

**EDP FINANCE B.V.**  
**Amsterdam**

**INTERIM REPORT**  
**June 30, 2020**

## **EDP FINANCE Amsterdam**

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**EDP FINANCE Amsterdam**

**RESPONSIBILITY STATEMENT**

The Managing Directors of the Company wish to state:

1. That the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of EDP Finance B.V.;
2. That the interim report gives a true and fair view of the position as per the balance sheet date and the development during the financial period of EDP Finance B.V. in the semi-annual financial statements, together with a description of principal risks it faces.

Amsterdam, 3 September 2020

The Managing Directors:

EDP – Energias de Portugal S.A.

Arendsen, R.

van der Werff, M. F. C.

TMF Netherlands B.V.

## **EDP FINANCE Amsterdam**

### **REPORT OF THE MANAGEMENT BOARD**

The Managing Directors of EDP Finance B.V. (hereinafter “the Company”) submit the interim report and the condensed financial statements of the Company for the period ended 30 June 2020.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

##### General

The Company was incorporated under the laws of The Netherlands on 1<sup>st</sup> October 1999.

##### Activities

The principal activity of the Company is to act as a finance company to EDP Group. The policy of the group is to centralize financing in EDP – Energias de Portugal S.A. (hereinafter “EDP S.A.”) and the Company.

##### Results

During the six-month period under review, ending on 30 June 2020, the Company recorded a loss of 26,843 thousand Euros (six-month period ending 30 June 2019 – loss 29,507 thousand Euros). The increase in results YoY is essentially due to the YoY decrease on the interest expense (resulting mostly from long-term bonds that matured in the second half of 2019 and were replaced by other liabilities with lower interest rates as per improved market conditions) that was greater than the YoY decrease on the interest income. On the other hand, adverse market conditions during the first four months of 2020 impacted negatively the fair value of some EUR/USD CCIRS, and consequently the net other financial income and expense results.

Debt maturing in 2021 bears higher coupon rate than assets maturing and current market funding conditions, which should continue to improve the net interest margin.

##### Relevant events in the first half year of 2020

In January 2020, EDP Finance B.V. repaid a USD 750 million bond issued in November 2014 that carried a coupon of 4.125%.

In June 2020, EDP Finance B.V repaid a EUR 300 million bond issued in June 2005 that carried a coupon of 4.125%.

In June 2020, EDP Finance B.V. issued USD 225 million commercial paper out of a 5-year Programme.

## **EDP FINANCE Amsterdam**

### **REPORT OF THE MANAGEMENT BOARD**

#### FUTURE DEVELOPMENTS

Given the strong equity position of the Company, as well as the cash flow expected to be generated by the Group and the available liquidity, the Company expects to continue its normal course of business during the second half of the year, as in the previous years.

#### KEEP WELL AGREEMENT

During the period under review, there were no changes to the keep-well agreement between EDP S.A. and the Company, signed on 14 March 2001.

#### AUDIT COMMITTEE

The Company makes use of the exemption to establish its own Audit Committee, based on Article 3a of the Royal Decree of 26 July 2008 implementing article 41 of the EU Directive 2006/43/EG. The Audit Committee of the parent company, EDP S.A., will act as Audit Committee for the Company. This Committee is composed as follows:

- Luis Amado: President
- João Carvalho das Neves: Vice-President
- Clementina Barroso: Member
- María del Carmen Rozado: Member
- Maria Celeste Ferreira Lopes Cardona: Member

Amsterdam, 3 September 2020

The Managing Directors:

EDP – Energias de Portugal S.A.

Arendsen, R.

van der Werff, M. F. C.

TMF Netherlands B.V.

**EDP FINANCE Amsterdam****INTERIM FINANCIAL STATEMENTS****CONDENSED COMPANY INCOME STATEMENT FOR THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2020 AND 2019**

Thousand Euros	2020	2019
Interest income	159,444	171,530
Interest expenses	-186,431	-230,861
Net interest income / (expenses)	-26,987	-59,331
Net other financial income and expenses	-5,731	20,464
Net financial income / (expenses)	-32,718	-38,867
Other income / (expenses)		
Services rendered	244	524
Supplies and services	-828	-972
Personnel costs	-18	-19
Profit / (Loss) before income tax	-33,320	-39,334
Tax (expense) / benefit	6,477	9,827
<b>Net profit for the period</b>	<b>-26,843</b>	<b>-29,507</b>

**EDP FINANCE Amsterdam**

**INTERIM FINANCIAL STATEMENTS**

**CONDENSED COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 2019**

Thousand Euros	2020	2019
<b>Net profit for the period</b>	-26,843	-29,507
<b>Items that are or may be reclassified to profit or loss</b>		
Cost of hedging reserve	-88	583
Tax effect of cost of hedging reserves	45	-146
<b>Other comprehensive income for the period (net of income tax)</b>	-43	437
<b>Total comprehensive income for the period</b>	-26,886	-29,070

## EDP FINANCE Amsterdam

### INTERIM FINANCIAL STATEMENTS

#### CONDENSED COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

(Before proposed appropriation of profit)

Thousand Euros	2020	2019*
<b>Assets</b>		
Loans to and receivables from group entities	9,033,106	9,319,288
Derivative financial instruments	51,741	170,142
Deferred tax assets	11,998	5,476
<b>Total Non-Current Assets</b>	<b>9,096,845</b>	<b>9,494,906</b>
Loans to and receivables from group entities	3,820,414	3,635,205
Derivative financial instruments	60,507	105,188
Debtors and other assets	1,091	846
Tax receivable	129	3,771
Cash and cash equivalents	362,281	468,594
<b>Total Current Assets</b>	<b>4,244,422</b>	<b>4,213,604</b>
<b>Total Assets</b>	<b>13,341,267</b>	<b>13,708,510</b>
<b>Equity</b>		
Share capital	2,000	2,000
Share premium	11,980	11,980
Reserves and retained earnings	97,661	112,453
Profit / (loss) for the period	-26,843	-14,749
<b>Total Equity</b>	<b>84,798</b>	<b>111,684</b>
<b>Liabilities</b>		
Debt securities	8,017,345	9,292,326
Loans and credit facilities from third parties	1,202,692	439,261
Derivative financial instruments	6,036	37,371
<b>Total Non-Current Liabilities</b>	<b>9,226,073</b>	<b>9,768,958</b>
Debt securities	2,158,613	1,915,545
Loans and credit facilities from third parties	710,377	845,165
Loans from group entities	879,004	806,972
Amounts owed on commercial paper	282,000	258,000
Derivative financial instruments	-	1,937
Trade and other payables	402	249
<b>Total Current Liabilities</b>	<b>4,030,396</b>	<b>3,827,868</b>
<b>Total Liabilities</b>	<b>13,256,469</b>	<b>13,596,826</b>
<b>Total Equity and Liabilities</b>	<b>13,341,267</b>	<b>13,708,510</b>

\* On 1 January 2020, EDP Finance changed its accounting policy for recognizing balances related to the Group's financial system, starting to recognize the balances of assets in cash and cash equivalents. Prior to this change, the company recognized these balances in Loans to and receivables from group entities.



**EDP FINANCE Amsterdam**

**INTERIM FINANCIAL STATEMENTS**

**CONDENSED COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2020 AND 31 DECEMBER 2019**

Thousand Euros	Total Equity	Share capital	Share premium	Cost of hedging reserve	Retained earnings	Profit for the period
<b>Balance as at 31 December 2018</b>	<b>125,846</b>	<b>2,000</b>	<b>11,980</b>	<b>-</b>	<b>125,508</b>	<b>-13,642</b>
Prior year profit	-	-	-	-	-13,642	13,642
Comprehensive income:						
Net profit for the period	-29,507	-	-	-	-	-29,507
Changes in the cost of hedging reserve net of taxes	437	-	-	437	-	-
Total comprehensive income for the period	-29,070	-	-	437	-	-29,507
<b>Balance as at 30 June 2019</b>	<b>96,776</b>	<b>2,000</b>	<b>11,980</b>	<b>437</b>	<b>111,866</b>	<b>-29,507</b>
<b>Balance as at 31 December 2019</b>	<b>111,684</b>	<b>2,000</b>	<b>11,980</b>	<b>587</b>	<b>111,866</b>	<b>-14,749</b>
Prior year profit	-	-	-	-	-14,749	14,749
Comprehensive income:						
Net profit for the period	-26,843	-	-	-	-	-26,843
Changes in the cost of hedging reserve net of taxes	-43	-	-	-43	-	-
Total comprehensive income for the period	-26,886	-	-	-43	-	-26,843
<b>Balance as at 30 June 2020</b>	<b>84,798</b>	<b>2,000</b>	<b>11,980</b>	<b>544</b>	<b>97,117</b>	<b>-26,843</b>

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**INTERIM FINANCIAL STATEMENTS**

**CONDENSED COMPANY STATEMENT OF CASH FLOWS AS AT 30 JUNE 2020 AND 2019**

Thousand Euros	Jun 2020	Jun 2019 *
<b>Cash flows from operating activities</b>		
<b>Profit / (loss) for the period</b>	-26,843	-29,507
<b>Adjustments for:</b>		
Net interest income / (expense)	26,987	59,331
Net other financial income and expenses	58,975	-20,869
Tax income	-6,477	-9,827
	52,642	-872
<b>Changes in:</b>		
Loans to and receivables from group entities	-493,302	125,007
Debtors and other assets	-405	648
Amounts owed on commercial paper	49,000	210,000
Loans from group entities	802,820	62,900
Trade and other payables	313	615
	411,068	398,298
Interest received	82,640	53,939
Interest paid	-238,798	-235,643
Tax received / (paid)	3,643	830
<b>Net cash used in operating activities</b>	258,553	217,424
<b>Cash flows from financing activities</b>		
Redemption of debt securities	-973,129	-831,487
Proceeds of loans and credit facilities from third parties	610,382	467,068
<b>Net cash flow from financing activities</b>	-362,747	-364,419
<b>Net increase / (decrease) in cash and cash equivalents</b>	-104,194	-146,995
Cash and cash equivalents at the beginning of the year	468,594	432,703
Effect of exchange rate fluctuations on cash and cash equivalents held	-2,119	-1,379
<b>Cash and cash equivalents at the end of the period (*)</b>	362,281	284,329

\* On 1 January 2020, EDP Finance changed its accounting policy for recognizing balances related to the Group's financial system, starting to recognize the balances of assets in cash and cash equivalents. Prior to this change, the company recognized these balances in Loans to and receivables from group entities.

## **EDP FINANCE Amsterdam**

### **INTERIM FINANCIAL STATEMENTS**

#### 1. GENERAL

The principle activity of the Company is to act as a finance company.

#### 2. ACCOUNTING POLICIES

The financial information presented in this Interim Report was prepared under the same accounting principles as in the 2019 Annual Report, except for the following accounting policy.

On 1 January 2020, EDP Finance BV changed its accounting policy for recognizing balances related to EDP Group's financial system (current accounts), by recognizing the outstanding balances of assets as Cash and cash equivalents, which were previously classified as Loans to group entities in its statement of financial position. This change reflects the same change done by EDP Group on its accounting policy. The change of this accounting policy implied a restatement of comparative information.

#### 3. ISSUED SHARE CAPITAL

The authorised share capital of the Company consists of 80,000 shares of 100 Euros each, of which 20,000 shares have been issued and fully paid-up.

#### 4. UNDISTRIBUTED RESULTS

The Company allocated the loss for the year 2019, being 14,749 thousand Euros, to accumulated results.

#### 5. ISSUED MEDIUM TERM NOTES

No Bonds were issued by the Company in the first half of 2020, under the EDP S.A. and EDP Finance B.V.'s "Programme for the Issuance of Debt Instruments" (EMTN).

#### 6. NET FINANCIAL INCOME

During the first semester of 2020, the Company's net financial income improved though still negative. The net interest margin has improved essentially due to the decrease on the interest expense resulting mostly from long-term bonds which bore high coupons that matured in the second half of 2019 and were replaced by other liabilities with lower interest rates as per improved market conditions. On the other hand, adverse market conditions during the first four months of 2020 impacted negatively the fair value of some EUR/USD CCIRS, and consequently the net other financial income and expense results.

**EDP FINANCE Amsterdam**

**OTHER INFORMATION**

SUBSEQUENT EVENTS

No subsequent events to be reported have occurred.

AUDIT

The interim report is not audited.