

EDP FINANCE B.V.
Amsterdam

INTERIM REPORT
June 30, 2022

EDP FINANCE Amsterdam

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RESPONSIBILITY STATEMENT

The Managing Directors of the Company wish to state:

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

Amsterdam, 28 July 2022

The Managing Directors:

EDP – Energias de Portugal S.A.

Arendsen, R.

Spreeuwens, D. M. A.

TMF Netherlands B.V.

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REPORT OF THE MANAGEMENT BOARD

The Managing Directors of EDP Finance B.V. (hereinafter “the Company”) submit the interim report and the condensed financial statements of the Company for the period ended 30 June 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

General

The Company was incorporated under the laws of The Netherlands on 1st October 1999.

Activities

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

Results

During the six-month period under review, ending on 30 June 2022, the Company recorded a profit of 5,709 thousand Euros (six-month period ending 30 June 2021 – loss 2,910 thousand Euros). The increase in results YoY is essentially due to the YoY (i) decrease on the interest expense (resulting mostly from a long-term bond that matured in January 2022 and was refinanced at a lower coupon), (ii) increase on interest income resulting from additional long-term loans granted to other EDP Group companies, and (iii) buyback in March by EDP SA of a bond fully subscribed by EDP Finance BV.

Debt maturing in 2023 bears higher coupon rate than assets maturing and current market funding conditions, which should continue to improve the net interest margin.

Relevant events in the first half year of 2022

In January 2022, EDP Finance B.V repaid a EUR 1,000 million bond issued in September 2014 that carried a coupon of 2.625%.

In March, the Company issued a long 7.5-year EUR 1,250 million bond that carried a coupon of 1.875%, under the EDP S.A. and EDP Finance B.V’s “Programme for the Issuance of Debt Instruments” (EMTN).

REPORT OF THE MANAGEMENT BOARD

FUTURE DEVELOPMENTS

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

KEEP WELL AGREEMENT

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

AUDIT COMMITTEE

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

- João Carvalho das Neves: President
- María del Carmen Rozado: Member
- Sofia Salgado Pinto: Member

Amsterdam, 28 July 2022

The Managing Directors:

EDP – Energias de Portugal S.A.

Arendsen, R.

Spreeuwens, D. M. A.

TMF Netherlands B.V.

INTERIM FINANCIAL STATEMENTS

**CONDENSED COMPANY INCOME STATEMENT FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2022 AND 2021**

Thousand Euros	2022	2021
Interest income	132,192	129,488
Interest expenses	-116,835	-128,566
Net interest income / (expenses)	15,357	922
Net other financial income and expenses	-7,207	-4,157
Net financial income / (expenses)	8,150	-3,235
Other income / (expenses)		
Services rendered	213	234
Supplies and services	-630	-798
Personnel costs	-68	-65
Profit / (Loss) before income tax	7,665	-3,864
Tax (expense) / benefit	-1,956	954
Net profit for the period	5,709	-2,910

INTERIM FINANCIAL STATEMENTS

**CONDENSED COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 AND 2021**

Thousand Euros	2022	2021
Net profit for the period	5,709	-2,910
Items that are or may be reclassified to profit or loss		
Cost of hedging reserve	-3,312	1,247
Tax effect of cost of hedging reserves	829	-312
Other comprehensive income for the period (net of income tax)	-2,483	935
Total comprehensive income for the period	3,226	-1,975

INTERIM FINANCIAL STATEMENTS

**CONDENSED COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30
JUNE 2022 AND 31 DECEMBER 2021**

(Before proposed appropriation of profit)

Thousand Euros	2022	2021
Assets		
Loans to and receivables from group entities	8,685,712	6,701,666
Derivative financial instruments	44,035	18,766
Deferred tax assets	2,331	2,331
Total Non-Current Assets	8,732,078	6,722,763
Loans to and receivables from group entities	165,473	1,923,350
Derivative financial instruments	24,027	83,107
Debtors and other assets	217	429
Tax receivable	1,306	129
Cash and cash equivalents	1,078,380	661,138
Total Current Assets	1,269,403	2,668,153
Total Assets	10,001,481	9,390,916
Equity		
Share capital	2,000	2,000
Share premium	11,980	11,980
Reserves and retained earnings	113,536	105,546
Profit / (loss) for the period	5,709	10,473
Total Equity	133,225	129,999
Liabilities		
Debt securities	8,315,856	7,564,386
Loans and credit facilities from third parties	409,513	191,862
Derivative financial instruments	80,950	-
Total Non-Current Liabilities	8,806,319	7,756,248
Debt securities	886,967	1,326,775
Loans and credit facilities from third parties	108,647	1,206
Loans from group entities	17,777	-
Amounts owed on commercial paper	-	140,000
Derivative financial instruments	46,090	33,373
Trade and other payables	500	673
Tax payable	1,956	2,642
Total Current Liabilities	1,061,937	1,504,669
Total Liabilities	9,868,256	9,260,917
Total Equity and Liabilities	10,001,481	9,390,916

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INTERIM FINANCIAL STATEMENTS

CONDENSED COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022 AND 31 DECEMBER 2021

Thousand Euros	Total Equity	Share capital	Share premium	Cost of hedging reserve	Retained earnings	Profit for the period
Balance as at 31 December 2020	118,464	2,000	11,980	1,414	97,117	5,953
Prior year profit	-	-	-	-	5,953	-5,953
Comprehensive income:						
Net profit for the period	-2,910	-	-	-	-	-2,910
Changes in the cost of hedging reserve net of taxes	935	-	-	935	-	-
Total comprehensive income for the period	-1,975	-	-	935	-	-2,910
Balance as at 30 June 2021	116,489	2,000	11,980	2,349	103,070	-2,910
Balance as at 31 December 2021	129,999	2,000	11,980	2,476	103,070	10,473
Prior year profit	-	-	-	-	10,473	-10,473
Comprehensive income:						
Net profit for the period	5,709	-	-	-	-	5,709
Changes in the cost of hedging reserve net of taxes	-2,483	-	-	-2,483	-	-
Total comprehensive income for the period	3,226	-	-	-2,483	-	5,709
Balance as at 30 June 2022	133,225	2,000	11,980	-7	113,543	5,709

INTERIM FINANCIAL STATEMENTS

CONDENSED COMPANY STATEMENT OF CASH FLOWS AS AT 30 JUNE 2022
AND 2021

Thousand Euros	Jun 2022	Jun 2021
Cash flows from operating activities		
Profit / (loss) for the period	5,709	-2,910
Adjustments for:		
Net interest income / (expense)	-15,357	-922
Net other financial income and expenses	-553,387	18,088
Tax income	1,956	-954
	-561,078	13,302
Changes in:		
Loans to and receivables from group entities	551,331	1,003,846
Debtors and other assets	-383	996
Amounts owed on commercial paper	-140,000	452,000
Loans from group entities	17,547	-
Trade and other payables	423	326
	-132,160	1,470,470
Interest received	58,179	31,258
Interest paid	-112,290	-157,637
Tax received / (paid)	-2,991	-
Net cash used in operating activities	-189,263	1,344,091
Cash flows from financing activities		
Proceeds from issued debt securities	1,250,000	-
Redemption of debt securities	-1,006,850	-1,218,608
Proceeds of loans and credit facilities from third parties	300,559	44,601
Net cash flow from financing activities	543,709	-1,174,006
Net increase / (decrease) in cash and cash equivalents	354,446	170,084
Cash and cash equivalents at the beginning of the year	661,138	827,730
Effect of exchange rate fluctuations on cash and cash equivalents	62,796	24,708
Cash and cash equivalents at the end of the period (*)	1,078,380	1,022,523

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INTERIM FINANCIAL STATEMENTS

1. GENERAL

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

2. ACCOUNTING POLICIES

The financial information presented in this Interim Report was prepared under the same accounting principles as in the 2021 Annual Report.

3. ISSUED SHARE CAPITAL

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

4. UNDISTRIBUTED RESULTS

The Company allocated the profit for the year 2021, being 10,473 thousand Euros, to accumulated results.

5. ISSUED MEDIUM TERM NOTES

In March, the Company issued a long 7.5-year EUR 1,250 million bond, under the EDP S.A. and EDP Finance B.V.'s "Programme for the Issuance of Debt Instruments" (EMTN).

6. NET FINANCIAL INCOME

During the first semester of 2022, the Company's presents a positive net financial income. The net interest margin has improved essentially due to the (i) decrease on the interest expense resulting mostly from a long-term bond which bore high coupon that matured in January 2022 and was replaced by other debt with lower interest rate as per improved market conditions, and (ii) increase on interest income resulting from additional long-term loans granted to other EDP Group companies.

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OTHER INFORMATION

SUBSEQUENT EVENTS

No subsequent events to be reported have occurred.

AUDIT

The interim report is not audited.