99,82%	1,00	299 451	1 027,00	308 099
XS0903136736	TELSTRA CORP 2.5%/ 15-09-2023	500	500 000	111,39%	1,11	556 930	1 052,83	526 414
XS1178105851	TERNA 0.875%/ 02-02-2022	200	200 000	102,03%	1,02	204 058	1 008,96	201 792
FR0013311347	THALES 0.75%/ 23-01-2025	800	800 000	101,89%	1,02	815 104	1 025,43	820 342
XS2338955805	TOYOTA MOTOR CR 0.125%/05-11-2027	1 000	1 000 000	99,86%	1,00	998 640	985,59	985 592
FR0013332988	UNIBAIL-RODAMCO 1.125%/ 15-09-2025	300	300 000	99,77%	1,00	299 313	1 028,50	308 549
XS1401196958	UNIBAIL-RODAMCO 1.125%/ 28-04-2027	600	600 000	105,53%	1,06	633 162	1 041,01	624 608
FR0013367620	VINCI 1%/ 26-09-2025	200	200 000	99,48%	0,99	198 954	1 034,73	206 946
FR0013282571	VIVENDI 0.875%/ 18-09-2024	400	400 000	99,37%	0,99	397 468	1 021,79	408 717
XS1972548231	VOLKSWAGEN FIN SVCS 1.5%/ 01-10-2024	200	200 000	99,54%	1,00	199 076	1 040,44	208 088
XS1642590480	VOLKSWAGEN LEASING 1.375%/ 20-01-2025	600	600 000	101,89%	1,02	611 357	1 047,50	628 498
XS1130067140	WELLS FARGO 1.125%/ 29-10-2021	1 000	1 000 000	105,54%	1,06	1 055 400	1 043,09	1 043 086
		<b>43 640</b>	<b>43 640 000</b>			<b>44 595 895</b>		<b>44 415 416</b>
	2.3 - Trading derivatives	<b>52 167</b>	<b>52 166 806</b>			<b>95 796 508</b>		<b>95 366 512</b>
		<b>0</b>				<b>0,00</b>		<b>0,00</b>
	2.4 - Hedge derivatives	<b>0</b>				<b>0,00</b>		<b>0,00</b>
		<b>0</b>				<b>0,00</b>		<b>0,00</b>
	<b>total</b>	<b>57 993</b>				<b>105 292 336</b>		<b>104 668 081</b>
	<b>3 - GRAND TOTAL</b>	<b>57 993</b>				<b>105 292 336</b>		<b>104 668 081</b>

## ANNEX 2 - DEVELOPMENT OF THE PROVISION FOR CLAIMS IN RESPECT OF CLAIMS INCURRED IN PREVIOUS FINANCIAL YEARS AND THEIR ADJUSTMENTS

U: Euro

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Claims reserve on 31/12/2020	Costs with claims * amount paid in the financial year	Claims reserve * on 31/12/2021	Readjustments
	(1)	(2)	(3)	(3)+(2)-(1)
<b>LIFE</b>	0	0	0	0
<b>NON-LIFE</b>				
ACCIDENTS AND HEALTH	33 989 543	7 077 061	34 421 298	7 508 816
FIRE AND OTHER DAMAGES	2 303 548	1 752 699	317 070	-233 779
<b>MOTOR</b>				
-CIVIL LIABILITY	16 286 383	11 618 674	7 772 096	3 104 387
-OTHER COVERAGES	5 623 310	4 564 401	392 440	-666 468
MARINE, AVIATION AND TRANSPORTS	131 090	75 199	158 463	102 573
THIRD PARTY LIABILITY	1 426 046	230 317	938 996	-256 733
CREDIT AND GUARANTEE	0	0	0	0
LEGAL PROTECTION	8 649	23 337	3 256	17 944
ASSISTANCE	753 020	834 451	55 822	137 252
MISCELLANEOUS	0	0	0	0
<b>TOTAL</b>	<b>60 521 588</b>	<b>26 176 138</b>	<b>44 059 442</b>	<b>9 713 992</b>
<b>GRAND TOTAL</b>	<b>60 521 588</b>	<b>26 176 138</b>	<b>44 059 442</b>	<b>9 713 992</b>

## NOTES:

\* Claims incurred in 2020 and previous years

**ANNEX 3 - BREAKDOWN OF CLAIMS COSTS**
*U: Euro*

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Paid amounts - payment by installments (1)	Paid amounts - imputed claims management costs (2)	Changes in the claims reserve (3)	Claims costs (4)=(1)+(2)+(3)
<b>DIRECT INSURANCE</b>				
ACCIDENTS AND HEALTH	12 067 791	1 452 026	8 727 559	22 247 377
FIRE AND OTHER DAMAGES	4 567 225	209 816	1 957 941	6 734 982
MOTOR				
- CIVIL LIABILITY	24 568 229	873 260	5 206 375	30 647 864
- OTHER COVERAGE	14 724 574	392 603	-262 910	14 854 268
MARINE, AVIATION AND TRANSPORTS	139 228	4 401	116 748	260 377
THIRD PARTY LIABILITY	533 003	32 598	-86 593	479 009
CREDIT AND GUARANTEE	0	0	0	0
LEGAL PROTECTION	26 179	0	2 333	28 511
ASSISTANCE	4 514 336	0	83 052	4 597 388
MISCELLANEOUS	0	0	0	0
<b>TOTAL</b>	<b>61 140 566</b>	<b>2 964 704</b>	<b>15 744 505</b>	<b>79 849 775</b>
<b>ACCEPTED REINSURANCE</b>	0	0	0	0
<b>GRAND TOTAL</b>	<b>61 140 566</b>	<b>2 964 704</b>	<b>15 744 505</b>	<b>79 849 775</b>

**ANNEX 4 - BREAKDOWN OF SOME FIGURES BY LINES OF BUSINESS**
*U:Euro*

Lines of Business	Gross written premiums	Gross earned premiums	Gross claims costs *	Gross operating costs and expenses *	Reinsurance balance
<b>DIRECT NON-LIFE INSURANCE</b>					
Accidents and Health	31 777 141	31 499 278	22 247 377	8 692 577	-151 476
Fire and Other Damages	11 243 946	9 958 407	6 734 982	2 971 208	-356 727
Motor:					
Civil Liability	37 989 243	37 176 470	30 647 864	7 693 936	1 542 499
Other Coverages	26 712 873	26 390 199	14 854 268	5 646 320	3 118 225
Marine and Transports	152 690	144 246	183 881	31 228	-127 806
Transported Goods	217 743	225 534	71 193	57 984	82 475
Third Party Liability	1 515 703	1 491 747	484 312	371 110	-13 713
Legal Protection	256 726	248 232	28 511	7 134	0
Assistance	6 514 170	6 297 145	4 597 388	201 483	-49
<b>TOTAL</b>	<b>116 380 234</b>	<b>113 431 258</b>	<b>79 849 775</b>	<b>25 672 980</b>	<b>4 093 428</b>

(\*) Without deduction of reinsurers' share.

# REPORT AND ACCOUNTS

**2021 FINANCIAL YEAR**

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**REPORT AND OPINION  
OF THE SUPERVISORY BOARD**

## **REPORT AND OPINION OF THE SUPERVISORY BOARD**

Shareholders of  
CARAVELA - Companhia de Seguros, S.A.

### **1. REPORT**

The Supervisory Board of CARAVELA – Companhia de Seguros, S.A., submits the report on the audit performed, as well as the opinion on the Management Report and accounts for the 2021 financial year, and the proposal for distribution of profits presented by the Board of Directors of the Company, in compliance with the legal and statutory provisions.

During the financial year, the Supervisory Board monitored the Company's management and the development of its activity. The Supervisory Board noted with satisfaction the development of its activity, as well as the good performance of the Company in the current year.

The Supervisory Board held meetings with the frequency and extent they deemed appropriate. These meetings were held by video conference, taking into consideration that the pandemic situation caused by the SARS-CoV-2 coronavirus persists. Considering the matters under analysis, the meetings were attended by the heads of the financial department and the Board of Directors. The Supervisory Board further maintained contact with the Statutory Auditor, who kept them informed of the audit's nature and findings. The Supervisory Board, in carrying out their duties, always obtained from the Management, from the different departments of the Company and from the Statutory Auditor, all the statements and clarifications requested, particularly for a proper understanding and assessment of the business development, performance and financial position, as well as risk management and internal control systems.

The Supervisory Board also followed the process of preparation and disclosure of financial information, as well as the review of the Company's financial statements, and received all the information and clarifications requested from the Statutory Auditor. In addition, within their responsibilities, the Supervisory Board examined the balance sheet, the income statements by nature, the cash flow statements, and the other documents related to the year that ended on the 31<sup>st</sup> of December 2021 and the corresponding attachments prepared in accordance with the applicable accounting and legal standards.

The Supervisory Board further assessed the management report issued by the Board of Directors and the legal certification of accounts, and the audit report on the accounts issued by the Statutory Auditor, which deserve approval of the Supervisory Board.

The Supervisory Board expresses its appreciation to the Board of Directors, the other departments of the company and the Statutory Auditor for their cooperation.

## 2. OPINION

As a consequence of the aforementioned, the Supervisory Board takes the view that there are conditions for the General Meeting to approve:

- a) the Management Report and other financial statements for the financial year ended on the 31<sup>st</sup> of December 2021, as presented by the Board of Directors;
- b) the proposal for the distribution of profits presented by the Board of Directors.

## 3. RESPONSIBILITY STATEMENT

In accordance with article 420, item 6, of the Portuguese Commercial Companies Code, and article 245, item 1, paragraph c) of the Portuguese Securities Code, the members of the Supervisory Board stated that, to the best of their knowledge, the annual accounts and other accounting documents required by law were drawn up in accordance with the applicable accounting standards, and provide a true and appropriate view of the Assets and Liabilities, the financial situation, and Profits of the Company.

They Supervisory Board further declares that, to the best of their knowledge, the Management Report faithfully outlines the business development, performance and position of the Company. Said report mentions the risks and uncertainties of the activity.

Lisbon, 14<sup>th</sup> of March 2022

Supervisory Board

President:

\_\_\_\_\_  
(Manuel Augusto Lopes de Lemos)

Member:

\_\_\_\_\_  
(Humberto Manuel Martins Carneiro)

Member:

\_\_\_\_\_  
(José Elísio da Silva Quintas)

# REPORT AND ACCOUNTS

**2021 FINANCIAL YEAR**

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**LEGAL CERTIFICATION  
OF THE ACCOUNTS**

[Logo] Mazars

## **Legal certification of accounts**

### **FINANCIAL STATEMENTS AUDIT REPORT**

#### **Opinion**

We have audited the attached financial statements of **Caravela – Companhia de Seguros, S.A.** (hereinafter also referred to as the ‘Company’), which comprise the balance sheet as at 31<sup>st</sup> of December 2021 (showing a total of 177,202,607 euros and total equity of 58,550,335 euros, including a net profit of 3,395,708 euros), the profit and loss account, the statement of comprehensive income, the statement of changes to equity, and the cash flow statement of the period that ended on that date, and the annexes to the financial statements which include a summary of relevant accounting policies.

In our opinion, the attached financial statements truly and appropriately represent, in all material aspects, the financial position of **Caravela – Companhia de Seguros, S.A.**, as at 31<sup>st</sup> of December 2021 and its financial performance and cash flow regarding the year that ended on that date, in accordance with the Portuguese accounting standards for the insurance sector established by the Portuguese Insurance and Pension Funds Authority.

#### **Bases for opinion**

Our audit was carried out in accordance with the International Standards on Auditing (ISA) and further technical and ethical provisions from the Portuguese Institute of Statutory Auditors. Our responsibilities under said provisions are specified in the “Responsibilities of the auditor regarding the financial statement audit” section below. We are independent from the Company, in accordance with the law, and comply with all further ethical requirements foreseen in the ethics code of the Portuguese Institute of Statutory Auditors.

We are certain that the audit evidence we obtained serves as sufficient and appropriate foundation for our opinion.

#### **Emphasis**

As mentioned by the Board of Directors in point 5 of its Management Report, at this date it is not possible to anticipate the consequences that the current situation of conflict in Europe and the consequent economic sanctions imposed may have on the economy at a national and global level,

and, consequently, it is not possible to reliably estimate the impact that this situation may have on the Company's future financial situation. Our opinion is not modified concerning this matter.

### Key audit matters

Key audit matters are those of greater importance in the audit of the financial statements for the current year, according to our own professional judgement. Said matters were considered within the audit of the financial statements as a whole, and we did not issue a separate opinion regarding them.

<b>Technical Reserves</b>	
<b>Description of relevant auditing</b>	<b>Audit approach and response</b>
<p>As disclosed in Notes 3.7, 4.1, 4.2, 4.5 and 4.6 attached to the Financial Statements, the Board of Directors' assessment on reserves for the settlement of future claims involves complex and subjective judgements about future events, which are internal and external to the Company. Small changes in the assumptions considered may result in material impact on the valuation of these liabilities.</p> <p>The technical reserves shown in the statement of financial position, totalling 100,453 thousand euros, represent 85% of the Company's total liabilities as of 31<sup>st</sup> of December 2021.</p> <p>The claims reserve, which includes the benefits reserve, IBNR, IBNER and claim management costs, represents the estimated cost of the insurer's total outstanding obligations resulting from claims occurring before the closure of the financial year. This is a complex area subject to professional judgment, resulting from the inherent uncertainty in calculating claims reserves. When calculating said reserves statistical,</p>	<p>In order to respond to the risks identified, among the audit procedures carried out we highlight the following:</p> <ul style="list-style-type: none"> <li>• Identification, assessment, and testing of the effectiveness of key controls related to the registration of policies and the claims registration and recording circuit, as well as the assessment of the design and implementation of the controls associated with the acknowledgement and control of technical reserves;</li> <li>• Execution of substantive procedures by performing tests with the objective of validating the consistency of the level of reserves recorded. To this end, we identified and reviewed the main assumptions used by the Company in assessing the adequacy of the insurance liabilities; and</li> <li>• Review of the methodologies used, including the run-off triangles paid and incurred, and the average cost per claim, validating critical points of judgment such as occurrence frequency, development factors, incorporation of trend improvements in the projection of</li> </ul>

stochastic, and deterministic methods are used. Both methods are complex, having countless assumptions subject to validation/revision.

Specifically, with respect to the business area forworkers compensation, the Portuguese legislation regulate mortality tables and discount rates. However, they may not be the most indicated to the Company's stock and therefore require detailed review. One of the most significant uncertainties is related to the calculation of expenses incurred with serious claims involving personal injuries (arising from the Motor line of business) and the determination of the current value of the annuities that may be defined, as well as the possible insufficiency of reserves to cover the risks associated with future claims.

reserves, and benchmarking of key criteria in the estimates against the knowledge of the sector.

Finally, we assessed whether the disclosures made by the Company, in the notes attached to the financial statements, regarding the technical reserves, are in accordance with the requirements of the accounting standards in force.

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### **Valuation of Financial Instruments and Land and Buildings**

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<b>Description of relevant auditing</b>	<b>Audit approach and response</b>
<p>As disclosed in Notes 3.2, 3.3 and 5, attached to the financial statements ('Financial Instruments' and 'Land and Buildings'), the valuation methodologies of financial instruments and of land and buildings require the use of assumptions and judgments in estimating fair value.</p> <p>Financial instruments and land and buildings, presented in the statement of financial position as available-for-sale financial assets and land and buildings of income, amounting to 113,718 thousand euros, represent 64% of the Company's total assets as at 31<sup>st</sup> of December 2021.</p>	<p>In order to respond to the risks identified, among the audit procedures carried out we highlight the following:</p> <ul style="list-style-type: none"> <li>• Identification, understanding and evaluating the key controls implemented in the Company related to the measurement of financial instruments;</li> <li>• Verification of prices from external sources for positions held by the Company. Comparison of said prices with those used, analysing any significant differences, and</li> <li>• Regarding less net positions, revision, on a sampling frame, of the models and key assumptions (where applicable) and of</li> </ul>

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Thus, this matter was considered a relevant matter for Auditing in view of the materiality of the amounts involved and the degree of judgment underlying the selection of the measurement basis for each nature of investments, which may result in variations in the amounts recorded in the financial statements.

the appropriate supports for the valuation adopted by the Company.

With regard to land and buildings, among the audit procedures carried out we highlight the following:

- Review of the acquisition documentation for the new building acquired in the year 2021;
- Verification on the correct accounting record resulting from the evaluation, comparatively with the amount presented by the valuation expert in his evaluation report;
- Analysis of the evaluation report, carried out by an independent expert, in order to understand its objectivity, approach and results; and
- Analysis of significant assumptions, critical areas of judgement and their adequacy to market conditions.

Finally, we assessed whether the disclosures made by the Company, in the attachment to the financial statements, regarding the Financial Instruments and Land and Buildings, are in accordance with the requirements of the accounting standards in force.

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## **Responsibilities of the Board of Directors and of the Supervisory Board for the financial statements**

The Board of Directors is responsible for the:

- Preparation of financial statements that truthfully and appropriately present the financial position, financial performance, and cash flow of the Company, in accordance with the Portuguese general accounting standards for the insurance sector established by the Portuguese Insurance and Pension Funds Authority;
- Preparation of the management report in accordance with the applicable legal and regulatory terms;
- Development and maintenance of an internal control system suitable for the preparation of financial statements with no material misstatement due to fraud or error;
- Implementation of accounting policies and principles appropriate for the circumstances; and
- Assessment of the Company's ability to continue as a going concern, disclosing, when applicable, any matters that may cast significant doubt regarding said continuity.

The Supervisory Board is responsible for the supervision of the process concerning the preparation and disclosure of the Company's financial information.

## **Responsibilities of the auditor regarding the financial statement audit**

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISA, we exercise our professional judgement and maintain professional scepticism throughout the audit, as well as:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;

- Understand internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of Board of Directors' use of the assumptions of continuity and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we shall be 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 the report. However, future events or conditions may cause the Company to discontinue its activities;
- Assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit;
- From the matters we communicate to those charged with governance, including the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter;
- We provide a statement to the supervisory board regarding the compliance with the relevant ethical requirements on independence and communicate with them all relationships and other matters that may be perceived as threats to our independence, and where applicable, the steps taken to eliminate the threats, or the safeguards applied.

Our responsibility further includes the verification regarding the compliance of the information of the management report with the financial statements.

## **Other Legal and Regulatory Requirements Report**

### **About the Management Report**

In compliance with article 451, item 3, paragraph e) of the Portuguese Commercial Companies Code, we believe that the management report was prepared in accordance with the applicable legal and regulatory requirements in force, that the information provided therein complies with the audited financial statements and, considering the knowledge and assessment of the Company, we did not identify any material misstatement.

### **Additional elements foreseen in Article 10 of European Union Regulation no. 537/2014**

In compliance with article 10 of the European Union Regulation no. 537/2014 of the European Parliament and of the Council, from April 16<sup>th</sup>, 2014, and in addition to the aforementioned key audit matters, we also report that:

- We were appointed auditors of the Company for the first time in the General Meeting of Shareholders held on the 31<sup>st</sup> of March 2014 for a term of office between 2013 and 2016, which was renovated on the 20<sup>th</sup> of October 2017 for the 4-year period 2017-2020. On the 9<sup>th</sup> of July 2019, we were appointed for a new term of office between 2019 and 2022, having obtained express authorisation from the Portuguese Insurance and Pension Funds Supervisory Authority.
- The Board of Directors confirmed that they have no knowledge of any fraud or suspected fraud with a material effect on the financial statements. In the planning and execution of our audit according to the ISAs, we maintained our professional scepticism and designed auditing procedures that address the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we did not identify any material misstatement in the financial statements due to fraud.
- We confirm that the audit opinion we issued is consistent with the additional report we prepared and submitted to the Supervisory Board of the Company on the 17<sup>th</sup> of March 2022.
- We declare that we did not render any services prohibited under the terms of article 77, item 8, of the Statute for the Portuguese Institute of Statutory Auditors and that we preserved our independence from the Company during the course of the audit.

Lisbon, 17<sup>th</sup> of March 2022

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**Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A.**

Represented by Mr. Pedro Miguel Pires de Jesus (Statutory Auditor no. 1930 and registered in the CMVM [Portuguese Securities Market Commission] under the no. 20190019)