



INTERIM
REPORT
9M 2020

OPERATIONAL INDICATORS

RENEWABLES	UN	9M20	9M19	9M18	9M17
HYDRO INSTALLED CAPACITY					
Installed Capacity	MW	8,785	8,785	9,019	9,104
Portugal	MW	6,759	6,759	6,862	6,932
Spain	MW	426	426	426	426
Brazil	MW	1,599	1,599	1,731	1,746
EQUITY HYDRO INSTALLED CAPACITY ¹					
Installed Capacity	MW	551	551	539	306
Brazil	MW	551	551	539	306
Capacity under Construction	MW	78	78	78	231
Brazil	MW	-	-	-	231
Peru	MW	78	78	78	-
HYDRO NET ELECTRICITY GENERATION					
Electricity Generation	GWh	13,557	8,967	15,206	8,794
Portugal	GWh	9,152	5,458	10,212	5,629
Spain	GWh	448	476	885	321
Brazil	GWh	3,956	3,033	4,109	2,844
HYDRO TECHNICAL AVAILABILITY					
Portugal	%	93	90	92	89
Spain	%	100	100	100	100
Brazil	%	92	98	93	94

¹ Share of the MW installed in plants owned by companies equity consolidated

RENEWABLES		UN	9M20	9M19	9M18	9M17
WIND AND SOLAR INSTALLED CAPACITY						
Installed Capacity		MW	10,988	10,425	10,897	10,321
Portugal	MW	1,164	1,164	1,280	1,253	
Spain	MW	1,974	1,969	2,312	2,244	
Rest of Europe	MW	1,383	1,263	1,612	1,560	
North America	MW	6,135	5,562	5,363	5,060	
Brazil	MW	331	467	331	204	
Capacity under Construction		MW	1,893	834	900	675
Portugal	MW	6	-	76	-	
Spain	MW	28	24	-	68	
Rest of Europe	MW	205	130	89	41	
North America	MW	1,393	680	598	303	
Brazil	MW	260	-	137	263	
Equity Installed Capacity ¹		MW	560	411	331	331
Portugal	MW	10	-	-	-	
Spain	MW	152	152	152	152	
Rest of Europe	MW	-	-	-	-	
North America	MW	398	259	179	179	
Brazil	MW	-	-	-	-	
WIND AND SOLAR NET ELECTRICITY GENERATION		GWh	20,355	21,893	20,667	19,817
Portugal	GWh	1,808	2,187	2,133	2,208	
Spain	GWh	3,088	3,902	3,760	3,730	
Rest of Europe	GWh	2,271	2,488	2,363	2,575	
North America	GWh	12,403	12,058	11,575	10,739	
Brazil	GWh	785	1,258	836	564	
WIND AND SOLAR TECHNICAL AVAILABILITY			97	97	97	98
Portugal	%	98	98	98	99	
Spain	%	95	97	97	97	
Rest of Europe	%	98	96	97	98	
North America	%	96	97	97	98	
Brazil	%	98	98	98	98	

¹ Share of the MW installed in plants owned by companies equity consolidated

NETWORKS	UN	9M20	9M19	9M18	9M17
DISTRIBUTION					
ELECTRICITY DISTRIBUTED	GWh	56,050	59,182	60,114	58,508
Portugal	GWh	32,665	33,802	34,480	33,221
Spain	GWh	5,562	6,266	6,998	6,940
Brazil	GWh	17,823	19,114	18,636	18,346
ELECTRICITY SUPPLY POINTS	'000	10,550	10,427	10,301	10,199
Portugal	'000	6,306	6,269	6,217	6,177
Spain	'000	670	668	666	663
Brazil	'000	3,574	3,490	3,419	3,359
ELECTRICITY SUPPLIED	GWh	19,935	21,408	12,739	12,888
Portugal	GWh	1,767	1,965	2,149	2,362
Spain	GWh	350	332	325	331
Brazil	GWh	17,818	19,112	10,265	10,194
ELECTRICITY CUSTOMERS	'000	4,789	4,771	4,781	4,831
Portugal	'000	983	1,055	1,147	1,251
Spain	'000	234	228	216	220
Brazil	'000	3,573	3,489	3,418	3,359
GRID EXTENSION	Km	343,521	340,437	338,822	338,000
Portugal	Km	228,242	226,729	226,240	226,076
Overhead lines	Km	179,119	177,780	177,445	177,339
Underground lines	Km	49,123	48,948	48,795	48,737
Spain	Km	20,805	20,729	20,662	20,555
Overhead lines	Km	15,740	15,719	15,707	15,679
Underground lines	Km	5,065	5,010	4,955	4,875
Brazil	Km	94,474	92,980	91,920	91,370
Overhead lines	Km	94,208	92,724	91,673	91,127
Underground lines	Km	266	255	247	243
GRID LOSSES					
Portugal	%	9.6	9.8	9.7	10.6
Spain	%	3.7	3.5	3.4	3.4
Brazil	%	10.4	9.8	10.0	10.5
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time ¹	Min	44	38	44	37
Spain					
Installed Capacity Equivalent Interruption Time ¹	Min	7	13	14	19
Brazil					
Average Interruption Duration per Consumer					
EDP São Paulo	Hours	6.8	7.6	7.6	8.2
EDP Espírito Santo	Hours	7.9	8.6	8.2	8.8
Frequency of Interruptions per Consumer					
EDP São Paulo	#	4.3	4.7	4.9	5.2
EDP Espírito Santo	#	4.2	4.9	5.0	5.2
TRANSMISSION					
GRID EXTENSION	Km	1,441	1,441	1,299	-
Grid extension in Operation	Km	316	113	-	-
Grid extension Under Construction	Km	1,125	1,328	1,299	-

¹ ICEIT in MV grid, excluding extraordinary events

CLIENT SOLUTIONS AND ENERGY MANAGEMENT		UN	9M20	9M19	9M18	9M17
THERMAL INSTALLED CAPACITY						
Installed Capacity		MW	7,077	7,084	7,058	5,885
Portugal		MW	3,229	3,236	3,236	2,063
CCGT		MW	2,031	2,031	2,031	2,039
Coal		MW	1,180	1,180	1,180	-
Cogeneration		MW	17	24	24	24
Spain		MW	3,128	3,128	3,102	3,102
CCGT		MW	1,698	1,698	1,698	1,698
Coal		MW	1,250	1,250	1,224	1,224
Nuclear		MW	156	156	156	156
Cogeneration and Waste		MW	25	25	25	25
Brazil		MW	720	720	720	720
Coal		MW	720	720	720	720
Equity Installed Capacity ¹		MW	10	10	41	41
Portugal		MW	-	-	32	32
Spain		MW	10	10	10	10
THERMAL NET ELECTRICITY GENERATION						
Net Electricity Generation		GWh	11,979	17,312	18,195	22,806
Portugal		GWh	5,449	8,321	9,041	11,914
CCGT		GWh	4,531	4,520	3,099	4,659
Coal		GWh	817	3,670	5,800	7,176
Cogeneration		GWh	101	132	142	79
Spain		GWh	6,010	6,468	5,956	7,621
CCGT		GWh	3,285	2,945	851	1,290
Coal		GWh	1,820	2,541	4,154	5,341
Nuclear		GWh	857	889	856	895
Cogeneration and Waste		GWh	48	93	96	95
Brazil		GWh	519	2,522	3,197	3,272
Coal		GWh	519	2,522	3,197	3,272
THERMAL TECHNICAL AVAILABILITY						
Portugal		%	96	94	87	96
CCGT		%	96	96	83	96
Coal		%	96	90	93	97
Cogeneration		%	95	100	97	59
Espanha		%	96	96	96	95
CCGT		%	99	96	99	99
Coal		%	94	97	91	89
Nuclear		%	88	89	86	89
Cogeneration		%	60	100	100	96
Waste		%	94	87	90	100
Brazil		%	92	97	89	91
Coal		%	92	97	89	91

¹ Share of the MW installed in plants owned by companies equity consolidated

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	9M20	9M19	9M18	9M17
ELECTRICITY CUSTOMERS	'000	4,987	5,043	5,056	5,032
Portugal	'000	4,060	4,112	4,121	4,135
Market Share EDP - Liberalised Market	%	n.a.	n.a.	81	84
Spain	'000	926	930	935	896
Brazil	'000	0.4	0.4	0.4	0.3
Social Tariff	'000	830	833	855	886
Portugal	'000	587	609	624	675
Spain	'000	53	51	73	59
Brazil	'000	190	173	158	151
Special Needs	'000	0.9	0.8	0.7	1.2
Portugal	'000	0.1	0.1	0.0	0.6
Brazil	'000	0.79	0.69	0.65	0.64
Green Tariff	'000	1,038	1,066	1,023	932
Portugal	'000	n.a.	8	0	3
Spain	'000	1,038	1,058	1,023	929
Brazil	'000	n.a.	n.a.	n.a.	n.a.
ELECTRICITY SUPPLIED	GWh	41,248	35,241	36,243	35,818
Portugal	GWh	12,640	13,187	13,569	13,547
Market Share EDP - Liberalised Market	%	n.a.	n.a.	42	43
Spain	GWh	7,906	9,025	9,106	10,292
Market Share EDP - Liberalised Market	%	6	7	6	7
Brazil	GWh	20,703	13,028	13,568	11,980
Liberalised Market	GWh	20,703	13,028	13,568	11,980
Social Tariff	GWh	497	421	458	452
Portugal	GWh	110	130	152	162
Spain	GWh	90	80	91	89
Brazil	GWh	296	211	214	201
Green Tariff	GWh	5,254	3,973	4,159	4,165
Portugal	GWh	n.a.	12	7	7
Spain	GWh	5,014	3,962	4,152	4,158
Brazil	GWh	n.a.	n.a.	n.a.	n.a.
GAS CUSTOMERS	'000	1,590	1,598	1,591	1,561
Portugal	'000	687	697	699	692
Last Resort	'000	35	38	42	46
Liberalised Market	'000	652	659	658	646
Spain	'000	903	901	891	869
Last Resort	'000	55	52	51	53
Liberalised Market	'000	848	849	840	817
GAS SUPPLIED	GWh	12,231	13,068	13,443	12,454
Portugal	GWh	3,149	2,858	2,822	2,881
Last Resort	GWh	137	154	185	194
Liberalised Market	GWh	3,012	2,704	2,637	2,687
Market Share EDP - Liberalised Market	%	n.a.	n.a.	8	7
Spain	GWh	9,082	10,210	10,621	9,573
Last Resort	GWh	155	172	189	172
Liberalised Market	GWh	8,927	10,038	10,432	9,401
Market Share EDP - Liberalised Market	%	3	3	3	3

SUSTAINABILITY INDICATORS

ENVIROMENTAL INDICATORS	UN	9M20	9M19	9M18	9M17
ENVIRONMENTAL CERTIFICATION (ISO 14001)					
ISO 14001 Certification ¹	%	95	96	90	88
PRIMARY ENERGY CONSUMPTION	TJ	82,661	145,617	165,023	202,109
Coal	TJ	27,214	82,894	124,654	148,255
Fuel oil	TJ	109	270	218	139
Natural gas	TJ	51,149	51,951	29,085	42,199
Residual gases	TJ	4,011	10,208	10,778	11,156
Diesel oil	TJ	64	139	118	179
Fuel for vehicle fleet	TJ	113	155	170	182
ENERGY INTENSITY ¹	MJ/EUR	9.12	13.94	14.59	17.32
ELECTRICITY CONSUMPTION					
Generation self-consumption	MWh	2,080,059	2,337,687	2,561,797	3,257,034
Administrative service	MWh	20,841	24,962	28,177	27,619
Grid losses	%	9.3	9.1	9.0	9.6
GHG EMISSION					
Direct emissions (scope 1)	ktCO_{2eq}	5,545	11,106	13,937	16,972
Stationary combustion ²	ktCO _{2eq}	5,532	11,089	13,920	16,953
SF6 Emissions	ktCO _{2eq}	5.9	5.9	4.7	5.1
Company fleet	ktCO _{2eq}	7.5	10.6	11.9	11.9
Natural gas consumption	ktCO _{2eq}	0.05	0.13	0.14	0.17
Indirect emissions (scope 2) ³	ktCO_{2eq}	540	581	572	694
Electricity consumption in office buildings	ktCO _{2eq}	0.2	1.3	1.8	2.9
Electricity losses	ktCO _{2eq}	528	562	552	685
Renewable plants self-consumption	ktCO _{2eq}	11.5	18.0	18.9	6.0
GHG EMISSIONS INTENSITY ⁴	kgCO₂/EUR	0.6	1.1	1.3	1.5
CO₂ AVOID EMISSIONS	ktCO₂	18,937	19,908	24,083	20,620
SPECIFIC OVERALL EMISSIONS					
CO ₂ ^{2,5}	g/kWh	122	231	258	332
NO _x	g/kWh	0.08	0.17	0.20	0.25
SO ₂	g/kWh	0.07	0.25	0.31	0.43
Particulate matter	g/kWh	0.01	0.02	0.03	0.02
WATER COLLECTED	10³ x m³	365,288	853,904	1,111,275	1,331,671
Salt and estuary	10 ³ x m ³	358,061	840,005	1,095,619	1,314,150
Fresh	10 ³ x m ³	7,227	13,899	15,656	17,520
WASTE MATERIALS	t	186,498	441,577	598,075	713,479
Waste	t	128,160	168,670	253,854	359,023
Hazard waste	%	3	2	2	1
Non-hazard waste	%	97	98	98	99
By-products	t	58,338	272,906	344,222	354,456
Gypsum	t	27,685	88,668	120,217	148,018
Fly ash	t	30,638	141,726	189,768	198,046
Slag	t	15	42,512	34,237	8,392
SUSTAINABLE MOBILITY					
Light-duty fleet electrification	%	10	7	n/a	n/a
Electric charging points	#	1,320	701	n/a	n/a
Customers with electric mobility solutions	#	15	9	n/a	n/a

Note: n.a. - not applicable; n/a - not available

¹ Aggregated certification indicator due to assets with potential environmental impacts.

² Primary energy consumption by turnover.

³ The stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in EDP's power plant in Spain.

⁴ Calculation according with GHG Protocol based location methodology.

⁵ Scope 1 and Scope 2 emissions by turnover.

⁶ Includes only stationary combustion emissions.

SOCIAL INDICATORS		UN	9M20	9M19	9M18	9M17
EMPLOYMENT						
Employees	#	11,781	11,599	11,555	11,716	
Executive Board of Directors	#	9	9	9	8	
Senior Management	#	862	809	799	757	
Supervisors	#	814	772	754	754	
Specialists	#	4,716	4,468	4,219	4,100	
Technicians	#	5,380	5,541	5,774	6,098	
Male employees	%	74	75	75	76	
Female employees	%	26	25	25	24	
Employees by types of contract	#	11,781	11,599	11,555	11,716	
Executive bodies	#	58	56	57	54	
Male	#	53	52	52	51	
Female	#	5	4	5	3	
Permanent workforce	#	11,674	11,496	11,429	11,582	
Male	#	8,641	8,628	8,623	8,807	
Female	#	3,033	2,868	2,806	2,775	
Fixed-term contracts	#	49	47	69	80	
Male	#	33	29	37	44	
Female	#	16	18	32	36	
Employees by occupational contract	#	11,781	11,599	11,555	11,716	
Full-Time	#	11,739	11,556	11,515	11,678	
Male	#	8,723	8,704	8,707	8,898	
Female	#	3,016	2,852	2,808	2,780	
Part-time	#	42	43	40	38	
Male	#	4	5	5	4	
Female	#	38	38	35	34	
New employees	#	954	958	883	729	
Male	#	643	699	626	503	
Female	#	311	259	257	226	
F/M new admissions rate	x	0.48	0.37	0.41	0.45	
Employees leaving	#	832	990	985	1,005	
Male	#	649	750	771	756	
Female	#	183	240	214	249	
Turnover	%	7.06	8.54	8.03	7.32	
Average age of workforce	years	42	43	44	45	
Absenteeism rate	%	2.75	2.82	2.99	3.20	
Pay ratio by gender (F/M)	x	1.05	1.05	1.04	1.02	
TRAINING						
Total hours of training	hours	156,771	257,666	253,625	265,558	
Average training per employee (h/p)	h/p	13.3	22.2	21.9	22.7	
Employees with training	%	88	87	92	86	
HEALTH AND SAFETY (H&S)						
Employees						
Accidents ¹	#	11	20	22	21	
Fatal accidents	#	0	0	1	0	
Total lost days due to accidents ²	#	948	1,358	1,768	1,908	
Frequency rate ³	Tf	0.67	1.26	1.45	1.32	
Severity rate ⁴	Tg	58	86	112	120	
Contractors						
Accidents ¹	#	69	58	75	89	
Fatal accidents	#	3	0	3	2	
Working days	#	5,096,712	4,357,533	4,517,771	4,112,817	
Frequency rate ³	Tf	1.86	1.75	2.30	2.85	
Severity rate ⁴	Tg	106	94	104	154	
EDP employees and contractors						
Frequency rate ³	Tf_total	1.51	1.59	2.03	2.33	
Severity rate ⁴	Tg_total	92	91	106	142	
Fatal electrical accidents involving third parties ⁵	#	9	5	6	7	
Near accidents ⁶	#	266	332	317	1,075	
VOLUNTEER INVESTMENT IN THE COMMUNITY (LBG METHODOLOGY)						
Volunteer investment/EBITDA	%	0.41	0.32	0.41	0.31	

¹ Accidents at the workplace in worktime and accidents on the way to or from work, with an absence of one or more calendar days and fatal accidents.

² Sum of the number of days of absence (civil) resulting from accidents at work that occurred in the reference period, plus the number of days lost from accidents in the previous period, which were extended to the reference period. The time lost is measured from the day after the day of the accident until the day preceding the day of return to

³ Work accidents by a million worked hours.

⁴ Number of calendar days lost due to work accident by a million worked hours.

⁵ Accidents occurred in the premises of the company plants or equipment.

⁶ Campaign started in the second half of 2017, in Brazil, to report dangerous situations.

ECONOMIC INDICATORS	UN	9M20	9M19	9M18	9M17
ECONOMIC VALUE GENERATED	000€	9,819,752	11,185,514	11,983,287	12,902,220
Economic value distributed	000€	8,391,029	9,830,413	10,873,318	10,996,670
Economic value accumulated	000€	1,428,723	1,355,101	1,109,969	1,905,550
ENERGY EFFICIENCY AND SUPPLEMENTARY ENERGY SERVICES REVENUES ¹	000€	730,037	742,667	744,261	795,355
Energy efficiency services revenues	000€	171,965	119,496	100,375	84,738
Supplementary energy services revenues ²	000€	558,071	623,171	643,886	710,617
FINES AND PENALTIES	000€	3,445	6,756	4,666	23,559
ENVIRONMENTAL MATTERS	000€	210,386	259,111	179,470	76,773
Investments	000€	42,995	56,421	39,621	38,720
Expenses	000€	167,391	202,690	139,849	38,053
SOCIAL MATTERS					
Personnal costs	000€	413,619	426,460	427,176	449,903
Employee benefits	000€	51,014	53,563	44,805	49,505
Direct training investment	000€	1,719	2,002	2,817	3,619
Direct training investment per employee	€/p	146	173	244	309
HC ROI per employee	€/p	6.82	6.59	6.75	6.84

¹ Energy Efficiency and Supplementary Energy Services: services provided under energy supply, instalation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

² Supplementary Energy Services Revenues include the following categories: Energy Management, Maintenance and Operation, Property/Facility Management, Energy and/or Equipment Supply, Provision of Service (example: steam) and other.





Condensed Financial Statements
30 September 2020

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Condensed Consolidated Income Statements
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	Notes	2020	2019 *
Revenues from energy sales and services and other	7	9,059,263	10,446,788
Cost of energy sales and other	7	-5,282,746	-6,636,968
		3,776,517	3,809,820
Other income	8	479,949	479,658
Supplies and services	9	-608,687	-644,080
Personnel costs and employee benefits	10	-464,634	-480,022
Other expenses	11	-506,564	-473,725
Impairment losses on trade receivables and debtors		-54,269	-30,281
		-1,154,205	-1,148,450
Joint ventures and associates	18	2,760	14,192
		2,625,072	2,675,562
Provisions	30	-129,397	-97,213
Amortisation and impairment		-1,107,484	-1,093,258
		1,388,191	1,485,091
Financial income	12	277,780	244,875
Financial expenses	12	-782,819	-790,259
Profit before income tax and CESE		883,152	939,707
Income tax expense	13	-173,369	-145,519
Extraordinary contribution to the energy sector (CESE)	34	-65,109	-67,549
		-238,478	-213,068
Net profit for the period		644,674	726,639
Attributable to:			
Equity holders of EDP		422,301	460,345
Non-controlling Interests	27	222,373	266,294
Net profit for the period		644,674	726,639
Earnings per share (Basic and Diluted) - Euros		0.11	0.13

* Includes restatement due to changes in results in Joint Ventures and Associates as described in note 2a)

LISBON, 29 OCTOBER 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statements of Comprehensive Income
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	2020		2019	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	422,301	222,373	460,345	266,294
Items that will never be reclassified to profit or loss (i)				
Actuarial gains/(losses) (iii)	-56,489	5,326	60,678	2,673
Tax effect from the actuarial gains/(losses)	17,641	-1,811	-19,155	-910
Fair value reserve with no recycling (financial assets) (ii)	-7,904	-	6,186	-
Tax effect from the fair value reserve with no recycling (financial assets) (ii)	2,115	-	-1,356	-
	-44,637	3,515	46,353	1,763
Items that may be reclassified to profit or loss (i)				
Currency translation reserve	-515,868	-501,259	-41,855	21,410
Fair value reserve (cash flow hedge) (ii)	22,983	5,485	213,152	-5,434
Tax effect from the fair value reserve (cash flow hedge) (ii)	-3,029	-1,497	-54,611	1,150
Fair value reserve of assets measured at fair value through other comprehensive income with recycling (ii)	-	-	-	167
Tax effect of Fair value reserve of assets measured at fair value through other comprehensive income with recycling (ii)	-	-	-	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-6,352	-16,107	-15,035	-4,799
	-502,266	-513,378	101,651	12,494
Other comprehensive income for the period (net of income tax)	-546,903	-509,863	148,004	14,257
Total comprehensive income for the period	-124,602	-287,490	608,349	280,551

(i) See Condensed Consolidated Statement of Changes in Equity

(ii) See Note 26

(iii) See Note 29

LISBON, 29 OCTOBER 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

Condensed Consolidated Statements of Financial Position
as at 30 September 2020 and 31 December 2019

Thousand Euros	Notes	2020	2019
Assets			
Property, plant and equipment	14	18,415,410	19,676,222
Right-of-use assets	15	952,511	828,503
Intangible assets	16	3,707,192	4,223,823
Goodwill	17	1,847,141	2,119,862
Investments in joint ventures and associates	18	886,030	1,098,512
Equity instruments at fair value	19	172,034	170,806
Investment property		14,073	29,944
Deferred tax assets	20	902,988	1,084,046
Debtors and other assets from commercial activities	21	2,760,433	3,424,220
Other debtors and other assets	22	889,485	932,578
Non-Current tax assets	23	246,152	389,037
Collateral deposits associated to financial debt	28	19,819	21,690
Total Non-Current Assets		30,813,268	33,999,243
Inventories		303,213	368,334
Debtors and other assets from commercial activities	21	3,001,360	2,858,160
Other debtors and other assets	22	803,196	881,779
Current tax assets	23	470,871	415,735
Collateral deposits associated to financial debt	28	6,944	39,786
Cash and cash equivalents	24	1,751,622	1,542,722
Non-Current Assets held for sale	35	3,555,280	2,255,887
Total Current Assets		9,892,486	8,362,403
Total Assets		40,705,754	42,361,646
Equity			
Share capital	25	3,965,681	3,656,538
Treasury stock		-60,120	-61,220
Share premium	25	1,196,522	503,923
Reserves and retained earnings	26	3,541,732	4,247,195
Consolidated net profit attributable to equity holders of EDP		422,301	511,751
Total Equity attributable to equity holders of EDP		9,066,116	8,858,187
Non-controlling Interests	27	3,375,118	3,773,826
Total Equity		12,441,234	12,632,013
Liabilities			
Financial debt	28	13,025,660	13,124,615
Employee benefits	29	998,875	1,128,155
Provisions	30	849,369	926,426
Deferred tax liabilities	20	445,086	503,746
Institutional partnerships in North America	31	2,067,234	2,289,784
Trade payables and other liabilities from commercial activities	32	1,311,299	1,644,307
Other liabilities and other payables	33	1,268,568	1,177,119
Non-current tax liabilities	34	108,007	138,212
Total Non-Current Liabilities		20,074,098	20,932,364
Financial debt	28	2,823,537	3,446,854
Employee benefits	29	175,410	183,514
Provisions	30	225,821	126,091
Trade payables and other liabilities from commercial activities	32	3,397,754	3,859,623
Other liabilities and other payables	33	399,484	623,771
Current tax liabilities	34	422,325	478,594
Non-Current Liabilities held for sale	35	746,091	78,822
Total Current Liabilities		8,190,422	8,797,269
Total Liabilities		28,264,520	29,729,633
Total Equity and Liabilities		40,705,754	42,361,646

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

Condensed Consolidated Income Statements
for the three-month periods from 1 July to 30 September 2020 and 2019

Thousand Euros	2020	2019 *
Revenues from energy sales and services and other	2,876,376	3,339,771
Cost of energy sales and other	-1,756,929	-2,130,904
	1,119,447	1,208,867
Other income	136,287	78,513
Supplies and services	-207,114	-222,979
Personnel costs and employee benefits	-142,565	-156,363
Other expenses	-135,541	-145,713
Impairment losses on trade receivables and debtors	-14,121	-9,321
	-363,054	-455,863
Share of net profit in joint ventures and associates	-2,283	1,955
	754,110	754,959
Provisions	-78,241	-92,237
Amortisation and impairment	-339,678	-357,855
	336,191	304,867
Financial income	168,427	62,131
Financial expenses	-305,701	-236,914
Profit before income tax and CESE	198,917	130,084
Income tax expense	-39,188	-8,880
Extraordinary contribution to the energy sector (CESE)	-2,635	-875
	-41,823	-9,755
Net profit for the period	157,094	120,329
Attributable to:		
Equity holders of EDP	107,688	55,312
Non-controlling Interests	49,406	65,017
Net profit for the period	157,094	120,329
Earnings per share (Basic and Diluted) - Euros	0.04	0.02

* Includes restatement due to changes in results in Joint Ventures and Associates as described in note 2a)

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THE EXECUTIVE BOARD OF DIRECTORS

Condensed Consolidated Statements of Comprehensive Income
for the three-month periods from 1 July to 30 September 2020 and 2019

Thousand Euros	2020		2019	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	107,688	49,406	55,312	65,017
Items that will never be reclassified to profit or loss				
Actuarial gains/(losses)	-291	-319	-11	-14
Tax effect from the actuarial gains/(losses)	99	108	4	5
Fair value reserve with no recycling (financial assets)	-10,404	-	1,754	-
Tax effect from the fair value reserve with no recycling (financial assets)	2,556	-	-398	-
	-8,040	-211	1,349	-9
Items that are or may be reclassified to profit or loss				
Exchange differences arising on consolidation	-123,282	-131,253	-50,208	-13,091
Fair value reserve (cash flow hedge)	-23,673	2,697	92,016	-3,277
Tax effect from the fair value reserve (cash flow hedge)	4,316	-579	-27,238	515
Share of other comprehensive income of joint ventures and associates, net of taxes	2,545	-1,557	-1,026	868
	-140,094	-130,692	13,544	-14,985
Other comprehensive income for the period (net of income tax)	-148,134	-130,903	14,893	-14,994
Total comprehensive income for the period	-40,446	-81,497	70,205	50,023

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal
Condensed Consolidated Statements of Changes in Equity
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Currency translation reserve (ii)	Treasury stock	Equity attributable to equity holders of EDP	Non-controlling Interests (iii)
Balance as at 31 December 2018	12,900,327	3,656,538	503,923	739,024	4,817,541	-213,315	10,287	-483,410	-62,410	8,968,178	3,932,149
Comprehensive income:											
Net profit for the period	726,639	-	-	-	460,345	-	-	-	-	460,345	266,294
Changes in the fair value reserve (cash flow hedge) net of taxes	154,257	-	-	-	-	158,541	-	-	-	158,541	-4,284
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	4,997	-	-	-	-	-	4,830	-	-	4,830	167
Share of other comprehensive income of joint ventures and associates net of taxes	-19,834	-	-	-	-8,706	-9,302	-	2,973	-	-15,035	-4,799
Actuarial gains/(losses) net of taxes	43,286	-	-	-	41,523	-	-	-	-	41,523	1,763
Exchange differences arising on consolidation	-20,445	-	-	-	-	-	-	-41,855	-	-41,855	21,410
Total comprehensive income for the period	888,900	-	-	-	493,162	149,239	4,830	-38,882	-	608,349	280,551
Dividends paid	-690,675	-	-	-	-690,675	-	-	-	-	-690,675	-
Dividends attributable to non-controlling interests	-76,812	-	-	-	-	-	-	-	-	-	-76,812
Share-based payments	1,231	-	-	-	41	-	-	-	1,190	1,231	-
Sale without loss of control of windfarms in Europe	-289,186	-	-	-	-	172	-	-	-	172	-289,358
Changes resulting from acquisitions/sales, equity increases/decreases and other	-61,998	-	-	-	8,213	-	-	-	-	8,213	-70,211
Balance as at 30 September 2019	12,671,787	3,656,538	503,923	739,024	4,628,282	-63,904	15,117	-522,292	-61,220	8,895,468	3,776,319
Balance as at 31 December 2019	12,632,013	3,656,538	503,923	739,024	4,518,226	40,541	15,202	-554,047	-61,220	8,858,187	3,773,826
Comprehensive income:											
Net profit for the period	644,674	-	-	-	422,301	-	-	-	-	422,301	222,373
Changes in the fair value reserve (cash flow hedge) net of taxes	23,942	-	-	-	-	19,954	-	-	-	19,954	3,988
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	-5,789	-	-	-	-	-	-5,789	-	-	-5,789	-
Share of other comprehensive income of joint ventures and associates net of taxes	-22,459	-	-	-	-16,418	-2,718	-	12,784	-	-6,352	-16,107
Actuarial gains/(losses) net of taxes	-35,333	-	-	-	-38,848	-	-	-	-	-38,848	3,515
Exchange differences arising on consolidation	-1,017,127	-	-	-	-	-	-	-515,868	-	-515,868	-501,259
Total comprehensive income for the period	-412,092	-	-	-	367,035	17,236	-5,789	-503,084	-	-124,602	-287,490
Dividends paid	-690,739	-	-	-	-690,739	-	-	-	-	-690,739	-
Dividends attributable to non-controlling interests	-50,031	-	-	-	-	-	-	-	-	-	-50,031
Share Capital increase	1,001,742	309,143	692,599	-	-	-	-	-	-	1,001,742	-
Share-based payments	1,259	-	-	-	159	-	-	-	1,100	1,259	-
Changes resulting from acquisitions/sales, equity increases/decreases and other	-40,918	-	-	-	20,269	-	-	-	-	20,269	-61,187
Balance as at 30 September 2020	12,441,234	3,965,681	1,196,522	739,024	4,214,950	57,777	9,413	-1,057,131	-60,120	9,066,116	3,375,118

(i) See note 25

(ii) See note 26

(iii) See note 27

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THE CERTIFIED ACCOUNTANT
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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

Condensed Consolidated and Company Statements of Cash Flows
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	Notes	Group		Company	
		2020	2019	2020	2019 *
Operating activities					
Profit before income tax and CESE		883,152	939,707	-54,712	183,636
Adjustments for:					
Amortisation and impairment		1,107,484	1,093,258	34,695	22,351
Provisions	30	129,397	97,213	103	170
Joint ventures and associates	18	-2,760	-14,192	-	-
Financial (income)/expenses	12	505,039	545,384	101,296	-227,382
Changes in working capital:					
Trade and other receivables		157,113	201,539	190,929	234,472
Trade and other payables		-29,172	-160,135	-239,600	-260,019
Personnel		-106,108	-189,278	-415	-3,619
Regulatory assets		8,940	56,141	-	-
Other changes in assets/liabilities related with operating activities		-433,655	-317,943	-148,466	26,840
Income tax and CESE		-50,071	-183,889	41,909	97,583
Net cash flows from operations		2,169,359	2,067,805	-74,261	74,032
Net (gains) / losses with Asset Rotation					
		-199,819	-225,644	-	-
Net cash flows from operating activities		1,969,540	1,842,161	-74,261	74,032
Investing activities					
Cash receipts relating to:					
Sale of assets/subsidiaries with loss of control i)		548,637	503,431	-	-
Other financial assets and investments ii)		112,752	180,912	45	106
Other financial assets at amortised cost		-	-	525,862	134,119
Property, plant and equipment and intangible assets		6,326	12,284	6,108	196
Other receipts relating to tangible fixed assets		2,760	3,880	-	-
Interest and similar income		21,986	46,489	33,070	55,823
Dividends		40,906	40,245	233,690	131,205
Loans to related parties		211,915	316,140	10,260	208,490
		945,282	1,103,381	809,035	529,939
Cash payments relating to:					
Acquisition of assets/subsidiaries		-31,426	-3,133	-	-
Other financial assets and investments iii)		-358,267	-366,039	-3,820	-646
Changes in cash resulting from consolidation perimeter variations		1,873	-103,623	-	-
Property, plant and equipment and intangible assets		-1,747,123	-1,738,676	-25,020	-30,487
Loans to related parties		-470,878	-68,650	-42,346	-4,352
		-2,605,821	-2,280,121	-71,186	-35,485
Net cash flows from investing activities		-1,660,539	-1,176,740	737,849	494,454
Financing activities					
Receipts relating to financial debt (include Collateral Deposits)		6,005,974	3,307,315	1,942,863	1,415,992
(Payments) relating to financial debt (include Collateral Deposits)		-5,747,938	-2,581,155	-2,919,029	-1,087,085
Interest and similar costs of financial debt including hedge derivatives		-448,170	-466,840	-230,787	-149,425
Receipts/(payments) relating to loans from non-controlling interests		-27,580	-21,790	-	-
Interest and similar costs relating to loans from non-controlling interests		-5,737	-15,238	-	-
Receipts/(payments) relating to loans from related parties		-	-	329,658	-235,496
Interest and similar costs of loans from related parties including hedge derivatives		-	-	-1,572	-2,494
Share capital increases/(decreases) by non-controlling interests iv)		934,180	-39,498	996,392	-
Receipts/(payments) relating to derivative financial instruments		8,808	-9,152	-63,384	38,513
Dividends paid to equity holders of EDP v)		-690,739	-690,675	-691,026	-690,963
Dividends paid to non-controlling interests		-96,036	-125,914	-	-
Receipts/(payments) related with transactions with non-controlling interest without change of control		-1,374	-18,583	-	-
Lease (payments) vi)		-55,148	-56,062	-8,599	-9,428
Receipts/(payments) from institutional partnerships in North America vii)		266,245	-72,846	-	-
Net cash flows from financing activities		142,485	-790,438	-645,484	-720,386
Changes in cash and cash equivalents					
		451,486	-125,017	18,104	-151,900
Effect of exchange rate fluctuations on cash held		-223,989	-5,821	229	280
Cash and cash equivalents reclassified as held for sale		-18,597	-	-	-
Cash and cash equivalents at the beginning of the period		1,542,722	1,803,205	1,037,393	1,160,600
Cash and cash equivalents at the end of the period viii)		1,751,622	1,672,367	1,055,726	1,008,980

i) Relates essentially to the receivment of the sales of Babilónia Holding, S.A. and its subsidiaries (see note 22) and the transfers of offshore companies to OW Offshore S.L. (see note 6);

ii) Relates essentially to the receivment of the sale of Zephyr fund (see note 19) and the receivment of notes (see note 22). Relates essentially to payments made for the capital increases in North America companies and the Investment Funds;

iii) Relates essentially to payments made for the capital increases in North America companies, the Investment Funds in Brazil and acquisition of participation in the Mercer and Dunas funds (see note 19);

iv) Relates essentially to the capital increase made by EDP S.A. (see note 25);

v) See note 26;

vi) Includes capital and interest;

vii) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 31);

viii) See details of Cash and cash equivalents in note 24 and the Consolidated and Company Reconciliation of Changes in the responsibilities of Financing activities in note 44 of the Financial Statements.

* Includes the reclassification arising from the change in accounting policy as described in note 2a).

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

Condensed Company Income Statements
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	Notes	2020	2019
Revenues from energy sales and services and other	7	1,680,203	2,094,661
Cost of energy sales and other	7	-1,436,329	-1,951,182
		243,874	143,479
Other income		12,955	15,479
Supplies and services	9	-103,743	-107,115
Personnel costs and employee benefits	10	-60,317	-53,114
Other expenses		-11,391	-19,959
Impairment losses on trade receivables and debtors		4	5
		-162,492	-164,704
		81,382	-21,225
Provisions		-103	-170
Amortisation and impairment		-34,695	-22,351
		46,584	-43,746
Financial income	12	405,790	684,034
Financial expenses	12	-507,086	-456,652
Profit before income tax		-54,712	183,636
Income tax expense	13	42,593	46,200
Net profit for the period		-12,119	229,836

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THE EXECUTIVE BOARD OF DIRECTORS

Condensed Company Statements of Comprehensive Income
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	2020	2019
Net profit for the period	-12,119	229,836
Items that will never be reclassified to profit or loss (i)		
Actuarial gains/(losses)	-129	117
Tax effect from the actuarial gains/(losses)	29	-26
Changes in reserves and retained earnings by liquidation of financial assets	-	-248
	-100	-157
Items that may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge) (ii)	132,372	-10,628
Tax effect from the fair value reserve (cash flow hedge) (ii)	-29,783	2,390
	102,589	-8,238
Other comprehensive income for the period (net of income tax)	102,489	-8,395
Total comprehensive income for the period	90,370	221,441

(i) See Condensed Company Statement of Changes in Equity

(ii) See Note 26

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statements of Financial Position
as at 30 September 2020 and 31 December 2019

Thousand Euros	Notes	2020	2019 *
Assets			
Property, plant and equipment		26,561	28,925
Right-of-use assets		107,845	110,947
Intangible assets		106,785	93,353
Investments in subsidiaries		15,684,346	15,684,346
Investments in joint ventures and associates		2	2
Equity instruments at fair value		1,252	1,252
Investment property		76,830	71,163
Deferred tax assets	20	127,533	142,907
Debtors and other assets from commercial activities		733	692
Other debtors and other assets	22	3,399,724	3,289,149
Total Non-Current Assets		19,531,611	19,422,736
Debtors and other assets from commercial activities	21	438,740	583,828
Other debtors and other assets	22	934,790	1,551,140
Current tax assets	23	183,202	109,676
Cash and cash equivalents	24	1,055,726	1,037,393
Total Current Assets		2,612,458	3,282,037
Total Assets		22,144,069	22,704,773
Equity			
Share capital	25	3,965,681	3,656,538
Treasury stock		-54,025	-55,124
Share premium	25	1,196,522	503,923
Reserves and retained earnings	26	2,751,782	2,619,244
Net profit for the period		-12,119	720,916
Total Equity		7,847,841	7,445,497
Liabilities			
Financial debt	28	10,093,645	8,494,071
Employee benefits		7,023	6,696
Provisions		1,872	1,794
Trade payables and other liabilities from commercial activities		545	1,144
Other liabilities and other payables	33	425,629	348,890
Total Non-Current Liabilities		10,528,714	8,852,595
Financial debt	28	2,706,856	4,980,058
Employee benefits		160	69
Provisions		952	926
Trade payables and other liabilities from commercial activities	32	508,250	715,314
Other liabilities and other payables	33	512,313	681,279
Current tax liabilities	34	38,983	29,035
Total Current Liabilities		3,767,514	6,406,681
Total Liabilities		14,296,228	15,259,276
Total Equity and Liabilities		22,144,069	22,704,773

* Includes the reclassification arising from the change in accounting policy as described in note 2a).

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Condensed Company Income Statements
for the three-month periods from 1 July to 30 September 2020 and 2019

Thousand Euros	2020	2019
Revenues from energy sales and services and other	544,939	596,106
Cost of energy sales and other	-485,354	-547,888
	59,585	48,218
Other income	3,605	3,868
Supplies and services	-35,492	-36,241
Personnel costs and employee benefits	-19,372	-18,506
Other expenses	-702	-8,686
Impairment losses on trade receivables and debtors	4	-1
	-51,957	-59,566
	7,628	-11,348
Provisions	-	-
Amortisation and impairment	-21,217	-7,298
	-13,589	-18,646
Financial income	87,196	372,928
Financial expenses	-141,927	-178,970
Profit before income tax	-68,320	175,312
Income tax expense	14,959	14,437
Net profit for the period	-53,361	189,749

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THE EXECUTIVE BOARD OF DIRECTORS

Condensed Company Statements of Comprehensive Income
for the three-month periods from 1 July to 30 September 2020 and 2019

Thousand Euros	2020	2019
Net profit for the period	-53,361	189,749
Items that will never be reclassified to profit or loss		
Gains/(losses) by liquidation of financial assets	-	-248
	-	-248
Items that are or may be reclassified to profit or loss		
Fair value reserve (cash flow hedge)	52,266	72,020
Tax effect from the fair value reserve (cash flow hedge)	-11,759	-16,205
	40,507	55,815
Other comprehensive income for the period (net of income tax)	40,507	55,567
Total comprehensive income for the period	-12,854	245,316

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THE EXECUTIVE BOARD OF DIRECTORS

Condensed Company Statements of Changes in Equity
for the nine-month periods ended at 30 September 2020 and 2019

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings (ii)	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Treasury stock
Balance as at 31 December 2018	7,484,917	3,656,538	503,923	739,024	2,643,075	-1,328	-	-56,315
Comprehensive income:								
Net profit for the period	229,836	-	-	-	229,836	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-8,238	-	-	-	-	-8,238	-	-
Changes in reserves and retained earnings by liquidation of financial assets	-248	-	-	-	-248	-	-	-
Actuarial gains / (losses) net of taxes	91	-	-	-	91	-	-	-
Total comprehensive income for the period	221,441	-	-	-	229,679	-8,238	-	-
Dividends paid	-690,963	-	-	-	-690,963	-	-	-
Share-based payments	1,232	-	-	-	41	-	-	1,191
Balance as at 30 September 2019	7,016,627	3,656,538	503,923	739,024	2,181,832	-9,566	-	-55,124
Balance as at 31 December 2019	7,445,497	3,656,538	503,923	739,024	2,672,405	-71,269	-	-55,124
Comprehensive income:								
Net profit for the period	-12,119	-	-	-	-12,119	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	102,589	-	-	-	-	102,589	-	-
Actuarial gains / (losses) net of taxes	-100	-	-	-	-100	-	-	-
Total comprehensive income for the period	90,370	-	-	-	-12,219	102,589	-	-
Share Capital increase	1,001,742	309,143	692,599	-	-	-	-	-
Dividends paid	-691,026	-	-	-	-691,026	-	-	-
Share-based payments	1,258	-	-	-	159	-	-	1,099
Balance as at 30 September 2020	7,847,841	3,965,681	1,196,522	739,024	1,969,319	31,320	-	-54,025

(i) See note 25

(ii) See note 26

LISBON, 29 OCTOBER 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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COVID 19 - Macroeconomic, Regulatory, Operational, Accounting Impact and Stakeholders

In late 2019, in the Chinese city of Wuhan, a virus, SARS-COV-2, that can cause a serious respiratory infection like pneumonia was first identified in humans. During the year 2020, the disease caused by the virus, the COVID-19, was classified by the World Health Organization (WHO) as a pandemic. COVID-19 has forced the world to change its habits and is having several social, economic, regulatory, operational, accounting and public health impacts.

Macroeconomic Impact

The current global crisis with the COVID-19 pandemic incorporates significant risks to the economy and society, remaining an uncertainty regarding the duration of the epidemic crisis and its long term economic impacts.

In global macroeconomic terms, COVID-19 has impacted the EDP Group's activity in its various geographies and areas of the value chain. However, a prudent strategy to hedge energy and financial market risks, the maintenance of robust liquidity levels as well as an active management of suppliers and critical supplies, have allowed to significantly mitigate the impacts of this crisis.

EDP Group's energy business has been impacted by the drop-in demand associated with the lockdown, as well as by a strong decline in pool prices in the various geographies due to the falling prices in fuel (gas, Brent, coal, CO₂), partly already felt a few months before the COVID-19 crisis in Europe. The price risk hedging strategy, with very high levels of fixed-price coverage has allowed to contain the impacts of the fall in pool prices in the generation business in the several geographies of EDP Group and specially in the Iberian market. The decrease in business consumption had an impact on the commercialization business, however it is partially offset by an increase in residential consumption. The energy distribution businesses in Iberia have very little impact from the drop-in consumption. With the progressive end of the "lockdown", there was a general improvement in consumption levels and prices, however still below pre-crisis levels, with uncertainty about the potential effects of a 2nd wave and the duration of the economic recovery.

Regarding the financial markets, there was a very significant increase in the volatility of exchange and interest rates, in addition to a sharp drop in the appreciation of the capital markets, however partially recovered after March minimums. In this context, the most relevant impact on EDP is the sharp devaluation of the Brazilian real.

In terms of exposure to credit risk, there was an increase in commercial debt, which in the meantime has fallen after peak with regulatory measures to protect the economy (credit default). However, the uncertainties associated with a 2nd wave and duration of the economic recovery still incorporate some risks, especially in the sectors of activity most affected by the crisis. Even so, the existence of a very diverse portfolio of customers and standard debt recovery policies and processes allows to mitigate these impacts.

The EDP Group has been strengthening its financial position and is taking the appropriate mitigation measures from the first signs, making it better prepared to absorb the potential impacts that may result from this pandemic. The issue of the 750 million Euro Hybrid Green Bond and the repurchase of a Hybrid Bond in the same amount in January, the securitization of tariff deficit in the amount of 825 million Euro in March, the issue of a 750 million Euro bond loan Euros in April, the titularization of tariff deficit in the amount of 273 million Euro in July and the issue of the 850 million American Dollars Green Bond in September, as well as the announced sale of the hydro powerplants portfolio in Portugal in the amount of 2.2 billion Euros, reinforce the Group's liquidity position.

Regulatory Impact

In the context of COVID-19 pandemic, a set of laws has been approved with the purpose to adapt the sector's activity to the situation experienced, establishing, in particular, consumer protection, procedures and business continuity measures.

Dispatch 26/2020 of the Portuguese Authority of Energy and Geology (DGEG), published in 17 March 2020, taking into account the decisions came from the Council of Ministers on 13 March 2020 where a set of extraordinary and urgent measures to respond to the epidemic situation created by the new Covid-19 were approved, and joining DGEG to this effort, come to simplify and facilitate some measures related to the billing of fees regarding to processes of Small Production Units (UPP) and Self-consumption production units (UPAC), namely, payment of fees associated with administrative procedures.

On 18 March 2020, Regulation 255-A / 2020 of the Energy Services Regulatory Agency (ERSE) was published, which sets out the exceptional conditions for the energy supply services to avoid interruptions in electricity supply, piped natural gas and liquefied petroleum gas (LPG), namely:

- Regarding the contingency plans adopted by the providers of essential public services and anticipating possible payment difficulties motivated by isolation, lack of access to alternative means of payment from home or by an abrupt and unexpected loss of income by consumers, ERSE determines that the period of notice of interruption of supply to domestic customers (BTN) is extended by an additional 30 days;
- Establish exceptional rules regarding the instalment payment of debts generated in this exceptional period of 30 days, which may be extended by ERSE itself;
- Fractional payment of invoices, with no interest being charged by companies for a period of 30 days, due to the difficulty of paying consumers to their energy suppliers;
- The distribution system operators must give priority, in their actions to guarantee the supply of energy, to priority facilities, specially in hospitals and other health facilities, including those facilities that are exceptionally mobilized for this regime, as well as facilities public security and civil protection.

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DGEG Dispatch 27/2020, published on 20 March 2020, determines the execution of exceptional and temporary measures in the scope of licensing of the electricity sector, in response to the epidemiological situation arising from COVID-19, namely, the suspension, until the end of April, beginning with the date of the present order, of the submission of new requests for the allocation of Capacity Reserve Titles, Agreements for the allocation of reception capacity in the Electric Public Network (RESP), Registrations for UPP or UPAC, Electricity Production Licenses within the scope of Production in Ordinary Regime (PRO), Cogeneration and Production in Special Regime (PRE) and Licenses for the establishment of network infrastructures (lines and extensions, stations transformers, substations), except those of public or private service that fit in situations considered emergency by DGEG, for public health reasons or similar).

On 22 March 2020, Dispatch 3547-A / 2020, of the Ministry of Environment and Climate Action, was published, which regulates the declaration of the state of emergency, ensuring the functioning of supply chains for essential goods and public services, as well as the operating conditions under which they must operate.

In order to ensure the continuity and non-interruption of the electricity distribution service, the distribution system operators, municipalities and concessionaires for low voltage distribution must ensure, within the scope of their responsibilities, all necessary measures to ensure regular management, operation and maintenance of networks, maintenance of lines, transformer stations and auxiliary installations, and defining the necessary teams, including operators, team leaders, operation and maintenance technicians and other elements assigned to emergency response, to ensure the following functions:

- Operation of the National Dispatch of the National Electricity Transport Network in Sacavém;
- Operation of the Operation Center of the National Electricity Transport Network in Vermoim;
- Local operation and response to breakdowns and incidents in the infrastructures of the National Electricity Transport Network;
- Operation of the National Dispatch of the National Transport Network and Natural Gas Storage Infrastructures in Bucelas;
- Local operation and response to breakdowns and incidents in the infrastructures of the National Natural Gas Transport Network;
- Local operation and response to breakdowns and incidents in the underground natural gas storage infrastructures in Carriço;
- Local operation and response to breakdowns and incidents at the Terminal of liquefied natural gas in Sines, including the reception, storage and regasification of liquefied natural gas (GGNL);
- Operation and response to malfunctions and incidents of the computer systems that support previous activities;
- Maintenance of protection bands and fuel management in situations of imminent risk.

On 8 April 2020, ERSE Regulation No. 356-A / 2020 was published, which approves the regulation that establishes exceptional measures within the scope of the SEN and SNGN by the Epidemiological Emergency COVID-19 (additional measures to ERSE Regulation no. 255-A / 2020, published on 18 March 2020). In this context, ERSE approves additional regulations in which it extends, until 30 June 2020, the validity period of Regulation no. 225-A / 2020 and operates provisions for fractioned payment of electricity and natural gas bills until 12 monthly payments and also establishes other rules for application to companies not covered by Regulation No. 225-A / 2020.

On 10 April 2020, Law no. 7/2020 of the Assembly of the Republic was published, which establishes an exceptional and transitional regime for non-interruption of the provision of essential services. It is determined that during the state of emergency and in the following month, the suspension of the provision of essential services, such as electricity and natural gas, is not allowed and that, in the event of outstanding amounts related to the provision of these services, it should be drawn a payment plan, by agreement between the supplier and the customer, starting in the second month following the state of emergency. Because Law No. 7/2020 was published with inaccuracies, on 30 April 2020, Statement of Rectification No. 18/2020 was published, which rectifies, among others, the article that imposes obligations in terms of telephone lines available to customers.

On 29 May 2020, Law No. 18/2020 was published, which makes the first amendment to Law No. 7/2020, of 10 April 2020, extending the deadlines for measures to support families in the context of current public health crisis generated by COVID-19. Thus, this Law determines that the suspension of the supply of essential services such as electricity and natural gas should not be allowed until 30 September 2020, and the suspension ban precluded applies when motivated by a situation of unemployment, drop in household income equal to or greater than 20%, or with COVID-19 (applying from 1 June). In the event that there are outstanding amounts related to the provision of these services, a payment plan should be drawn up, by agreement between the supplier and the customer, starting in the second month thereafter from 30 September 2020.

On 22 June 2020, Ordinance No. 149/2020 was published, which defines and regulates the terms under which the aforementioned drop in income is demonstrated for the purpose of not suspending the provision of essential services.

On 8 July 2020, Dispatch 40/2020 of DGEG was published, which determines the closure of the facilities to the public until 27 July, suspension of submission of new requests and deadlines of the Terms of Reference relating to the Agreements to be signed with the Network Operators for the allocation of the injection capacity reserve in the RESP.

Similar measures have been implemented in other countries where the Group is present

Operational Impact

The rapid and effective implementation of EDP's business continuity plans in its various Business Units allowed the continuity of operations during the period of confinement, without significant interruptions in the supply of energy or services to customers.

EDP's operational and investment activities are dependent on local and global supply chains, with active management of critical supplies being carried out to minimize potential impacts of breakages in these chains.

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Accounting Impact

To assess possible accounting impacts arising from COVID-19, the EDP Group reassessed the estimates it considers relevant and which may have been impacted by this fact. Thus, on 30 September 2020, the EDP Group carried out a series of analyses of these relevant estimates, given that, due to the current scenario of uncertainty, the update of the basic assumptions for these estimates is, at this date, still complex. Nevertheless, we can highlight that:

i) In view of the measures enacted by the governments of the different countries in which the Group operates and the potential change in the quality of the customers' credit portfolio, the EDP Group carried out an analysis of the assumptions used in determining the expected credit losses and their confrontation with the best information available to date, such as the evolution of the Group's exposure as at 30 September 2020. Given the existing uncertainties regarding the impact on the credit risk of the respective customer portfolio, the Group has carried out an analysis of a set of scenarios in order to reflect its best expectation in the respective impairment calculation matrices, and will continue monitoring the evolution of this topic, in order to adjust the assumptions that may prove necessary. As at the reporting date, the Group has recognised impairment losses in the amount of approximately 19.6 million Euros, due to the situation generated by this pandemic. This increase has resulted essentially from the increase in accounts receivable balances on 30 September 2020, which are the basis for the impairment calculation matrices, as well as the adjustments made to the impairment loss assumptions, based on the country and the segment in which customers are included (residential customers and business customers), in order to reflect the specific situation generated by the pandemic.

ii) Regarding the provision for employee benefit liabilities, given the evolution of the stock markets, the discount rate used in the valuation of past service liabilities has been reviewed. In this sense, considering the evolution of interest rates that support the determination of the discount rate during the first nine months, on 30 September 2020 the EDP Group has considered the discount rate of 0.95% for Portugal (unchanged from 31 December 2019) and the discount rate of 7.70% for Brazil (31 December 2019: 7.56%). An increase of 50 basis points in the rate considered for Portugal would result in a reduction in the defined benefit obligation of approximately 105 million Euros. The increase in the discount rate considered in Brazil resulted in a reduction of the associated liability in the amount of approximately 12 million Euros. Moreover, there was a significant reduction in the fair value of the Plans Assets in Portugal in the first quarter, which has been partially recovered in the second quarter, translated into a reduction in the value of the Plan Assets of approximately 60 million Euros. Considering the impact above mentioned, the provision for employee benefit liabilities, on a consolidated basis, at the reporting date, has been impacted by 35 million Euros (net of tax).

iii) Regarding non-current assets, the Group has carried out an analysis in order to identify potential indication of impairment. With the exception of the situation described below, no materially relevant devaluations were identified as a result of the situation generated by the pandemic. Taking into account the continued deterioration in market conditions for coal power plants, especially accentuated during the first half of 2020 due to COVID-19, and following the information made to the market on 19 December 2019, EDP has decided to anticipate the closure process of Sines power plant (1,180 MW). Thus, on 14 July 2020, a declaration of resignation of the production license was delivered, to anticipate the respective closure by January 2021. Until that date, the plant will produce what is strictly necessary for burning stored coal. Considering this decision to close the Sines power plant, the impairment test carried out in December 2019 was reviewed, being determined an additional impairment amounting of 77 million Euros.

iv) Regarding investments in joint ventures and associates, recorded in the consolidated financial statements accounted for under the equity method, the results for the period already include the effects resulting directly from the pandemic, with no materially relevant impacts having been determined.

v) Regarding assets measured at fair value, the Group did not consider necessary to make changes to the valuation methods applied due to the context of the pandemic. Therefore, there are no additional financial instruments categorized as "Level 3" (that is, valued based on inputs that are not based on observable market information).

vi) Regarding derivatives designated as cash flow hedges, the Group has not identified significant situations that have resulted in the discontinuation of hedge accounting or in the recognition of an increase in inefficiency in existing hedging relationships.

Stakeholders

The EDP Group assumed the commitment to its stakeholders from the first moment and has acted in the fight against the pandemic, having elaborated an integrated plan of which the following initiatives stand out:

- **Employees**

The investment in recent years in digitalization was critical in this response to the pandemic, allowing the EDP Group to have 72% of the Group's workers teleworking. The EDP Group also reinforced internal communication and created an internal medical support line for more than 45,000 people.

For employees who are at the front line to insure the continuity of energy supply, the Group reinforced its cleaning and disinfection activities, delivered personal protective equipment and worked in alternate shifts, without contact and redundancy of the teams.

EDP's Executive Board of Directors has decided that the non-mandatory return regime for teams currently working in teleworking in Portugal will remain in effect until 15 January 2021.

- **Customers**

The Group takes care of its customers, not only ensuring the supply of energy, but also suspending energy cuts, making the deadline and payment method more flexible (without interest) and reinforcing digital contact means and call centers.

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For its customers who are healthcare professionals and are at the frontline battling the pandemic, the Group is granting discounts on electricity prices in Portugal and Spain. These discounts also benefit the integrated continuing care units and residential structures around disability, childhood and community, as well as hotels required to provide support to hospitals.

- Suppliers and job creation

The Group is contributing to maintain the economic activity and employment and helping suppliers to overcome this phase of the economic slowdown. Thus, the Group maintains the goal of hiring 700 people in 2020 and the investment plan of more than 9 billion Euros between 2020 and 2022 (remaining period of the Business Plan). Regarding suppliers, the Group anticipated payments to more than 1,200 Small and Medium Enterprises (SME) in early April and made payments on a set of SME invoices of up to 500 thousand Euros, totalling about 100 Million Euros, by the end of May.

- Communities

From the first moment, the Group made a commitment to the Communities, delivering medical equipment worth approximately 5.8 million Euros, of which approximately 4 million Euros in partnership with China Three Gorges (CTG) (50 fans, 200 monitors and medical support equipment), and personal protective equipment worth approximately 500 thousand Euros.

Additionally, the Group i) created a social fund to support community projects and vulnerable communities; ii) donated essential goods to homes and Non-Governmental Organizations (NGO) and personal protective equipment for homes; iii) helped to finance the production of a new invasive ventilator model, the development of platforms and applications to promote public health; and iv) provided electronic equipment for schools in the context of adapting schools to digital platforms. This set of measures totalled an investment of approximately 1.7 million Euros.

- Shareholders

The Group upheld the execution of the business plan and the commitment to the dividend distribution in May 2020.

This set of measures reflects the Group's resilience and commitment to all its stakeholders.

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I. Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP), currently with head office in Lisbon, Avenida 24 de Julho 12 and with its shares listed on the Euronext Lisbon stock exchange, results from the transformation of Electricidade de Portugal, E.P., incorporated in 1976 following the nationalization and consequent merger of the main companies in the electricity sector in Portugal. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, which led to a number of directly or indirectly wholly owned subsidiaries of EDP.

The Group's businesses are currently focused on the generation, transmission, distribution and supply of electricity and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, professional training, energy services and property management.

EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and North America) energy sectors.

During the nine-month period ended 30 September 2020, we emphasize the following regulatory changes, with potential significant impact in the economic activity of the EDP Group:

Activity in the energy sector in Portugal

Portugal - Electricity

Portugal - Electricity - Generation

On 23 January 2020, Ordinance 15/2020, of the Ministry of Environment and Climate Action (MAAC), was published, which sets the values of fees within the scope of administrative procedures related to electricity production and supply activities subject to the Decree Law 172/2006, of 23 August 2006 (in its current wording given by Decree-Law 76/2019, of 3 June 2019 - Small Production Units (UPP)).

On 14 February 2020, Ordinance 42/2020, of the Ministry of Finance, was published, which sets the rate of addition on CO₂ emissions and the value of the resulting addition for each product. The rate of the addition provided for in article 92-A of the Special Consumption Tax Code, defined annually, is fixed based on the auctions prices of greenhouse gas emission licenses carried out within the scope of the European Licensing Trade Emission Levels (CELE), with the value calculated for 2020 of 23.619€ / ton of CO₂ (in 2019, this value amounted to 12.74€ / ton of CO₂).

On 27 February 2020, Ordinance 53/2020, of MAAC, was published, that sets the amounts to be charged by the entity issuing guarantees of origin (EEGO) to the services provided within the scope of its functions.

On 16 March 2020, Ordinance 73/2020, of MAAC, was published, which establishes the non-exhaustive requirements for the connection of the generator modules to the Public Service Electric Network (RESP), in compliance with the provisions of Commission Regulation (EU) 2016/631 of 14 April 2016 (establishing a network code that defines the requirements for the connection of electricity generators to the network - Requirements for Generators - RfG).

On 20 March 2020, Directive 4/2020, of Energy Services Regulatory Entity (ERSE), was published, which approves the operational rules of the commercial relationship between the Transmission System Operator (ORT) and the producers covered by the Decree-Law 74/2013, of 4 June 2013, with the amendment given by Decree-Law 104/2019, of 9 August 2019, revoking Directive 15/2016, of 14 September 2016, regarding the clawback regime. The main change in this Directive is to allow the breakdown in invoice of the amount of exchanges with contractual stability compensation (CMEC) and to allow monthly aggregation by balance sheet area, instead of by power generation centre.

On 25 March 2020, MAAC Ordinance 80/2020 was published, which establishes the reference tariff and respective duration to electricity producers from renewable energy sources, based on a single production technology, with maximum installed capacity up to 1 MW (UPP), and destined to the total sale of energy to Electric Public Network (RESP), that opt for the guaranteed remuneration regime. The reference rate for the UPP applicants that opt for the guaranteed remuneration scheme is 45€/MWh, non-upgradable (applies to any renewable source of primary energy and type of technology, regardless of the location of the UPP installation).

On 6 April 2020, Decree-Law 12/2020, of the Presidency of the Council of Ministers was published, which establishes the legal regime applicable to the trading of licenses and emission of greenhouse gases (GHG) for the period 2021-2030, transposing into the national legal order the EU Directive related to this theme (Directive 2018/410, of 14 March 2018 | CELE Directive - European Union Emissions Trading Scheme). This Decree-Law promotes decarbonisation in industrial installations that emit more GHG, contributing to the fight against climate change.

On 29 May 2020, Order 5921/2020, of the Office of the Secretary of Deputy State for Energy (SEE) was published, which determines the opening of a competitive procedure, in the form of an electronic auction, for the attribution of reserve capacity injection at RESP connection points for electricity from solar energy conversion. On 18 June 2020, DGEG Order 6415/2020 was published, which appoints the jury for the tender procedure for the solar auction.

On 17 June 2020, Order 6403-A/2020 was published, regarding the opening of the period for expression of interest for participation in the future "Important Project of Common European Interest" (IPCEI) of Hydrogen.

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On 25 June 2020, MAAC Ordinance 158/2020 was published, proceeding to the first amendment to Ordinance 172/2013, of 3 May 2013, which establishes the verifying regime of the availability of power generation centers with the objective of adapting this discipline to storage.

On 30 June 2020, Order 6740/2020 of the SEE Office was published, which establishes the amount of payment on account to be applied in 2020 to electricity producers covered by the clawback mechanism. The payment on account to be applied for the year 2020 assumes the value of 2.24€/MWh, per unit of energy injected in the RESP, applying to all electric energy producers that operate power generation centers covered by Decree-Law 74/2013, of 4 June 2013, in its current wording, with the exception of power generation centers included in internal extra-market events identified.

On 7 August 2020, Order 41/2020, of the DGEG, was published, with the transition rules for the alternative remuneration provided for in Decree-Law 35/2013, of 17 February 2013, when it respects the only part of the total energy produced in a wind power plant that starts operating in time staggered under successive licenses.

On 17 August 2020, Decree-Law 60/2020, of the Presidency of the Council of Ministers was published, which establishes the mechanism for issuing guarantees of origin for low-carbon gases and for gases of renewable origin, updating renewable energy targets. This decree-law contributes to achieving carbon neutrality by 2050, through the creation of mechanisms that encourage the use of renewable resources, namely through the energy sector, extending the range of certification of the renewable source of energy consumed to gases with a low content of carbon and gases of renewable origin, promoting the production of these gases.

On 21 August 2020, Ordinance 203/2020 of MAAC was published, amending Ordinance 102/2015, of 7 April 2015, which establishes the criteria for granting authorization for the installation of the equipment for wind power generation centers.

On 2 October 2020, Ordinance 233/2020 of MAAC was published, revoking Ordinance 251/2012, of 20 August 2012, which establishes the regime of incentives granted to the power guarantee provided by power generation centers to SEM, specifically, the revocation of the investment incentive.

Following the request made by EDP on 21 May 2019, as well as the several letters sent to the Portuguese State requesting information on the approval of the Working Group Report for the extinction of the Hydrological Correction Account (CCH), on 17 August 2020, in the event of ratification of the conclusions reached by the aforementioned Working Group, EDP ended up having to petition to the Lisbon Administrative Court, the condemnation of the Portuguese State, the Ministry of Finance and the Treasury and Debt Management Agency Public - IGCP, EPE, to pay to EDP the amount corresponding to the impact of the non-consideration of CCH as a deductible liability for the purpose of determining its equity value in the assessments that preceded the different stages of reprivatization of EDP, under the paragraph e) of number 2 of article 3 of Decree-Law 453/88, of 13 December (in the wording prior to that given by Law 75-A / 2014).

in the event of ratification of the conclusions reached by the aforementioned Working Group, EDP ended up having to petition, with the Lisbon Administrative Court, the condemnation of the Portuguese State, the Ministry of Finance and the Treasury and Debt Management Agency Public - IGCP, EPE, to pay to EDP the amount

Portugal - Electricity - Distribution

On 26 May 2020, ERSE Regulation 496/2020 was published, approving the amendment to the Electric Sector Tariff Regulation (TR), determining that the regulatory parameters approved in ERSE Directive 2/2018, of 4 January, for the 2018-2020 regulatory period, are exceptionally applicable until 31 December 2021, that is, for another year due to the current context of uncertainty created by the pandemic.

Portugal - Electricity - Supply

On 23 January 2020, Ordinance 16/2020, of MAAC was published, which sets the amount of the fees of the administrative procedures for the self-consumption activity and Renewable Energy Communities (CER), implementing the regime approved by Decree-Law 162/2019, of 25 October 2019 (self-consumption production units (UPAC) and CER).

ERSE Directive 2-A/2020 was published on 14 February 2020, which approves the risk management and guarantee regime of the National Electric System (SEN). This Directive approved under article 58-D of Decree-Law 76/2019, of 3 June 2019, regulates the activity of guarantee management, the management and risks and provision of guarantees within the scope of the SEN, as well as the activity and procedures to be supervised by the Integrated Guarantees Manager.

On 20 March 2020, ERSE Directive 5/2020 was published, which approves the tariffs for access to the networks to be applied to self-consumption of electricity through the RESP in 2020.

On 1 April 2020, MAAC Ordinance 83/2020 was published, approving a new calendar postponement for the extinction of the transitional tariffs for sale to final customers (TTVCF) applicable to electricity supplies in MT, BTE and BTN and supplies of natural gas in Low Pressure (BP). This ordinance implements the extension provided in the State Budget Law for 2020, applicable to BTN (extension of the deadline for the TTVCF extinction of electricity in BTN to 31 December 2025), establishing as a new timetable for the TTVCF extinction.

On 2 April 2020 ERSE Directive 5-A/2020 was published, which approves a decrease in the price of the energy tariff applied in the regulated market in the electricity sector by 5€/MWh, with the change in this component of TTVCF, reflecting a reduction of about 3% in the total electricity bill.

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On 20 April 2020, ERSE Directive 6/2020 was published, which approves the extension of the pilot project for the participation of consumption in the regulatory reserve market.

On 13 July 2020, ERSE Directive 13/2020 was published, which determines the entities qualified to integrate the deviation of supply unit under the terms of the Global System Management Procedures Manual, allocated to supply programming units.

On 24 September 2020, Decree-Law 74/2020 of the Presidency of the Council of Ministers was published, which change the VAT rate applicable to electricity supplies in relation to certain levels of consumption and contracted power in normal low voltage (NLV). To contracts included in Low Voltage up to a contracted capacity of 6.9 kVA, should be applied the intermediate rate of VAT to consumption up to 100 kWh (for period of 30 days), being the normal rate of 23% applied to the remaining. This consumption level is increased by 50% for large families (households with five or more members), allowing these families to benefit from the intermediate rate of up to 150 kWh (for a period of 30 days), being the normal rate of 23% applied to the remaining.

On 1 October 2020, Decree Law 79/2020 of the Presidency of the Council of Ministers was published, which extends the application of the straightening mechanism of the cost of energy purchased from producers under a special regime. This Decree-Law sets a new time horizon for the repercussion of the costs with the production under a special regime where “only the tariff adjustments referring to the overcosts with the production in special regime occurred until 31 December 2025 can be reflected in the income to be recovered by the regulated companies”.

Portugal - Natural Gas

On 3 April 2020, Order 4131/2020 of the SEE Office was published, which sets the discount to be applied to the access tariffs to the networks in BP, to the beneficiaries of the natural gas social tariff. Thus, is determined to maintain the percentage of the social tariff for natural gas that ensures a 31.2% discount on transitory tariffs for sale to end customers of natural gas, excluding VAT, other taxes, contributions, taxes and default interest that are applicable, not being considered its application for the purposes of other support currently in force.

ERSE Regulation 455/2020 was published on 8 May 2020, which makes the first change to the Natural Gas Sector Tariff Regulation (RT), where ERSE approves an energy tariff adjustment mechanism, identical to that already existing in the electricity sector, which provides for quarterly monitoring of the cost of acquisition of natural gas related to the seller of last resort wholesale.

Portugal - Transversal legislative changes

State Budget and Major Plan Options

Law 2/2020 was published on 31 March 2020, which approves the State Budget Law for 2020, with the following main measures that impact the energy sector:

Exemption of the oil tax (ISP) and surcharge over CO₂

Coal and coal coke used in the production of electricity are taxed at a rate corresponding to 50% of the ISP rate and CO₂ addition for 2020. The payment of 50% of the value of the CO₂ addition is the difference between a reference price for CO₂ established at 25€/tCO₂ and the price subsequent from the arithmetic average resulting from the auctions of GHG emission licenses, with the maximum limit of 5€/tCO₂.

The ISP exemption on natural gas used to produce electricity is eliminated, which will be taxed at a rate corresponding to 10% of the ISP rate, which will progressively worsen until 2023 in the following terms: 20% in 2021; 30% in 2022; 40% in 2023. Natural gas for electricity production remains exempt from adding CO₂ as it is a CELE sector.

The ISP exemption on fuel oil used to produce electricity is eliminated and is now taxed at a rate corresponding to 25% of the ISP rate, which will progressively worsen until 2023 in the following terms: 50% in 2021; 75% in 2022; 100% in 2023. Fuel oil for electricity production remains exempt from adding CO₂ as it is a CELE sector.

It is expected that the revenue obtained from ISP and CO₂ addition will be allocated 50% to the National Electric System (SEN) or reduction of the tariff debt and 50% to the Environmental Fund.

During the year 2020: 1) The Government will reassess the exemptions attributed to the facilities included in the CELE regime and in the Management System for Intensive Energy Consumption to phase it out; 2) The Government will study the best way to accelerate the progressive reduction of the exemption of ISP and CO₂ addition rate, to align them with the incentives for the introduction into the consumption of renewable gases and ensure their contribution to the fulfillment of the targets RNC 2050 and PNEC 2030.

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CESE (Extraordinary Contribution on the Energy Sector)

CESE remains in force in 2020 as it was in previous years, with the exemption from CESE's application to small producers using renewable sources with installed power up to 20 MW, foreseeing a standard anti abuse which excludes the exemption taxable to the passive subjects that in the set of power generation centers they own, have an installed power higher than 60 MW covered by FiT regimes.

The State Budget Law for 2020 grants legislative authorization to the Government (within 90 days), in order, namely, to reduce the various rates of extraordinary contribution to the energy sector, with the limit of the percentage reduction in tariff debt provided for in the electricity tariffs for 2020, according to ERSE.

Value added tax (VAT)

Legislative authorization is granted to the Government to amend the VAT Code (to be implemented within 1 year), in which within each power step there may be differentiated VAT rates, depending on consumption (request under analysis at the European Commission's VAT Committee).

CAV (Audiovisual Contribution)

In 2020, the monthly values of the CAV are not updated, keeping the value (excluding VAT) at 2.85 €.

Regulated Electricity Tariff

The existence of the regulated electricity tariff for Low Normal Voltage is extended until 31 December 2025.

Social Energy Tariff

The conditions for access to the social tariff for electricity and natural gas are extended to all situations of unemployment in addition to those that already exist (social income and social unemployment benefit).

Other relevant legislative changes

ERSE Directive 3/2020, of 17 February 2020, approved the tariffs and prices for electricity and other services to be in force in 2020.

On 20 March 2020, Regulation 266/2020 of the ERSE was published, which establishes the rules for the exercise of self-consumption activity of individual or collective renewable energy, when there is a connection to the RESP.

On 6 June 2020, Resolution 41/2020 of the Council of Ministers was published, approving the Economic and Social Stabilization Program (PEES) with a time horizon until the end of 2020, determining measures that affect the bands of fuel interruption, MOBI.E, program to support more sustainable buildings and fight poverty.

On 19 June 2020, Order 6453/2020, of the SEE Office was published, which establishes the conditions for the exemption of charges corresponding to the costs of general economic interest (CIEG) that affect network access charges determined by ERSE in self-consumption projects and renewable energy communities (CER).

On 25 June 2020, ERSE Directive 11/2020 was published, which approves the natural gas tariffs and prices to be in force for the 2020-2021 gas year. ERSE Directive 12/2020, of 30 June 2020, approves the update of the 2019-2020 energy tariff for the natural gas sector, with effect from 1 July.

On 10 July 2020, Resolution 53/2020 of the Council of Ministers was published, approving the National Energy and Climate Plan 2030 (PNEC 2030), which reinforces the importance of meeting the national targets for the year 2030, in line with a trajectory of carbon neutrality until 2050.

On 14 August 2020, Resolution 63/2020 of the Council of Ministers was published, approving the National Hydrogen Strategy (EN-H2).

On 28 August 2020, Decree-Law 62/2020 of the Presidency of the Council of Ministers was published, which establishes the organization and operation of the National Gas System and the respective legal regime and proceeds with the transposition of Directive 2019/692, of the European Parliament and of the Council, of 13 July 2019, amending Directive 2009/73/EC establishing common rules for the internal market in natural gas. This decree-law also creates the regulatory conditions for the definition of quotas for incorporating gases of renewable origin and gases of low carbon content, as a fundamental instrument to achieve carbon neutrality in 2050.

On 10 September 2020, Decree-Law 64/2020 of the Presidency of the Council of Ministers was published, which establishes provisions on energy efficiency, transposing Directive (EU) 2018/2002, of the European Parliament and the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency. A new obligation is established for Portugal to achieve cumulative energy targets in end use, for the entire duration of the obligation from 2021 to 2030, equivalent to new annual savings of at least 0.8% of final energy consumption.

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On 30 September 2020, ERSE Directive 14/2020 was published, which approves the trading rules, on the MIBGAS platform, for products delivered to the Virtual Trading Point, as well as the associated procedures to that trading.

Activity in the energy sector in Spain

Electricity - Spain

Supply

CNMC Circular 3/2020, of 15 January 2020, establishing the methodology for calculating tolls for electricity transmission and distribution and was modified by Circular 7/2020, of 22 July 2020, extending until 1 April 2021 the transition period for distributors and suppliers to adapt to the changes.

Vulnerable Consumers

As a consequence of the declaration of a state of alarm in Spain due to the health crisis caused by COVID-19, Royal Decree-Law 8/2020, of 17 March 2020, with extraordinary urgent measures to face the economic and social impact of COVID-19, introduced temporary measures related with electricity, namely the prohibition on suspending the supply of electricity to vulnerable, seriously vulnerable consumers or CRES and the automatic extension of the validity of the social bonus of those consumers until 15 September 2020.

Likewise, Royal Decree-Law 11/2020, of 31 March 2020, made it possible for self-employed workers who have ceased their activity or who have suffered losses of at least 75% of their turnover, to be considered as vulnerable consumers in their habitual residence for a maximum period of 6 months if they comply with the criteria of article 28 of the Real DL.

The Royal Decree-Law 30/2020, of 29 September 2020, of social measures in defense of employment, configures a new categorization of vulnerable consumers, for the purposes of receiving the social bonus for electricity and special protection against interruption of supply, for those family units where one of the members is unemployed, has a reduced or suspended work contract ("Expediente de Regulación de Empleo Temporal -ERTE") or has a reduced work schedule due to assistance in case of being an employer. The receipt of the social bonus in this new modality will have a limited duration, until 30 June 2021, and from that date on, the social bonus can be requested under the regulation in Royal Decree 897/2017 of 6 October 2017.

Activity in the energy sector in Brazil

Electricity

Regulatory Changes

On 6 March 2018, the National Electric Energy Agency (ANEEL) approved the new efficiencies in the definition of the regulatory operating costs. EDP São Paulo maintained its level of efficiency at 82% and EDP Espírito Santo increased its efficiency from 72% to 82%. The global efficiency of the distributors increased from 76% to 79%. ANEEL accepted the request to include labor convictions and the costs of deactivating assets. Regarding the operating cost of the test year and civil convictions, ANEEL chose to postpone the discussion for the methodological review in 2020.

On 10 March 2020, in Normative Resolution 874, ANEEL defined the methodology for the rate of the weighted average cost of capital (WACC) for energy distributors, generators and transmitters. The Distribution WACC goes from 8.09% (amount extended until 31 December 2019) to 7.32%, effective from 2020. The remuneration rate will be recalculated annually, updating the cost of capital for third parties and adopting the average cost of equity for the last 5 years.

On 24 March 2020, Normative Resolution 878 imposed measures to preserve the provision of the distribution service resulting from the public calamity caused by the coronavirus pandemic (COVID-19), listing a series of guidelines necessary for the maintenance of essential services.

On 28 March 2020, due to the coronavirus pandemic, the Ministry of Mines and Energy (MME) decided to postpone, through Ordinance 134, the holding: (i) of the existing energy auctions "A-4" and "A-5", 2020; (ii) of the New Energy auctions "A-4" and "A-6", from 2020; (iii) of the transmission auctions provided for in MME Ordinance 15, of 13 January 2020; and of the (iv) auctions for contracting solutions for supplying isolated systems, as provided for in MME 67, of 1 March 2018.

On 15 June 2020, Normative Resolution 886 extended the provisions of the Normative Resolution 878 until 31 July 2020.

On 23 June 2020, Normative Resolution 885 established the creation of the COVID Account, through CDE (Energetic Development Account), to anticipate receivables from distributors and to mitigate the lack of liquidity in the electricity sector, through centralized credit by CCEE (Electric Energy Trading Chamber) with private banks.

On 1 September 2020, Provisional Measure 998 came into force, mainly promoting measures to reduce consumer tariffs.

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Generation

On 10 March 2020, ANEEL published Normative Resolution 875 concerning the requirements and procedures necessary to the approval of hydroelectric inventory studies of watersheds, the authorization to operate hydroelectric plants, the communication on the implementation of a hydroelectric generating plant with low installed capacity and the approval of technical and economic feasibility studies for hydroelectric power plants subject to concession. This Normative also establishes the requirements and procedures necessary to obtain authorization for exploration and to change the installed capacity of wind, photovoltaic, thermoelectric and other alternative sources and the communication of the implementation of power plants with low installed capacity.

On 24 July 2020, ANEEL published Normative Resolution 890, which rectifies some of the provisions of Normative Resolution 875, of 10 March 2020.

Distribution

On 20 February 2020, ANEEL published Normative Resolution 871, establishing changes to module 8 of the Procedures for the Distribution of Electricity in the National Electrical System - PRODIST. Thus, as of January 2021, all consumer units included in the sample measurement draw for the evaluation of energy quality, must have installed meters with functionalities for permanent monitoring of voltage levels. This resolution also requires that from 1 January 2023, distributors must have a certification for the measurement process, data collection, calculation of indicators and compensation related to the permanent voltage, for the modalities described in item 9.2.1, based on the standards of the International Organization for Standardization (ISO 9000).

On 20 February 2020, ANEEL approved the Public Consultation CP 17/2019, publishing Normative Resolution 872, thus deciding to suspend the rounding of the additional tariff flags, in line with the EDP Group's contributions and in line with the decision embodied in REH 2,628 of 2019.

On 17 March 2020, Normative Resolution 877 determined the new methodology for Factor X Pd, that consists of shared productivity gains with the consumer. Total factor productivity went from 1.53% to 0.663%, showing a significant reduction in the concessionaires' market and increasing investment and O&M costs, which reduces gains in scale. The market variation coefficient goes from 0.14 to 0.317 and the variable number of consumer units is no longer part of the Pd equation.

On 24 March 2020, Normative Resolution 878 imposes measures to preserve the distribution service due to the public calamity caused by the coronavirus pandemic (COVID-19), such as: (i) cut-off due to lack of activities considered essentials, equipment for the preservation of human life and dependent on electricity, residential and rural consumers, among other cases; (ii) suspension of the requirement to meet deadlines for certain activities of the distributors, face-to-face service and the issuance of a physical invoice; and (iii) prohibition of scheduled closings in addition to those necessary for the maintenance of services.

On 27 July 2020, ANEEL approved Normative Resolution 891, amending Normative Resolutions 878, of 24 March 2020, and 414, of 9 September 2010, establishing the continuity of measures to preserve the public service of electricity distribution resulting from the public calamity caused by the COVID-19 pandemic, such as a cut-off on Friday and on the eve of holidays, and refers to general supply conditions.

Transmission

On 3 March 2020, Normative Resolution 873 establishes textual adjustments and corrections, definition of less restrictive requirements and changes to deadlines in the Grid Procedures.

On 9 June 2020, Normative Resolution 884 determines the regulatory WACC for Transmission at 6.96% (real after tax) in 2020 for the existing transmission companies and reinforcements and improvements also for the bidding transmission companies.

On 14 July 2020, Resolution 2725, establishes the annual allowed revenues for the provision of facilities under the responsibility of public energy transmission service concessionaires.

Activity in the renewable energy sector

Electricity

Generation

Regulatory framework for the activities in Spain

In December 2019, the CNMC (Comisión Nacional de los Mercados y la Competencia) disclosed in its website the final balance of the Spanish electricity system in 2018, delivering a surplus of 96 million Euros.

In January 2020, the CNMC's Circular 3/2020 was approved. The Circular sets the methodology to calculate access fee and removes the former 0.5€/MWh for generators. A new fee of 0.13741€/MWh was introduced to remunerate the system operator.

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On 28 February 2020, the final version of the Rinv (investment premium) adjustment was published, as in 2019 ended the second semi-regulatory period of the RD 413/2014 framework. The three main adjustments vs the previous semi-period have been the estimation of pool prices using forward prices, the so-called “factor de apuntamiento” (from 14.79% to 6.14%) and the adjustment of the OPEX to reflect the removal of the 0.5€/MWh access fee and the inclusion of the system operator remuneration.

On 14 March 2020, Royal Decree 463/2020 entered into force, declaring the state of emergency for the management of the health crisis caused by the coronavirus (COVID 19). During extreme situations (among them, health crises) article 116 of the Spanish Constitution allows the executive to declare the state of emergency, a measure that enables it to prohibit the free movement of people throughout the country and to take all steps required to guarantee the supply of food to the nation's markets. It also allows the government to take over the means of production and requisition goods.

Initially the state of emergency was set to last until 29 March 2020 but the Congress extended it until 21 June 2020. Also, the government toughened the lockdown measures on 28 March 2020 requiring the halt of all “non-essential” activities from 30 March to 9 April, including wind farms’ construction. Several subsequent Royal Decrees were published during the State of Alarm. These Royal Decrees included economic and social measures to fight the pandemic effects. Despite the lockdown, several consultations have been launched by the Energy Ministry (Hydrogen Strategy, Electric Energy Storage (EES), offshore strategy and FEDER auctions).

Due to the disruption caused by COVID-19, a 2-month extension (from the last day of the state of emergency) of the connection rights expiring on 31 March 2020, was decided.

The final version of the Spanish NECP (National Energy and Climate Plan) for the period 2021-2030 was sent to the European Commission. The final version did not contain changes compared to the latest draft.

The Council of Ministries approved an update on Project Law on Energy Transition and Climate, to be now passed for approval in the Spanish Parliament. The project law keeps the objective of 35% renewables in final energy in 2035 and 70% renewable energy sources for electricity production (RES-E), as well as carbon neutrality and 100% RES by 2050, among other measures.

On 23 June 2020, the Government approved Royal Decree Law 23/2020 with measures in the area of energy and other areas aimed at economic recovery. The objective of this Royal Decree Law is to guide energy policy for economic recovery, financial resource mobilization, sustainable job creation and the requisite collaboration between budgetary, monetary, financial and structural policies. In particular, RD 23/2020 consists of a battery of measures intended to help the energy transition, remove barriers to the large-scale deployment of renewable energy sources and promote energy efficiency.

On 17 July 2020, Ministerial Order TED/668/2020 was approved, defining the values of the Rinv (investment premium) adjustment for 2018 and 2019, considering the temporary suspension of the rate of 7% on generation during the fourth quarter of 2018 and the first quarter of 2019.

Regulatory framework for the activities in Portugal

In 27 December 2019, the Portuguese Government published the Order 12424-A/2019, setting the Social Tariff, CESE (energy tax) and the tax over oil products (ISP) as the internal events to be considered in the annual study made by ERSE to set the clawback. Additionally, the DGEG (Direção-Geral de Energia e Geologia) clarified in January 2020 that the clawback only applies to renewables under market conditions (and therefore, assets under a tariff scheme or a PPA are excluded from the mechanism). On 30 June 2020, Dispatch 6740/2020 was published by the SEE which establishes the CIT (corporate income tax) – advanced payment to be applied in 2020 to electric power producers covered by the “Clawback” mechanism. The value of CIT (corporate income tax) – advanced payment for the year 2020 is set at € 2.24/MWh for plants that are not subject to extra market internal events, that is, only to some renewable energy producers in the market with the exception of the power generation centers included in the scope of internal extra-market events identified.

On 22 October 2020, Dispatch 10177/2020, issued by the SEE Office, was published, which determines the final compensation of the “Clawback” for the year 2019, considering the ISP regime as the only internal off-market event within the SEM.

The 2020 State Budget envisaged that small producers (up to 20 MW) would be exempted from paying the CESE. Also, passive subjects with more than 60 MW under tariff schemes would also be exempted from paying the tax.

On 14 February 2020, the reference terms for capacity reservation were published. Initially, Decree-Law 76/2019 opened the door to capacity reservation agreements with the Transport system operator (TSO) in which generators would commit to build the interconnection infrastructure. However, given the high number of requests received, a number of technical and sustainability criteria were also included.

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In Portugal, a GO (Guarantees of Origin) system was launched. From March 2020 onwards, REN will start to render, transfer and cancel GOs, while importation and exportation will be only possible from the second semester of 2020 onwards. To participate in the GO system, companies will need to pay 1,000 Euros upfront and 0.037€/MWh for the issuing of the corresponding GOs. Additionally, there is a cost of 250 Euros per installation for the services of the external audit. The “Manual de Procedimentos” setting the attributions of REN as the entity responsible for the issuing of GOs was approved by DGEG in February 2020. The DGEG published in May 2020 an update about the participation in the GO system. According to this update, registration shall be compulsory for renewable producers above 5 MW and high efficiency cogeneration. Until 2021, renewable plants over 1 MW and self-consumption ones will be exempted. Registration for obliged producers should be done until 30 June 2020.

In order to prevent further spread of the Covid-19, the state of emergency was declared by Presidential Decree 14-A/2020, of 18 March 2020, as authorized by the Parliament's Resolution 15 A/2020, of 18 March 2020. DGEG suspended all deadlines linked to licensing procedures for all electrical projects after 16 March 2020. In particular, this suspension comprehends the deadlines for any administrative proceeding to be performed by solar promoters with projects awarded in the first solar auction (June 2019). The Emergency State was lifted on 2 May 2020 and replaced by the Calamity State and on 1 July 2020 it was changed to State of Alert for most of the country.

On 31 March 2020, the Law 3/2020 the Great Plan Options was published setting the main policies and investments for the 2020-23 period. In terms of energy, the path to carbon neutrality in 2050 is set by confirming the 55% reduction target in 2030, promoting regional guidelines for carbon neutrality and envisaging the development of 5-year carbon budgets. Additionally, the main goals of the NECP are also confirmed by the Law (preparation works for coal phase out, installations of 2 GW of solar PV in the next 2 years, reinforcement of existing onshore, promotion of hybrid and Energy storage, offshore wind, hydrogen, etc.). Energy efficiency, e-mobility and economic incentives for decarbonization are also among the government priorities.

On 9 June 2020, the Council of Ministers approved the Supplementary Budget for 2020. The proposed law amends the State Budget law for 2020, allowing the materialization of the Economic and Social Stabilization Program.

On 10 July 2020, the Council of Ministers officially approved the Portuguese National Energy and Climate Plan setting 2030 Renewables targets. The Plan commits to a 47% RES contribution that translates into 80% RES-E. According to its Plan, Portugal expects to reach 9.3 GW of wind and 9 GW of solar PV by 2030.

On 24 and 25 August 2020 the solar auction took place as announced by the Energy Secretary of State on 27 March 2020. The injection capacity auctioned was of 700 MW, all in the Alentejo and Algarve areas and the pre-qualification process was open on 8 June 2020.

According to the online information session, promoters had the choice between the following three remuneration schemes: 1) A fixed guaranteed tariff structures, where the bids would express a discount to a reference price, in €/MWh; 2) A market scheme where the promoters bided for a contribution made to the National Electric System (SEN) in MWh and where the promoters that bided the largest contributions would be awarded with the capacity title; 3) A new system consisting of a market scheme for power plants incorporating a storage system, in which participants bided the value of the capacity payment that would like to receive in €/MW (MW of connection capacity). In exchange, they should sign a one-side CfD (Contract for Differences) with REN to protect the system against price spikes events.

In total 670 MW of new capacity were awarded, of which 483 MW in the EES option, 177 MW in the contribution to the system option and 10 MW in the CfD option.

Regulatory framework for the activities in Romania

At the end of 2019, the regulatory entity (ANRE) released Order 236/2019 ruling on negative prices and Power Purchase Agreements (PPA), following the European Commission (EC) mandate of removing price limits from wholesale markets. Imbalance price cap is expected to be removed in April, although it's likely that there will be delays in the implementation. Also, ANRE is already working on a single-price mechanism, also in line with European balancing guidelines (expected to be implemented by January 2021). The Order also seems to allow PPAs as energy transactions in non-regulated markets.

The State of emergency was declared on 16 March 2020, through presidential Decree 195/2020. The Decree aims at controlling the spread of COVID-19. Among others, the Decree includes restrictions of certain rights (introducing for example compulsory quarantines). It also includes the possibility of price controls for certain goods and/or services (for example, electricity prices cannot be increased over the levels applicable on the day of issuance of the Decree). The State of emergency was subsequently extended until 16 May 2020. During the State of emergency period, the government has released several economic relief measures such as extension of payment deadlines for local taxes, a tax debt restructuring program, a reduction of the monetary interest rate, among others.

On 31 March 2020, ANRE published Order 61/2020 stating that negative prices would be allowed from September 2020 in line with Order 236/2019 published in 2019. The date to remove imbalance price cap had been postponed several times since Order 236/2019.

On 14 May 2020, Emergency Ordinance 74/2020 was approved, amending the Energy Law 123 and allowing PPAs signed outside the centralized markets for new renewable projects with Commercial Operation Date (COD) from June 2020. It seems however, that the Emergency Ordinance has been modified for its ratification in the parliament, removing the mention of the PPAs, despite being previously published in the Official Journal.

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On 11 June 2020, the Romanian Energy Ministry proposed a Memorandum with the basic characteristics of a potential CfD scheme, addressed at low carbon technologies (renewables, Carbon Capture and Storage (CCS) and Energy Storage Systems (ESS)).

Regulatory framework for the activities in the North America

On 20 December 2019, the President signed the Taxpayer Certainty and Disaster Tax Relief Act of 2019. The act changes the phase down schedule for the Production Tax Credit for onshore wind energy projects. Under prior law, the Production Tax Credit (PTC) phased down to 40% for projects beginning construction in 2019 and then to 0% for facilities for which construction began in 2020. The new act leaves in place the 40% PTC rate for 2019 projects, then increases the PTC to 60% for projects beginning construction in 2020. Projects beginning construction in 2021 & later will have no PTC. The act made no changes to the solar Input Tax Credit (ITC).

The United States Treasury Department formally extended the eligibility deadlines for Production Tax Credits (PTC) and Investment Tax Credits (ITC) in connection with renewable facilities. The extensions were a welcomed relief for solar, wind, and other renewable energy projects navigating the uncertainties of the COVID-19 pandemic. The extensions were announced in Notice 20-41, issued on 27 May 2020. The safe harbor period will now be extended to five years (previously four) to complete projects that commenced in 2016 and 2017 while maintaining PTC and ITC eligibility. Developers and investors using the 5% safe harbor retain their eligibility so long as the taxpayer (i) invested 5% of project costs by 31 December 2019, (ii) reasonably expected the delivery of equipment intended to satisfy the safe harbor within 3.5 months after the date of payment, (iii) received qualifying equipment by 15 October 2020 for equipment paid for on or after 16 September 2019.

Regulatory framework for the activities in Poland

The Council of the Ministries published on 31 December 2019 a draft Ordinance defining volumes and values for 2020 auctions. The proposed volumes have been significantly lifted from previous versions (for onshore wind and solar PV above 1 MW it has been set at 46.29 TWh, equivalent to around 0.8 GW of onshore wind and around 0.7 GW of solar PV). In 2020, one renewable auction round is expected in Q4.

On 15 January 2020, the Ministry of State Assets submitted for public consultation a draft law on the promotion of electricity generation of offshore wind farms. The proposed remuneration scheme is a 25-year CfD with profile risk fully covered. The draft Act also considers the possibility of granting support out of a tender scheme up to 4.6 GW projects (provided certain project milestones have been reached). From 2023 onwards (or once the 4.6 GW threshold is reached), offshore wind projects can participate in competitive auctions.

On 13 March 2020, the Minister of Health announced a state of epidemiological threat in Poland, which is a legal situation aimed at introducing measures to reduce the spread of COVID-19. Following the announcement, some restrictions have been approved, including the prohibition on entering the territory of Poland for foreigners, the obligation of a 14-day home quarantine or the suspension of all international flight and railway connections, among others. The restrictive measures started to be lifted on 20 April 2020. Several economic relief measures, the so-called government anti-crisis shields, were approved since the start of the state of epidemiological threat. In particular, the following ones apply to renewable producers: 1) renewable projects awarded in the 2018 and 2019 auctions will benefit from COD extensions (up to 12 months), if some delays are proved (for example, (i) delays in the delivery of equipment that is part of the installation, (ii) in the construction or (iii) the grid connection, among others); 2) power companies will be obliged to adjust in the grid connection agreements the date of the first delivery, considering the deadlines extensions.

After the consultation launched in February 2020 by the Ministry of State Assets, the Ministry of Climate published in May 2020 the reference prices for 2020 auctions. Reference price for onshore wind has been reduced from 285 to 250 PLN/MWh. Also decreases for small and large solar PV have been decided. Regarding the upcoming auction, the volume for onshore wind and solar PV above 1 MW will be 46.29 TWh equivalent to 0.8 GW of onshore wind and 0.7 GW of solar PV.

Regulatory framework for the activities in France

In December 2019, the CRE (Energy Regulator) held an auction to procure 630 MW of onshore wind and results were announced on 2 April 2020. In total, 35 onshore wind facilities, amounting to 750 MW (considerably above the capacity initially targeted) were awarded a CfD. The average price of winning bids was 62.9€/MWh.

A new version of the PPE ("Programmation Pluriannuelle de l'Énergie") was published for consultation until 19 February 2020. The new version of the plan that feeds France's NECP (National Energy and Climate Plan), has increased offshore wind targets vs. the previous version whilst decreased solar PV's. According to the latest version, France would need to achieve between 33.2 and 34.7 GW of onshore wind in 2028, 5.2-6.2 GW of offshore wind and 35.1-44 GW of solar PV. The PPE also includes a schedule of tenders to be held between 2020 and 2034. The final version of the PPE was approved by Law on 24 April 2020 and maintained all figures of the previous draft published for consultation in February.

On 20 March 2020, the CR 17 decree (Complément de Remunération 2017) was published, amending previous decree (Arrêté 6/05/2017). The decree aims at facilitating the transition from CR 16 to CR 17 regime. The maximum number of turbines by wind farm has increased to 6 (from 4, in previous draft) and height limitations have still not been introduced (there will be announced in a further decree).

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The French Assemblée Nationale approved on 21 March 2020, a law introducing the “State of health emergency” during the coronavirus pandemic. The law introduces measures limiting private liberties (such as confinement and requisitions) and contains provisions regarding postponing the second round of the French municipal elections, economic measures to support the economy and other measures impacting the French justice and labour law. Measures easing restrictions across the country were applied from 11 May 2020. Economic rescue packages could amount to up to 110 billion Euros, and will include guarantees, loans, moratorium on debt repayments, among others. In the renewables sector, extensions of several deadlines have been envisaged to cope with delays and the sector has itself been declared “strategic”. Test periods for CR 16 and CR 17 projects have been extended 3 months. Additionally, a 7-month extension of COD deadlines has been announced but will be restricted to wind and solar projects with (i) COD initially scheduled after 12 March 2020, (ii) remuneration scheme granted before or during the period 12 March to 23 June 2020 and (iii) nominal capacity less than 200 MW.

Also, the French Energy Ministry announced that the next onshore wind auction will be staggered in two phases. While part of the capacity (1/3, initially 250 MW) tendered on 1 July 2020 (which EDP did not participate), the remaining capacity (2/3, this is, 500 MW) will be tendered on 1 November 2020.

On 8 September 2020, a hydrogen commitment was published, exceeding previous European national strategies, by pledging 6.5GW of electrolyser capacity by 2030. The plan came after the French government announced an economic recovery plan due to the coronavirus outbreak of 100 billion of Euros, including 30 billion of Euros entirely devoted to ecological transition. The newly hydrogen strategy included a commitment of 7 billion of Euros budget for low-carbon hydrogen between 2020-2030.

2. Accounting Policies

a) Basis of presentation

The accompanying consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the periods ended on 30 September 2020 and 2019 and EDP S.A.'s Executive Board of Directors approved them on 29 October 2020, after that they are subject to General Meeting approval. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 158/2009 of 13 July and the changes introduced through Decree-law 98/2015 of 2 June, the condensed company's financial statements and the condensed Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (E.U.). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's condensed consolidated and company financial statements for the period ended at 30 September 2020 were prepared in accordance with IFRS as adopted by the E.U. until 1 January 2020 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group for the year ended 31 December 2019.

The EDP Group's activity does not present, on a quarterly basis, a level of seasonality that can be considered significant.

Selected explanatory notes have been included to explain events and transactions that are significant for understanding changes in the EDP Group's financial position and performance since the last annual financial statements.

Change of Accounting Policy at the individual basis

On 1 January 2020, EDP SA changed its accounting policy for recognizing balances related to the Group's financial system, starting to recognize the balances of assets and liabilities in cash and cash equivalents and financial debt respectively. Prior to this change, the company recognized these balances in other debtors and other assets and other creditors and other liabilities.

With reference to 31 December 2019, at company level, the effect of this change implied the reclassification of a balance from the caption of other debtors and other assets to the caption of cash and cash equivalents in the amount of 612,064 thousand Euros and the reclassification of a balance of the caption of other creditors and other liabilities for the caption of financial debt in the amount of 711,836 thousand Euros.

With reference to 30 September 2019, at company level, the effect of this change implied the reclassification of a balance from the caption of other debtors and other assets to the caption of cash and cash equivalents in the amount of 782,808 thousand Euros and the reclassification of a balance of the caption of other creditors and other liabilities for the caption of financial debt in the amount of 806,443 thousand Euros.

With reference to 30 September 2019, at company level, the effect of this change implied the reclassification in Statement of Cash Flows of a negative balance of 106,812 thousand Euros from the line Receipts/(payments) relating to loans from related parties to the line of cash and cash equivalents.

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Change in results presentation of Joint Ventures and Associated companies

In January 2020, EDP Group signed a strategic memorandum with ENGIE to the creation of a new company - a Joint Venture with equal control for both sides - as an exclusive investment vehicle for worldwide opportunities in wind offshore projects (fixed and floating projects), combining development and industrial skills of both companies. As part of the deal, EDP Group and ENGIE are preparing their offshore wind projects and the projects in progress of this new company, starting with a total of 1.5 GW in construction and 3.7 GW in development, working together to create a global leader in this sector.

With the relevance of this agreement and the growing expectations for offshore renewable business, EDP Group decided to change the way it controls these investments, changing the presentation of results with Joint Ventures and Associate companies in Consolidated Income Statement. Previously to this change, EDP Group presented a caption in Consolidated Income Statement, in which reflected only the results with Joint Ventures and Associates, being the results from acquisitions or disposals recorded as financial income or expenses.

With this change, and considering the interests of Joint Ventures and Associates, and in special the referred vehicle for offshore wind activity, are an extension of EDP Group operating activity, through which conducts its operation and strategy, EDP Group starts including after the other operation income and costs caption, a single caption related to Joint Ventures and Associates, integrating the results from these companies as well as the results from acquisitions and/or disposals in these investments.

The following accounting policies have been updated based on the changes mentioned above:

u) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships.

On a company basis, EDP S.A. classifies as Cash and cash equivalents the current account balances with Group companies formalized through Cash Pooling Agreements (Group's financial system).

3. Recent Accounting Standards and Interpretations Issued

The consolidated and individual consolidated financial statements of EDP SA, for the period ended 30 September 2020, were prepared in accordance with IFRS as adopted by the EU up to 1 January 2020 and considering the International Financial Reporting Standard IAS 34 - "Interim Financial Report", so they do not include all the information required for the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the period ended on 31 December 2019.

Standards, amendments and interpretations issued effective for the Group

The amendments that have been issued and that are already effective and that the Group has applied on its financial statements, with no significant impacts, are the following:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) have been issued by International Accounting Standards Board (IASB) in September 2019 and endorsed by the EU on 15 January 2020, and became effective as of 1 January 2020 and must be applied retrospectively.

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments for IFRS 9 include a number of reliefs that apply to all hedging relationships of interest rate risk that are affected by interest rate benchmark reform. The reliefs are intended to be narrow in their effect. Accordingly, entities will cease to apply the relief when the earlier of the following occurs: (i) uncertainty regarding timing and amount of the resulting cash flows is no longer present; or (ii) hedging relationship terminates.

The EDP Group adopted, retroactively, the requirements of IBOR Reform to the existing hedging relationships existing on 1 January 2020 and to those that were subsequently designated, and that are directly affected. In particular, a hedge relationship is considered to be directly affected if the respective reform creates uncertainty regarding: (i) The reference interest rate designated in a hedge relationship to hedge a given risk or, (ii) The term or amount of the flows associated with the reference interest rate of the hedged item or the hedged instrument. As of 30 September 2020, no changes were made to the contracts with respect to IBOR Reform. The EDP Group is monitoring the contractual relationships affected by IBOR Reform in order to minimize the uncertainty regarding the applicable interest rates and the timing of the flows associated with the reference interest rate.

- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material;
- IFRS 3 (Amended) - Definition of a business;
- Amendments to References to the Conceptual Framework in IFRS; and
- IFRS 16 (Amended) - Covid 19 - Related Rent Concessions.

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Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group (whose effective application date has not yet occurred or, despite their effective dates of application, they have not yet been endorsed by the EU) for which no significant impact is expected, are the following:

- IFRS 17 - Insurance Contracts;
- IAS 1 (Amended) - Classification of Liabilities as Current or Non-current;
- IFRS 3 (Amended) - Reference to the Conceptual Framework;
- IAS 16 (Amended) - Proceeds before Intended Use;
- IAS 37 (Amended) - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvement Project (2018-2020);
- IFRS 4 (Amended) - Deferral of effective dates to apply two optional solutions (temporary exemption from IFRS 9 and overlay approach); and
- Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (Phase 2).

4. Critical Accounting Estimates and Judgements in Preparing the Financial Statements

IFRS requires the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The critical accounting estimates and judgements made by management in applying EDP Group's accounting policies were the same as those applied to the consolidated financial statements as at 31 December 2019, with a special note for the following items.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

Contractual stability compensation - CMEC

i) Contractual stability compensation – Annual revisibility mechanism

As a result of the PPAs extinction and in accordance with the applicable legislation established in the Decree-Law 240/2004, a contractual stability compensation (CMEC) was granted to EDP Produção after the signing of the Contractual stability at 27 January 2005. This mechanism includes three types of compensation: initial compensation, annual compensation (or revisibility) and final adjustment.

During period I (2007/2017) of the contractual stability compensation mechanism, there was a correction on an annual basis, resulting from positive or negative deviations between the estimates made for the initial stability compensation calculation and actual amounts arising from an efficient performance, using the "Valorágua" model, as established in the Decree-Law 240/2004. Later, Order 4694/2014 was published to define the guidelines of the annual revisibility calculation with respect to the revenues from the ancillary services market, regarding power plants under CMEC.

Revisibility amounts for the years 2007 to 2014 were determined and approved by the Member of the Government responsible for the energy sector, and were contested by EDP Produção:

- a) As regards the approval of the 2011 and 2012 revisibilities, the fact that it did not consider the costs incurred with the social tariff in the calculation of the revisibilities; and
- b) As regards the approval of the 2014 revisibility, the fact that it did not take into account in the calculation of the revisibility the costs incurred with the social tariff and CESE.

The annual revisibility of 2015 was approved by the Government member responsible for the energy sector in 20 October 2020. Under this approval, 72.9 million Euros related to the alleged overcompensation of CMEC, due to their participation in the ancillary services market, were deducted from the value of this revisibility between 2009 and 2013. EDP will legally challenge the Ministerial Order that approved such adjustment, since the company always acted in compliance with the legal and procedural framework in force regarding these matters, in line with the appeal already filed against the Competition Authority's decision (see note 30)

Regarding the annual revisibilities from 2016 to 2017, the respective approval by the member of the Government responsible for the energy area is still awaiting approval.

ii) Contractual stability compensation – Final Adjustment

The CMEC's Final Adjustment is calculated in accordance with number 7 of article 3rd and Annex IV of Decree-Law 240/2004, of 27 December. The State budget for 2017 (Law 42/2016) determined, in its article 170, that the final adjustment amount shall be calculated and justified in a study done and presented by ERSE. This entity had the technical support of the Working Group EDP Produção/REN, legally enforced.

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Accordingly, the technical group EDP/REN has presented to ERSE its report on the CMEC final adjustment calculation, which was achieved by strictly following the calculation methodology described in Decree-Law 240/2004. This calculation, performed by the technical group EDP/REN was presented to ERSE and comes to a range of amounts between 256.5 and 271 million Euros.

At the end of September 2017, ERSE has also presented to the Government its report on the calculation of the CMEC final adjustment, reaching an amount of 154 million Euros, which was provisionally considered in the document of tariffs and prices for 2018.

In the Financial statements as at 31 December 2017, EDP Group has included its best estimate of the CMEC final adjustment, by recognising an asset in the amount of 256.5 million Euros against deferred income, based on Decree-Law 240/2004 and on the document done jointly by EDP and REN and the legal opinions obtained on this subject.

On 3 May 2018, EDP was notified (through a DGEG's letter from 25 April 2018) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 30 September 2020 EDP maintains the provision in its accounts.

Considering that the administrative act contained in the Dispatch of approval of the SSE of 25 April 2018 lacks technical, economic and legal basis, and that, in particular, it does not apply the calculation methodology contained in Decree-Law 240/2004 and which would lead to the determination of an amount close to the one determined by the technical group, on 3 September 2018, EDP Produção has legally contested it.

Clawback - Regulatory mechanism to ensure the competitive balance in the wholesale electricity market in Portugal

Following some tax changes occurred in Spain, which affected electricity generators operating in this country, Decree-Law 74/2013, of 4 July 2013, was approved in Portugal, which aimed to rebalance the competition between electricity generators operating in Portugal and other players operating in Europe.

Pursuant to Decree-Law no. 74/2013 and its regulations, in order to restore such balance, the power plants operating on a market regime is situated in Portugal, which were not covered by the PPA or CMEC regime, should pay an amount per MWh produced.

The amount payable should consider an estimate of the impact that the off-market events in the EU (such as the above-mentioned tax changes in Spain) would have in pool prices, as well as off-market events in Portugal that would affect the competitiveness of electricity generators operating in Portugal. Consequently, a net competition advantage would allegedly arise to generators operating in Portugal.

Under this mechanism regulation – commonly known as clawback – Social tariff and CESE were approved by Dispatch 11566-A/2015, of 3 October 2015, as off-market events that should be considered as competitive disadvantages of generators operating in Portugal.

Dispatch 7557-A/2017, of 25 August, superseded Dispatch 11566-A/2015 (which defined the variables for the computation formula of the amount to be paid by each of the power-generating plants under Decree-Law 74/2013, of 4 June, for each injected MWh) in its entirety. It states that ERSE, after consulting DGEG, shall present proposals for a new definition of the variables, as well as reference terms for the new study.

Subsequently, in the Dispatch 9371/2017, of 24 October 2017, partially nulled of Dispatch 11566-A/2015, of 3 October 2015 from the SSE, is declared, in relation to the decisions presented under its numbers 11 and 12 (the deduction of social tariff and CESE costs in the unit price). ERSE was asked to consider in 2018 UGS tariff, the recovery, in benefit of the consumers, of the amounts allegedly improperly included in previous years' tariffs (2016 and 2017). Dispatch 9955/2017, of 17 November, defines a new amount for the estimate of the off-market events' impact in EU, which is 4.75 €/MWh, with retroactive effects as at August 24. Following these Dispatches, the document of prices and tariffs for 2018 has included a clawback amount of around 90 million Euros to be returned to tariffs, which includes power plants operating under CMEC and estimated generation.

Based on its interpretation of the Law, as well as on legal opinions obtained in the meantime, EDP Produção considers that the Decree-Law 74/2013 aims to reestablish a situation of competition balance between generators operating in Portugal and their peers operating in other European countries, which means to consider as off-market events all the taxes and contributions that fall only over generators located outside of Portugal (particularly in Spain), as well as all the taxes and contributions that fall only over generators located in Portugal. Consequently, in the Group's understanding, Dispatch 9371/2017 and 9955/2017 have completely distorted the clawback mechanism, having filed its legal action in January 2018.

In the Financial statements as at 31 December 2018, EDP Group has included the clawback amount as calculated by EDP Produção, regarding the legislation in place in each period, namely Decree-Law 74/2013, Order 225/2015, Ordinance 9371/2017 and Dispatch 9955/2017. It is important to notice that this mechanism is not applicable to power plants in 2018 still operating under CMEC regime. However, this situation was subsequently changed and disputed by EDP Produção.

On 5 October 2018, the Spanish legislature, by the sixth and seventh additional lines on Article 21 of Royal Decree-Law 15/2018, suspended the 7% tax on electricity generation approved in 2012 for a period of six months, from the beginning of October 2018 to the end of March 2019. This tax suspension corresponds to the suspension of the off-market event verified within the European Union, which is considered in the clawback calculation.

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Following the temporary suspension of the tax on electricity production in Spain:

- Order 895/2019 of 23 January, establishing the suspension of the "Clawback" was approved for a period of 6 months as from 1 October 2018;
- The Tariff and Price Document for 2019, published on 17 December 2018, estimates a Clawback value of € 4.18/MWh, to be applied after the end of the suspension period (more specifically from 6 April 2019);
- ERSE informed EDP Produção that any clawback invoicing relating to the referred suspension period should be deleted or canceled;
- The State Budget Law for 2019 provided that "the Government shall, until the end of the first quarter of 2019, review the regulatory mechanism designed to ensure the balance of competition in the wholesale electricity market in Portugal, provided for under DL 74/2013, of 4 June, adapting it to the new rules of the Iberian Electricity Market, with the aim of creating harmonized regulatory mechanisms that reinforce competition and protect consumers".

On 1 April 2019, the suspension of the tax on the production of electric energy in Spain was terminated, and it became effective again. From that moment, the "clawback" invoiced to EDP Produção was resumed, based on a value of 4.75€/MWh.

On August 9, Decree-Law 104/2019 was published, which makes the first amendment to Decree-Law 74/2013, by changing the scope of the clawback mechanism. Previously, "ordinary producers of electricity and other producers not covered by the guaranteed remuneration regime were subject to clawback". With the publication of this diploma, the CMEC centrals are now included in the scope of the clawback. Considering that this scope contradicts the Decree Law 240/2004, EDP proceeded to its challenge.

The same Decree-Law introduced the possibility to define CIT (corporate income tax) – advanced payment, and on 26 September 2019 was published the Order 8521/2019, which set the amounts of advanced payment related to the clawback mechanism at 2.71€ / MWh for coal-fired power plants and 4.18€/MWh for other power plants.

In the Tariff and Price Document for 2019, published on 16 December 2020, ERSE considered the unit values defined in Dispatch 8521/2019, correcting only the value applicable to coal to 1.23 € / MWh, due to the increase in the ISP tax percentage and CO2 addition planned for 2020.

On 27 December 2019, Dispatch 12424-A / 2019 was published, which identifies as national extra-market events to be considered in the Study to be prepared by ERSE until April 2020 (with reference to 2019) under the Clawback, the taxation of petroleum and energy products used in the production of electricity (ISP), CESE and the Social Electricity Tariff.

On 20 March 2020 ERSE Directive 4/2020 was published, which approves the operational rules of the commercial relationship between the Transmission System Operator (ORT) and the producers covered by the application of Decree-Law 74/2013, of 4 June 2013, with the amendment given by Decree-Law 104/2019, of 9 August 2019, revoking Directive 15/2016, of 14 September 2016, regarding the "Clawback" regime. The main change of this Directive is to allow the breakdown of the amount of exchanges with CMEC and to allow monthly aggregation by balance sheet area, instead of by power generation center.

On 30 June 2020, Dispatch 6740/2020 was published by the SEE which establishes the CIT (corporate income tax) – advanced payment to be applied in 2020 to electric power producers covered by the "Clawback" mechanism. The value of CIT (corporate income tax) – advanced payment for the year 2020 is set at € 2.24/MWh for plants that are not subject to extra market internal events, that is, only to some renewable energy producers in the market with the exception of the power generation centers included in the scope of internal extra-market events identified.

On 22 October 2020, Dispatch 10177/2020, issued by the SEE Office, was published, which determines the final compensation of the "Clawback" for the year 2019, considering the ISP regime as the only internal off-market event within the SEN, thus determining a value of € 2.24 / MWh for hydro, gas and PRE on the market and 0.68€/MWh for coal power plants. This determination is not consistent with that contained in Dispatch 12424-A/2019, of 27 December 2019, which identifies ISP, CESE and Social Tariff as internal off-market events for 2019. The EDP Group will challenge this Dispatch.

Social Tariff Scheme

Following the periodic litigation assessment, EDP Group will file a complaint with the European Commission to assess the compliance of the Social Tariff funding mechanism, fully supported by ordinary regime generators, with the rules and principles of European Union law. On this, since 2011, EDP has already been charged more than 460 million euros (including ERSE's estimate for 2021). EDP does not question the existence of the Social Tariff, and agrees with its purpose, but cannot, in light of the current regime, conform with the terms in which the legislator enshrined its method of financing.

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Ancillary Services

On 3 September 2018 the Autoridade da Concorrência (AdC) adopted a Note of Illegality, under which it intends to attribute to EDP Produção a behavior of abuse of a dominant position in the secondary regulation band market. AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC estimates that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC points out that the adoption of a Statement of Objections does not determine the result of the investigation, which began in September 2016. On 28 November 2018, EDP Produção was given the opportunity to exercise its right to be heard and defend itself in relation to the alleged unlawful act and to the penalties in which it may incur.

On 18 September 2019, AdC informed EDP of its decision to condemn, imposing a fine of 48 million Euros, for abuse of dominant position in the secondary regulation band market in mainland Portugal between 2009 and 2013. Within the framework of the Competition the fine could amount to 153 million Euros.

According to AdC, EDP would have manipulated its offer of tele-regulation service or secondary regulation band, limiting the capacity offer of its CMEC power plants to offer it through its market power plants, benefiting in two ways:

- Highest compensation paid to CMEC plants (annual revisability), as their lower participation in the provision of secondary regulation band service would be below what would be expected (according to competitive market criteria);
- The increase of the market price of the secondary bandwidth service, as a result of the limited supply by CMEC plants, favoring market-based power plants.

On 30 October 2019, EDP Produção filed an appeal against this decision before the Competition, Regulation and Supervision Court (TCRS), awaiting the AdC's counter-allegations. On 20 May 2020, EDP Produção was notified of an order from TCRS, which, among other things, admitted its Appeal of Judicial Contestation, establishing a purely return effect and determining the payment of the fine imposed within 20 days. In this context, EDP Produção submitted requests, invoking supervening facts to demonstrate the considerable damage, and arguing defects in the decision that determined the attribution of a merely devolutive effect to the Judicial Challenge Appeal, and is waiting for a court decision on whether the fine can be replaced by some form of collateral, until there is a decision of the Court.

The EDP Group considers that EDP Produção did not abuse any dominant position, having acted strictly in accordance with the legal framework in force. On 20 October 2020, EDP Produção became aware, by letter sent by DGEG, of the dispatch of the SEE regarding the approval of the revisability for the year 2015, which is deducted in the amount of 72.9 million Euros, relating to the alleged overcompensation. In this respect, the EDP Group has registered a provision in the amount of 72.9 million Euros (see note 30), going to carry out the administrative appeal against the order of SEE.

Innovative Features

On 9 July 2018, EDP has been notified, within the scope of a stakeholder hearing promoted by the DGEG, to present its opinion on the possibility of DGEG proposing to the Secretary of State for Energy an amount associated with the alleged "innovative features" introduced in CMEC regime regarding PPA, to a maximum amount of 357.9 million Euros. According to DGEG, this amount shall be associated with the lack of legal scope for tests on the availability of the CMEC plants (285 million Euros) and the ancillary services, mentioned above (72.9 million Euros).

On 26 September 2018, EDP Produção was notified of the Order of the SEE of 29 August, which considers as an "innovative features" the topic "procedures for calculating the verified availability coefficient", quantified at 285 million Euros. This Order refers to the alleged lack of legal forecast of availability tests of CMEC plants. Considering that the Order in question lacks technical, economic and legal basis, on 8 October 2018 EDP Produção has submitted an administrative appeal.

Subsequently, EDP Produção received a letter from ERSE dated 12 November 2018 and became aware of the Order of the SEE of 4 October, which, following the Order of 29 August, declared the annulment of the annual adjustments in the part in which they considered the alleged "innovative features" concerning the procedures for calculating the coefficient of availability. In the Tariff and Price Document for 2019, ERSE considered the refund of an amount of 90 million Euros for a portion of the 285 million Euros referred to, expecting that the remaining portion will be paid for a number of years that allow the CMEC to have zero tariff impact by including the 86.5 million Euros in the tariffs of 2020, 86.5 million Euros in tariffs of 2021 and 21.9 million Euros in 2022.

Without having received any response to the gracious complain filed on 1 February 2019, EDP Produção challenged in court the Orders of 29 August and 4 October and the Tariff and Price Document for 2019.

In the Electricity Tariffs and Prices Document for 2020, approved by ERSE on 16 December 2019, that entity charged again 86.5 million Euros, as it had foreseen the previous year.

Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this aspect was reflected in these financial statements as of 31 December 2018, by recognising a provision of 285 million Euros. In 2019 EDP made the payment of 92,458 thousand Euros and during 2020 made the payment of 67,071 thousand Euros (see note 30), using this provision, so that at 30 September 2020 this provision amount of 125,471 thousand Euros.

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Hydro power plants of Fridão and Alvito

On 17 December 2008, EDP Produção and the Portuguese State signed the Contract for the Implementation of the National Program for High Hydroelectric Potential Power Plants (PNBEPH) regarding the Hydro Power Plants of Fridão (AHF) and Alvito (AHA), with the payment, by EDP Produção of 231.7 million Euros. Of this amount, 217,798 thousand Euros relates to the right to implement and exploit the AHF.

EDP Produção followed up on the procedures for the implementation of these projects, having, in the case of the AHF, obtained a Favorable Environmental Impact Declaration and an Environmental Compliance Report of the Execution Project (RECAPE).

On 22 October 2013, EDP Produção requested to the Minister of the Environment, Land Management and Energy, based on a change of circumstances, to postpone the signing of the concession contract for the AHF. This request was formally rejected on 2 May 2014, and the terms of the concession contract, were subsequently negotiated between EDP Produção and the Portuguese Environmental Agency (APA) and a specific date for the respective signature for 30 September 2015, which was revoked by the Government without rescheduling a new date.

In 2016, following the beginning of the XXI Constitutional Government, the Government Program provided the reassessment of the PNBEPH. In this context, it was agreed to suspend for three years the execution of the Contract for the implementation of the AHF, as well as the annulment of the implementation Contract regarding AHA, through a Memorandum of Understanding signed on 5 December 2016, concluded by an agreement between the Portuguese State and EDP Produção on 11 April 2017.

This deferral decision was taken based on public interest reasons, considering the evolution of installed power and energy demand since 2008 (conclusion date of the Implementation Contract) until 2016. It is not clear that the AHF would be an energy surplus that would offset the environmental impacts resulting from its implementation.

On 16 April 2019 EDP Produção received, by email, an official letter from the Ministry of the Environment and Energy Transition, dated 11 April 2019, informing the State's conclusion that there is no need for implementation of AHF to meet national targets for Renewable Energy Source and Greenhouse Gas Reduction, as well as "that the State does not find any reason to inhibit the construction of the Fridão Hydro Power Plant".

Simultaneously, the Minister of the Environment and Energy Transition (MATE) announced at the National Assembly, in a hearing at the Environment, Land-use Planning, Decentralization, Local Power and Housing Committee, that the State's decision was not to build the AHF and that "the State will always comply with the contract but believes there are no reasons for any repayment of the amount that was given to the State ten years ago". It acknowledged, however, that there was no agreement with EDP on this matter.

EDP Produção notified the Portuguese State to return to it all the investment already made, including the consideration paid on the provisional award, and, as well, to compensate it for other losses and damages resulting from the non-compliance, to be settled in a timely manner. As at 31 December 2019 the Group reclassified these Assets under construction to Other debtors and other assets and valued in accordance with the principles defined in IFRS 9 (see note 22).

Currently, the pre-arbitration procedure initiated by EDP is in progress.

Sale of real estate by EDP Distribuição

In the 2009-2018 period, EDP Distribuição disposed a set of real estate that were unused, in the amount of approximately 52 million Euros, obtaining a total net value of gains of 33.9 million Euros (35.7 million Euros of gains and 1.7 million Euros of losses).

In the regulated accounts sent to ERSE in June 2018, EDP Distribuição identified the amount to be returned into tariffs related to the depreciation of the properties that were sold in the period 2012-2017. ERSE did not consider this amount in the 2019 rates and submitted the topic for further analysis.

In the Tariffs for 2020, ERSE recognized the principle of profit sharing with the system and assumed the return into the tariffs of approximately 16.6 million Euros referring to half of the net gains obtained from the sale of real estate by EDP Distribuição between 2009 and 2018, having mentioned that the position to be taken by the respective grantors of the Concession Contract for the National Distribution Network (RND) and the electricity distribution network concessions in BT may determine the revision of this amount.

Subsequent to the publication of the Tariffs for 2020, in 17 December 2019, the Government approved an Order that stipulates that the total value of the gains generated by the sale of real estate by EDP Distribuição between 2009 and 2018, and which were subject to remuneration for the tariffs, "reverts entirely to the grantor", and should be "fully reflected in the electricity tariffs".

On 17 March 2020, EDP Distribuição initiated an arbitration process at the Commercial Arbitration Center, with the State, represented by the Minister for the Environment and Climate Action (MAAC), submitted its response on 6 July 2020. Scheduling of the judgment is awaited in the Arbitral Tribunal for analysis and appreciation of the subject.

EDP Distribuição acted in a transparent manner and within the framework of regulatory efficiency standards dictated by ERSE itself, as is evident from the values that have always been evidenced in the published Reports and Accounts and in the Regulated Accounts presented.

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5. Financial Risk Management Policies

The Group monitors regularly the financial risks to which it has exposure to. During the first nine months of 2020, considering the COVID-19 pandemic and the impacts on the markets, namely on interest and foreign exchange rates to which the Group has exposure to, there was a revaluation of the risks involved, having concluded that the current Financial Risk Management Policies already incorporate worst case scenarios sufficiently conservative and therefore adequate to the Group profile, not being necessary its revision. However, given that the pandemic duration and global impacts are still unknown, the EDP Group continues to monitor the risks, seeking to anticipate and manage possible impacts not currently contemplated.

Exchange-rate and interest rate risk management

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 30 September 2020 and 2019, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Sep 2020			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	-996	1,217	-82,644	101,009
	-996	1,217	-82,644	101,009

Thousand Euros	Sep 2019			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	2,612	-3,192	-87,822	107,338
	2,612	-3,192	-87,822	107,338

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the Group's debt portfolio, except for Brazil, and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 30 September 2020 and 2019 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Sep 2020			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-10,052	10,052	-	-
Unhedged debt	-6,140	6,140	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	7,197	-7,197
Trading derivatives (accounting perspective)	7,742	-7,742	-	-
	-8,450	8,450	7,197	-7,197

Thousand Euros	Sep 2019			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-12,302	12,302	-	-
Unhedged debt	-3,811	3,811	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	6,138	-7,661
Trading derivatives (accounting perspective)	6,133	-7,520	-	-
	-9,980	8,593	6,138	-7,661

This analysis assumes that all other variables, namely exchange rates, remain unchanged.

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Brazil - Sensitivity analysis - Interest rates

Based on the portfolio of operations, a 25% change in the interest rates, to which the Brazilian subsidiaries are exposed to, would have an impact to EDP Energias do Brasil Group, at 30 September 2020 and 2019, in the amount of:

Thousand Euros	Sep 2020	
	+ 25%	- 25%
Financial instruments - assets	3,389	-3,202
Financial instruments - liabilities	-69,141	65,035
Derivative financial instruments	-3,441	3,478
	-69,193	65,311

Thousand Euros	Sep 2019	
	+ 25%	- 25%
Financial instruments - assets	9,082	-9,082
Financial instruments - liabilities	-37,837	37,722
Derivative financial instruments	-200	201
	-28,955	28,841

Liquidity risk management

The EDP Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities, with a firm underwriting commitment with international reliable financial institutions, as well as term deposits, allowing immediate access to funds. These credit lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see note 28). Considering the COVID-19 pandemic, the Group assessed the potential impacts on additional liquidity needs, having concluded that the current Liquidity Risk Management Policy remains adequate.

The table below shows the contractual undiscounted cash flows and the estimated interests due, computed using the rates available at 30 September 2020:

Thousand Euros	Sep 2021	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Following years	Total
Bank loans	217,717	32,687	110,641	107,683	97,834	383,406	949,968
Bond loans	1,519,292	66,638	1,278,690	1,417,542	2,391,186	5,035,264	11,708,612
Hybrid Bond	21,519	-	-	-	-	1,750,000	1,771,519
Commercial paper	1,065,871	-	15,081	96,088	45,243	309,617	1,531,900
Other loans	1,879	85	34	211	-	8,946	11,155
Interest Payments (i)	273,054	244,671	402,470	357,965	216,685	478,304	1,973,149
	3,099,332	344,081	1,806,916	1,979,489	2,750,948	7,965,537	17,946,303

i) The coupons of the hybrid bonds were included taking into consideration the earliest possible call date.

Energy market risk management

The main price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the next 24 month's margin, P@R corresponding to the difference between an expected margin and a margin of a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 2 years. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. The P@R distribution by business segment is as follows:

Thousand Euros		P@R Distribution by business segment	
		Sep 2020	Dec 2019
Business	Portfolio		
Electricity	Trading	4,656	536
Electricity	Trading + Hedging	120,224	87,680
Gas	Hedging	21,432	10,541
Diversification effect		-14,063	-10,971
		132,249	87,786

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Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of netting agreements. The EDP Group's exposure to credit risk rating is as follows:

	Sep 2020	Dec 2019
Credit risk rating (S&P)		
AAA to AA-	3.59%	1.97%
A+ to A-	23.70%	28.46%
BBB+ to BBB-	60.32%	61.24%
No rating assigned	12.39%	8.33%
	100.00%	100.00%

6. Consolidation Perimeter

During the nine-month period ended 30 September 2020, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:

The following acquisitions were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects:

- EDPR France Holding, S.A.S. acquired 100% of the company Société D'Exploitation du Parc Eolien Source de Sèves, S.A.R.L.;
- EDP Renewables Italia Holding, S.R.L. acquired 65% of the company Aliseo, S.r.l. and 60% of the company Energia Emissioni Zero 4, S.r.l.;
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the company Wind Field Wielkopolska, Sp. z o.o.;
- Korean Floating Wind Power Co., Ltd. acquired 90% of the company East Blue Power Co., Ltd.;
- EDP Renováveis S.A. and EDP Renewables Europe S.L. acquired 100% of the company Parque Solar Los Cuervos, S. de R.L. de C.V.;
- OW Offshore S.L. acquired 100% of the company Delphis Holdings Limited.;
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the company FW Warta, Sp. z o.o.;
- EDP Renewables Polska HoldCo, S.A. acquired 100% of the company Budzyn, Sp. z o.o.;
- EDP Renováveis, S.A. acquired 100% of the company Solar Power Solutions, S.A.S. E.S.P. which holds 100% of the companies Elipse Energía, S.A.S. E.S.P., Omega Energía, S.A.S. E.S.P. and Kappa Energía, S.A.S. E.S.P.;
- EDP Grid Gestão de Redes Inteligentes de Distribuição, S.A. acquired 100% of the company UFV SP V Equipamentos Fotovoltaicos Ltda.

Companies sold and liquidated:

- The companies Frontier Beheer Nederland, B. V. and Frontier, C.V., in which OW Offshore, S.L. held, directly or indirectly, a 30% financial interest, were liquidated.

Companies merged:

- Merger of EDPR RO PV, S.R.L., Studina Solar, S.A., Cujmir Solar, S.A., Potelu Solar, S.A., Vanju Mare Solar, S.A., Foton Delta, S.A., Foton Epsilon, S.A. into EDPR România, S.R.L.

Companies incorporated:

- Vanosc Energie, S.A.S.;
- Transition Euroise Roman II, S.A.S.;
- Mordel Limited;
- EDPR Offshore South Korea Co., Ltd.;
- Comercializadora Energética Sostenible, S.A.;
- Transporte GNL, S.A.
- EDP Clientes, S.A.;
- EDP Renewables Hungary Kft.;
- 23 companies incorporated in North America.

- A joint control partnership has been executed following the strategic memorandum of understanding dated May 2019 and signed between EDP Renováveis and ENGIE by which a co-controlled 50/50 joint venture in fixed and floating offshore wind segment, OW Offshore S.L., has been established, including its subsidiaries:

- OW FS Offshore, S.A.;
- Les Eoliennes Flottantes du Golfe du Lion, S.A.S.;
- Éoliennes en Mer Dieppe - Le Tréport, S.A.S.;
- Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.;
- Les Eoliennes en Mer Services, S.A.S.;
- OW France, S.A.S.;
- Relax Wind Park IV, Sp. z o.o.;
- Morska Farma Wiatrowa Neptun, Sp. z o.o.;
- B-Wind Polska, Sp. z o.o.;
- C-Wind Polska, Sp. z o.o.;
- Ocean Wind UK Ltd;
- Mordel Limited;
- Moray Offshore Renewable Power Limited;
- B&C Wind Polska sp. z o.o. s.c.;
- Ventum Ventures III Holding, B.V.;
- 4THEWIND I, B.V.;
- 4THEWIND II, B.V.;
- 4THEWIND III, B.V.;
- EDPR Japan Godo Kaisha;
- EDPR Offshore South Korea Co., Ltd.;
- Moray East Holdings Limited;
- Moray Offshore Windfarm (East) Limited;
- Delphis Holdings Limited;
- Moray West Holdings Limited;
- Moray Offshore Windfarm (West) Limited;
- Korean Floating Wind Power Co., Ltd.;
- East Blue Power Co. Ltd.;
- Windplus, S.A.;
- 3 North America companies.

• EDP Renováveis owns 100% of Nation Raise LP through Quatro Limited Partnership (99.99%) and Nation Rise Wind Farm GP Inc. (0.01%) (see note 18).

Revenues from energy sales and services and other, by sector, are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Electricity and network access	7,935,592	9,166,878	1,458,144	1,813,696
Gas and network access	602,225	527,669	90,887	24,816
Sales of CO2 Licenses	-	-	8,164	132,456
Revenue from assets assigned to concessions	425,345	557,405	-	-
Other	96,101	194,836	123,008	123,693
	9,059,263	10,446,788	1,680,203	2,094,661

Additionally, the caption Electricity and network access includes, on a consolidated basis, a positive amount of 66,608 thousand Euros (30 September 2019: positive amount of 70,578 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including an income of 18,245 thousand Euros related to the CMEC final adjustment (30 September 2019: positive amount of 15,785 thousand Euros), net from the recognised provision due to the final adjustment official approval.

The caption Electricity and network access, on a company basis, includes 814,137 thousand Euros (30 September 2019: 925,968 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial S.A.

The breakdown of Revenues from energy sales and services and other by segment, are as follows (see note 43 - Operating Segments):

	Sep 2020					
	Reported Operating Segments					
			Client		Other	
	Renewables	Networks	Solutions & Energy	Total	Segments	Group
Thousand Euros			Management			
Electricity and network access	979,047	2,262,765	4,693,782	7,935,594	-4	7,935,590
Gas and network access	-	8,171	594,054	602,225	-	602,225
Revenue from assets assigned to concessions	-	425,343	3	425,346	-	425,346
Other	30,231	24,061	38,980	93,272	2,830	96,102
	1,009,278	2,720,340	5,326,819	9,056,437	2,826	9,059,263

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Thousand Euros	Sep 2019					
	Reported Operating Segments				Other Segments	Group
	Renewables	Networks	Client	Total		
			Solutions & Energy Management			
Electricity and network access	1,051,407	2,641,263	5,474,274	9,166,944	-66	9,166,878
Gas and network access	-	9,593	518,076	527,669	-	527,669
Revenue from assets assigned to concessions	-	557,393	12	557,405	-	557,405
Other	26,618	81,415	79,879	187,912	6,924	194,836
	1,078,025	3,289,664	6,072,241	10,439,930	6,858	10,446,788

The segment "Client Solutions & Energy Management" includes sales of renewable energy, hydro and wind, carried out by EDP SA's energy management business unit, as part of its intermediation activity.

Revenues from energy sales and services and other by segment are considered globally as "overtime" and not as "at a point in time".

Cost of energy sales and other are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Cost of electricity	3,834,586	4,691,608	1,394,769	1,814,084
Cost of gas	631,294	740,837	-	-
Expenditure with assets assigned to concessions	357,503	497,948	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	102,718	308,376	-	-
Gas	158,216	102,964	88,667	24,816
CO2 Licenses	126,244	170,736	8,227	139,133
Other	72,185	124,499	-55,334	-26,851
	459,363	706,575	41,560	137,098
	5,282,746	6,636,968	1,436,329	1,951,182

Cost of electricity includes, on a company basis, costs of 750,507 thousand Euros (30 September 2019: 879,927 thousand Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. The revenue and the expenditure with the acquisition of these assets are as follows:

Thousand Euros	Group	
	Sep 2020	Sep 2019
Revenue from assets assigned to concessions	425,345	557,405
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-277,319	-424,216
Personnel costs capitalised (see note 10)	-55,350	-53,502
Capitalised borrowing costs (see note 12)	-24,834	-20,230
	-357,503	-497,948

Revenue from assets assigned to concessions include 241,674 thousand Euros relative to electricity distribution concessions in Portugal and in Brazil resulting from the application of the mixed model. Additionally, it also includes the revenue related to the asset to be received by EDP Group under the transmission concessions in Brazil (see note 21).

On a consolidated basis, the strong decline in electricity prices, associated with the strong decline in the price of commodities (gas, brent, coal and CO2), explains the reduction in sales revenue from energy and costs.

On an individual basis, the change in Revenues and cost of Energy Sales and Services and Other is explained by the fact that had a reduced volume of sales of CO2 licenses in 2020 and also for the fact identified above for the EDP Group.

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8. Other Income

Other income, for the Group, are as follows:

Thousand Euros	Group	
	Sep 2020	Sep 2019
Income arising from institutional partnerships (see note 31)	143,993	134,883
Gains on disposals - electricity business assets - Asset Rotation	212,281	225,645
Gains from contractual indemnities and insurance companies	17,440	9,595
Other	106,235	109,535
	479,949	479,658

Income arising from institutional partnerships relates to income arising from production and investment tax credits (PTC/ITC), mostly from accelerated tax depreciation, regarding wind farms and solar plants (see note 31).

The caption Gains on disposals - electricity business assets - Asset Rotation corresponds to gains from asset rotation strategy. This strategy aimed at crystallizing the value of a project by selling with loss of control, and reinvesting the proceeds in another projects, targeting greater growth. As at 30 September 2020, the caption Gains on disposals includes the gain amounting to 212,281 thousand Euros resulting from loss of control in the EDPR's offshore business as a consequence of the joint control partnership (see note 6).

The caption Other includes gains on the reinsurance activity, gains in the adjustment of contingent prices of sale operations and gains on the sale of property, plant and equipment.

9. Supplies and Services

Supplies and services are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Consumables and communications	20,980	24,567	6,070	6,313
Rents and leases	25,375	25,347	4,963	4,712
Maintenance and repairs	280,295	283,834	22,911	25,941
Specialised works:				
- Commercial activity	105,055	116,047	513	515
- IT services, legal and advisory fees	61,530	67,985	34,904	29,125
- Other services	37,835	34,070	16,884	19,119
Provided personnel	-	-	6,783	6,954
Other supplies and services	77,617	92,230	10,715	14,436
	608,687	644,080	103,743	107,115

10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Personnel costs				
Board of Directors remuneration	12,884	13,561	5,273	5,288
Employees' remuneration	349,934	350,810	31,873	29,219
Social charges on remuneration	84,436	87,183	8,166	7,638
Performance, assiduity and seniority bonus	56,805	53,501	11,022	6,588
Other costs	12,642	17,696	218	452
Own work capitalised:				
- Assigned to concessions (see note 7)	-55,350	-53,502	-	-
- Other (see note 14)	-47,732	-42,789	-195	-
	413,619	426,460	56,357	49,185
Employee benefits				
Pension plans costs	15,577	16,700	1,491	1,901
Medical plans costs and other benefits (see note 29)	5,371	5,922	214	240
Other	30,067	30,940	2,255	1,788
	51,015	53,562	3,960	3,929
	464,634	480,022	60,317	53,114

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Pension plans costs include 4,564 thousand Euros (30 September 2019: 4,131 thousand Euros) related to defined benefit plans (see note 29) and 11,013 thousand Euros (30 September 2019: 12,569 thousand Euros) related with defined contribution plans.

The variation in the caption Performance, assiduity and seniority bonus, for the Company, essentially results from the 2018 bonus adjustment registered in the first quarter of 2019.

During the first nine months of 2020, EDP Group distributed treasury stocks to employees (334,606 shares) totaling 1,259 thousand Euros.

11. Other Expenses

Other Expenses are as follows:

Thousand Euros	Group	
	Sep 2020	Sep 2019
Concession rents paid to local authorities and others	213,350	211,303
Direct and indirect taxes	198,595	166,693
Donations	17,370	14,237
Other	77,249	81,492
	506,564	473,725

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

The caption Direct and indirect taxes includes the tax of 7% over electricity generation in Spain, property tax and other taxes and levies. The variation of this caption, in what relates to its homologous period amount, reflects, essentially, the recognition, in the first 3 months of 2020, of the costs with the rate of 7% on electricity generation in Spain and with Clawback in Portugal, since, in the first 3 months of 2019, these payments were suspended.

The caption Others includes losses in the reinsurance activity and losses in tangible fixed assets. Also, the caption includes an amount of 12,472 thousand Euros that refers to a change in the fair value of the contingent consideration related to the sale in 2018 to Sumitomo Corporation of 13.5% stake in the companies Éoliennes en Mer Dieppe - Le Tréport, S.A.S. and Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S., in accordance with the relevant agreements signed (see note 22).

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12. Financial Income and Expenses

Financial income and expenses, for the Group, are as follows:

Thousand Euros	Group	
	Sep 2020	Sep 2019
Financial income		
Interest income from bank deposits and other investments	17,525	38,383
Interest from derivative financial instruments	19,947	23,888
Interest income on tariff deficit:		
- Portugal - Electricity (see note 21)	975	-734
- Brazil - Electricity (see notes 21 and 32)	1,058	4,017
Other interest income	32,088	45,493
Derivative financial instruments	-8,038	9,893
Foreign exchange gains	148,460	22,927
CMEC:		
- Interest on the initial CMEC	22,927	25,243
- Financial effect considered in the calculation	5,844	5,994
Gains on the sale of financial investments	41	67
Gains on the sale of the electricity tariff deficit - Portugal (see note 21)	103	3,589
Other financial income	36,850	66,115
	277,780	244,875
Financial expenses		
Interest expense on financial debt	381,122	495,486
Bonds buyback	56,897	-
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	-24,834	-20,230
- Other (see note 14)	-16,550	-12,129
Interest from derivative financial instruments	20,094	24,853
Interest expense on tariff deficit:		
- Portugal - Electricity (see note 32)	30	144
- Brazil - Electricity (see notes 21 and 32)	6,211	776
Other interest expense	15,244	24,798
Derivative financial instruments	14,136	-7,699
Foreign exchange losses	143,273	56,644
CMEC	7,811	10,071
Unwinding of discounted liabilities	103,745	91,982
Unwinding of lease liabilities (rents due from lease contracts) (see note 33)	29,488	28,337
Net interest on the net pensions plan liability (see note 29)	4,954	7,918
Net interest on the medical liabilities and other benefits (see note 29)	11,064	17,934
Losses on the sale of the electricity tariff deficit - Portugal (see note 21)	1,037	-
Other financial expenses	29,097	71,374
	782,819	790,259
Financial income/(expenses)	-505,039	-545,384

Capitalised borrowing costs includes the interest capitalised in assets under construction according to Group accounting policy. Regarding the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalisation (see notes 14 and 16), it varies depending on business unit, the country and currency, since EDP Group incorporates in its scope of consolidation a significant number of subsidiaries in several geographies with different currencies.

The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 5,650 thousand Euros (30 September 2019: 5,053 thousand Euros) (see note 30); (ii) the implied financial return in institutional partnerships of 71,463 thousand Euros (30 September 2019: 64,729 thousand Euros) (see note 31); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe of 18,555 thousand Euros (30 September 2019: 14,090 thousand Euros).

The Derivative financial instruments caption includes income and expenses related with financial assets and liabilities measured and fair value through profit and loss, while the remaining captions of financial income and expenses are registered at amortised cost, based on the effective interest rate method.

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Financial income and expenses, for the Company, are as follows:

Thousand Euros	Company	
	Sep 2020	Sep 2019
Financial income		
Interest income from loans to subsidiaries and related parties (see note 38)	40,472	53,468
Interest from derivative financial instruments	103,509	120,204
Derivative financial instruments	94,262	91,469
Income from equity investments (see note 38)	148,690	131,205
Gains on the sale of financial investments	41	243,339
Other financial income	18,816	44,349
	405,790	684,034
Financial expenses		
Interest expense on financial debt	157,160	185,974
Bonds Buyback	56,897	-
Interest from derivative financial instruments	111,434	122,076
Derivative financial instruments	167,203	134,687
Unwinding of lease liabilities (rents due from lease contracts)	5,503	4,219
Other financial expenses	8,889	9,696
	507,086	456,652
Financial income/(expenses)	-101,296	227,382

The caption Other financial income includes 12,953 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016, 2017 and 2018 (see notes 22 and 38). The effective interest of these instruments amounts to 277 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

In the first quarter of 2020, EDP concluded a "Tender Offer" over the issue "€750,000,000 Fixed to Reset Rate Subordinated Notes due 2075", booking a cost related to the transaction of 56,897 thousand Euros.

The fluctuation on Financial Results on an individual basis is mainly explained by the Tender Offer above mentioned and negative fluctuation of cross currency interest rate swaps associated to US Dollar, and by the fact that as at 30 September 2019 the caption Gains on the sale of financial investments includes the impact of the operation in EDP International Investment and Services, S.L., which generated a gain of 243,272 thousand Euros.

13. Income Tax

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at an individual level and at the level of the EDP Group, on a consolidated basis. In general terms, this analysis aims to quantify the impact of the income tax, recognised in the income statement, which includes both current and deferred tax.

Relevant events for EDP Group with impact in 2020

EDP is monitoring, in the countries where it is present, tax measures designed to help mitigate the economic effects of the coronavirus outbreak. To date, these measures have not constitute material impacts in the geographies where the EDP Group is present.

The statutory corporate income tax rates applicable in the main countries in which EDP Group operates which were updated are as follows:

	Sep 2020	Sep 2019
Europe:		
Belgium	25%	29.58%
France	28%	28% - 32.02%

Corporate income tax provision

Income tax expense is as follows:

Thousand Euros	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Current tax	-386	-84,153	40,010	45,522
Deferred tax	-172,983	-61,366	2,583	678
	-173,369	-145,519	42,593	46,200

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Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate is as follows:

Thousand Euros	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Profit before tax and CESE	883,152	939,707	-54,712	183,636
Income tax expense	-173,369	-145,519	42,593	46,200
Effective income tax rate	19.6%	15.5%	77.8%	-25.2%

The difference between the theoretical and the effective income tax expense results from the application of the law provisions, in the various countries where EDP operates, in the determination of the taxable base, as demonstrated below.

The reconciliation between the theoretical and the effective income tax expense for the Group, in September 2020 and 2019, is as follows:

Thousand Euros	Sep 2020	Sep 2019
Profit before income tax and CESE	883,152	939,707
Theoretical income tax rate *	29.5%	29.5%
Theoretical income tax expense	260,530	277,214
Tax losses and tax credits	-33,561	5,893
Tax benefits	-14,534	-18,911
Differences between accounting and fiscal provisions/depreciations	971	-32,027
Accounting/fiscal differences on the recognition/derecognition of assets	-38,567	-72,051
Taxable differences attributable to non-controlling interests	-10,741	-12,253
Other adjustments and changes in estimates	9,271	-2,346
Effective income tax expense as per the Consolidated Income Statement	173,369	145,519

* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal.

14. Property, Plant and Equipment

This caption is as follows:

Thousand Euros	Land and natural resources	Buildings and other constructions	Plant and machinery	Other tangible assets	Assets under construction	Total
Gross Amount	67,260	312,200	33,127,686	428,293	2,253,459	36,188,898
Accumulated depreciation and impairment losses	-	146,508	17,193,842	351,389	81,749	17,773,488
Carrying Amount	67,260	165,692	15,933,844	76,904	2,171,710	18,415,410
Balance as at 31 December 2019	82,310	214,417	17,653,425	91,281	1,634,789	19,676,222
Additions	499	4,931	28,499	8,970	1,307,046	1,349,945
Depreciation and impairment	-	-6,417	-716,730	-23,076	-	-746,223
Disposals/Write-offs	-1,428	-881	-2,442	-559	-128	-5,438
Transfers	-369	1,468	-240,594	193	-763,956	-1,003,258
Exchange Difference	-13,884	-49,371	-800,578	-1,043	-127,823	-992,699
Perimeter Variations	132	1,545	12,264	1,138	121,782	136,861
Balance as at 30 September 2020	67,260	165,692	15,933,844	76,904	2,171,710	18,415,410

Gross amount of Assets under construction are as follows:

Thousand Euros	Sep 2020	Dec 2019
Wind and solar farms in North America	1,322,803	1,003,395
Wind and solar farms in Europe	500,561	345,360
Hydric Portugal	58,010	142,573
Other assets under construction	372,085	228,110
	2,253,459	1,719,438

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The capitalised costs for Property, plant and equipment for the period, except Land and natural resources, are as follows:

Thousand Euros	Sep 2020
Subcontracts and other materials	1,160,220
Purchase price allocation	99,054
Dismantling and decommissioning costs (see note 30)	25,890
Personnel costs (see note 10)	47,732
Borrowing costs (see note 12)	16,550
	1,349,446

Additions include the investment in wind and solar farms by North America and by EDPR EU and EDPR BR subgroups. In Portugal, the Group is carrying out hydroelectric investments in several power plants (Foz Tua, Caniçada and Ribeiradio-Ermida) and improvements and repairs in thermoelectric power plants (Lares and Ribatejo).

Considering the decision to close Sines plant, its impairment test carried out in December 2019 was revised, with an impairment of a total amount of 77,311 thousand euros (see note COVID 19).

Transfers refer to wind and solar farms of EDP Renováveis that become operational in North America and Spain. Additionally, this caption includes the transfer to held for sale of Electricity generation and supply assets (Hydro Portugal, Onshore wind and Thermal and supply (B2C) Spain) by the net amount of 1,003,258 thousand Euros (cost in the amount of 1,406,283 thousand Euros and accumulated depreciation and impairment losses in the amount of 403,025 thousand Euros) (see note 35).

The movement in Exchange differences in the period results mainly from the net effect of the depreciation of US Dollar and Brazilian Real, against the Euro.

15. Right of use assets

This caption is as follows:

Thousand Euros	Land and natural resources	Buildings and other constructions	Plant and machinery	Other tangible assets	Total
Gross amount	636,191	237,005	160,766	8,583	1,042,545
Accumulated depreciation and impairment losses	42,943	39,801	2,023	5,267	90,034
Carrying Amount	593,248	197,204	158,743	3,316	952,511
Balance as at 31 December 2019	623,389	196,233	3,639	5,242	828,503
Additions (see note 31)	42,818	23,274	157,396	1,185	224,673
Depreciation and impairment	-21,263	-18,247	-1,271	-2,573	-43,354
Disposals/Write-offs	-	-326	-	-5	-331
Transfers (see note 35)	-40,070	46	-	127	-39,897
Exchange Difference	-21,649	-3,988	-1,021	-667	-27,325
Perimeter Variations	10,023	212	-	7	10,242
Balance as at 30 September 2020	593,248	197,204	158,743	3,316	952,511

Additions include, essentially, new lease contracts registered, under IFRS16, in EDP Renováveis (North America and Europe) and in EDP Espanha.

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16. Intangible Assets

This caption is as follows:

Milhares de Euros	Concession rights	CO2 Licenses	Other intangibles	Intangible assets in progress	Total
Gross amount	12,262,605	23,131	1,054,851	262,508	13,603,095
Accumulated depreciation and impairment losses	9,249,581	-	646,322	-	9,895,903
Carrying Amount	3,013,024	23,131	408,529	262,508	3,707,192
Balance as at 31 December 2019	3,337,501	224,992	442,326	219,004	4,223,823
Additions	27,332	67,311	6,530	79,498	180,671
Depreciation and impairment	-261,582	-	-48,945	-	-310,527
Disposals/Write-offs	-4,027	-269,172	-	-66	-273,265
Transfers	74,839	-	18,471	-31,121	62,189
Exchange Difference	-159,089	-	-9,649	-4,391	-173,129
Perimeter Variations	-1,950	-	-204	-416	-2,570
Balance as at 30 September 2020	3,013,024	23,131	408,529	262,508	3,707,192

Additions of Intangible assets in progress essentially include the implementation and development of information systems projects.

Disposals/Write-offs in CO2 Licenses essentially includes the delivery in April 2020 of the 2019 consumption licenses.

Transfers refer to the intangible assets assigned to concessions that became operational, in the amount of 50,352 thousand Euros (see note 21). Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Hydro Portugal).

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 7, 10 and 12.

17. Goodwill

Goodwill for the Group, resulting from the difference between the acquisition price and the fair value of the net assets acquired, at the acquisition date, is organized by corporate structure, and is as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Balance at 30 September
EDP España Group	884,574	-	-180,000	-	-	704,574
EDP Renováveis Group	1,198,498	-	-65,912	-	-28,695	1,103,891
EDP Brasil Group	29,903	-	3,654	379	-2,147	31,789
Other	6,887	-	-	-	-	6,887
	2,119,862	-	-242,258	379	-30,842	1,847,141

EDP España Group

During 2020, goodwill related to a portfolio of two CCGTs power plants (Castejón I & III) was reclassified to non-current assets held for sale in the amount of 180,000 thousand Euros (see note 35).

EDP Renováveis Group

During 2020, goodwill related to an operating onshore wind farms portfolio in Europe was reclassified to non-current assets held for sale in the amount of 65,912 thousand Euros (see note 35).

EDP Brasil Group

The movement in the amount of 3,654 thousand Euros is related to the reclassification of the item of non-current assets held for sale to the item of "goodwill" related to the company Energest S.A. (see note 35).

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18. Investments in Joint Ventures and Associates

This caption is as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Investments in joint ventures	761,285	936,496
Investments in associates	124,745	162,016
	886,030	1,098,512

As at 30 September 2020, for the Group, this caption includes goodwill in investments in joint ventures of 68,725 thousand Euros (31 December 2019: 42,226 thousand Euros) and goodwill in investments in associates of 20,005 thousand Euros (31 December 2019: 20,045 thousand Euros).

The movement in Investments in joint ventures and associates, for the Group, is as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Balance at the beginning of the period	1,098,512	951,613
Acquisitions/Entries	19,406	6,982
Increases/Decreases of share capital	56,618	260,298
Disposals	-36,095	-
Share of profit in joint ventures and associates	2,760	25,011
Dividends	-40,361	-45,771
Exchange differences	-171,015	107
Cash flow hedging reserve	-3,292	-10,334
Transfer to Assets held for sale (see note 35)	-11,208	-90,270
Other	-29,295	876
Balance at the end of the period	886,030	1,098,512

Nation Rise has reached the construction phase of a 100 MW wind farm in Ontario, Canada. This facility was scheduled to begin commercial operations in the first quarter of 2020. On 6 December 2019, the Ontario Minister of the Environment, Conservation and Parks issued a decision to revoke Nation Rise's Renewable Energy Approval (REA). This was a reversal of prior approvals by the same Ministry and was also previously ratified by the Environmental Review Tribunal. As a result of this decision, EDPR was forced to halt all construction activities. Immediately following this revocation, Nation Rise filed a Notice of Application for Judicial Review of the Ministers revocation of the REA. Subsequent to the filing for judicial review, Nation Rise was successful in obtaining a determination of force majeure, providing for a delay in the start date of the project's power sales contract. On 13 May 2020, the Ontario Superior Court rendered its decision fully in favor of the Nations Rise project and overturned the Ministry's actions. Considering the positive outcome of the litigation, the project will continue its development and construction. As a consequence of the delays caused by the legal procedure, and according with the agreements reached in the selling contract of the project with Axium, as of 3 of June 2020, EDPR returned the original consideration received plus interest and now owns 100% of the project. This implies a decrease in the amount of 10,861 thousand Euros in interests in joint ventures caption (see note 6).

Further, EDPR Group has signed an agreement with ENGIE on January 2020 to establish a co-controlled 50/50 joint venture, OW Offshore S.L., in fixed and floating offshore wind segmentbusiness. This entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide (see note 6). This implies an increase in the amount of 9,148 thousand Euros in interests in joint ventures caption.

19. Equity Instruments at Fair Value

As at 30 September 2020, the movements in Equity Instruments at Fair Value through OCI are as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Equity Instruments at Fair Value through OCI	106,289	102,814
Equity Instruments at Fair Value through PL	65,745	67,992
	172,034	170,806

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As at 30 September 2020, this caption is analysed as follows:

Thousand Euros	Other Comprehensive Income			Results			Total
	Zephyr Fund (Energia RE portfolio)	Mercer and Dunas Funds (Energia RE portfolio)	Other	EDA - Electricidade dos Açores, S.A.	Feedzai - Consultadoria e Inov. Tecn., S.A.	Other	
Balance as at 31 December 2019	80,079	-	22,735	14,416	46,814	6,762	170,806
Acquisitions	-	79,070	700	-	-	500	80,270
Disposals	-79,057	-	-169	-	-	-2,750	-81,976
Change in fair value (see note 26)	-1,022	134	3,959	-	-	127	3,198
Other variations	-	-	-140	-	-	-124	-264
Balance as at 30 September 2020	-	79,204	27,085	14,416	46,814	4,515	172,034

During the third quarter of 2020, Zephyr fund, that represents the participation units in a fund of stocks and bonds held by Energia RE as a result of its reinsurance activity, was sold. On the same period, Energia RE acquired participation units in two new funds (Mercer Funds and Dunas Património).

Under IFRS 13 (see note 39), equity instruments at fair value are classified into three levels of fair value: level 1 includes essentially financial investments that are indexed to quoted market prices; level 2 includes the fund of stocks and bonds held by Energia RE; and level 3 covers all other equity instruments at fair value. As at 30 September 2020, there are no equity instruments at fair value within level 1.

20. Deferred Tax Assets and Liabilities

EDP Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. As at 30 September 2020, on a consolidated basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
Thousand Euros	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 30.09.2020
Tax losses and tax credits	1,067,738	-16,829	-	-30,904	1,020,005
Provisions for social benefits, bad debts and other risks	666,766	5,731	15,922	-54,319	634,100
Financial instruments	84,851	-11,574	-16,629	-3,303	53,345
Property plant and equipment	278,901	-63,583	-	-4,018	211,300
Financial and equity instruments at fair value	248	-	3,298	-90	3,456
Tariff adjustments and tariff deficit	14,448	80,385	-	-	94,833
Allocation of fair value to assets and liabilities acquired	13,248	-6,352	-	-22	6,874
Fiscal revaluations	392,872	-69,012	-	1,870	325,730
Use of public property	24,437	2,094	-	-8,089	18,442
Other temporary differences	86,815	4,292	1,063	-8,971	83,199
Assets/liabilities compensation of deferred taxes	-1,546,278	-40,873	-1,083	39,938	-1,548,296
	1,084,046	-115,721	2,571	-67,908	902,988

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Net Deferred Tax Liabilities					
	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 30.09.2020
Thousand Euros					
Provisions for social benefits, bad debts and other risks	16,375	2,097	-221	-	18,251
Financial instruments	122,266	-14,296	-13,402	-6,873	87,695
Property plant and equipment	404,458	-29,098	-	-11,750	363,610
Reinvested gains	3,192	-	-	-	3,192
Financial and equity instruments at fair value	10,551	-148	-	-	10,403
Tariff adjustments and tariff deficit	109,158	92,444	-	-	201,602
Allocation of fair value to assets and liabilities acquired	663,855	29,378	-	-73,722	619,511
Fiscal revaluations	61,552	-3,032	-	120	58,640
Deferred income relating to CMEC	177,611	10,062	-	-	187,673
Gains from institutional partnerships in wind farms	349,644	6,975	44	-14,449	342,214
Use of public property	6,958	-251	-	-2,185	4,522
Fair value of financial assets	56,977	1,481	-	-18,382	40,076
Other temporary differences	67,428	2,523	-	-13,957	55,994
Assets/liabilities compensation of deferred taxes	-1,546,278	-40,873	-1,083	39,938	-1,548,296
	503,747	57,262	-14,662	-101,260	445,086

On a Company basis, EDP, S.A. records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. As at a 30 September 2020, on a Company basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 30.09.2020
Thousand Euros					
Tax losses and tax credits	116,483	-276	-	11,765	127,972
Provisions for social benefits, bad debts and other risks	6,065	-273	29	35	5,856
Financial instruments	48,337	-	-21,557	-	26,780
Property plant and equipment	4,330	3,276	-	-	7,606
Other temporary differences	3,086	-	-	-1	3,085
Assets/liabilities compensation of deferred taxes	-35,394	-8,372	-	-	-43,766
	142,907	-5,645	-21,528	11,799	127,533

Net Deferred Tax Liabilities					
	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 30.09.2020
Thousand Euros					
Financial instruments	27,642	-	8,227	-	35,869
Allocation of fair value to assets and liabilities acquired	3,546	-	-	-	3,546
Fiscal revaluations	192	-5	-	-	187
Other temporary differences	4,014	149	-	1	4,164
Assets/liabilities compensation of deferred taxes	-35,394	-8,372	-	-	-43,766
	-	-8,228	8,227	1	-

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21. Debtors and Other Assets from Commercial Activities

At Group level, Debtors and other assets from commercial activities are as follows:

Thousand Euros	Non-Current		Current	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Assets measured at amortised cost:				
Amounts receivable from tariff adjustments - Electricity - Portugal	421,320	254,482	210,598	82,166
Amounts receivable from tariff adjustments - Electricity - Brazil	18,240	29,105	13,420	50,486
Debtors for other goods and services	-	-	25,540	32,201
Amounts receivable relating to CMEC	525,355	579,160	208,017	197,905
Amounts receivable from concessions - IFRIC 12	442,907	954,132	641,465	57,916
Other assets measured at amortised cost	44,441	44,935	125,700	155,600
Impairment losses on other assets measured at amortised cost	-2,894	-2,895	-2,187	-2,694
	1,449,369	1,858,919	1,222,553	573,580
Trade receivables at amortised cost:				
Trade receivables	23,179	49,305	1,174,541	1,480,280
Impairment losses on trade receivables	-8,895	-16,285	-300,845	-302,687
	14,284	33,020	873,696	1,177,593
Assets measured at fair value through other comprehensive income:				
Amounts receivable from tariff adjustments - Electricity - Portugal	4,112	6,292	2,886	2,865
Assets measured at fair value through profit or loss:				
Amounts receivable from concessions - IFRIC 12	491,869	664,489	-	-
Contract assets:				
Contract assets receivable from energy sales contracts	2,343	1,355	828,716	1,051,994
Contract assets receivable from concessions - IFRIC 12	713,325	743,111	-	-
	715,668	744,466	828,716	1,051,994
Other assets:				
Incremental costs of obtaining contracts with customers	36,191	63,752	-	-
Other assets from commercial activities	48,940	53,282	73,509	52,128
	85,131	117,034	73,509	52,128
	2,760,433	3,424,220	3,001,360	2,858,160

At Company level, Debtors and other assets from commercial activities are as follows:

Thousand Euros	Current	
	Sep 2020	Dec 2019
Assets measured at amortised cost:		
Debtors for other goods and services	41,024	33,827
Other assets measured at amortised cost	33,360	62,754
	74,383	96,581
Trade receivables at amortised cost:		
Trade receivables	148,890	237,424
Impairment losses on trade receivables	-210	-215
	148,680	237,209
Contract assets:		
Contract assets receivable from energy sales contracts	201,133	245,567
Other assets:		
Other assets from commercial activities	14,544	4,471
	438,740	583,828

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The movement for the period in Amounts receivable from tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance as at 31 December 2019	260,774	85,031
Receipts through the electricity tariff	-	-64,984
Sale of 2020 overcosts for the special regime generators	-	-1,093,221
Tariff adjustment of the period (see note 7)	356,273	801,870
Interest income (see note 12)	47	928
Prepayment of tariff deficit (see note 32)	-	292,198
Transfer from Non-Current to Current	-191,662	191,662
Balance as at 30 September 2020	425,432	213,484

During the first quarter of 2020, EDP Serviço Universal, S.A. sold the 2020 tariff deficit in the amount of 821,221 thousand Euros. This tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2020 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2018 and 2019). In this sale transaction of assets, EDP Serviço Universal, S.A. gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 825 million Euros and generated a loss net of transaction costs of 1,037 thousand Euros (see note 12).

During the third quarter of 2020, EDP Serviço Universal, S.A. sold the 2020 tariff deficit in the amount of 272,000 thousand Euros. This tariff deficit results from the 5-year deferral of the recovery of the 2020 overcost related with the acquisition of energy from special regime generators (including adjustments for 2018 and 2019). In this sale transaction of assets, EDP Serviço Universal, S.A. gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 273 million Euros and generated a gain net of transaction costs of 103 thousand Euros (see note 12).

As at 30 September 2020, the caption Assets measured at fair value through other comprehensive income includes the amount of the tariff deficit classified and measured at fair value through other comprehensive income. According to IFRS 13, the tariff deficit fair value is classified as level 2 (see note 38).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been sold during the period ended 30 September 2020:

Thousand Euros	Deficit	Tariff adj.	Sales	Total
Year:				
2016	1,923	1,449	-	3,372
2018	5,604	-11,526	-	-5,922
2019	1,404	283,449	-	284,853
2020	1,093,222	356,612	-1,093,221	356,613
	1,102,153	629,984	-1,093,221	638,916

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount, as at 30 September 2020, of 3,363 thousand Euros (31 December 2019: 33,190 thousand Euros) and 28,297 thousand Euros (31 December 2019: 46,401 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 132,715 thousand Euros (see note 7), transfer to tariff adjustment payable of 7,338 thousand Euros (see note 32), amounts received through the electricity tariff of 170,231 thousand Euros, unwinding in the amount of 3,974 thousand Euros (see note 12) and the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 21,727 thousand Euros.

The caption Amounts receivable relating to CMEC is detailed as follows:

Thousand Euros	Non-current	Current
Initial CMEC	358,085	44,702
Final adjustment	167,270	62,063
Revisibility 2014 - 2017 *	-	101,252
	525,355	208,017

* The revisibility calculation for 2016 to 2017 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,576,241 thousand Euros (31 December 2019: 1,676,537 thousand Euros) relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and Brazil, resulting from the application of the mixed model, and the asset related to electricity transmission concessions in Brazil. The variation of the period includes: (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 236,264 thousand Euros and (ii) transfers from Contract assets receivable from concessions in the amount of 127,780 thousand Euros.

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Contract assets receivable from energy sales contracts - Current include contract assets relating to energy delivered and not yet invoiced, amounts receivable from REN regarding the CMEC Revisibility of 2016 and 2017 which are awaiting approval, and accruals from UNGE's energy management business. The impairment losses on Trade receivables includes impairment losses related to Contract assets receivable from energy sales contracts.

The caption Contract assets receivable from concessions - IFRIC 12 refers to the investment in assets under construction assigned to concessions. The variation of the period includes (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 236,062 thousand Euros; (ii) the investment of the period in the amount of 331,674 thousand Euros and (iii) the transfer of assets assigned to concessions which began operation to intangible assets, in the amount of 50,352 thousand Euros (see note 16), and to Amounts receivable from concessions - IFRIC 12, in the amount of 127,780 thousand Euros.

22. Other Debtors and Other Assets

Other debtors and other assets are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019 *
Debtors and other assets - Non-Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	3,047,811	3,016,108
Loans to related parties	8,497	9,070	90	90
Guarantees rendered to third parties	91,201	107,744	-	-
Other financial assets at amortised cost (i)	29,419	46,382	18	46,900
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 36)	275,033	201,349	351,702	225,947
Contingent price	105,783	155,353	-	-
Other assets:				
Excess of the pension fund financing (see note 29)	29,237	55,506	103	104
Other debtors and sundry operations	350,315	357,174	-	-
	889,485	932,578	3,399,724	3,289,149
Debtors and other assets - Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	305,419	297,616
Dividends attributed by subsidiaries	-	-	-	85,000
Loans to related parties	328,365	13,257	-	-
Receivables from the State and concessors	28,700	27,955	-	-
Guarantees rendered to third parties	88,744	70,809	63,432	43,980
Subsidiary companies	-	-	71,335	69,318
Other financial assets at amortised cost (i)	22,957	23,025	48,678	526,428
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 36)	257,607	363,943	356,273	439,143
Other financial investments measured at fair value	49,951	29,938	-	-
Contingent price	5,288	129,161	-	-
Other assets:				
Other debtors and sundry operations	21,584	223,691	89,653	89,655
	803,196	881,779	934,790	1,551,140
	1,692,681	1,814,357	4,334,514	4,840,289

* Includes reclassification resulting from the change of the accounting policy as described in note 2a)

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 1,372,098 thousand Euros (31 December 2019: 1,369,908 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,507,121 thousand Euros (31 December 2019: 1,503,715 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 38).

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For the Loans to subsidiaries, EDP, S.A. performs an analysis to evaluate impairment based on the general approach. The company uses several inputs on making its assessment of the credit risk related to these assets, such as the analysis of the historical possible delays and/or impairment losses indications, rating companies (when applicable) and market and macroeconomic data that may change the probability of default and the expectation of delays in the receivable amounts. According to the analysis performed, as per 30 September 2020 there are no expected credit losses accounted for related to loans with subsidiaries.

Loans to related parties - Current, on a consolidated basis, mainly include loans granted to OW FS Offshore, S.A. in the amount of 315,980 thousand Euros and to Parque Eólico Sierra del Madero, S.A. in the amount of 8,149 thousand Euros (see note 38).

(i) Other financial assets at amortised cost

On a consolidated basis, this caption mainly includes securities issued by Tagus - Sociedade de Titularização de Crédito, SA, in the context of the transmission of the right to receive tariff adjustments (deviations and deficits) from the National Electric System for credit securitisation companies, acquired by EDP Serviço Universal, S.A. The detail of the balances arising from these operations is as follows:

Thousand Euros	Issue date	Class R Notes	Liquidity Notes	Senior Notes	Total Jun 2020
Overcost from special regime production 2016	Ago 2016	395	313	-	708
Overcost from special regime production 2017	Dec 2017	537	401	10,634	11,572
Overcost from special regime production 2018	Jun 2018	442	926	19,775	21,143
Overcost from special regime production 2019	Jun 2019	562	553	17,818	18,933
		1,936	2,193	48,227	52,356

On a company basis, this caption includes the bonds issued by EDP Finance B.V. reacquired on market by EDP, S.A.

During 2020 EDP Finance B.V. repaid, at maturity, in the first quarter 750 million Dollars of securities issued, of which EDP, S.A. had already reacquired 167,076 thousand American Dollars, in the second quarter 300 million Euros of securities issued, of which EDP, S.A. had already reacquired 66,628 thousand Euros and in the third quarter 750 million Euros of securities issued, of which EDP, S.A. had already reacquired 287,778 thousand Euros.

The detail of these bonds is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal value in Currency '000	Acquired in Currency '000	Fair Value '000
EDP Finance B.V.	20 Jan 2021	EUR	4.13%	600,000	46,783	48,708
					46,783	48,708

Contingent prices - Non Current mainly include 67,800 thousand Euros and 24,926 thousand Euros related to the fair value of the contingent consideration in connection with the sale in 2020 and 2018 of 29,5% and 13,5% stake of the French companies Éoliennes en Mer Dieppe - Le Tréport, S.A.S and Éoliennes en Mer Îles d'Yeu et de Noirmoutier, SAS to OW Offshore S.L. and Sumitomo Corporation respectively, in accordance with the relevant agreements signed. The variation of the caption Contingent prices - Current is mainly due to a decrease amounting to 123,061 thousand Euros related to financing proceeds of Nation Rise project (see note 18).

The caption Other debtors and sundry operations - Non Current includes the financial consideration paid in advance for the exploitation of the hydro power plants of Fridão and other amounts invested in such hydro power plant (see note 4).

The variation of the caption Other debtors and sundry operations - Current is mainly due to the receipt in the first quarter of the amount of 121,596 thousand Euros related to the sale of Babilônia Holding, S.A. and its subsidiaries and the receipt in 2020 of amounts related with the transaction of acquisition of the certain projects in North America in 2019, amounting 54,506 thousand Euros as at 31 December 2019.

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23. Tax Assets

Current tax assets are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Non-Current:				
Special taxes Brazil	246,152	389,037	-	-
Current:				
Income tax	260,879	186,869	182,466	108,799
Value added tax (VAT)	111,635	87,431	-	-
Special taxes Brazil	90,799	132,792	-	-
Other taxes	7,558	8,643	736	877
	470,871	415,735	183,202	109,676
	717,023	804,772	183,202	109,676

The movement in the period in current and non-current taxes in Brazil is mainly due to exchange rate differences resulting from the depreciation of Brazilian Real against the Euro in 2020.

24. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019*
Cash	272	298	44	41
Bank deposits				
Current deposits	780,612	953,829	239,043	167,288
Term deposits	884,000	545,480	-	-
Specific demand deposits in relation to institutional partnerships	55	60,977	-	-
	1,664,667	1,560,286	239,043	167,288
Operations pending cash settlement				
Current deposits	105,000	-	115,000	258,000
Other operations				
Other short term investments	280	-	-	-
Group Financial System (see note 38)	-	-	701,639	612,064
	1,770,219	1,560,584	1,055,726	1,037,393
Held for sale operations:				
Cash and cash equivalents reclassified as held for sale (see note 35)	-18,597	-17,862	-	-
	1,751,622	1,542,722	1,055,726	1,037,393

* Includes the reclassification arising from the change in accounting policy as described in note 2a).

Specific demand deposits in relation to institutional partnerships corresponds to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 31), under the Group accounting policy.

As at 30 September 2020, on a company basis, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 115,000 thousand Euros (31 December 2019: 258,000 thousand Euros) refers to commercial paper issued on 30 September 2020, acquired by EDP Finance B.V., which settlement date occurred on 1 October 2020.

25. Share Capital and Share Premium

On August 11, 2020, EDP made a capital increase by issuing 309,143,297 ordinary, book-entry and nominative shares, with a unit face value of 1 Euro, with a unit subscription price of 3.30 Euros, offered to subscription of its shareholders, in the exercise of the respective preemptive rights, offered to the shareholders of EDP for subscription through the exercise of their pre-emption subscription rights pursuant to applicable law (the "Rights Offering"). The new ordinary shares will be fungible with existing ordinary shares and will entitle their holders to the same rights as those of pre-existing shares. As such, the current share capital of EDP is now of 3,965,681,012 Euros, represented by 3,965,681,012 ordinary, registered, book-entry shares with nominal value 1.00 Euro each.

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EDP - Energias de Portugal S.A. shareholder structure as at 30 September 2020 is as follows:

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	854,736,441	21.55%	21.55%
Oppidum Capital, S.L.	285,414,883	7.20%	7.20%
BlackRock, Inc.	165,054,327	4.16%	4.16%
Norges Bank	116,953,432	2.95%	2.95%
Alliance Bernstein	106,363,985	2.68%	2.68%
The Capital Group	100,262,112	2.53%	2.53%
Sonatrach	87,007,433	2.20%	2.20%
Qatar Investment Authority	82,868,933	2.09%	2.09%
EDP (Treasury Stock)	21,070,741	0.53%	
Remaining Shareholders	2,145,948,725	54.11%	
	3,965,681,012	100.00%	

Share capital and Share premium are as follows:

Thousand Euros	Group and Company	
	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	309,143	692,599
Balance as at 30 September	3,965,681	1,196,522

The earnings per share (EPS) attributable to the equity holders of EDP are as follows:

	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Net profit attributable to the equity holders of EDP (in Euros)	422,300,656	460,344,574	-12,119,122	229,836,097
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	422,300,656	460,344,574	-12,119,122	229,836,097
Weighted average number of ordinary shares outstanding	3,704,053,949	3,634,969,426	3,705,566,949	3,636,482,426
Weighted average number of diluted ordinary shares outstanding	3,704,053,949	3,634,969,426	3,705,566,949	3,636,482,426
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.11	0.13		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.11	0.13		
Basic earnings per share from continuing operations (in Euros)	0.11	0.13		
Diluted earnings per share from continuing operations (in Euros)	0.11	0.13		

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP using the weighted average number of ordinary shares outstanding during the period, net of changes in treasury stock during the period. Basic earnings per share and diluted earnings per share are equal because there are no dilution factors.

The average number of shares is determined as follows:

	Group		Company	
	Sep 2020	Sep 2019	Sep 2020	Sep 2019
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	68,698,510	-	68,698,510	-
Average number of realised shares	3,725,236,225	3,656,537,715	3,725,236,225	3,656,537,715
Effect of treasury stock	-21,182,276	-21,568,289	-19,669,276	-20,055,289
Average number and diluted average number of shares during the period	3,704,053,949	3,634,969,426	3,705,566,949	3,636,482,426

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26. Reserves and retained earnings

This caption is as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	78,157	58,716	40,463	-91,909
Tax effect of fair value reserve (cash flow hedge)	-20,380	-18,175	-9,143	20,640
Fair value reserve of assets measured at fair value through other comprehensive income	10,551	18,455	-	-
Tax effect of the fair value reserve of assets measured at fair value through other comprehensive income	-1,138	-3,253	-	-
Currency translation reserve - Exchange differences arising on consolidation	-536,283	62,094	-	-
Currency translation reserve - Net investment hedge	-444,162	-594,947	-	-
Currency translation reserve - Net investment hedge - Cost of hedging	-76,686	-21,194	-	-
Treasury stock reserve (EDP, S.A.)	54,025	55,124	54,025	55,124
Other reserves and retained earnings	3,738,624	3,951,351	1,927,413	1,896,365
	3,541,732	4,247,195	2,751,782	2,619,244

Fair value reserve (cash flow hedge)

The changes in this consolidated caption for the period are as follows:

Thousand Euros	Group FV reserve
Balance as at 31 December 2019	18,455
Positive changes in fair value	6,689
Negative changes in fair value	-3,618
Disposal of Zephyr Fund (see note 19)	-10,975
Balance as at 30 September 2020	10,551

Changes in fair value reserve attributable to the EDP Group during the period ended 30 September 2020 are as follows:

Thousand Euros	Increases	Decreases
Defined Crowd Corporation (see note 19)	6,339	-
Mercer and Dunas Funds (carteira da Energia RE) (see note 19)	134	-
Zephyr Fund (Energia RE portfolio) (see note 19)	216	-1,238
Other (see note 19)	-	-2,380
	6,689	-3,618

Currency translation reserve - Exchange differences arising on consolidation

Exchange differences arising on consolidation corresponds to the amounts resulting from changes in the value of net assets of subsidiaries, joint ventures and associated companies resulting from changes in exchange rates. The exchange rates used in the preparation of the financial statements are as follows:

Currency		Sep 2020		Exchange rate Dec 2019		Sep 2019	
		Close	Average	Close	Average	Close	Average
US Dollar	USD	1.171	1.125	1.123	1.120	1.089	1.124
Brazilian Real	BRL	6.631	5.704	4.516	4.414	4.529	4.365
Macao Pataca	MOP	9.346	8.989	9.010	9.035	8.793	9.072
Canadian Dollar	CAD	1.568	1.521	1.460	1.486	1.443	1.494
Polish Zloty	PLN	4.527	4.423	4.257	4.298	4.378	4.301
Romanian Leu	RON	4.870	4.826	4.783	4.745	4.750	4.738
Pound Sterling	GBP	0.912	0.885	0.851	0.878	0.886	0.884
South African Rand	ZAR	19.709	18.794	15.777	16.177	16.558	16.134
Mexican Peso	MXN	25.932	24.517	21.220	21.560	21.452	21.638
Colombian peso	COP	4,541.463	4,164.787	3,685.713	3,673.675	3,769.783	3,641.536
Chinese Yuan	CNY	7.972	7.866	7.821	7.736	7.778	7.714
Corean Won	WON	1,368.510	1,349.462	1,296.280	1,305.210	n.a.	n.a.
Japanese Yen	JPY	123.760	120.916	121.940	122.021	117.590	122.587

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Currency translation reserve - Net investment hedge and Cost of hedging

The changes in these captions, net of income tax, for the period are as follows:

Thousand Euros	Net investment hedge	Cost of hedging
Balance as at 31 December 2019	-594,947	-21,194
Changes in fair value	150,785	-55,492
Balance as at 30 September 2020	-444,162	-76,686

The caption Net investment hedge corresponds to the amounts resulting from the application of hedge accounting to investments in subsidiaries in foreign currencies, mainly in the subsidiary EDPR North America, through financial derivative instruments (see note 36) and debt in foreign currency. The caption Cost of hedging corresponds to the amounts determined in accordance with accounting policies.

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324° of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code), EDP, S.A. has created an unavailable reserve with an amount equal to the book value amount of treasury stock held in the company statements.

Dividends

On 16 April 2020, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2019 in the amount of 690,739 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock dividend owned by Energia RE in the amount of 287 thousand Euros). This distribution occurred on 14 May 2020.

27. Non-Controlling Interests

This caption is as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Non-controlling interests in income statement	222,373	387,576
Non-controlling interests in equity and reserves	3,152,745	3,386,250
	3,375,118	3,773,826

The movement by subgroup of the non-controlling interests item is analyzed as follows:

Thousand Euros	EDP Renováveis	EDP Brasil Group	Other	Total
Balance as at 31 December 2019	2,547,411	1,266,635	-40,220	3,773,826
Results	147,883	79,645	-5,155	222,373
Dividends	-40,126	-9,905	-	-50,031
Currency Exchange differences	-97,048	-404,209	-2	-501,259
Capital Increases/Decreases	-54,467	1,388	-17	-53,096
Perimeter variations and Others	-4,800	-11,895	-	-16,695
Balance as at 30 September 2020	2,498,853	921,659	-45,394	3,375,118

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28. Financial Debt

This caption is as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Debt and borrowings - Non-current				
Bank loans:				
- EDP Finance B.V. **	-9,304	439,261	-	-
- EDP Brasil Group	197,931	285,520	-	-
- EDP Renováveis Group	527,541	688,708	-	-
	716,168	1,413,489	-	-
Non-convertible bond loans:				
- EDP, S.A.	742,237	-	8,142,237	7,400,000
- EDP Finance B.V.	8,646,641	9,190,998	-	-
- EDP Brasil Group	639,272	1,060,453	-	-
	10,028,150	10,251,451	8,142,237	7,400,000
Hybrid bonds:				
- EDP, S.A.	1,737,880	994,071	1,737,880	994,071
	1,737,880	994,071	1,737,880	994,071
Commercial paper:				
- EDP, S.A.	213,529	100,000	213,528	100,000
- EDP Finance B.V.	192,176	222,539	-	-
- EDP Brasil Group	60,325	66,435	-	-
	466,030	388,974	213,528	100,000
Other loans	9,277	13,557	-	-
	12,957,505	13,061,542	10,093,645	8,494,071
Accrued interest	9,886	8,528	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	58,269	54,545	-	-
Total Debt and Borrowings	13,025,660	13,124,615	10,093,645	8,494,071
Collateral Deposits - Non-current *	-19,819	-21,690	-	-
	13,005,841	13,102,925	10,093,645	8,494,071

* Deposits constituted as collateral for financial guarantee;

** Deferred discount of origination fees on celebrated RCF, which are currently not used.

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Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019 **
Debt and borrowings - Current				
Bank loans:				
- EDP Brasil Group	131,514	125,956	-	-
- EDP Renováveis Group	74,651	79,825	-	-
- Other	132	17	-	-
	206,297	205,798	-	-
Non-convertible bond loans:				
- EDP, S.A.	-	-	850,000	850,000
- EDP Finance B.V.	1,192,903	1,213,181	-	-
- EDP Brasil Group	182,020	282,301	-	-
	1,374,923	1,495,482	850,000	850,000
Hybrid bonds:				
- EDP, S.A.	-	739,258	-	739,258
	-	739,258	-	739,258
Commercial paper:				
- EDP, S.A.	-	100,000	732,000	2,582,000
- EDP Finance B.V.	945,000	618,750	-	-
- EDP Brasil Group	119,141	-	-	-
	1,064,141	718,750	732,000	2,582,000
Other loans				
Group Financial System (see note 38)	-	-	1,041,494	711,836
- Other	688	1,198	-	-
	688	1,198	1,041,494	711,836
Accrued interest	177,488	279,568	83,362	96,964
Other liabilities:				
- Fair value of the issued debt hedged risk	-	6,800	-	-
Total Debt and Borrowings	2,823,537	3,446,854	2,706,856	4,980,058
Collateral Deposits - Current *	-6,944	-39,786	-	-
	2,816,593	3,407,068	2,706,856	4,980,058

* Deposits constituted as collateral for financial guarantee;

** Includes the reclassification arising from the change in accounting policy as described in note 2a).

Non-current Commercial Paper refers to a Commercial Paper program with firm underwriting commitment for a period of over one year, in the amount of 475,000 thousand US Dollars and 100,000 thousand Brazilian Real.

Main events of the period:

On 21 January 2020, EDP concluded a "Tender Offer" over the issue "€750,000,000 Fixed to Reset Rate Subordinated Notes due 2075". As a result of the offer, EDP S.A. acquired 681 million Euros of that issuance, and on March 2020 proceeded with the early redemption for the remaining nominal amount of that issuance, which totalled 69 million Euros (see note 12).

On 15 April 2020, under its "Debt Issuance Program (EMTN)", EDP issued a green bond of 750 million Euros maturing in April 2027.

On 17 September 2020, under its "Debt Issuance Program (EMTN)", EDP issued a green bond of 850 million US Dollar maturing in January 2028.

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The nominal value of outstanding Bond loans placed with external counterparties issued during 2020, as at 30 September 2020, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Hybrids by EDP S.A.							
EDP, S.A. (i)	Jan-20	Fixed Rate EUR 1.7% (ii)	n.a.	Jul-80	750 EUR	750,000	750,000
						750,000	750,000
Issued under the Euro Medium Term Notes program (EMTN)							
EDP, S.A.	Apr-20	Fixed Rate EUR 1.625%	n.a.	Apr-27	750 EUR	750,000	750,000
EDP Finance B.V.	Set-20	Fixed Rate USD 1,71%	n.a.	Jan-28	850 USD	850,000	
						1 600 000	750 000

(i) There is a call option exercisable at par by EDP at April 2025 and July 2025 and subsequently, on each interest payment date.

(ii) Fixed rate in the first 5,5 years, subsequently updated every 5 years.

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
EDP Espírito Santo	Apr/20	CDI + 2.5%	n.a.	Apr/21	150 BRL	24,543	-
						24,543	

Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN, include some usual clauses in this type of operations, namely, "change-of-control", "negative pledge", "pari-passu" and "cross-default" clauses, each one only applicable under a restricted set of circumstances.

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 September 2020, these loans amounted to 676,168 thousand Euros (31 December 2019: 771,854 thousand Euros), of which an amount of 593,254 thousand Euros is included within the financial debt caption and 82,914 thousand Euros within the liabilities held-for-sale caption (see note 35).

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 256 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, all with a firm underwriting commitment, which as at 30 September 2020 were totally available. EDP Group also has a Commercial Paper program of 50 million Euros with guaranteed placement, which as at 30 September 2020 was totally available. Regarding medium-term credit facilities with a firm underwriting commitment, EDP Group has three Revolving Credit Facilities, namely (i) 75 million Euros, maturing in 2021; (ii) 3,300 million Euros, of which 3,295 million Euros mature in 2024 while the remaining amount matures in 2023; and (iii) 2,240 million Euros, of which 2,095 million Euros mature in 2025 while the remaining amount matures in 2023, all of them totally available as at 30 September 2020.

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As at 30 September 2020, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Sep 2021	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Following years	Total
Bank loans:							
Euro	35,177	14,275	35,597	34,257	30,677	71,516	221,499
Brazilian Real	148,526	10,503	49,988	44,624	34,671	137,913	426,225
US Dollar	12,028	3,044	11,848	12,102	12,205	144,730	195,957
Other	21,986	4,865	13,208	16,700	20,281	29,247	106,287
	217,717	32,687	110,641	107,683	97,834	383,406	949,968
Bond loans:							
Euro	664,946	-	1,204,228	1,341,213	1,421,072	3,980,266	8,611,725
Brazilian Real	199,787	66,638	74,462	76,329	115,997	328,999	862,212
US Dollar	654,559	-	-	-	854,117	725,999	2,234,675
	1,519,292	66,638	1,278,690	1,417,542	2,391,186	5,035,264	11,708,612
Hybrid Bonds:							
Euro	21,519	-	-	-	-	1,750,000	1,771,519
	21,519	-	-	-	-	1,750,000	1,771,519
Commercial paper:							
Euro	945,000	-	-	-	-	-	945,000
Brazilian Real	119,141	-	15,081	-	45,243	-	179,465
US Dollar	1,730	-	-	96,088	-	309,617	407,435
	1,065,871	-	15,081	96,088	45,243	309,617	1,531,900
Other loans:							
Euro	1,278	21	34	211	-	6	1,550
Brazilian Real	601	64	-	-	-	8,940	9,605
	1,879	85	34	211	-	8,946	11,155
Origination Fees:	-2,741	-	-7,574	-41,809	-9,773	-62,060	-123,957
	2,823,537	99,410	1,396,872	1,579,715	2,524,490	7,425,173	15,849,197

In accordance with the Group's accounting policies, the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IFRS 9, are accounted at fair value. The financial liabilities are booked at amortised cost.

29. Employee Benefits

Employee benefits are as follows:

Thousand Euros	Non-Current		Current	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Provisions for pension liabilities	419,032	499,948	130,136	130,842
Provisions for medical liabilities and other benefits	579,843	628,207	45,274	52,672
	998,875	1,128,155	175,410	183,514

The movement in Provisions for employee benefits liabilities for EDP Group is as follows:

Thousand Euros	Sep 2020	
	Pensions	Medical and Other
Balance at the beginning of the period	630,790	680,879
Charge for the period	9,518	16,435
Actuarial (gains)/losses	40,256	10,907
Charge-off	-94,093	-20,818
Fund contributions (see note 38)	-	-11,520
Surplus/(Deficit) pension funding (see note 22)	-26,269	-
Transfers, reclassifications and exchange differences	-11,034	-50,766
Balance at the end of the period	549,168	625,117

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The components of the consolidated net cost of the plans for employee benefits recognised during the period are as follows:

Thousand Euros	Sep 2020	
	Pensions	Medical and Other
Current service cost	4,564	5,371
Operational component (see note 10)	4,564	5,371
Net interest on the net pensions plan liability	4,954	11,064
Financial component (see note 12)	4,954	11,064
	9,518	16,435

With reference to 30 September 2020, the net movement of the Provision for pension liabilities period corresponds to a decrease of 81,622 thousands of Euros, of which 68,646 thousands of Euros correspond to the negative net movement seen in Portugal and 12,976 thousands of Euros correspond to the negative net movement seen in Brazil. The movement in the period in Portugal is mainly related to the payment of benefits (negative 93,106 thousand Euros), the decrease of surplus (negative 26,269 thousand Euros) and the recognition of actuarial losses (42,568 thousand Euros) resulting from the devaluation of the assets of the portfolio of Pension Plan Fund. The movement in the period in Brazil is mainly due to exchange rate differences resulting from the depreciation of Brazilian Real.

In turn, the net movement in the Provision period for liabilities for medical care and other benefits corresponds to a decrease of 55,762 thousands of Euros, of which 5,544 thousands of Euros correspond to the positive net movement seen in Portugal, 5,254 thousands of Euros correspond to the negative net movement seen in Spain and 56,052 thousands of Euros correspond to the negative net movement in Brazil. The positive net movement in Portugal is mainly related the recognition of actuarial losses (19,581 thousand Euros) resulting from the devaluation of the assets of the Funds portfolio and the contributions made in the period to the Medical Plan and Death Subsidy Plan (negative 11,520 thousand Euros). The movement in the period in Brazil is mainly due to exchange rate differences resulting from the depreciation of Brazilian Real.

On 30 September 2020, the determination of the cost of current services and net interest was based on the cost estimate for the period actuarially determined on 31 December 2019.

30. Provisions

Provisions are as follows:

Thousand Euros	Non-Current		Current	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Provision for legal and labour matters and other contingencies	88,664	107,813	2,515	2,221
Provision for customer guarantees under current operation	-	-	1,029	1,029
Provision for dismantling and decommissioning	471,136	475,320	10,670	10,670
Provision for other liabilities and charges	289,569	343,293	211,607	112,171
	849,369	926,426	225,821	126,091

With reference to 30 September 2020, the movement by nature of the Provisions item at the EDP Group level is presented as follows:

Thousand Euros	Legal, labor and other matters	Guarantees to customers in the context of current activity	Dismantling and Decommissioning	Other risks and charges	Total
Balance as at 31 December 2019	110,034	1,029	485,990	455,464	1,052,517
Charge for the period	15,421	-	-	122,096	137,517
Reversals	-5,586	-	-	-2,534	-8,120
Charge-off for the period	-6,613	-	-10,081	-3,069	-19,763
Unwinding (see note 12)	6,042	-	5,650	1,643	13,335
Increase of the responsibility (see note 14)	-	-	25,890	-	25,890
Innovative Features Charge-off (see note 4)	-	-	-	-67,071	-67,071
CMEC	-	-	-	10,984	10,984
"Lesividad"	-	-	-	9,015	9,015
Exchange differences and other	-28,498	-	-5,955	-10,256	-44,709
Reclassification to Liabilities Held for Sale (see note 35)	379	-	-19,688	-15,096	-34,405
Balance as at 30 September 2020	91,179	1,029	481,806	501,176	1,075,190

EDP and its subsidiaries' Board of Directors, based on the information provided by its legal advisors and on the analysis of pending law suits, have recognised provisions to cover the losses estimated as probable, related with litigations in progress.

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On 19 October 2020, EDP Produção became aware, by letter sent by DGEG, of the Order of the Secretary of State for Environment and Energy regarding the approval of the revisibility referring to the year 2015 reducing by 72.9 million Euros the initially estimated amount of 135,6 million Euros. Accordingly, EDP has registered a provision in the amount of 72.9 million Euros (see note 4).

In their ordinary course of business, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees and administrative. In EDP Group and its legal advisors' opinion, the risk of a loss in these actions is not probable, and the outcome will not affect on a material way its consolidated financial position.

The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. As at 30 September 2020, there were no significant changes in the losses considered as possible as of 31 December 2019, with the following exception:

i) On 29 July 2016, the Portuguese Competition Authority (AdC) has notified EDP, S.A. and EDP Comercial, S.A. with a notice for alleged violation of competition laws, regarding the process about the commercial campaign done in partnership with Modelo Continente, designated as "Plano EDP Continente". This was an occasional campaign, limited to two years, which was one of several campaigns usually performed by several other market agents. On 5 May 2017, EDP, S.A. and EDP Comercial, S.A. received AdC final decision which applied a fee of 2,900 thousand Euros to EDP, S.A. and 25,800 thousand Euros to EDP Comercial. EDP Group is convinced that this campaign has brought real benefits to consumers and competition in markets and that no transgression has been committed. The companies filed their appeal on 19 June 2017 and are still awaiting sentence. Subsequently, a dispatch was delivered by Competition, Regulation and Supervision Court (TCRS) that considered unconstitutional the law from AdC which demanded a fine payment or a security before a decision about the case. This view was confirmed with a Constitutional Court judgment on 4 October 2018. The Public Prosecutors as well as AdC presented a new appeal about this judgement for Constitutional Court, with EDP, S.A. and EDP Comercial presenting its counter-allegations. On 17 December 2019, EDP S.A. and EDP Comercial were notified by the Constitutional Court for the reversal of the prior decision, by the same court. The process was transfer from the Constitutional Court to TCRS and EDP Group companies are now awaiting for a new audience. On 5 June 2020, it was determined in a court hearing that EDP and EDP Comercial would provide a security in the amount of 50% of the fine imposed on them by the AdC, and on 19 June 2020, EDP and EDP Comercial provided surety bond and surety in the amounts of 1,450 thousand Euros and 12,900 thousand Euros, respectively. The last judgment session was held on the 15th of July, awaiting the decision of the TCRS and maintaining for the time being both the amount of the contingency and the risk analysis. On 30 September 2020, a judgment was issued by the TCRS, which maintained the conviction of the two companies of the EDP Group, as well as Sonae Group's Companies, having also reduced fines by 10%. Fines were determined at 2,610 thousand Euros and 23,220 thousand Euros for EDP and EDP Comercial, respectively. The Appeal of this decision, whose term ends on 30 October 2020, is being prepared to the Tribunal da Relação de Lisboa. The risk assessment is maintained as possible.

ii) Within EDP Distribuição there is a contingency established by Gás Natural Comercializador, S.A. (GNC), for the undue payment of tariffs for access to networks charged by EDP Distribuição and surplus consumption by Repsol Polimeros, S.A. The situation is related with the attribution of a proper consumption producer status to Repsol Polimeros, S.A. in June 2014, being this energy invoiced only from October 2015 onwards. Regarding the year 2015, GNC was reimbursed for the over paid amounts, therefore the claim is only on payments about the second half of 2014, in the amount of 5,724 thousand Euros. As at 31 December 2020, the value of this contingency is divided between a probable risk of loss in the amount of 2,308 thousand Euros and the remain value with a classification of risk as possible. According to the expert report issued in the meantime, it came to recognize that, with regard to the Network Access Tariffs ("TAR"), despite the fact that at the time of the facts, the self-consumption statute has not yet been approved and that, therefore, EDP Distribuição situation was not clear, the amount of TAR charged by the company would have been higher than the amount actually due by GNC. With regard to the amount claimed by GNC as "excess consumption", the consolidated expert report concluded that "(...) the reliquidation taking into account the adjustments between 13 June 2014 and 31 December 2014, according to the hourly values presented by GNC for that period, would generate a return to GNC whose approximate value estimates that it could be in the range between 3,192 thousand Euros and 3,271 thousand Euros ". Consequently, and with reference to 30 September 2020, the probable contingency amount of 2,308 thousand Euros (referring to the value of TAR) was updated to 5,579 thousand Euros; the difference refers to the higher amount indicated in the expert report as the amount allegedly owed by GNC to excess consumption securities. The provision amount was also updated accordingly, with the remainder remaining as possible, 144 thousand Euros.

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iii) On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC has estimated that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC pointed out that the adoption of a Statement of Objections did not determine the result of the investigation, which began in September 2016 and is still in course. On 28 November 2018, EDP Produção presented to AdC its facts about the accusation. On 18 September 2019, AdC has notified EDP Produção for an alleged infraction to competition rules. This contingency was estimated with a value of 48 million Euros and its graduation was assessed as possible. On 30 October 2019, EDP Produção presented an appeal against this decision to the TCRS and it is waiting the counter-allegations of AdC. On 20 May 2020, EDP Produção was notified of a decision by the TCRS, which, among other things, admitted its Judicial Challenge Appeal, establishing a purely return effect and determining the payment of the fine imposed within 20 days. In this regard, EDP Produção submitted requests, invoking supervening facts for the demonstration of considerable damage, and arguing defects in the decision that determined the attribution of a merely devolution effect to the Judicial Challenge Appeal. On 16 July 2020, EDP was notified of an order which implied the existence of substantial losses if the fine was paid in advance. Thus, the payment order was therefore suspended. On the 21 and 25 of September, the prior hearing was held to prepare the trial, which is not expected to take place before January 2021.

Finally, even if EDP Group classifies its risk as remote, it is important to identify the following litigation:

On 27 October 2009 and 5 January 2010, the EDP Group received two tax settlements regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 million Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely EDP Espírito Santo and Enersul. As at 30 September 2020, the amount of this tax contingency amounts to 295 million euros (31 December 2019: 290 million euros).

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (existing article 81).

Given the above, and considering that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional settlements. Thus, following the implied rejection of the hierarchical appeal, EDP presented a judicial claim, on 6 June 2012. In November 2018, EDP Group was notified with a decision in favour. The Treasury filed an appeal on that decision.

31. Institutional Partnerships in North America

The caption Institutional partnerships in North America is as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Deferred income related to benefits provided	838,361	1,002,871
Liabilities arising from institutional partnerships	1,228,873	1,286,913
	2,067,234	2,289,784

Subsidiaries in North America recognises under this caption the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life of the related projects (see note 8). Additionally, this liability is increased by the estimated interest based on the liability outstanding and the expected rate of return of the institutional investors (see note 12).

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The movements in Institutional partnerships in North America are as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Balance at the beginning of the period	2,289,784	2,231,249
Proceeds received from institutional investors	312,539	188,490
Cash paid for deferred transaction costs	-2,516	-2,087
Cash paid to institutional investors	-43,778	-80,776
Other Income (see note 8)	-143,993	-181,570
Unwinding (see note 12)	71,463	85,320
Exchange differences	-100,037	42,848
Transfer to Assets held for sale (see note 35)	-318,175	-
Other	1,947	6,310
Balance at the end of the period	2,067,234	2,289,784

During the first quarter of 2020, EDPR NA, has secured and received proceeds amounting to 134,764 thousand Euros (148,539 thousand dollars) related to institutional equity financing from JP Morgan, in exchange for an interest in onshore wind projects.

During the third quarter of 2020, EDPR NA, has secured and received proceeds amounting to 177,775 thousand Euros (203,075 thousand dollars) related to institutional equity financing from Bank of America, in exchange for an interest in the 405 MW onshore wind projects.

Under these partnerships, EDP Group provides operating guarantees to institutional investors in wind and solar projects, which are typical of this type of structure. As at 30 September 2020, the liabilities associated with these guarantees are not expected to exceed the amounts already recognized under the caption Liabilities arising from institutional partnerships.

32. Trade payables and other liabilities from commercial activities

At Group level, Trade payables and other liabilities from commercial activities are as follows:

Thousand Euros	Non-Current		Current	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Contract liabilities:				
Energy sales contracts - North America	7,136	9,148	-	-
Deferred income - CMEC	143,132	208,535	64,761	74,995
Amounts received from the Fund for systemic sustainability of the energy sector	-	-	12,405	-
	150,268	217,683	77,166	74,995
Other liabilities:				
Investment government grants	535,104	566,450	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	-	-	10,901	43,626
Amounts payable for tariff adjustments - Electricity - Brazil	263,528	464,823	82,228	-
Amounts payable - securitisations	-	-	431,390	136,933
Amounts payable - CMEC	-	-	222,245	221,955
Amounts payable for concessions	190,799	199,772	-	-
Property, plant and equipment suppliers	3,412	5,101	909,322	1,196,186
Suppliers	-	-	603,708	919,745
Accrued costs related with commercial activities	-	-	539,718	633,664
Holiday pay, bonus and other charges with employees	-	-	155,266	151,917
CO2 emission Licenses	-	-	128,735	203,085
Other creditors and sundry operations	168,188	190,478	237,075	277,517
	1,161,031	1,426,624	3,320,588	3,784,628
	1,311,299	1,644,307	3,397,754	3,859,623

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At Company level, Trade payables and other liabilities from commercial activities are as follows:

Thousand Euros	Current	
	Sep 2020	Dec 2019
Other liabilities:		
Suppliers	219,418	412,388
Accrued costs related with commercial activities	229,614	253,650
Property, plant and equipment suppliers	823	961
Holiday pay, bonus and other charges with employees	29,795	30,370
Other creditors and sundry operations	28,600	17,945
	508,250	715,314

The caption Deferred income - CMEC is detailed as follows:

Thousand Euros	Non-current	Current
Initial CMEC	29,469	38,804
Final adjustment	113,663	25,957
	143,132	64,761

The Amounts received from the Fund for Systemic Sustainability of the Energy Sector refer to amounts transferred to EDP SU related with the electricity tariffs for 2020, which represented CESE amounts intended to reduce the National Electric System's tariff debt and that will be settled through the tariff.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, which amounts to 18,150 thousand Euros as at 30 September 2020.

The movement for the period in Amounts payable for tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance at the beginning of the period	-	43,626
Payment through the electricity tariff	-	-32,755
Interest expense (see note 12)	-	30
Balance at the end of the period	-	10,901

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount of 212,731 thousand Euros (31 December 2019: 276,341 thousand Euros) and 133,025 thousand Euros (31 December 2019: 188,482 thousand Euros), respectively. The variation occurred includes the tariff deficit of the period with a positive impact of 85,377 thousand Euros (see note 7), the transfer from tariff adjustment receivable of 7,338 thousand Euros (see note 21), the decrease of the amount returned through the tariff of 67,894 thousand Euros, the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 153,015 thousand Euros and the unwinding in the amount of 9,127 thousand Euros (see note 12), which includes the recognition of 5,750 thousand Euros (32,797 thousand Brazilian Real) of the unwinding over the amount resulting from the non-inclusion, in 2019, of the amounts of VAT borne in the basis of calculation of PIS and COFINS (1,756,597 thousand Brazilian Real as at 31 December 2019, of which 23,474 thousand Brazilian Reais were returned in 2020 through the electricity tariff).

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustment assets through the tariffs charged to their customers. The caption Amounts payable - securitizations includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal. Additionally, as at September 2020, this caption includes 292,198 thousand Euros related to the anticipated sale of tariff deficit of 2020 (see note 21), which right to be received by EDP Serviço Universal will occur during 2020.

The caption Amounts payable - CMEC refers to amounts received by EDP Distribuição, through the tariff, regarding the CMEC Revisibility of 2016 and 2017, which delivery to REN is awaiting approval.

The caption Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA in the amount of 141,615 thousand Euros (31 December 2019: 134,496 thousand Euros) and the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil in the amount of 49,184 thousand Euros (31 December 2019: 65,276 thousand Euros).

The caption Property, plant and equipment suppliers - Current refers mainly to the amounts due related with the construction of windfarms and solar parks in North America in the amount of 709,698 thousand Euros (31 December 2019: 1,003,564 thousand Euros), in Poland in the amount of 23,440 thousand Euros (31 December 2019: 18,055 thousand Euros) and in Mexico in the amount of 18,471 thousand Euros (31 December 2019: 124 thousand Euros).

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The caption CO2 emission licenses includes the CO2 consumptions during 2020 in Portugal and Spain, in the amount of 66,518 thousand Euros and 61,744 thousand Euros, respectively (31 December 2019: 116,752 thousand Euros and 86,333 thousand Euros). The variation includes the consumptions of 2020 and the delivery in 2020 of the 2019 consumption licenses, which are returned to regulatory authorities until April of the year following its consumption.

The caption Other creditors and sundry operations - Non-current includes the amount of 54,774 thousand Euros related with the reinsurance activity (31 December 2019: 62,258 thousand Euros). The caption Other creditors and sundry operations - Current includes the amount of 14,317 thousand Euros related to tariff adjustment payable (31 December 2019: 14,317 thousand Euros).

33. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019 *
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	174,055	215,023	-	-
Derivative financial instruments (see note 36)	187,161	169,008	274,921	215,510
Amounts payable and contingent prices for acquisitions/sales	14,548	18,303	-	-
Lease Liabilities (Rents due from lease contracts)	887,323	762,725	150,707	133,378
Other creditors and sundry operations	5,481	12,060	1	2
	1,268,568	1,177,119	425,629	348,890
Other liabilities and other payables - Current				
Loans from non-controlling interests	129,733	117,327	-	-
Dividends attributed to related companies	12,749	58,749	-	-
Derivative financial instruments (see note 36)	108,556	213,363	309,402	547,312
Group companies	-	-	73,970	70,288
Amounts payable and contingent prices for acquisitions/sales	52,855	151,975	-	-
Lease Liabilities (Rents due from lease contracts)	87,577	75,004	12,280	12,390
Other creditors and sundry operations	8,014	7,353	116,661	51,289
	399,484	623,771	512,313	681,279
	1,668,052	1,800,890	937,942	1,030,169

* Includes reclassification resulting from the change of the accounting policy as described in note 2a).

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

Thousand Euros	Sep 2020
ACE Portugal (CTG Group)	Fixed rate of 3.75% 29,007
ACE Poland (CTG Group)	Fixed rate of a range between 1.33% and 7.23% 97,139
ACE Italy (CTG Group)	Fixed rate of 4.5% 53,481
CITIC CWEI Renewables (CTG Group)	Fixed rate of 5.5% 33,129
Sonatrach	Fixed rate of 5.6% 75,139
	287,895

The variation of the caption Amounts payable and contingent prices for acquisitions/sales mainly relates to Nation Rise project (decrease of 87,963 thousand Euros (see note 18)) and to the costs actually incurred in the construction of the windfarm projects as foreseen in the context of the sale of North America projects, in December 2018 (decrease of 12,565 thousand Euros).

The variation of the caption Lease Liabilities (Rents due from lease contracts) Non-Current and Current includes: i) 224,672 thousand Euros corresponding to lease liabilities (rents due from lease contracts) starting after 1 January 2020; ii) negative 54,182 thousand Euros corresponding to payments rents made; and iii) 29,488 thousand Euros corresponding to the financial update of the liability (see note 12).

As at 30 September 2020, the nominal value of the lease liabilities (rents due from lease contracts) is detailed as follows: (i) less than 5 years: 440,324 thousand Euros; (ii) from 5 to 10 years: 314,403 thousand Euros; (iii) from 10 to 15 years: 268,893 thousand Euros; and (iv) more than 15 years: 488,902 thousand Euros.

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34. Tax Liabilities

Tax liabilities are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Non Current				
Special tax Brazil	108,007	138,212	-	-
Current				
Income tax	73,574	47,100	21,565	1,456
Withholding tax	16,703	36,785	1,137	1,801
Value Added Tax (VAT)	88,871	116,799	15,159	24,725
Special taxes Brazil	69,606	90,100	-	-
CESE	65,160	53,360	-	-
Other taxes	108,411	134,450	1,122	1,053
	422,325	478,594	38,983	29,035
	530,332	616,806	38,983	29,035

Extraordinary Contribution to the Energy Sector (CESE)

EDP undertakes periodic assessments of the company's ongoing legal proceedings. From this analysis and taking into account the current public health and economic crisis, caused by the COVID-19 pandemic, the litigation related to CESE has been considered for a possible withdrawal and the relevant legal procedures will be carried. On this account, it should also be noted that EDP based its judicial actions, among other aspects, on the fact that the amounts paid relating to the CESE were not being utilized for the reduction of the National Electric System's tariff debt, contrarily to the legal provision. However, the legislation has been followed since 2019 and the amounts paid are being directed towards the reduction of this debt.

EDP has paid 388 million euros relating to CESE so far. The withdrawal of these legal actions will have no impact on EDP's financial statements, considering the full payment has already been made.

35. Non-Current Assets and Liabilities Held for Sale

This caption is as follows:

Thousand Euros	Group	
	Sep 2020	Dec 2019
Assets held for sale		
Electricity generation assets - Hydro Brazil	-	90,517
Electricity generation assets - Hydro Portugal	1,917,466	1,951,176
Electricity generation assets - Offshore wind	11,191	9,308
Electricity generation assets - Offshore wind - Transaction completed	-	204,886
Electricity generation assets - Onshore wind	994,387	-
Electricity generation thermal and supply (B2C) assets - Spain	632,236	-
	3,555,280	2,255,887
Liabilities held for sale		
Electricity generation liabilities - Hydro Brazil	-	16,924
Electricity generation liabilities - Hydro Portugal	23,937	35,147
Electricity generation liabilities - Offshore wind	111	111
Electricity generation liabilities - Offshore wind - Transaction completed	-	26,640
Electricity generation liabilities - Onshore wind	498,412	-
Electricity generation thermal and supply (B2C) liabilities - Spain	223,631	-
	746,091	78,822
	2,809,189	2,177,065

In May 2019, EDPR Group signed a strategic memorandum of understanding with ENGIE to create a co-controlled 50/50 joint venture in fixed and floating offshore wind segment, the OW Offshore S.L. The new entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide. This transaction was completed (see note 6). The assets and liabilities associated with Moray West Holdings Limited remain classified as non-current assets and liabilities held for sale under the sale plan that the EDPR Group has entered into in the past.

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During the first semester of 2019, the EDP Brasil Group started the process of selling Energest, S.A. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale. During the first semester of 2020 and considering the actual scenario of uncertainty, the management of the EDP Brasil Group decided that is no longer its intention to dispose of the participation in this company. As of the decision taken, its assets and liabilities stopped being presented as non-current assets and liabilities held for sale.

In the last quarter of 2019, the EDP Group agreed to sell a portfolio of 6 large hydro plants in Portugal to a consortium of investors formed by Engie, Crédit Agricole Assurances and Mirova – Natixis Group. The disposed hydro portfolio comprises 1,689 MW of installed capacity in the Douro river basin (Miranda, Picote, Bemposta, Foz Tua, Baixo Sabor and Feiticeiro). Assets and liabilities associated with this transaction were presented in non-current assets and liabilities held for sale. This transaction is based on a set of potential price adjustments and its fair value will be determined on the date of the transaction.

In the second quarter of 2020, the EDP Group agreed to sell a portfolio of two CCGTs power plants (Castejón I & III), with 843 MW of installed capacity located in Navarra, North of Spain and the B2C energy supply business in Spain, which includes 1.2 million clients in free market, and the 50% stake in our joint venture with CIDE for electricity supply in this segment (CHC Energía).

In the second quarter of 2020, EDPR Group committed to the plan of selling the entire stake held in the following portfolio of Spanish companies: Bon Vent de Corbera, S.L.U., Eólica Sierra de Ávila, S.L.U., Parc Eòlic de Coll de Moro, S.L.U., Parc Eòlic de Torre Madrina, S.L.U., Parc Eòlic de Vilalba dels Arcs, S.L.U., Aprofitament D'Energies Renovables de la Terra Alta, S.A. and Aprofitament D'Energies Renovables de L'Ebre, S.L. Assets and liabilities associated with these companies were presented in non-current assets and liabilities held for sale.

In the third quarter of 2020, EDPR Group signed a sale and purchase agreement with Connor, Clark & Lunn Infrastructure to sell an 80% equity shareholding in a onshore wind and solar portfolio located in the United States with 563 MW (450 MW net). Assets and liabilities associated with this transaction that met all the conditions for its sale were presented in non-current assets and liabilities held for sale.

As at 30 September 2020 the following reclassifications were made to held for sale:

Thousand Euros	Renewables				Client Solutions & Energy Management	Total
	Hydro Brazil	Hydro Portugal	Offshore wind	Onshore wind	Thermal and supply (B2C) Spain	
Assets						
Property, plant and equipment (see note 14)	44,991	-5,855	-	-829,441	-212,953	-1,003,258
Right-of-use assets (see note 15)	174	-	-	-40,070	-	-39,896
Goodwill (see note 17)	3,654	-	-	-65,912	-180,000	-242,258
Investments in joint ventures and associates (see note 18)	-	-	-164	-1,102	-9,942	-11,208
Other assets	35,734	39,565	-1,719	-33,301	-229,341	-189,062
Cash and cash equivalents (see note 24)	5,964	-	-	-24,561	-	-18,597
Assets Held for Sale	-90,517	-33,710	1,883	994,387	632,236	1,504,279
	-	-	-	-	-	-
Liabilities						
Financial debt (see note 28)	-	-	-	-82,914	-	-82,914
Provisions (see note 30)	1,341	-	-	-15,448	-20,298	-34,405
Institutional Partnerships in North America (see note 31)	-	-	-	-318,175	-	-318,175
Other liabilities	15,583	11,210	-	-81,875	-203,333	-258,415
Liabilities Held for Sale	-16,924	-11,210	-	498,412	223,631	693,909
	-	-	-	-	-	-

These reclassifications were made only for financial statement presentation purposes, without impact on the measurement of these assets and liabilities, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5.

36. Derivative Financial Instruments

In accordance with IFRS 9, the Group classifies derivative financial instruments as fair value hedge of a recognised asset or liability (Fair value hedge), as cash flow hedge of recognised liabilities and highly probable future transactions (Cash flow hedge), as net investment hedge in foreign operations (Net investment hedge), or as held for trading, if or when they are not eligible for hedge accounting.

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The fair value of the derivative financial instruments in EDP Group is as follows:

Thousand Euros	Sep 2020		Dec 2019	
	Assets	Liabilities	Assets	Liabilities
Net Investment hedge				
Cross-currency interest rate swaps	31,901	-50,616	9,343	-54,085
Currency forwards	-	-4,432	5,026	-
Fair value hedge				
Interest rate swaps	67,909	-	84,762	-
Cross-currency interest rate swaps	19,076	-9,271	50,213	-
Cash flow hedge				
Interest rate swaps	1,339	-25,642	122	-15,383
Swaps related to gas commodity	152,950	-86,916	131,719	-148,416
Electricity swaps	23,803	-18,111	25,213	-30,132
Currency forwards for commodities	86,818	-10,784	95,434	-5,240
Trading				
Interest rate swaps	30	-6,463	7,682	-1,958
Cross-currency interest rate swaps	823	-13	-	-55
Commodity swaps	75,169	-56,154	123,013	-116,937
Currency forwards	3,139	-2,999	1,573	-1,233
Commodity forwards	26,707	-14,261	728	-2,760
Currency forwards associated to commodities	41,142	-9,934	27,855	-6,172
Commodity options	1,834	-121	2,609	-
	532,640	-295,717	565,292	-382,371

The management of financial risk of EDP, S.A. and other EDP Group companies, is carried out centrally by EDP, S.A. (note 5). On this basis, EDP, S.A. negotiates derivative financial instruments with external entities to hedge its own individual business risks, as well as for other companies of the Group, performing for these entities' as an intermediate in their contracting.

The fair value of the derivative financial instruments at Company level is as follows:

Thousand Euros	Sep 2020		Dec 2019	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Swaps related to gas commodity	55,819	-45,707	7,392	-82,537
Electricity swaps	6,312	-36,148	4,157	-95,770
Currency forwards for commodities	65,983	-2,055	86,380	-
Trading				
Interest rate swaps	66,849	-73,282	91,067	-86,739
Cross-currency interest rate swaps	83,213	-87,718	53,946	-57,922
Commodity swaps	315,933	-249,263	369,978	-405,701
Currency forwards	6,371	-6,371	2,806	-5,296
Commodity forwards	59,698	-62,160	7,661	-10,089
Currency forwards associated to commodities	44,766	-19,692	39,096	-16,269
Commodity options	3,031	-1,927	2,607	-2,499
	707,975	-584,323	665,090	-762,822

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 22) and Other liabilities and other payables (see note 33), according to its nature.

Fair value of derivative financial instruments is based on listed market prices, whenever available, or on valuations determined through valuation models that use variables observable on the market. Therefore, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 39) and no changes of level were made during this period. These valuation models are based on generally accepted discounted cash flow techniques and option valuation models, using market data obtained through financial information platforms.

Considering that hedging derivative financial instruments are contracted with a high correlation of critical terms, namely in the same currency and at the same indexes, the hedge ratio between the hedging instruments and the hedged instruments is 1:1.

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As at 30 September 2020, the following market inputs were considered for the fair value calculation:

Instrument	Fair value indexed to the following market inputs
Cross-curr. int. rate swaps	Interest rates: Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily CDI, Wibor 3M and Robor 3M; and exchange rates: EUR/GBP, EUR/BRL, EUR/PLN, EUR/CAD, EUR/RON and EUR/USD.
Interest rate swaps	Interest rates: Euribor 3M, Euribor 6M, Wibor 6M, US Libor 3M and CAD Libor 3M.
Currency forwards	Exchange rates: EUR/USD, EUR/PLN, EUR/BRL, EUR/GBP, BRL/USD, BRL/CNY and MXN/USD.
Commodity swaps	Market quotes of commodities: Brent, NBP Natural Gas, Electricity, Henry Hub, TTF, Coal, CO2 and JKM.

37. Commitments

Operating guarantees granted by EDP Group, not included in the consolidated statement of financial position nor in the Notes, are as follows:

Thousand Euros	Group		Company	
	Sep 2020	Dec 2019	Sep 2020	Dec 2019
Operating guarantees				
EDP S.A.	509,362	453,005	509,362	453,005
EDP España Group	64,025	105,283	-	-
EDP Brasil Group	212,293	270,421	-	-
EDP Renováveis Group	1,569,575	1,435,821	-	-
	2,355,255	2,264,530	509,362	453,005

In addition to the guarantees identified above, EDP Group provides financial and operating guarantees related to liabilities assumed by joint ventures and associates in the amount of 471,996 thousand Euros and 336.024 thousand Euros, respectively (31 December 2019: 604,590 thousand Euros and 341,301 thousand Euros).

The remaining financial and operating guarantees granted by EDP Group have underlying liabilities that are already reflected in its consolidated statement of financial position and/or disclosed in the Notes.

In the Group, the commitments relating to future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) and purchase obligations are disclosed, by maturity, as follows:

Thousand Euros	Sep 2020				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	72,265	9,491	14,837	8,211	39,726
Purchase obligations	18,063,049	4,211,608	3,660,972	1,937,562	8,252,907
	18,135,314	4,221,099	3,675,809	1,945,773	8,292,633

At Company level, the commitments relating to future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) and purchase obligations are disclosed, by maturity, as follows:

Thousand Euros	Sep 2020				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	113	113	-	-	-
Purchase obligations	5,443,836	319,664	565,729	529,218	4,029,225
	5,443,949	319,777	565,729	529,218	4,029,225

38. Related Parties

Balances with EDP Pension and Medical and Death Subsidy Funds

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 11,520 thousand Euros in the first nine months of 2020 (see note 29). Until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 161 million Euros, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

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Balances and transactions with subsidiaries, joint ventures and associates

In their ordinary course of business, EDP Group companies establish commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

The credits and debits over subsidiaries, joint ventures and associates, at Company level, are as follows:

Credits held

Thousand Euros	30 September 2020			
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	-	69,743	219,585	289,328
EDP Distribuição, S.A.	-	1,507,121	15,406	1,522,527
EDP España, S.A.U.	-	-	17,298	17,298
EDP Finance B.V.	-	48,122	906	49,028
EDP Produção, S.A.	-	1,372,098	102,274	1,474,372
Hidrocentrónica Distribución Eléctrica, S.A.U.	-	-	21,748	21,748
EDP Renováveis, S.A.	-	-	53,128	53,128
EDP Servicios Financieros España, S.A.U.	701,126	-	4,768	705,894
EDP Serviço Universal, S.A.	-	301,513	17,971	319,484
EDP Renewables Europe, S.L.U.	-	-	4,463	4,463
EDP Comercializadora, S.A.U.	-	-	83,082	83,082
EDP GÁS.COM - Comércio de Gás Natural, S.A.	-	10,093	17,791	27,884
Other	513	92,752	36,722	129,987
	701,639	3,401,442	595,142	4,698,223

The amount of 48,122 thousand Euros refers to the repurchase in market by EDP, S.A. of one bond issues issued by EDP Finance B.V.

Debits held

Thousand Euros	30 September 2020			
	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Distribuição, S.A.	3,692	-	27,193	30,885
EDP Comercial, S.A.	20,548	-	1,011	21,559
EDP Finance B.V.	-	9,110,993	66,901	9,177,894
EDP Renováveis Servicios Financieros, S.A.	-	-	27,343	27,343
EDP Produção, S.A.	723,557	-	431,915	1,155,472
EDP Renováveis, S.A.	-	-	27,951	27,951
EDP Serviço Universal, S.A.	215,521	-	61	215,582
EDP España, S.A.U.	-	-	28,604	28,604
EDP Comercializadora, S.A.	-	-	72,715	72,715
Other	78,176	-	72,992	151,168
	1,041,494	9,110,993	756,686	10,909,173

The amount of 9,110,993 thousand Euros includes 8,305,023 thousand Euros related to six intragroup bonds issued by EDP Finance BV and acquired by EDP S.A., with fixed and variable rate and a term to maturity up to 7 years.

Expenses

Thousand Euros	30 September 2020			
	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance B.V.	-	103,714	77,729	181,443
EDP Produção, S.A.	-	-	1,281,850	1,281,850
EDP España, S.A.U.	-	-	39,931	39,931
EDP Comercializadora, S.A.U.	-	-	129,782	129,782
Other	29	-	212,170	212,199
	29	103,714	1,741,462	1,845,205

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Income

Thousand Euros	30 September 2020			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	108	1,169	847,439	848,716
EDP Distribuição, S.A.	-	17,397	114,389	131,786
EDP España, S.A.U.	-	-	63,430	63,430
EDP Produção, S.A.	-	16,610	520,708	537,318
EDP Soluções Comerciais, S.A.	1	164	8,586	8,751
EDP Finance B.V.	-	12,953	93,875	106,828
Hidrocantábrico Distribución Eléctrica S.A.U.	-	-	16,647	16,647
EDP Comercializadora, S.A.	-	-	177,048	177,048
EDP Renováveis, S.A.	-	401	86,982	87,383
EDP Renewables Europe, S.L.U.	-	-	7,678	7,678
Other	46	4,576	83,302	87,924
	155	53,270	2,020,084	2,073,509

Other gains include income from equity investments of 148,690 thousand Euros (see note 12).

Assets, liabilities and transactions with related companies, for the Group, are as follows:

Assets and Liabilities

Thousand Euros	30 September 2020		
	Assets	Liabilities	Net Value
Joint Ventures			
OW Offshore, S.L.	316,581	884	315,697
Cide HC Energía, S.A.	1,270	2,778	-1,508
SCNET - Sino-Portuguese Centre	-	1,080	-1,080
HC Tudela Cogeneración, S.L.	878	1,037	-159
Other	1,963	961	1,002
	320,692	6,740	313,952
Associates			
MABE Construção e Administração de Projectos, Ltda.	3,804	-	3,804
Parque Eólico Sierra del Madero, S.A.	8,149	-	8,149
Parque Eólico Belmonte, S.A.	1,016	-	1,016
Centrais Elétricas de Santa Catarina, S.A. - Celesc	2,418	-	2,418
Kosorkuntza, A.I.E.	1,143	174	969
Other	300	34	266
	16,830	208	16,622
	337,522	6,948	330,574

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Transactions

Thousand Euros	30 September 2020			
	Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
Cide HC Energia, S.A.	50,535	4	102	-
Companhia Energética do JARI - CEJA	159	-	1,871	-
HC Tudela Cogeneración, S.L.	508	14	1,981	-
Empresa de Energia São Manoel, S.A.	83	-	5,167	-
OW Offshore, S.L.	601	1,728	-	-
Porto do Pecém Transportadora de Minérios S.A.	133	-	2,033	-
Other	6,216	95	714	-
	58,235	1,841	11,868	-
Associates				
MABE Construção e Administração de Projectos, Ltda.	-	96	-	-
Desarrollos Eólicos de Canarias, S.A.	424	-	40	-
Parque Eólico Sierra del Madero	6	215	-	-
Parque Eólico Belmonte, S.A.	480	24	-	-
	910	335	40	-
	59,145	2,176	11,908	-

39. Fair Value of Financial Assets and Liabilities

Fair value of financial instruments is based, whenever available, on listed market prices. Otherwise, fair value is determined through quotations supplied by third parties or through the use of generally accepted valuation models, which are based on cash flow discounting techniques and option valuation models. These models use market data which impacts the financial instruments, namely yield curves, exchange rates and volatility indicators, including credit risk.

Market data is available on stock exchanges and/or financial information platforms such as Bloomberg and Reuters.

The fair value of financial assets and liabilities is as follows:

Thousand Euros	Sep 2020			Dec 2019		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Equity instruments at fair value	172,034	172,034	-	170,806	170,806	-
Debtors/other assets from commercial activities	5,761,793	5,761,793	-	6,282,380	6,282,380	-
Other debtors and other assets	1,160,041	1,160,041	-	1,249,065	1,249,065	-
Derivative financial instruments	532,640	532,640	-	565,292	565,292	-
Collateral deposits/financial debt	26,763	26,763	-	61,476	61,476	-
Cash and cash equivalents	1,751,622	1,751,622	-	1,542,722	1,542,722	-
	9,404,893	9,404,893	-	9,871,741	9,871,741	-
Liabilities						
Financial debt	15,849,197	16,669,657	820,460	16,571,469	17,319,817	748,348
Suppliers and accruals	1,513,030	1,513,030	-	2,115,931	2,115,931	-
Institutional partnerships	2,067,234	2,067,234	-	2,289,784	2,289,784	-
Trade payables and other liabilities from commercial activities	2,660,919	2,660,919	-	2,821,549	2,821,549	-
Other liabilities and other payables	1,372,335	1,372,335	-	1,418,519	1,418,519	-
Derivative financial instruments	295,717	295,717	-	382,371	382,371	-
	23,758,432	24,578,892	820,460	25,599,623	26,347,971	748,348

Given that EDP Group's financial assets and liabilities, recognised at amortised cost, are predominantly short-term and level 2, changes in fair value were not considered. Fair value of EDP Group's loans was determined considering current market interest rates.

The market value of loans is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt, based on its average term.

For fair value of debt purposes, the Hybrid bonds were valued considering the maturity of the first call date.

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According to IFRS 13 requirements, EDP Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are defined as follows:

- Level 1 – Fair value based on the available listed price (not adjusted) in the identified active markets for assets and liabilities;
- Level 2 – Fair value based in market inputs not included in level 1, but observable in the market for the asset or liability, either directly or indirectly;
- Level 3 – Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

Thousand Euros	Sep 2020			Dec 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Equity instruments at fair value through other comprehensive income (note 19)	-	79,204	27,085	-	80,079	22,735
profit or loss (note 19)	-	-	65,745	-	-	67,992
Tariff deficit at fair value through other comprehensive income (see note 21)	-	6,998	-	-	9,157	-
Amounts receivable from concessions-IFRIC 12 at fair value through profit or loss (see note 21)	-	491,869	-	-	664,489	-
Derivative financial instruments (see note 36)	-	532,640	-	-	565,292	-
	-	1,110,711	92,830	-	1,319,017	90,727
Financial liabilities						
Derivative financial instruments (see note 36)	-	295,717	-	-	382,371	-
	-	295,717	-	-	382,371	-

The market value of the amounts of tariff deficit at fair value through other comprehensive income is calculated based on the cash flows associated with these assets, discounted at rates which, at the balance sheet date, better reflect the assets risk considering the average term of the assets.

The amounts receivable from concessions - IFRIC 12 at fair value through profit or loss are valued based in the methodology of the Value of Replacement as New (VNR). This method requires that each asset is valued, at current prices, for all the expenses needed for its replacement by equivalent asset that performs the same services and has the same capacity as the existing asset. The valuation for each asset is based on (i) Data Bank of Referential Prices - which is defined in the Tariff Adjustment Procedures - PRORET; or (ii) Data Bank of Prices from the Distribution company - which is formed based on the company's own information; or (iii) Referential Budget - that corresponds to the calculation by comparison of market data, relating to other assets with similar characteristics. ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts.

40. Relevant or Subsequent Events

Power purchase agreement for two solar projects in USA

On 13 October 2020, EDP announced that has closed a 15-year power purchase agreement to sell the energy produced by two solar PV plants totalling approximately 100 MW. The projects located in the U.S. state of Ohio, are expected to commence operations in 2022.

ERSE proposal for electricity tariffs in 2021

On 15 October 2020, the Portuguese Electricity Regulator (ERSE) announced its proposal for electricity tariffs for 2021, on which it is worth noting the following:

- For the activity of electricity distribution (operated by EDP Distribuição), ERSE proposed regulated gross profit of 1,024 million Euros;
- For the last resort electricity supply activity (operated by EDP Serviço Universal), ERSE proposed regulated gross profit of 34 million Euros, considering that normal low voltage (NLV) electricity tariffs will remain flat.

In both cases, the expressed regulated gross profit excludes previous year adjustments.

According to ERSE's proposal, Portuguese electricity system's regulatory receivables are expected to decline by 0.6 billion Euros over 2021 to bellow at 3 billion Euros (including recovery of previous year's tariff deviations).

According to electricity regulation rules in Portugal, the Tariffs Advisory Board shall issue its nonbinding opinion until next 15 November 2020. Following that, ERSE will approve the final tariffs and parameters until 15 December 2020.

EDPR reached an agreement in Greece for the joint-development of wind farms

EDP Renováveis announces it reached an agreement with Ellaktor, the largest infrastructure group in Greece, for the joint development of onshore wind opportunities in the country, with both companies bringing together and combining the industrial expertise and development capacity. The agreement envisages the joint development of a wind portfolio with a capacity of 900 MW, currently under different development stages, in a country with attractive renewable prospects.

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41. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, interests in EDP Servicios Financieros (España), S.A.U. and EDP España, S.A.U. are directly allocated to the assets of EDP Sucursal, as well as the majority interest in EDP Renováveis, S.A.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed by an Executive Committee, a Management Committee and by direct representation on iberian scope EDP Management Committees.

The Executive Committee is composed essentially by five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Projectos e Novos Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha"), Department of Regulation ("Direcção de Regulação"), IT Department ("Direcção de Sistemas de Informação") and Department of Environment, Sustainability, Innovation and Quality ("Direcção de Ambiente, Sustentabilidade, Inovação e Qualidade") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 196 human resources as at 30 September 2020, including 109 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on iberian scope EDP Management Committees, particularly the Energy Planning, Price and Volume, Markets, Distribution Networks, Commercial and Production Committees.

The consolidated Statement of Financial Position of the Branch is as follows:

Thousand Euros	EDP Branch	
	Sep 2020	Dec 2019*
Investments in subsidiaries:		
- EDP Renováveis, S.A.	4,154,431	4,154,431
- EDP España, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.U.	482,695	482,695
- EDP International Investments and Services, S.L.	988,849	988,849
Deferred tax assets	78,430	66,972
Other debtors and others assets	9,281	9,702
Total Non-Current Assets	7,818,688	7,807,651
Other debtors and others assets	44,926	132,751
Tax receivable	84,444	79,517
Cash and cash equivalents	701,303	523,961
Total Current Assets	830,673	736,229
Total Assets	8,649,361	8,543,880
Equity	8,502,098	8,442,024
Employee benefits	2,288	2,225
Other liabilities and other payables	929	1,501
Total Non-Current Liabilities	3,217	3,726
Employee benefits	17	17
Other liabilities and other payables	121,712	96,521
Tax payable	22,317	1,592
Total Current Liabilities	144,046	98,130
Total Liabilities	147,263	101,856
Total Equity and Liabilities	8,649,361	8,543,880

* Includes reclassification resulting from the change in accounting policy as described in note 2a)

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for the nine-month periods ended 30 September 2020 and 2019

42. Investigation process about CMEC and DPH

As part of the liberalisation of the power sector in Portugal, following changes in European Union legislation, Decree-Law no. 240/2004 was introduced, which provided for the early termination of the Power Purchase Agreements (PPAs) that were signed in 1996. As a result of this required early termination, EDP and REN - Rede Eléctrica Nacional, S.A. (REN) agreed in 2005 and in 2007 to the early termination of their long-term PPAs, with effect from 1 July 2007. The methodology which was used to determine the amount of the compensation that EDP was entitled to receive in connection with such early termination, the CMEC, was approved by the EC in 2004 (Decision N161/2004) which considered the compensation as effectively and strictly necessary.

On 8 March 2008, the Government, REN and EDP Produção signed several service concession arrangements for which EDP Produção paid approximately 759 million Euros as part of the economic and financial consideration for the use of the DPH.

In 2012, the European Commission (EC) and the Portuguese authorities (Public Prosecution Services) received complaints concerning the early termination of the PPAs and the costs for the contractual stability compensation (CMEC), as well as in respect of EDP's rights to use the Public Hydro Domain (DPH). Following the complaint received, the EC requested clarifications from the Portuguese State in relation to the early termination of the PPAs and its replacement for the CMEC, having concluded in September 2013 that the compensation payments for early termination did not exceed what was necessary to repay the shortfall in investment costs repayable over the asset's lifetime, and determined that the implementation of the CMEC remains in keeping with the terms notified to and approved by the EC in 2004. Thus, the EC decided that no in depth investigation into the CMEC process was necessary.

In May 2017, the EC formally concluded its investigation into the DPH concession rights and stated that the compensation paid in connection with such concessions was compatible with market conditions. As a result, the EC concluded that the financial methodology used to assess the price of the concessions was appropriate and resulted in a fair market price, and therefore, no state aid had been granted to EDP.

On 2 June 2017, EDP became aware of Portugal's Public Prosecution Services investigation in relation to the amounts due to EDP for the termination of the PPAs and compensation paid by EDP for the DPH concessions. Portugal's Public Prosecution Services stated that the investigations continue and the facts may relate to active and passive corruption and economic participation in business and searches were conducted at the offices of EDP, grid operator REN and the local division of a consulting group. In the context of the Investigation, the Portuguese Public Prosecution Services stated that certain members of EDP's Executive Board of Directors, as well as former EDP directors, that had signed the relevant contracts were named as targets of the Investigation.

On 6 July 2020, EDP's Chief Executive Officer, Mr. António Mexia, and EDP's Executive Board member, Mr. João Manso Neto, were suspended from their executive functions. The process continues in the inquiry phase and they have not been formally accused. In the same day, the General and Supervisory Board and the Executive Board of Directors met and have decided to designate Mr. Miguel Stilwell de Andrade, currently Chief Financial Officer, to take the role of interim CEO while Mr. António Mexia is suspended, in addition to his current functions.

The Executive Board of Directors maintains more than the statutory minimum number of members and therefore retains its full powers and conditions to ensure the normal operation of the company and the relationship with its subsidiaries, namely EDP Renováveis and EDP Energias do Brasil.

EDP reaffirms that regarding these matters there was no irregularity that can be attributed to the company nor on to any member of the EDP Group and believes that the amounts due for the termination of PPAs under the CMEC and the amount paid for the DPH concession rights were fair and in compliance with market conditions and based on arm's length transactions.

EDP remains focused on its corporate objectives, namely the fulfilment of the needs and expectations of its key stakeholders, including our clients, shareholders and employees, and maintains fully focused on the execution of the Strategic Plan presented to the market in March 2019, and no impact on the consolidated financial statements is expected as a result of this situation.

43. Operating Segments

In accordance with IFRS 8, an operating segment is a Group component:

- (i) that engages in business activities from which it may earn revenues and incur expenses;
- (ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- (iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity.

The Executive Board of Directors regularly reviews segmental reports, using Operating Profit to assess and release each business operating performance, as well as to allocate resources.

The management of financial activities of all EDP Group entities (except Brazil) is undertaken centrally by the Financial Department at holding level, in accordance with policies approved by the Executive Board of Directors. As a result of this management, all financial operations and financial results are disclosed only at Group level.

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The Renewables segment corresponds to the activity of generation of electricity from renewable sources, mainly hydro, wind and solar. This segment includes, but not limited to, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (hydro activity);
- EDP España, S.A.U. (hydro activity);
- EDP Renováveis, S.A. and all subsidiaries of the EDPR Group;
- Enerpeixe, S.A.;
- Investco, S.A.;
- Lajeado Energia, S.A.

The Networks segment corresponds to the activities of electricity distribution and transmission, including last resort suppliers. This segment includes, but not limited to, the following companies:

- EDP Distribuição - Energia, S.A.;
- EDP Serviço Universal, S.A.;
- Electra de Llobregat Energia, S.L.;
- Hidrocantábrico Distribucion Eléctrica, S.A.U.;
- EDP Gás Serviço Universal, S.A.;
- EDP Espírito Santo Distribuição de Energia S.A.;
- EDP São Paulo Distribuição de Energia S.A.;
- EDP Transmissão, S.A.;
- EDP Transmissão Aliança SC, S.A.;
- EDP Transmissão SP-MG, S.A.

The Client Solutions & Energy Management segment includes the following activities: generation of electricity from non-renewable sources, mainly coal and gas; electricity and gas supply and related energy solutions services to clients; and energy management businesses responsible for management of purchases and sales of energy in Iberian and Brazilian markets, and also for the related hedging transactions. This segment includes, but not limited to, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (thermal activity);
- EDP España, S.A.U. (thermal and intermediation activities);
- UNGE - Unidade de Negócio de Gestão de Energia Ibérica (EDP, S.A.);
- Porto do Pecém Geração de Energia, S.A.;
- EDP Comercial - Comercialização de Energia, S.A.;
- EDP - Comercialização e Serviços de Energia, Ltda.

Segment Definition

The amounts reported in each operating segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position captions of each subsidiary and business unit, as well as income statement captions for each operating segment, are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

In each business segment, Assets include the Property, Plant and Equipment, Right-of-use assets, Intangible Assets and Goodwill. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment; Intangible Assets; and Amounts receivable from concessions - IFRIC 12 under the financial asset model, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in note 17.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy disclosed in note 2. These equity accounted investees are disclosed by business segment under IFRS 8 and presented in the business segment correspondent to its operating activity.

EDP - Energias de Portugal, S.A.
Notes to the Consolidated and Company Financial Statements
for the nine-month periods ended at 30 September 2020 and 2019

EDP Group Operating Segments Information as at 30 September 2020

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
Revenues from energy sales and services and other				
Revenues inter-segments	1,902,758	3,929,365	5,384,689	11,216,812
Revenues from third parties	893,480	1,209,025	57,870	2,160,375
	1,009,278	2,720,340	5,326,819	9,056,437
Gross Profit	1,726,096	1,261,952	806,388	3,794,436
Other income	407,535	23,976	14,247	445,758
Supplies and services	-263,665	-236,053	-194,337	-694,055
Personnel costs and employee benefits	-140,175	-140,940	-102,179	-383,294
Other costs	-150,642	-230,396	-93,051	-474,089
Impairment losses on trade receivables and debtors	-136	-19,901	-34,251	-54,288
Joint ventures and associates	-6,602	5,221	3,485	2,104
Gross Operating Profit	1,572,411	663,859	400,302	2,636,572
Provisions	-72,837	-25,675	-30,757	-129,269
Amortisation and impairment	-562,403	-277,791	-229,776	-1,069,970
Operating Profit	937,171	360,393	139,769	1,437,333
Assets	19,539,295	3,509,374	2,262,139	25,310,808
Financial assets - Investments in joint ventures and associates	658,456	72,764	10,439	741,659
Operating Investment	1,245,978	411,500	57,025	1,714,503

EDP - Energias de Portugal, S.A.
Notes to the Consolidated and Company Financial Statements
for the nine-month periods ended at 30 September 2020 and 2019

Reconciliation of information between Operating Segments and Financial Statements for 30 September 2020

Thousand Euros	
Total Revenues from energy sales and services and other of Reported Segments	11,216,812
Revenues from energy sales and services and others from Other Segments	165,141
Adjustments and Inter-segments eliminations*	-2,322,690
Total Revenues from energy sales and services and other of EDP Group	9,059,263
Total Gross Profit of Reported Segments	3,794,436
Gross Profit from Other Segments	164,517
Adjustments and Inter-segments eliminations*	-182,436
Total Gross Profit of EDP Group	3,776,517
Total Gross Operating Profit of Reported Segments	2,636,572
Gross Operating Profit from Other Segments	-9,481
Adjustments and Inter-segments eliminations*	-2,019
Total Gross Operating Profit of EDP Group	2,625,072
Total Operating Profit of Reported Segments	1,437,333
Operating Profit from Other Segments	-51,519
Adjustments and Inter-segments eliminations*	2,377
Total Operating Profit of EDP Group	1,388,191
Total Assets of Reported Segments	25,310,808
Assets Not Allocated	14,897,469
Financial Assets	5,505,699
Trade Receivables and Other Debtors	5,761,793
Inventories	303,213
Tax Assets	1,620,011
Other Assets	1,706,753
Assets from Other Segments	536,509
Inter-segments assets eliminations*	-39,032
Total Assets of EDP Group	40,705,754
Total Equity accounted Investments in joint ventures and associates of Reported Segments	741,659
Equity accounted Investments in joint ventures and associates from Other Segments	144,371
Total Equity accounted Investments in joint ventures and associates of EDP Group	886,030
Total Operating Investment of Reported Segments	1,714,503
Operating Investment from Other Segments	37,191
Total Operating Investment of EDP Group	1,751,694
Dismantling/discommission of PP&E	25,890
CO2 Emission Licenses and Green Certificates	75,223
Concession Rights - IFRIC 12 **	-331,674
Investment Grants	0
Other Investments	9,483
Total Fixed Assets additions of EDP Group (Notes 14 and 16)	1,530,616

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	445,758	50,624	-16,433	479,949
Supplies and services	-694,055	-108,696	194,064	-608,687
Personnel costs and employee benefits	-383,294	-84,188	2,848	-464,634
Other costs	-474,089	-32,414	-61	-506,564
Impairment losses on trade receivables and debtors	-54,288	20	-1	-54,269
Equity method in joint ventures and associates	2,104	656	-	2,760
Provisions	-129,269	-127	-1	-129,397
Amortisation and impairment	-1,069,970	-41,910	4,396	-1,107,484

* Mainly related with intragroup balances and transactions eliminations.

** See Note 21 - Debtors and Other Assets from Commercial Activities

EDP - Energias de Portugal, S.A.
Notes to the Consolidated and Company Financial Statements
for the nine-month periods ended at 30 September 2020 and 2019

EDP Group Operating Segments Information as at 30 September 2019

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
Revenues from energy sales and services and other	2,036,576	4,531,499	6,214,661	12,782,736
Revenues inter-segments	958,551	1,241,835	142,420	2,342,806
Revenues from third parties	1,078,025	3,289,664	6,072,241	10,439,930
Gross Profit	1,767,784	1,386,464	660,005	3,814,253
Other income				
Supplies and services	417,756	26,869	23,348	467,973
Personnel costs and employee benefits	-265,618	-262,093	-198,000	-725,711
Other costs	-137,224	-165,521	-96,702	-399,447
Impairment losses on trade receivables and debtors	-121,071	-225,374	-86,515	-432,960
Joint ventures and associates	-53	-11,916	-18,367	-30,336
	4,143	2,703	3,646	10,492
Gross Operating Profit	1,665,717	751,132	287,415	2,704,264
Provisions	-86,339	-10,040	-684	-97,063
Amortisation and impairment	-403,321	-268,143	-181,120	-1,052,584
Operating Profit	976,057	472,949	105,611	1,554,617
Assets (31 December 2019)	20,532,246	3,654,007	3,124,385	27,310,638
Financial assets - Investments in joint ventures and associates Assets (31 December 2019)	812,696	110,846	20,401	943,943
Operating Investment (30 September 2019)	620,097	559,220	61,152	1,240,469

EDP - Energias de Portugal, S.A.
Notes to the Consolidated and Company Financial Statements
for the nine-month periods ended at 30 September 2020 and 2019

Reconciliation of information between Operating Segments and Financial Statements for 30 September 2019

Thousand Euros	
Total Revenues from energy sales and services and others of Reported Segments	12,782,736
Revenues from energy sales and services and others from Other Segments	195,363
Adjustments and Inter-segments eliminations*	-2,531,311
Total Revenues from energy sales and services and others of EDP Group	10,446,788
Total Gross Profit of Reported Segments	3,814,253
Gross Profit from Other Segments	180,495
Adjustments and Inter-segments eliminations*	-184,928
Total Gross Profit of EDP Group	3,809,820
Total Gross Operating Profit of Reported Segments	2,704,264
Gross Operating Profit from Other Segments *	-25,186
Adjustments and Inter-segments eliminations*	-3,516
Total Gross Operating Profit of EDP Group	2,675,562
Total Operating Profit of Reported Segments	1,554,617
Operating Profit from Other Segments	-68,765
Adjustments and Inter-segments eliminations*	-14,953
Total Operating Profit of EDP Group	1,470,899
Total Assets of Reported Segments (31 December 2019)	27,310,638
Assets Not Allocated	14,414,724
Financial Assets	4,030,891
Trade Receivables and Other Debtors	6,282,380
Inventories	368,334
Tax Assets	1,888,818
Other Assets	1,844,301
Assets from Other Segments	531,633
Inter-segments assets eliminations*	104,651
Total Assets of EDP Group (31 December 2019)	42,361,646
Total Equity accounted Investments in joint ventures and associates of Reported Segments (31 December 2019)	943,943
Equity accounted Investments in joint ventures and associates from Other Segments	154,569
Total Equity accounted Investments in joint ventures and associates of EDP Group (31 December 2019)	1,098,512
Total Operating Investment of Reported Segments (30 September 2019)	1,240,469
Operating Investment from Other Segments	40,734
Total Operating Investment of EDP Group (30 September 2019)	1,281,203
Discomission of Property, plant and equipment	5,392
CO2 Licenses and Green Certificates	252,870
Concession Rights - IFRIC 12	-466,832
Investment Grants	3,786
Other Investments	-25,510
Total Fixed Assets additions of EDP Group (30 September 2019)	1,051,280

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	467,973	29,192	-17,507	479,658
Supplies and services	-725,711	-126,145	207,776	-644,080
Personnel costs and employee benefits	-399,447	-86,200	5,625	-480,022
Other costs	-432,960	-36,774	-3,991	-473,725
Other costs	-30,336	54	1	-30,281
Joint ventures and associates	10,492	3,700	-	14,192
Provisions	-97,063	-148	-2	-97,213
Amortisation and impairment	-1,052,584	-29,238	-11,436	-1,093,258

* Mainly related with intragroup balances and transactions eliminations

44. Reconciliation of Changes in the responsibilities of Financing activities at 30 September 2020

Thousand Euros	Group					
	Financial debt and Derivative financial instruments (including Collateral Deposits)					Loans from non-controlling interests (Note 33)
	Loans obtained (Note 28)	Collateral Deposits (Note 28)	Derivative financial instruments (Note 30)*	Institutional partnerships in North America (Note 31)	Lease Liabilities (Rents due) (Note 33)	
Balance as at 31 de December 2019	16,571,469	-61,476	-86,007	2,289,784	837,729	332,350
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	5,983,344	22,630	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-5,747,938	-	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-470,077	-	21,907	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-27,580
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-5,737
Receipts/(payments) relating to derivative financial instruments	-	-	8,808	-	-	-
Receipts/(payments) from institutional partnerships	-	-	-	266,245	-	-
Lease (payments)	-	-	-	-	-55,148	-
Perimeter variations	337	-	35,842	-	10,186	-
Exchange differences	-790,764	12,079	-881	-100,037	-28,288	-6,413
Fair value changes	-9,975	-	-176	-	-	-
Interests and accrued and deferred costs	395,718	-	147	1,947	-	11,168
Unwinding	-	-	-	71,463	29,487	-
ITC/PTC recognition	-	-	-	-143,993	-	-
New lease contracts/Increments in rent values	-	-	-	-	223,831	-
Reclassification to Liabilities held for sale	-82,917	4	-4,421	-318,175	-42,897	-
Balance as at 30 September 2020	15,849,197	-26,763	-24,781	2,067,234	974,900	303,788

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

Thousand Euros	Company			
	Financial debt and Derivative financial instruments			Group companies
	Loans obtained (Note 28)	Derivative financial instruments (Note 36)*	Lease Liabilities (Rents due) (Note 33)	
Balance as at 31 December 2019	13,474,129	2,138	145,768	70,288
Cash flows:				
Receipts relating to financial debt (including Collateral Deposits)	1,942,863	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-2,919,029	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-224,930	-5,857	-	-
Receipts/(payments) relating to loans from related parties	329,658	-	-	-
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-1,572
Receipts/(payments) relating to derivative financial instruments	-	-63,384	-	-
Lease (payments)	-	-	-8,599	-
Exchange differences	-10,305	-	-	-
Fair value changes	-	70,117	-	-
Unwinding	-	-	5,503	-
Interests and accrued and deferred costs	208,115	7,924	-	5,254
New lease contracts/Increments in rent values	-	-	20,315	-
Balance as at 30 September 2020	12,800,501	10,938	162,987	73,970

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

45. Explanation Added for Translation

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.





THE EXECUTIVE BOARD OF DIRECTORS

Miguel Stilwell de Andrade (Interim Chairman)

António Fernando Melo Martins da Costa

João Manuel Veríssimo Marques da Cruz

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

Maria Teresa Isabel Pereira

Vera de Moraes Pinto Pereira Carneiro





Review Report on the Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the condensed consolidated statement of financial position as at September 30, 2020 (which shows total assets of Euro 40,705,754 thousand and total equity of Euro 12,441,234 thousand including a consolidated net profit attributable to equity holders of EDP of Euro 422,301 thousand), the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the nine month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of EDP – Energias de Portugal as at September 30, 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

October 29, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485
represented by:



João Rui Fernandes Ramos, R.O.C.



Review Report on the Condensed Financial Statements

Introduction

We have reviewed the accompanying condensed financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the condensed company statement of financial position as at September 30, 2020 (which shows total assets of Euro 22,144,069 thousand and total equity of Euro 7,847,841 thousand including a loss for the period of Euro 12,119 thousand), the condensed company income statement, the condensed company statement of comprehensive income, the condensed company statement of changes in equity and the condensed company statement of cash flows for the nine month period then ended, and the accompanying explanatory notes to these condensed financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these financial statements.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000

Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed financial statements of EDP – Energias de Portugal, S.A. as at September 30, 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

October 29, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a final horizontal stroke.

João Rui Fernandes Ramos, R.O.C.

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