

REPORT AND ACCOUNTS

FINANCIAL YEAR 2020

REPORT AND ACCOUNTS

FINANCIAL YEAR 2020

EDIA

Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

SHARE CAPITAL	860.334.960,00 EUR
EQUITY	47.641.672,00 EUR
LEGAL PERSON NUMBER	503 450 189
REGISTRATION	01 084/950316 at the Commercial Registry Office of Beja
REGISTERED OFFICE	Rua Zeca Afonso, N.º 2 - 7800 - 522 - BEJA
LISBON DELEGATION	Espaço Amoreiras - Centro Empresarial. Rua D. João V, N.º 24, 1.03. - 1250-091 LISBON
ALQUEVA DELEGATION	Apartado 126 - 7860 - MOURA
PEDRÓGÃO DELEGATION	Apartado 126 - 7860 - MOURA
NOUDAR NATURE PARK	Apartado 5 - 7230 - BARRANCOS
MUSEU DA LUZ (LUZ MUSEUM)	Largo da Igreja Nossa Sr.ª da Luz - 7240 - 100 - LUZ - MOURÃO
	Website: www.edia.pt
PHOTOGRAPHS	António Cunha/EDIA

An aerial photograph of a large dam and reservoir. The reservoir is a deep blue, winding body of water. The dam is a long, grey concrete structure with a small gatehouse. The surrounding landscape is a mix of brown, dry earth and green olive groves planted in neat rows. A road runs along the left side of the dam, and a small building is visible near the bottom left. The sky is a pale, hazy blue.

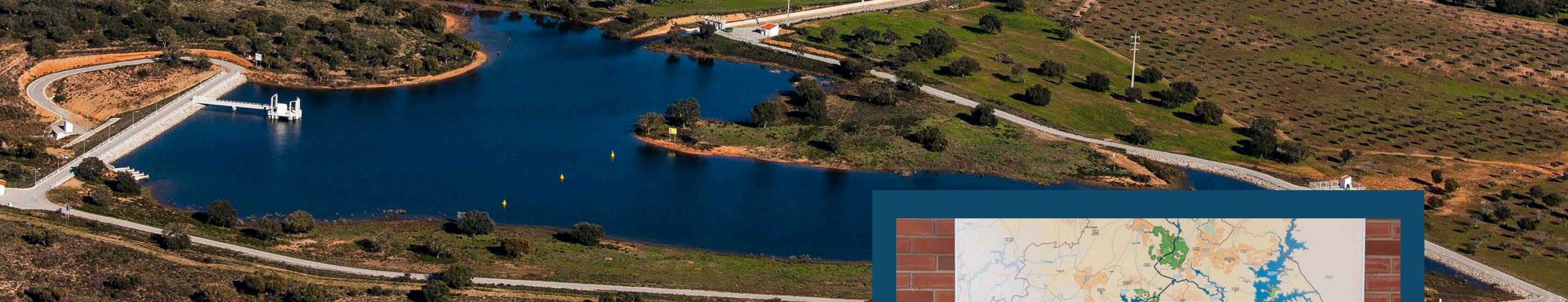
INDEX

1. MANAGEMENT REPORT	3
Message from the Chairman	4
Preliminary Note	8
Presentation of EDIA	14
Framework	30
Activities developed in 2020	36
Investment and Financing	74
Outlook for 2021	78
Information Required by Law	82
Authority Powers	90
Financial Analysis	91
Proposal for the Application of Results	97
2. DISSEMINATION OF COMPLIANCE WITH LEGAL GUIDELINES	99
3. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020	145
Certifications and Reports of the Auditors and Supervisory Board	228
Declaration of Conformity	260
Statement on the Remuneration Policy of the Members of EDIA, S.A.'s Board of Directors and Supervisory Board Provided for in Law 28/2009	261
ACRONYMS AND ABBREVIATIONS	263



CHAPTER 1

MANAGEMENT REPORT



CHAPTER 1 - MANAGEMENT REPORT

MESSAGE FROM THE CHAIRMAN



Designing, planning, building, operating and promoting the Alqueva Multipurpose Project (EFMA) is the mission and reason for existence of the Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. (EDIA), integrated into the State Business Sector and overseen by the Ministry of Agriculture.

EFMA is the largest public investment in the Alentejo region, the most structuring national hydro-agricultural project that has been, over the last decade, responsible for changing the country's agricultural landscape.

2020 marked the 25th anniversary of the creation of EDIA, but the celebration of this anniversary had to be cancelled because the year was marked by the very serious pandemic crisis and the huge economic crisis associated with the stoppage of many sectors of activity necessary to control the health situation. Agriculture was an exception in this bleak scenario, maintaining its productive activities and pursuing investment projects. Alqueva customers did

not stop, continuing to produce and to implement water distribution equipment on new plots or the installation of new crops. As a result of this dynamic, the registered area grew by over 9% to 103,048 hectares, solidifying the unequivocal and enormous success of the hydro-agricultural component of the Alqueva project.

The compulsory confinement, the general restriction on movement, the reduction of face-to-face contact and teleworking forced a rapid reorganisation of the various teams, but thanks to some anticipation, all services could be maintained, although many had to change their form. Face-to-face service was greatly reduced, but we managed to speed up contact with customers by telephone and electronic canals.

EDIA assumed its character as an essential activity, once again ensuring the strengthening of water supply to the population and, especially, to a modern and efficient irrigated area. 283 million cubic meters (Mm³) of water were distributed to the beneficiary

areas directly managed by the company, 93 Mm³ to the adjoining systems and 19 Mm³ to customers with direct abstractions from the primary network.

In the income statement for the year we recorded an 8% increase in turnover to EUR 36 million and earnings before depreciation, financial costs and taxes (EBITDA) rose 14% to EUR 12 million.

On the other hand, the impairment of investments, motivated by the lack of receipt of financing from *PNRegadios*, replaced by direct injections of capital via the State shareholder, rose from EUR 4 million to EUR 17 million, which essentially explains the negative net result of EUR 14 million recorded.

An analysis of the company's financial situation shows that the balance sheet total remained practically the same as the previous year, but the equity rose by EUR 8 million.

In the project activity, the studies for the future Cabeça Gorda /Trindade block and for the connection to the Monte da Rocha reservoir were concluded this year.

In the construction activity, the year witnessed the start and great development of the construction contracts for the Morgavél adduction system connection, the Viana do Alentejo hydraulic circuit and block, the Cuba - Odivelas block and the Évora block, the last two of which should enter into service by summer 2021.

In the area of tourism, it is worth highlighting the inauguration of the Cinco Reis Fluvial Park - a project designed and developed with the support of EDIA. In addition to the beach and respective support services, this park has wooded areas for sports and leisure and waterfowl observation points. It is a clear example of the multifunctionality of the hydraulic infrastructures built and managed by the company.

In the social area and in a year of so many challenges for so many sectors, the company joined solidarity movements in the fight against COVID-19, integrating a set of initiatives aimed at minimising the effects of the pandemic. We supported the José Joaquim Fernandes Hospital, regional nursing homes, the Fire Brigade, the CERCJ Beja and the Cerebral Palsy Centre of Beja, among other entities.

On the path to sustainability, we have been investing in the production of part of our major energy needs. Hydroelectric production in the Mini Hydro plants managed by the company rose to 12 GWh and photovoltaic production followed the same trend, already totalling 4 GWh, but in the near future we intend to increase this last value 20 times with the installation of large floating photovoltaic plants near the pumping stations of the primary network.

We pursue the dream of being able to produce locally all the energy needs using solar energy, ensuring the lowest energy costs and the decarbonisation of the water distribution activity. The company has al-

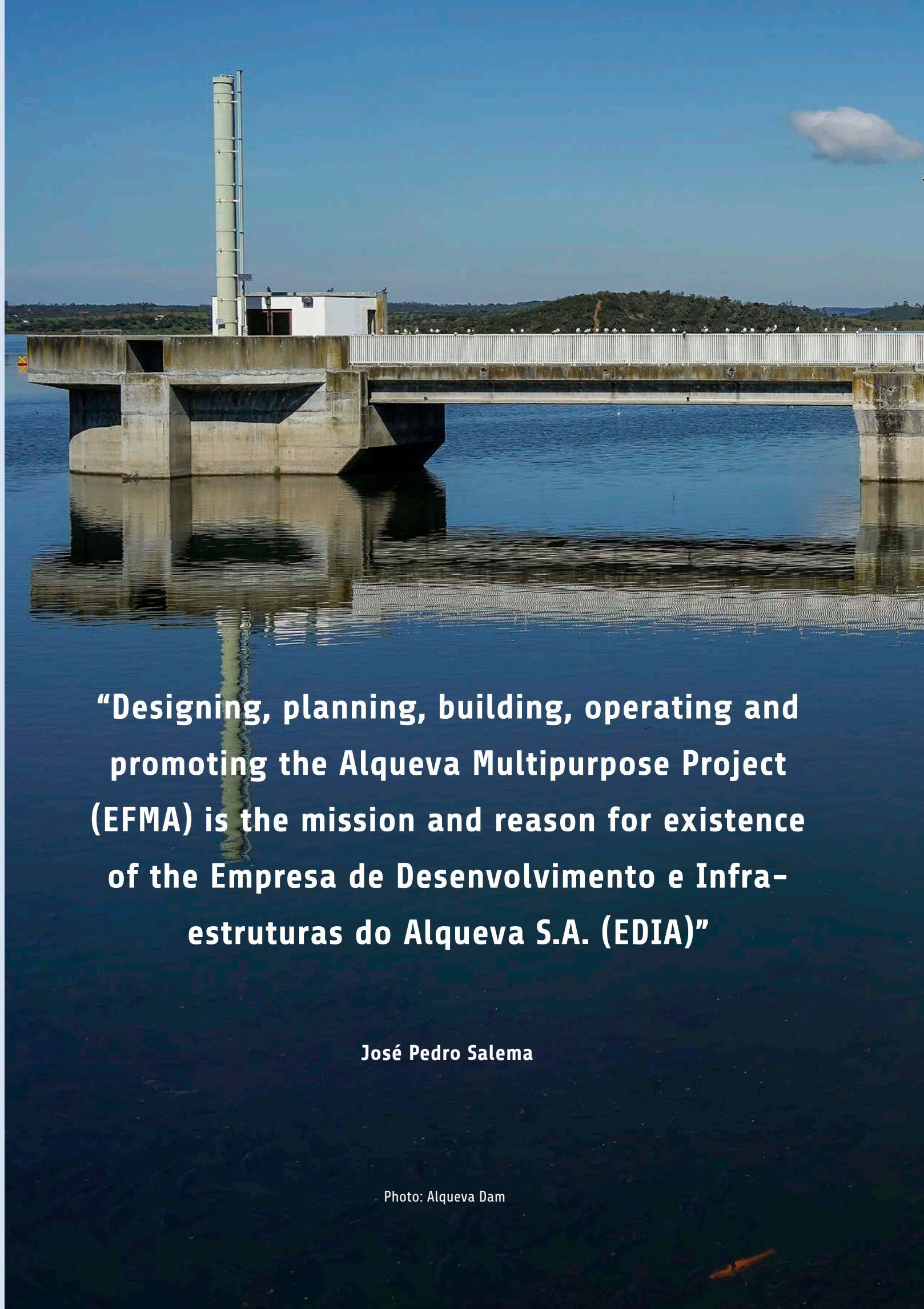
ready managed to secure financing for the installation of a combined power plant of over 50 MW and is only awaiting superior authorisation to launch the respective public tender.

We believe that the implementation of this ambitious project for photovoltaic energy production for self-consumption is the most important development vector for the long-term sustainability of the Alqueva project.

Finally, a word of thanks is due to our customers, the financing entities, the shareholder, the suppliers and all the entities that contributed to the achievement of our mission. A special thanks is due to our employees who, despite all the constraints, never stopped, contributing decisively so that the Alentejo becomes “a new land of water”.

José Pedro Salema

Chairman of the Board of Directors of EDIA



“Designing, planning, building, operating and promoting the Alqueva Multipurpose Project (EFMA) is the mission and reason for existence of the Empresa de Desenvolvimento e Infra-estruturas do Alqueva S.A. (EDIA)”

José Pedro Salema

Photo: Alqueva Dam



CHAPTER 1 - MANAGEMENT REPORT

PRELIMINARY NOTE

Alqueva is a unique project in Portugal, which was designed and implemented with the major objective of contributing towards the development of the Alentejo region, basing the priority axis of the Project on water resources.

EFMA, sustained by an integrated development process, from which conditions have been created to reverse the existing regional status guarantees sustained growth through agriculture, mobilizing a diversified set of activities.

The Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. (EDIA) belongs to the State Business Sector (SEE) and assumes responsibility for the integrated management of EFMA, compensating the environmental and heritage impacts resulting from the construction and operation of the Alqueva infrastructure, promoting and enhancing the positive socio-economic impacts that allow balanced regional development, thus contributing to the success of the national economy.

Recent periods of extreme drought, such as recent years, have accentuated the positive impact of the strategic water reserve, as without Alqueva, the difficulties experienced in the intervention area would be much more serious. With Alqueva, in times of severe drought it is possible to supply populations, develop agriculture and supply various other dams.

The Alqueva project has contributed, over the years, in a significant way, to the development in the regional and national agricultural value, with an effort in the construction of the necessary infrastructures to irrigate the 170,000 ha planned, 120,000 ha achieved with the conclusion of the 1st Phase and 50,000 ha with the construction of new irrigated areas. These infrastructures allow, in addition to the unavoidable expansion of the hydro-agricultural benefit of the Project, the fulfilment of different objectives, at regional and national level, such as hydroelectric production, public and industrial supply, environmental and heritage preservation, land use planning and combating climate change.

It is in the context of this reality that the National Irrigated Land Program (*PNRegadios*) arises, a Government initiative that, overall, will create more 90,000 ha of irrigated land until 2023 and that includes the expansion of 50,000 ha of EFMA. Approved by the Portuguese State, in October 2018, and financed through the EIB and the CEB, in early 2019, the preparation of the operationalization of *PNRegadios* began, with a real momentum in 2020 for the start of the expansion of the Project.

It is unavoidable that the year 2020 was marked by the worsening of the pandemic caused by COVID-19, which took the world by surprise, leading the country to a state of calamity and later a state of emergency, having caused major constraints on the activities of the companies during this period. However, it should be noted that, with the effort of all those involved, the vital activities for the good functioning of EDIA were essentially guaranteed.

In the year it celebrates its 25th anniversary, EDIA concluded the expansion works of its registered office in Beja.

The economic activity in 2020, in Portugal and in the rest of the world, was deeply affected by the COVID-19 pandemic, by the containment measures and by the impact on the behaviour of economic agents. The pandemic caused an unprecedented contraction of economic activity in the first half of the year.

EDIA made an effort to maintain, even during the most critical phase of the pandemic, its activity, applying different contingency measures according to each phase of the pandemic, throughout the year, in order to ensure the regular operation of services essential to the company's activity. Alqueva did not stop...

In the infrastructural component, work continued on the construction contract to boost the power of the Álamos pumping station (nearing completion), which aims to double installed capacity in order to guarantee growing demands for water in the Alqueva subsystem.

In the Pedrógão subsystem, the construction and equipment supply contract for the installation of three additional groups at the São Pedro pumping station was concluded, and at the end of the year the contract for the construction and supply of equipment for the Pedrógão pumping system – Right Bank of EFMA – 2nd Phase was awarded.

During 2020, the two photovoltaic plants of Lage and Cuba-Este were physically completed and production started.

Still on the primary network, work continues on the construction contract of the connection to the Morgavél EFMA water supply system, which will allow the connection of Alqueva to Sines, and is expected to be completed next year.

Also noteworthy, in the infrastructural component, is the work on the construction contracts for the hydraulic circuits in Viana do Alentejo, Cuba-Odivelas, Évora and the Viana do Alentejo feeder and respective blocks, which were consigned in 2020 and started work on schedule, given the constraints generated by the context of the national and global pandemic crisis.

This year also saw the start of the contract works to remodel the Lage pumping station (1st phase intervention).

Reference should also be made to the availability, on the EDIA website, of the 2019 Alqueva Agricultural Yearbook, produced by EDIA. This document assumes itself, increasingly, as a way to help farmers and investors to develop sustainable agricultural activities, providing a systematisation of existing and potential production systems in Alqueva.

The 2019 Sustainability Report was also made available on the EDIA website. This document aims to measure, disseminate and report on the performance of the Company to all those who relate to us with a view to sustainable development.

The 2019 orthophotomaps were also made accessible on the EDIA website, thus continuing the free availability of its geographic data, maintaining its focus on promoting the economic and social development of the Alqueva area.

The integration of Alqueva in an innovative international project of water leakage detection in large distribution networks – Project H2020 WADI – should also be highlighted. This project is one of the challenges identified under Horizon 2020, and aims to contribute to the creation of a water and energy efficient society, resilient to the impacts of climate change.

In institutional terms, on 24 July, the Minister of Agriculture, Maria do Céu Antunes, inaugurated the Cinco Reis fluvial park in Beja, a project developed by the Beja municipality with the support of EDIA.

On 28 October, as part of the Luz Museum program, the travelling exhibition “38º 21’ N 0 7º 24’ O Castelo da Lousa” (Lousa Castle) opened at the PO.R0.S. – Roman Portugal Museum, in Sicó. This exhibition will be open until May 2022.

During this period, EDIA joined act4nature Portugal, an initiative of the Business Council for Sustainable Development, BCSD Portugal, a movement launched in France by the organisation EpE – *Entreprises pour L’Environnement*. EDIA’s membership of this initiative is the culmination of the strategy that the Company has been implementing to promote the environmental and economic sustainability of the Alqueva Project, with emphasis on biodiversity, both in its activity and in the activity of its partners.

The conferences integrated in the cycle “Sob a Terra e as águas, porque há sempre novas histórias para contar” (“Under the Earth and the waters, because there are always new stories to tell”), continue, this time at the UNESCO Centre, in Beja. Promoted by EDIA in partnership with the City Council of Beja and the Regional Directorate for Culture of the Alentejo, with the support of the Association for the Defence of Cultural Heritage of the Beja Region.

This cycle of conferences is the result of the archaeological work promoted during the construction of EFMA.

Fulfilling the tradition that has been maintained since 2002, the 19th edition of the exhibition “Art from a different perspective” was held in December. This is an EDIA initiative in collaboration with the Cerebral Palsy Centre of Beja, in which different paintings by the Centre’s users are exhibited, seeking to stimulate their intellectual development, strengthening their integration and social inclusion and increasing their self-esteem. However, and due to the circumstances experienced during the pandemic period, it was considered that it would not be appropriate to promote a physical and public exhibition as in previous years. Thus, the same exhibition was promoted on online platforms and to mark the International Day of Persons with Disabilities.



Photo: Extension of EDIA's Headquarters

The “Good Agri-Environmental Practices Guide” prepared by EDIA, as the entity promoting and managing the EFMA hydro-agricultural facilities, in partnership with DGADR, was published at the end of the year. It is a contribution to the dissemination of best agricultural practices that ensure the long-term sustainability of agricultural production and preservation of the territory’s natural resources.

Regarding the analysis of the membership and water consumption values in the EFMA perimeters on 31 December 2019 and 31 December 2020, there was an increase in membership of about 9.5% (8,925 ha), with the area registered at the end of the year being 103,232 ha. As for water consumption at the end of 2020, it stood at 282,563,426 m³, a figure slightly lower than the consumption verified in the same period in the previous year.

Considering, in addition to the Alqueva perimeters, the supplies to existing reservoirs and direct abstractions, the total volume of water distributed was 394.91 hm³ in 2020, which, compared to the previous year, registers an increase of 20.21 hm³, i.e. about 5.39%.

The change in useful volume of the Alqueva reservoir, between 1 January and 31 December 2020, recorded a decrease of 139 hm³. At the end of December, the Alqueva reservoir was at elevation 145, which represents, in useful volume stored, about 55%.

EDIA currently has 179 employees in its personnel, with a level of higher education adapted to the work activity. EDIA’s employees

are mostly from the region and are divided by the company’s technical areas, such as engineering, economics, management, law, biology, environment, archaeology, among others.

On 31 December 2020, the Company’s Share Capital, fully subscribed and paid up, amounts to EUR 860,334,960.00 (made up of 172,066,992 shares), and is 100% owned by the Portuguese State, through the DGTF. The variation occurred in 2020 (EUR 21,524,640.00 and 4,304,928 new shares) results from the following issues of shares with a nominal value of EUR 5 each:

- 11 March 2020: Issue of 673,928 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 3,369,640.00;
- 7 August 2020: Issue of 866,000 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 4,330,000; and
- 6 October 2020: Issue of 2,765,000 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 13,825,000.

The investment made during 2020, up to the end of the year, not including capitalisations of structure and financial charges, reached the amount of EUR 36,771.48 thousand, bringing the total investment in EFMA, from 1995 to the end of the reporting period, to EUR 2,400,940.15 thousand.

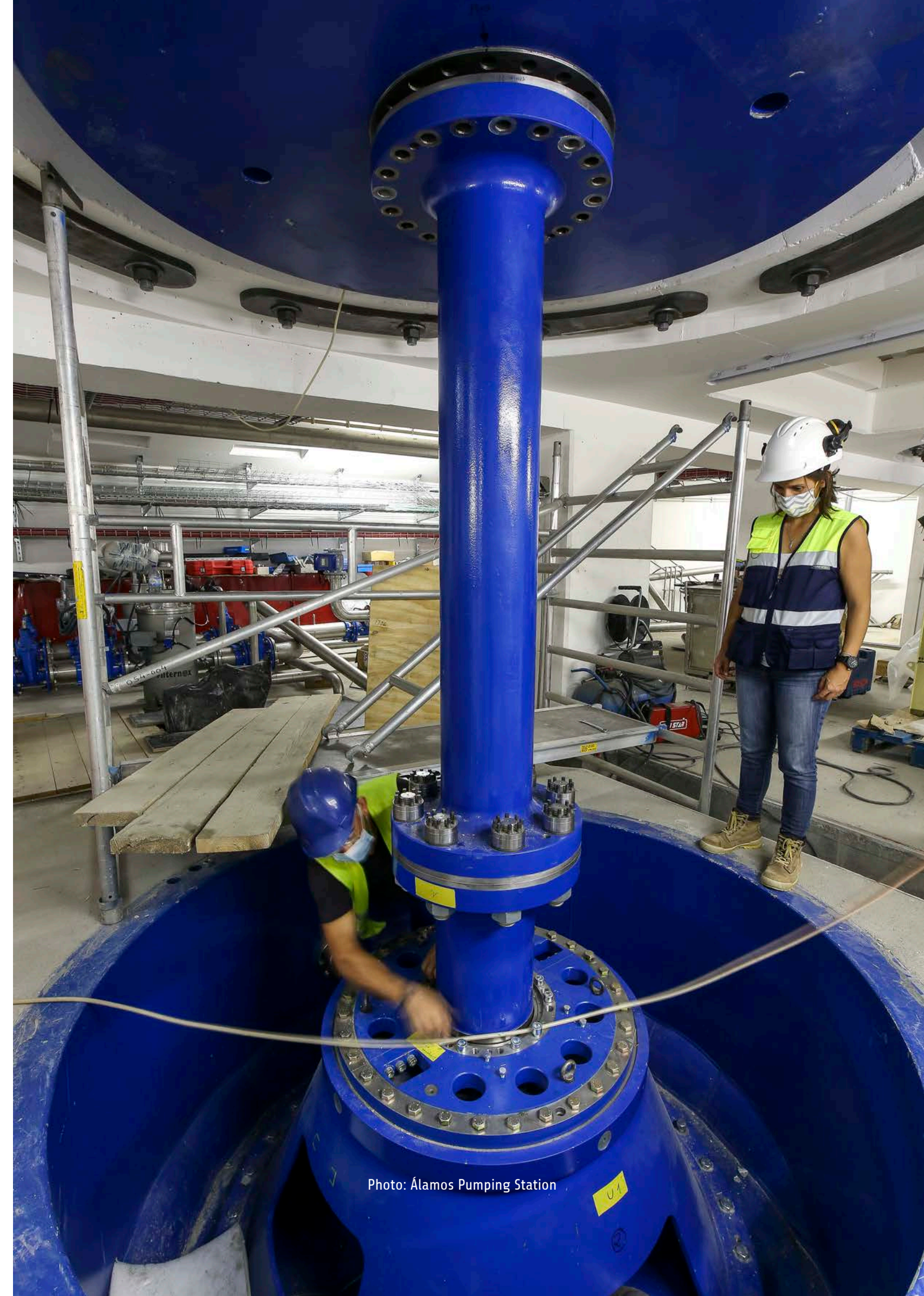


Photo: Álamos Pumping Station



Photo: Alqueva

CHAPTER 1 - MANAGEMENT REPORT

PRESENTATION OF EDIA

EMPRESA DE DESENVOLVIMENTO E INFRA-ESTRUTURAS DO ALQUEVA (EDIA)

EDIA, created in 1995, is a public limited company with exclusively public capital, belonging to the SEE, is under the sectoral supervision of the Ministry of Agriculture and under the financial supervision of the Ministry of Finance and is the managing company of EFMA.

Located in Alentejo, in southern Portugal, Alqueva is a project based on the concept of multiple purposes and the integrated management of its strategic water reserve, where the Alqueva dam is the centre of the largest water reserve in Europe, with a total capacity of 4,150 Mm³.

EDIA has developed all its activity, on national territory, in 20 municipalities in the districts of Beja, Évora, Portalegre and Setúbal and has the mission of designing, implementing, building, operating and promoting EFMA and is responsible for the largest irrigated area in the country.

With its registered office in the city of Beja, the centre of the beneficiary region, EDIA's main vision is a strategic guideline based

on the priority axes for the development of the Project, which is based on the "Water" resource and on the profitability of the infrastructure investments made, with a view to the success of the Alqueva Project.

EFMA covers an area of influence of 10,000 Km², and the large size, scope and modernity of the hydraulic infrastructure implemented allows, in addition to the undeniable hydroagricultural benefit, hydroelectric production in a reversible system enabling full complementarity with other renewable energies such as photovoltaic and wind power, public and industrial supply, environmental and heritage preservation and enhancement, and land use planning.

Contributing to the development not only of Alentejo, but also of the country, as the EFMA Management Company and responsible for a relevant instrument to boost the economy, EDIA is positioned as a strategic reference of unavoidable relevance, to the extent that it has been directly promoting the reduction of agri-food dependency and the increase of exports.

CHARACTERISATION OF THE MAIN INFRASTRUCTURES

EFMA is composed of the following infrastructures:

Alqueva Hydroelectric Power Plant

The Alqueva reservoir, the largest artificial lake in Europe, stretches 83 km across the municipalities of Moura, Portel, Mourão, Reguengos de Monsaraz and Alandroal, covering an area of 250 Km².

The total storage capacity of the Alqueva reservoir is 4,150 hm³, and its usable volume in normal operation is 3,150 hm³. Its Full Storage Level (NPA) is at a height of 152 m and the Minimum Operating Level at a height of 130 m.

The wall of the Alqueva dam is of the double-curvature vaulted concrete type, it is 96 m high and its crest is 458 m long. The floodgates were closed on 8 February 2002. The maximum level was reached on 12 January 2010.

The Hydroelectric Power Plant is of the dam-foot type with an installed capacity – 520 MW (Alqueva I and II – 2 x 260MW).

“Unavoidable
strategic objectives:
reduction in
agri-food
dependency and
increase in exports.”



Photo: Pedrógão DAM

Pedrógão Hydroelectric Power Plant

The Pedrógão dam is 23 Km downstream from Alqueva and acts as a counter-embalm to the Alqueva dam, allowing the Alqueva Hydroelectric Power Plant to operate in a reversible manner by recovering the flows used, thus making it possible to reuse the same water for energy production.

The Pedrógão reservoir has a total storage capacity of 106 hm³, and its usable volume is 54 hm³ in normal operation. Its Full Storage Level (NPA) is at an height of 84.8 m.

The Pedrógão dam wall is 43 m high and its crest is 448 m long.

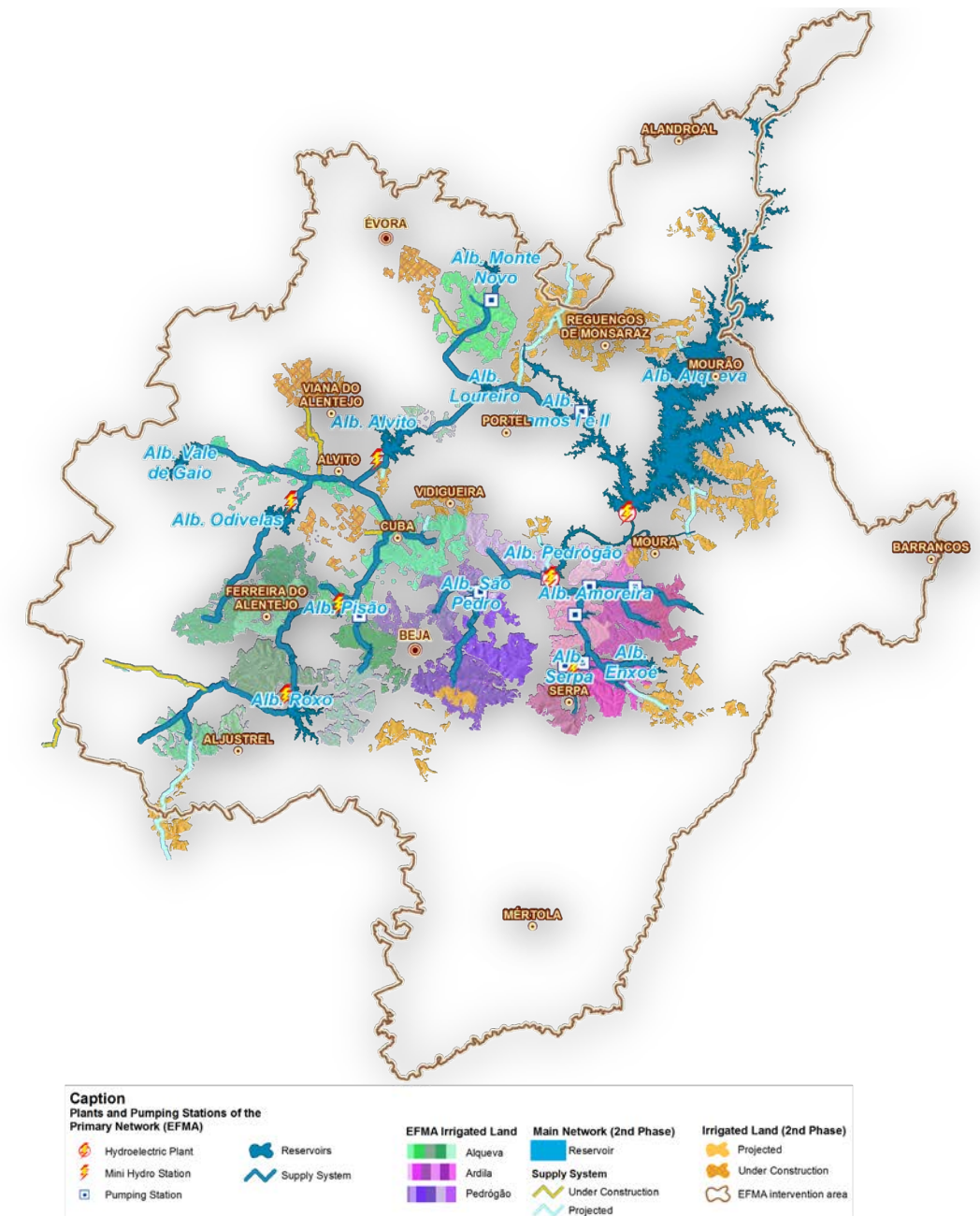
The Pedrógão dam is equipped with a Hydroelectric Power Plant of the foot-of-dam type with an installed capacity of 10 MW.

Alqueva Global Water Supply System

This System benefits an area of about 120 thousand ha, and includes a set of 70 dams, reservoirs and weirs, 46 pumping stations and 5 Mini Hydro plants.

This system is divided into three subsystems, according to the different water sources, namely Alqueva, Ardila and Pedrógão.

Near the new village of Luz, an irrigated area of 593 ha was also equipped, with water originating directly from the Alqueva reservoir.



Map 1: EFMA - 1st and 2nd Phase

ALQUEVA GLOBAL WATER SUPPLY SYSTEM

	1st Network	2nd Network	Total
Subsystems – Alqueva, Ardila and Pedrógão	3		3
Mini-Hydroelectric Plants	5	-	5
Regulation Structures	27	-	27
Main and Secondary Pumping Stations	13	33	46
Primary and Secondary Dams / Reservoirs / Weirs	46	24	70
Km of Channels	127	0	127
Km of Pipelines	225	1591	1816
Km of Tunnel, Siphons and Cut-and-Cover	35	-	35
Km of Access Roads and Services	366	581	947
Km of Drainage Ditches	-	461	461
Retention Basins	11		11
Water Intakes	82	21	103
Floodgates	139	6	145
Bottom Discharge	359	3 370	3 729
Hydrants	18	3 714	3 732
Irrigation Hydrants	-	7 504	7 504
Sectioning Valves	225	1 098	1 323
Sucking Cups	380	3 533	3 913
Irrigated/Equipped Area (thousand ha)	-	118	118

Table 1: Alqueva Global Supply System

Alqueva Subsystem

The Alqueva subsystem, which covers an irrigated area of approximately 64,000 ha, has its water source in the Alqueva reservoir and is the largest of the three EFMA subsystems and is developed from the Álamos pumping station. This infrastructure makes it possible to raise the water to a height of 90 m, through a forced pipe 850 m long and 3.2 m in diameter, to the Álamos reservoirs, guaranteeing the distribution of water to the entire Alqueva subsystem, benefiting areas west of Beja and in the centre of Alentejo.

This subsystem is made up of a set of hydraulic circuits that ensure connection to the main reservoirs in the region: Monte Novo, Alvito, Odivelas, Vale de Gaio and Roxo. Through the Álamos canal, connection is made to the Loureiro dam, from where the Loureiro – Monte Novo canal derives to the Monte Novo dam and the Loureiro-Alvito tunnel, which guarantees the supply to the Alvito dam.

From the Alvito dam follows the Alvito – Pisão canal, which makes the connection to the Pisão dam, followed by the Pisão – Roxo canal to the Roxo dam. From the by-pass of the Alvito-Pisão canal, connections to the Odivelas and Vale de Gaio reservoirs have been built.

In the area surrounding these canals are the perimeters of Monte Novo, Loureiro-Alvito, Alvito-Pisão, Pisão, Ferreira, Figueirinha and Valbom, Alfundão, Cinco Reis-Trindade, Ervidel, Pisão-Beja, Vale de Gaio and Roxo-Sado. Between the canals or pipes of the

primary network and the reservoirs, the Alvito, Odivelas, Pisão and Roxo Mini Hydro plants were built, with a total of 7 MW of installed power, optimising, whenever economically viable, the entire system with gains in energy efficiency.

With the start of the second phase of EFMA's construction, new areas and hydraulic circuits will be built. The connection of the system to Morgavél and the Évora, Cuba-Odivelas and Viana do Alentejo hydraulic circuits is already under construction.

Connections

- 1

Álamos-Loureiro Connection

2

Loureiro-Monte Novo Connection

3

Loureiro-Alvito Connection

4

Alvito-Pisão Connection

5

Odivelas Reservoir Supply Circuit

6

Vale do Gaio Connection

7

Infraestrutura 12 Supply System

8

Pisão-Roxo Connection

9

Pisão-Beja Connection

10

Roxo Reservoir Connection

11

Morgavél and Fonte Serne Connection

12

Lucefécit Main Network

13

Monsaraz Main Network

14

Póvoa-Moura Main Network

15

Reguengos Main Network

16

Évora Main Network

17

Vidigueira Main Network

18

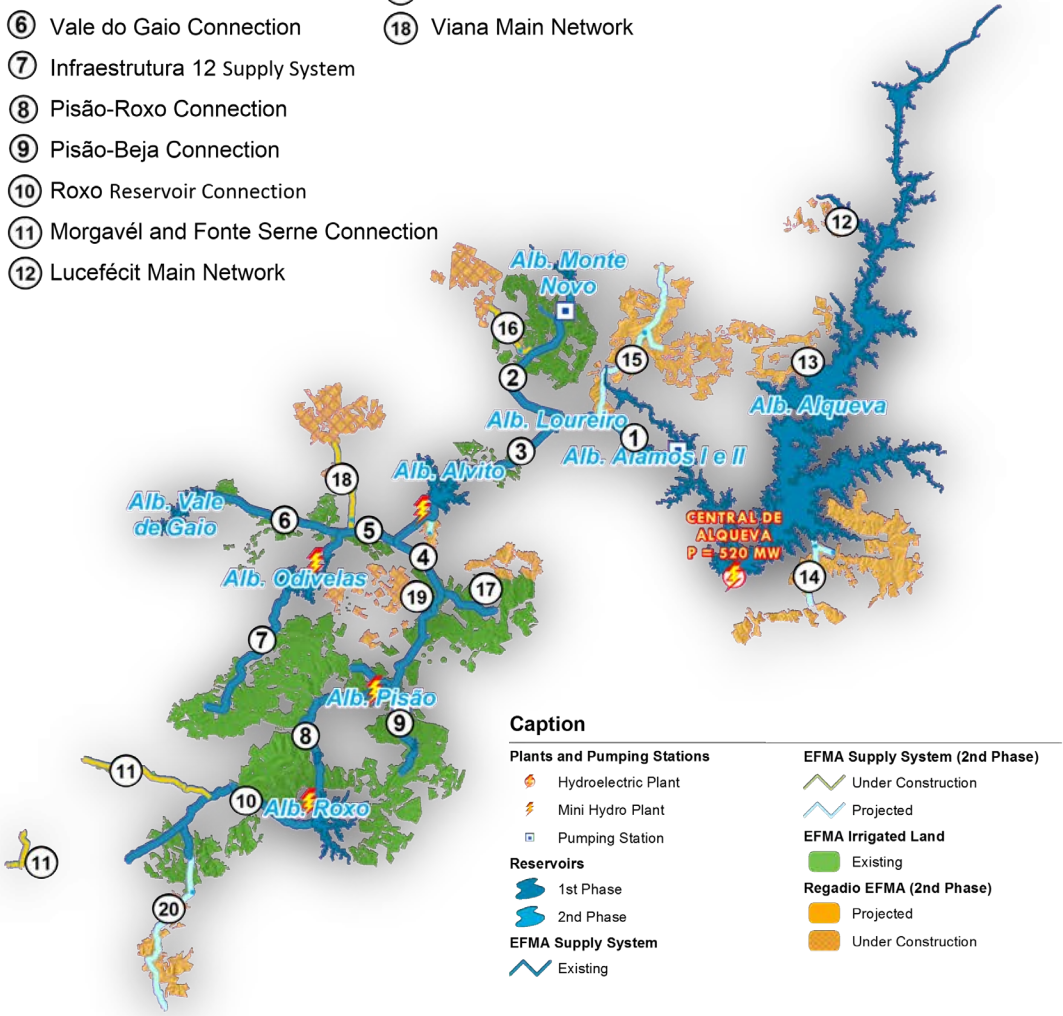
Viana Main Network

19

Cuba-Odivelas Main Network

20

Monte da Rocha Main Network



Map 2: Alqueva Subsystem – 1st and 2nd Phase

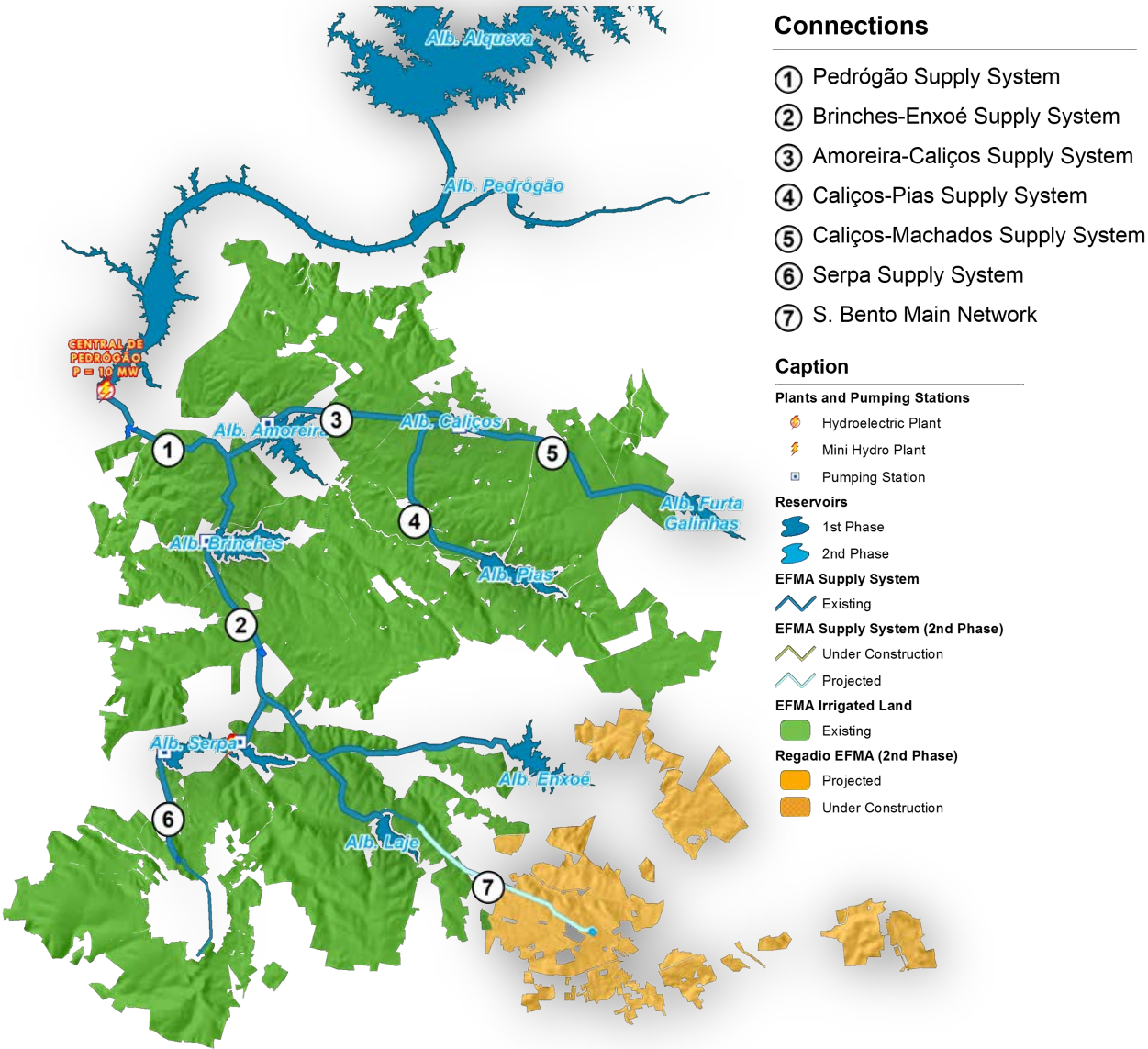
Ardila subsystem

Located on the left bank of the Guadiana river, the Ardila subsystem serves a region that cyclically faces serious water shortages. Its water comes from the Pedrógão reservoir and benefits areas on the left bank of the Guadiana River in the municipalities of Moura and Serpa.

It consists of a set of 15 dams or reservoirs, and extends over 54 km of primary network, pipes in the secondary network, 13 pumping stations, 1 Hydroelectric Power Plant (Pedrógão) and 1 Mini Hydro plant (Serpa).

The Ardila subsystem comprises the perimeters of Orada-Amoreira, Brinches, Brinches-Enxoé, Serpa, Pias, Calços-Machados and Calços - Moura (Moura Gravítico and Alvarrão) (located in the municipalities of Moura and Serpa), covering a total irrigated area of approximately 30,000 ha.

In the Ardila subsystem, as part of the 2nd EFMA infrastructure phase, the S. Bento area and its hydraulic circuit will be built.



Map 3: Ardila Subsystem - 1st and 2nd Phase

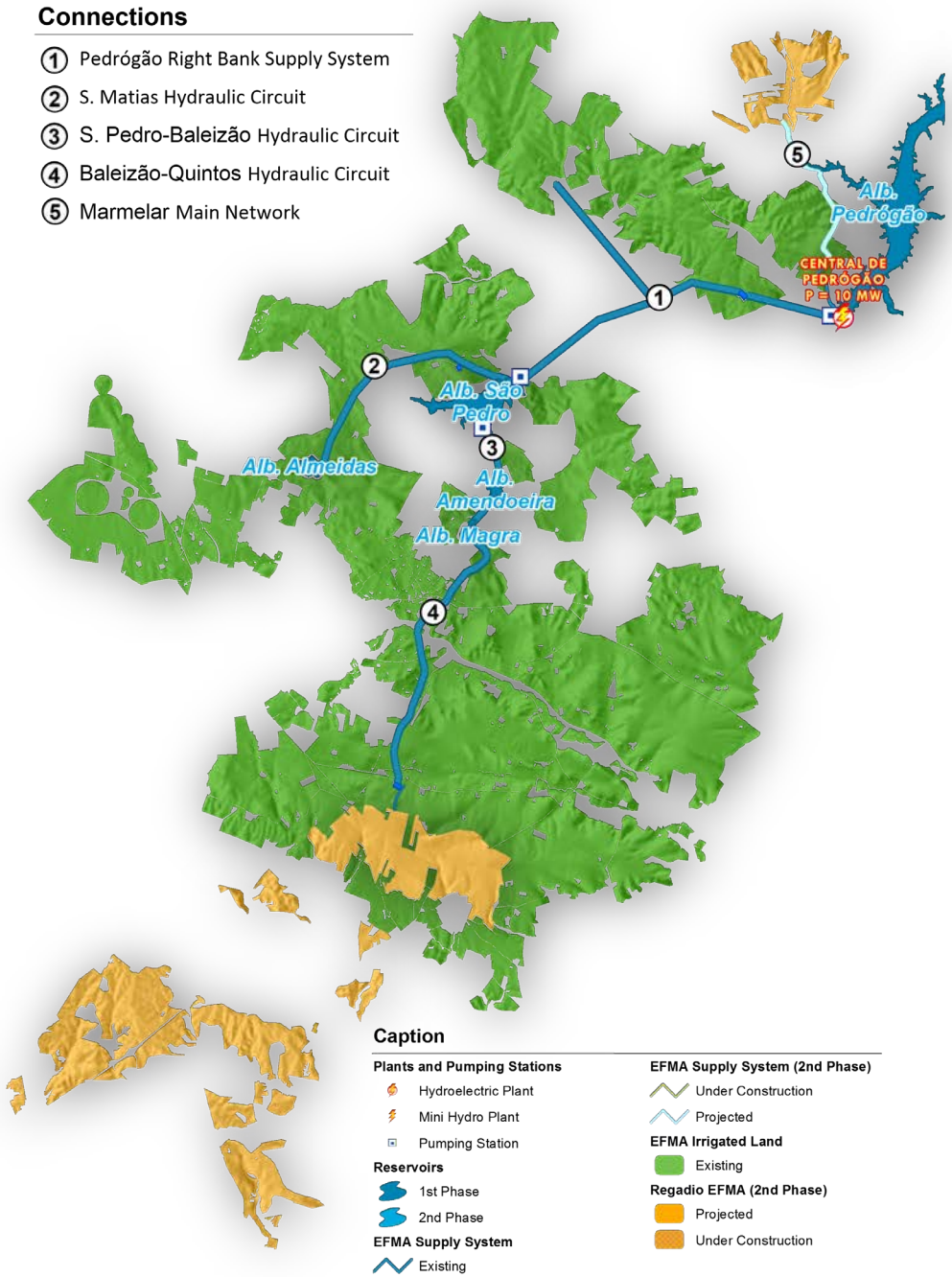
Pedrógão Subsystem

The Pedrógão subsystem benefits an area of around 24.5 thousand ha.

It starts at the Pedrógão-right bank pumping station (Pedrógão reservoir), comprising a total of 11 dams or reservoirs, 8 pumping stations, more than 40 km of primary network and pipelines in the east region of Beja, on the right bank of the Guadiana River.

This subsystem also includes the Pedrógão, São Matias, São Pedro-Baleizão and Baleizão-Quintos irrigation blocks.

In the Pedrógão subsystem, as part of the 2nd EFMA infrastructure phase, the construction of the hydraulic circuits and Cabeça Gorda-Trindade and Marmelar blocks is planned.



Map 4: Pedrógão Subsystem - 1st and 2nd Phase

EDIA'S MAIN LEGAL INSTRUMENTS

EDIA's main legal and management instruments are summarised below:

Decree-Law no. 32/95 (11 February)

Within the scope of its creation by Decree-Law no. 32/95 of 11 February, EDIA was given ownership of the rights and obligations that previously belonged to the respective Installation Committee. Through its corporate object, EDIA was entrusted with the responsibility of designing, implementing, building and operating EFMA and promoting the economic and social development of its area of intervention

Decree-Law no. 42/2007 (22 February)

Decree-Law no. 42/2007 of 22 February defines the legal regime applicable to the management, operation, maintenance and conservation of infrastructures that integrate EFMA. By modifying EDIA's articles of association, this legislation, which arises following the entry into operation of some infrastructures of the Project, revokes Decree-Laws no. 32/95, of 11 February, no. 33/95, of 11 February and no. 335/2001, of 24 December, embodying the corporate purpose of the Company in four fundamental axes:

- a. Use of the public hydric domain allocated to the Project for the purposes of irrigation and hydroelectric exploitation (concession contract signed under the terms of Law no. 58/2005 of 29 December);
- b. Design, implementation and construction of the infrastructures integrating the primary system of the Project, as well as their management, operation, maintenance and conservation;
- c. Design, implementation and construction of the infrastructures that comprise the secondary network

assigned to the Project, on behalf of the State, and in accordance with the instructions given by the Minister of Agriculture; and

- d. Promotion, development and pursuance of other economic activities which contribute to the improvement of the conditions of use of the resources assigned to the Project..

Decree Law no. 313/2007 (17 September) and Public Domain Concession Contract (17 October 2017)

The bases of the concession contract between EDIA and the Portuguese State regarding the use of the public hydric domain allocated to EFMA for irrigation and hydroelectric operation purposes were approved. In the concession contract, signed on 17 October 2017, EDIA was awarded the concession for the management and operation of the Project and exclusive ownership of the rights of private use of the public hydric domain allocated to EFMA for the purposes of irrigation and hydroelectric operation for a period of 75 years.

Administering the public hydric domain allocated to EFMA within the scope of its activity; granting titles regarding water abstraction for irrigation and power generation; and supervising its use by third parties, instituting, instructing and sanctioning administrative offence proceedings within this scope, became EDIA's powers and competences within this legal framework.

EDIA has prepared a draft Addendum to integrate in this concession contract, infrastructures built or to be built, associated with the uses of the public hydric domain, under the terms of paragraph 3 of clause 6: of the contract and which become part of the primary system of the Project, updating the characterisation and description of the EFMA water distribution system, currently under analysis by the Ministry.

Agreement on Alqueva and Pedrógão Hydroelectric Power Plants (25 October 2007)

The contract for the operation of the Alqueva and Pedrógão Hydroelectric Power Plants and the sub-concession of the public hydric domain (for a period of 35 years) was formalised with EDP on 25 October 2007. This document stipulated the terms for the operation of the hydroelectric component of the infrastructures that integrate EFMA's primary system, and the sub-concession of the rights of private use of the associated public hydric domain (for the purposes of electricity generation and the implementation of electricity generation infrastructures).

Decree-Law no. 36/2010 (16 April)

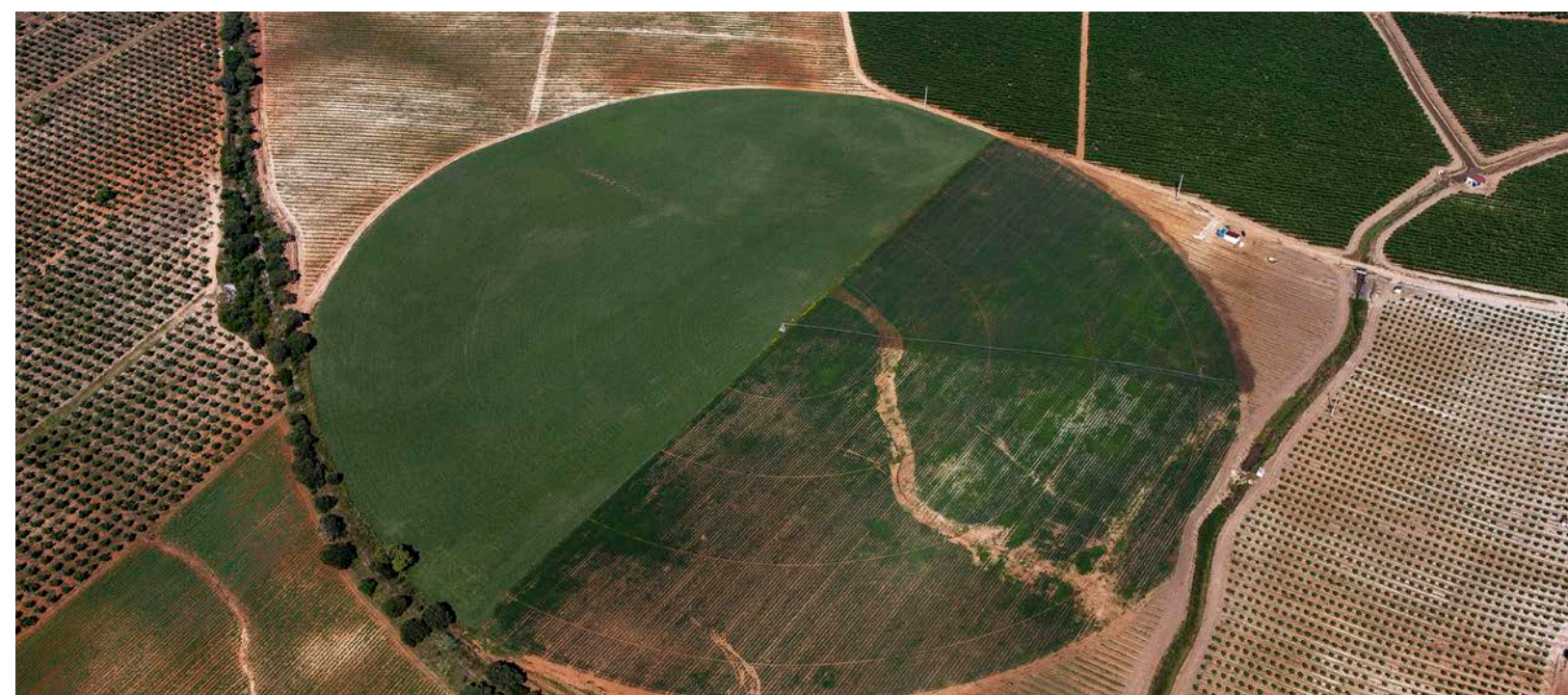
Decree-Law no. 36/2010 of 16 April has amended Decree-Law no. 42/2007 of 22 February. The legal framework of the Project in light of the new legal framework for the management and use of water resources contained in the Water Law, the system for the use of water resources (Decree-Law no. 226-A/2007 of 31 May) and the economic and financial system for water resources (Decree-Law no. 97/2008 of 11 June), was one of the purposes sought with the establishment of a differentiated and more flexible tariff, following the entry into operation of the first perimeters of EFMA. The legislation published also aimed to clarify the contextualisation of the economic and financial environment in order to optimise the management of resources and ensure the future economic sustainability of EDIA and EFMA.

Concession Contract Concerning the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructure (8 April 2013)

Conclusion, on 8 April 2013, of the concession contract for the management, operation, maintenance and conservation of the EFMA secondary network infrastructures, with the Directorate-General for Agriculture and Rural Development (DGADR) and the Ministry of Agriculture, Sea, Environment and Land Planning (MAMAOT).

Order no. 3025/2017 (11 April)

Establishes the current tariff system for Alqueva, which, in addition to other aspects, defines the specific values for operation and conservation fees, and incorporates a price reduction at the end of the primary network with the resulting repercussions on the other tariffs, changing the discount system defined in 2010 and defining the tariff system for the situation of precarious irrigators and for direct abstraction. This order also established the value of water tariffs for uses other than irrigation for agricultural use. With regard to the discount system, the new version considers that these will be in force 3 years after the perimeters come into operation, as follows (% water tariff payable by consumers): Year 1 (40%); Year 2 (60%); Year 3 (80%); Year 4 (100%).



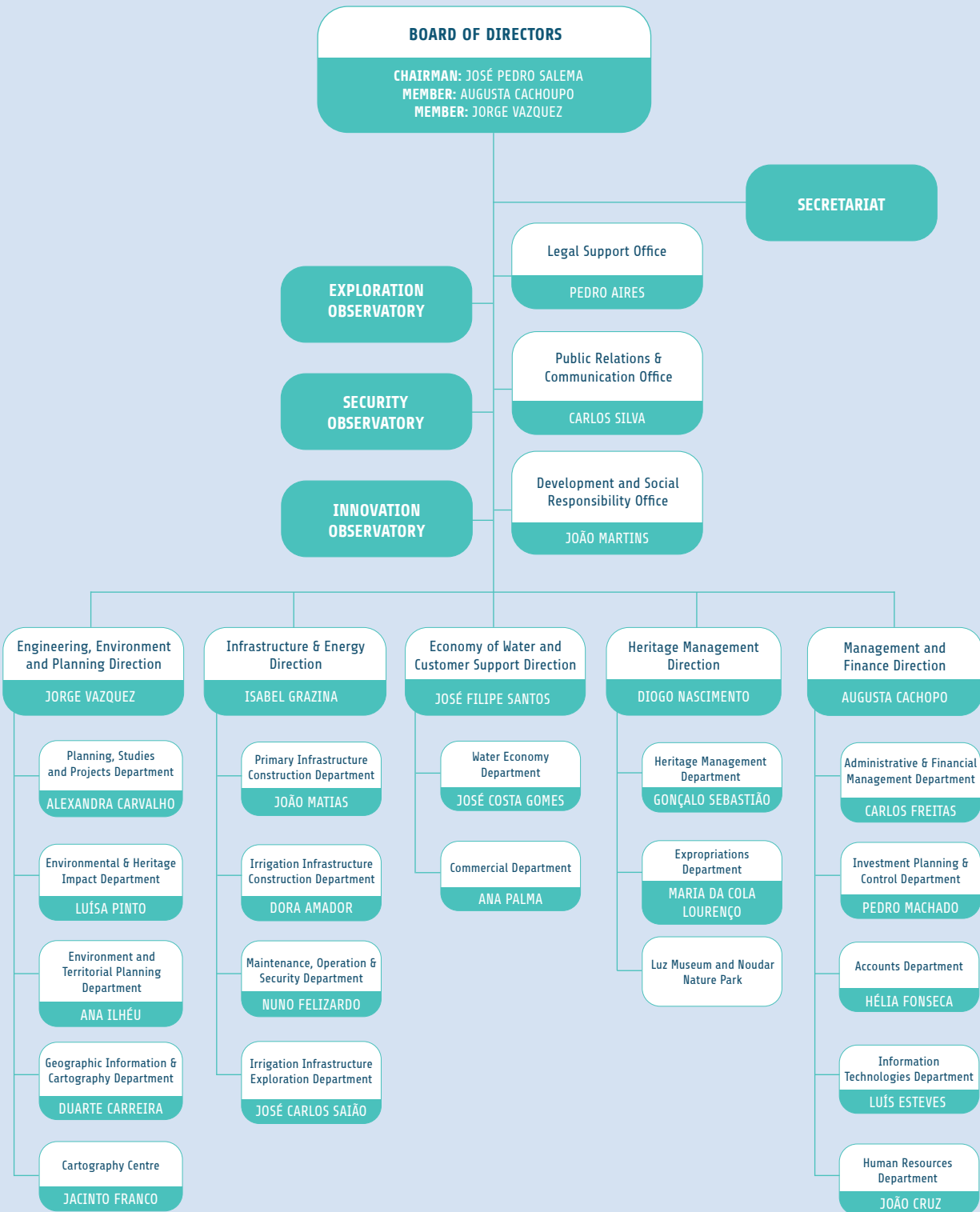
CHRONOLOGY OF THE ALQUEVA MULTIPURPOSE PROJECT

2020	Celebration of EDIA's 25th anniversary Start of EFMA enlargement works
2019	Publication of the 1st <i>PNRegadios</i> application call, on 29 April 2019, approved by the Portuguese State and financed through the EIB and the CEB Contracting of the loan with the CEB to finance the Alqueva Photovoltaic Project
2018	Signing of the contracts between the Portuguese State and the EIB and CEB to finance the Publication of the Council of Ministers Resolution no. 133/2018, dated 12 October, which approves the <i>PNRegadios</i> – 2nd Phase of EFMA
2017	Initiation of preliminary procedures for the infrastructure of the 2nd phase of EFMA with the construction of around 50 thousand hectares of new irrigated land
2016	Conclusion of the 1st phase of the Alqueva Venture Expression of Interest at the European Investment Bank within the scope of the Junker Plan to finance the <i>PNRegadios</i>
2015	Commemoration of EDIA's 20th anniversary, with the exhibition "Alqueva: 20 years of work, 200 millennia of history", in the Torre Oca of the Jerónimos Monastery
2014	Signing of the last construction contracts for the 1st Phase of the EFMA Global Water Supply System Presentation of the "Alqueva" brand
2013	Signing of the concession contract for the management, operation, maintenance and conservation of the secondary network infrastructure of EFMA
2010	The maximum height of the Alqueva dam's reservoir (152.00 m) was reached on 12 January Completion of the connection of Alqueva to all the public supply reservoirs in the EFMA area
2009	Start of the process of transferring water to the Alvito reservoir
2008	Start of the process to transfer water to the Monte-Novu reservoir
2007	Public water domain concession contract Contract for the operation of the Alqueva and Pedrógão hydroelectric plants awarded to EDP
2006	Inauguration of the Pedrógão hydroelectric plant "Puente de Alcântara" international award
2004	Start of the supply of water for irrigation, by Infrastructure 12
2003	Start of power production at the Alqueva plant, in a trial period
2002	Closure of the Alqueva floodgates
1998	Start of concreting at the Alqueva dam
1995	Creation of EDIA, S.A.
1993	Decision to resume work
1978	Interruption of works
1976	Start of preliminary works
1957	Alentejo Irrigation Plan



Photo: Beringel DAM

ORGANISATIONAL STRUCTURE



HUMAN RESOURCES

During the period under analysis, the Company's main challenges were to promote performance excellence and the achievement of its objectives, in a context of rigour and cost containment, bearing in mind the Government guidelines applicable to public companies.

During the first half of the year and during the pandemic situation that gripped the country, it is worth mentioning Order no. 4146-A/2020¹, of 3 April (regulations specifically applicable to EDIA/EFMA), issued by the Office of the Minister of Agriculture, which, in its paragraph 4, establishes the following guidelines for EDIA, during the context of the pandemic:

"4 – In order to ensure the continuity and uninteruptibility of the provision of public water supply services for the exercise of agricultural activity, the Empresa de Desenvolvimento e Infraestruturas do Alqueva, S. A., must continue to guarantee the following essential activities:

- a. Management and operation of the supply systems, ensuring the functioning of the supply and distribution networks, as well as all the equipment and infrastructure;
- b. The immediate assessment and reporting of disturbances in the exercise of the activities provided for in the preceding subparagraph."

As EDIA is responsible for supplying water for irrigation as well as for strengthening public and industrial supply, these guidelines aimed to ensure and guarantee the regular operation of this essential service for the functioning of our society. Despite this context, the Company thus continued to guarantee the supply of water to its customers as well as the support it has been providing, making Alqueva the example of solidarity-based agriculture.

In this context, the Company adopted several measures, of which the following are highlighted:

¹Order no. 4146-A/2020 - Establishes essential services and the necessary measures to ensure normal conditions of production, transport, distribution and supply of agricultural and livestock goods and services, and those essential to the agri-food chain, within the scope of the powers of the bodies and services of the Ministry of Agriculture.



Photo: EDIA

- Drawing up and approval of a Specific Contingency Plan;
- Acquisition of hygiene and protection products, namely hand sanitizer, masks, visors, among others;
- In cases where the nature of the functions allows it, employees have been placed on teleworking;
- Reduction in the number of employees to 1 in each room/office, with weekly rotation; and
- Customer service is now provided by telephone and/or email.

Measures to protect against the pandemic have been reinforced, complying with the Specific Contingency Plan approved in March 2020, as well as the guidelines issued by the Directorate-General for Health (DGS).

It should also be noted here the attitude of solidarity shown by EDIA towards those who sought in some way to help in the fight against the pandemic, having associated itself with solidarity movements in the fight against COVID-19, particularly in terms of fundraising for the Unidade Local de Saúde do Baixo Alentejo [Local Health Unit of Baixo Alentejo] (ULSBA), for Cáritas Diocesana of Beja and also in the purchase and offer of fabric for the production of protective equipment for ULSBA health professionals.

During 2020, and as a way of promoting the recognition and appreciation of its human resources, EDIA continued to invest in the training of its employees, in order to raise their level of technical, relational and social skills for the benefit of both themselves and the Company.

On 31 December 2020, EDIA had in its personnel 179 employees (among permanent and fixed-term contract employees), distributed by the different categories as shown in the chart below.

Given the small size of EDIA's personnel in relation to its responsibilities and the current size of the project for which it is responsible, balance has only been achieved through a strong commitment of human resources and the introduction of the concepts of flexibility and versatility (which has allowed the gradual conversion of employees from the construction to the operation areas, and the transfer of employees between departments according to the specific needs of the Company).

Employees per professional category

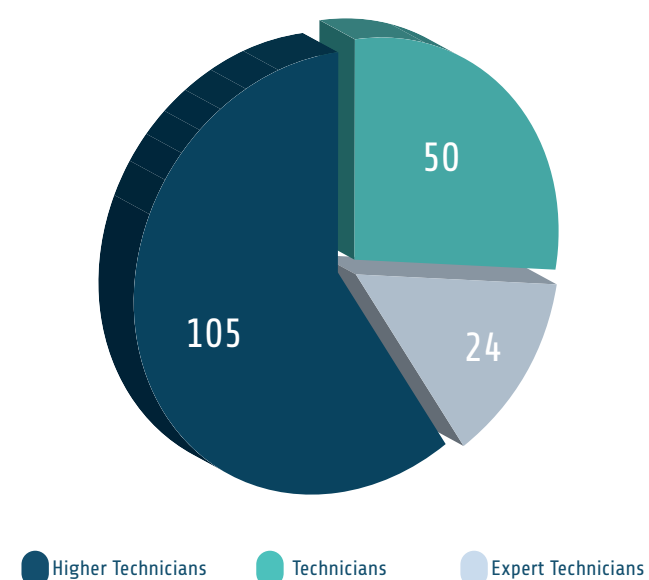


Chart 1: Employees by category - EDIA

GOVERNING BODIES

EDIA's governing bodies were appointed for the 2018-2020 triennium at the General Meeting held in 2018.

General Meeting	
Chairman	Dr Henrique António de Oliveira Troncho
Secretaries	Dr Ana Luísa Louro da Graça Peixito Soares Eng José António Sequeira Brito Ramos
Board of Directors	
Chairman	Eng José Pedro Mendes Barbosa da Costa Salema
Members	Dr Augusta Manuel Pereira de Jesus Cachoupo Eng Jorge Manuel Vazquez Gonzalez
Supervisory Board	
Chairwoman	Dr Sara Alexandra Pereira Simões Duarte Ambrósio
Members	Dr Nelson Manuel Costa dos Santos Dr Hugo Alberto Cordeiro Lobo ¹
Alternate Member	Dr Cristina Maria Pereira Mascarenhas Vieira Sampaio
Statutory Auditor	
RCA - Rosa, Correia e Associados, SROC, S.A., represented by Paulo Fernando da Silva Pereira	

¹ Dr Hugo Alberto Cordeiro Lobo (Member 2 of the Supervisory Board) ceased functions on 27 March 2020, no replacement having been appointed for his position. Dr Hugo Alberto Cordeiro Lobo had been elected at the General Meeting of 4 October 2019 as a full member of the Supervisory Board to follow the 2018-2020 mandate, with effect from 21 October 2019. (The previous member - Eng. Gonçalo Mendes de Freitas Leal, ceased functions on 20 September 2018).

Photo: Espinheira Reservoir





CHAPTER 1 - MANAGEMENT REPORT

FRAMEWORK

EFMA has its direct area of influence in the Alentejo region, spread over 20 municipalities and 4 districts. EFMA is a structuring project, mobilizing a diversified set of activities, sustaining an integrated development process in a very vast region with great asymmetries.

The Alentejo corresponds to about 1/3 of the territory of mainland Portugal. It is a region with low population density, but with a high agricultural potential.

The lack of water in this region was one of the main constraints on its development, preventing the modernisation of agriculture and the sustainability of public supply. To solve the water problems the region suffered, the largest artificial lake in Europe was created, the Alqueva reservoir, which main objective is to enable the irrigation of the Alentejo region.

In 2020, the economic activity, in Portugal and in the rest of the world, was deeply affected by the pandemic COVID-19, by the containment measures and by the impact on the behaviour of economic agents. Economic losses were differentiated across

countries and sectors of activity. The policy response – monetary, fiscal and prudential – was unprecedented in magnitude, speed and coordination and was decisive in mitigating the damage of the crisis.

In this context, we present below a framework of the main economic indicators, analyses and projections, issued in the Economic Bulletin (December 2020), of the Bank of Portugal, recorded in the world and in Portugal. The economic outlook remains surrounded by a high level of uncertainty, being highly dependent on disease developments and the speed of large-scale vaccination. Although economic activity is projected to pick up in 2021, its pace will be conditioned by the impact of the crisis on productive capacity and by the necessary reallocation of resources between companies and between sectors.

The COVID-19 pandemic caused an unprecedented contraction in economic activity in the first half of 2020 (cumulative drop of 17.3% compared to the end of 2019). The gradual lifting of the containment measures from May onwards and the strong support of public policies contributed to a rapid recovery in the

third quarter (chain variation of 13.3%). The worsening of the health situation, in Portugal, in the fourth quarter required the implementation of additional measures to control the pandemic, interrupting the dynamics of economic recovery.

GLOBAL FRAMEWORK

After falling by 9.4% in the first half of 2020 compared to the end of 2019, global economic activity recovered during the summer months and in the third quarter, global GDP grew above expectations (7.3% quarter-on-quarter). The resurgence of the number of cases of COVID-19, particularly in advanced economies, led to the reintroduction of containment measures, conditioning activity in the most affected sectors and the confidence of economic agents.

EFMA is a structuring project, mobilising a diversified set of activities, sustaining an integrated development process in a vast region with great asymmetries.

		Projections December 2020					Revisions vis-à-vis EB June 2020			
		2019	2020	2021	2022	2023	2019	2020	2021	2022
International Framework										
World GDP	tva	2,7	-3,5	5,6	3,9	3,4	0,0	1,0	-0,4	0,1
GDP in the euro area	tva	1,3	-7,3	3,9	4,2	2,1	0,1	1,4	-1,3	0,9
World Trade	tva	0,6	-9,5	7,1	4,3	3,6	-0,1	3,2	-1,7	-0,2
External demand	tva	1,7	-12,6	7,1	5,6	3,7	0,1	2,5	-0,9	-0,1
Oil price in dollars	vma	64,0	41,6	44,0	45,7	46,9	0,0	5,5	-6,2	4,9
Oil price in euros	vma	57,2	36,5	37,2	38,6	39,7	0,0	3,5	-4,7	1,0
Monetary and financial conditions										
Short-term interest rate (3-month EURIBOR)	%	-0,4	-0,4	-0,5	-0,5	-0,5	0,0	-0,1	-0,1	-0,1
Implicit interest rate of public debt	%	2,6	2,3	2,0	1,9	1,8	0,1	-0,4	-0,7	-0,9
Euro effective exchange rate index	tva	-1,5	3,2	2,0	0,0	0,0	0,0	3,5	1,9	0,0
Euro-dollar exchange rate	vma	1,12	1,14	1,18	1,18	1,18	0,0	4,6	9,3	9,3

Source: Eurosystem (Banco de Portugal calculations).

Notes: BE - Economic Bulletin, aav- annual average value, % - as a percentage, arc- annual rate of change.

Technical and external assumptions and Eurosystem staff projections for euro area GDP and inflation", December 2020).

The assumptions include the information available up to 18 November. An increase in the exchange rate corresponds to an appreciation. The revision of the euro-dollar exchange rate is presented in %.

The technical assumption for the bilateral exchange rate assumes that the average levels observed in the two weeks prior to the cut-off date will be maintained over the projection horizon.

The technical assumption for the oil price is based on futures markets. The evolution of the 3-month EURIBOR is based on expectations implied in futures contracts.

The implicit interest rate of the Portuguese government debt is calculated as the ratio between interest expenditure for the year and the simple average of the debt stock at the end of the year and at the end of the previous year.

The projection for the implicit interest rate on the debt is based on an estimate which includes assumptions for interest rates associated with new issuances.

Table 2: International framework

After a fall of 3.5% in 2020, global GDP grows by 5.6% in 2021 and 3.7% on average in the following two years. In the euro area, economic activity falls by 7.3% in 2020 and increases by 3.9% in 2021 and around 3% on average in 2022-23. The expected pace of economic recovery is differentiated among countries, reflecting, among other factors, the weight in the productive structure of the sectors most affected by social distancing and the scope and duration of the economic policy response.

World trade falls by 9.5% in 2020 and grows by 7.1% in 2021 and 4.0% on average in the following two years. The recovery of trade is expected to be conditioned by international tourism and transport flows, and by a reorganisation of global production chains. External demand for Portugal decreases by 12.6% in 2020 and grows by 7.1% in 2021 and 4.7% on average in the period 2022-23. It is assumed that, from 2021 onwards, trade between the EU

and the United Kingdom will be governed by the conditions of the Most Favoured Nation Clause established under the World Trade Organization, implying higher barriers to trade between the two regions and contributing to the downward revision of external demand directed to Portugal.

According to the technical assumptions of the financial year, the three-month EURIBOR remains at -0.4% in 2020 and declines to -0.5% in the three years thereafter. The implicit interest rate on government debt declines over the projection horizon, from 2.6% in 2019 to 1.8% in 2023, reflecting the assumption that interest rates on new issuance remain low.

DOMESTIC FRAMEWORK

		BE December 2020					BE October 2020	BE June 2020		
	Weight 2019	2019	2020 ^(a)	2021 ^(a)	2022 ^(a)	2023 ^(a)	2020 ^(a)	2020 ^(a)	2021 ^(a)	2022 ^(a)
Gross Domestic Product	100	2,2	-8,1	3,9	4,5	2,4	-8,1	-9,5	5,2	3,8
Private Consumption	63,9	2,4	-6,8	3,9	3,3	1,9	-6,2	-8,9	7,7	3,0
Public Consumption	16,9	0,7	0,4	4,9	0,4	0,7	1,2	0,6	0,7	0,8
Gross Fixed Capital Formation	18,2	5,4	-2,8	4,4	5,2	2,0	-4,7	-11,1	5,0	4,5
Domestic Demand	99,8	2,7	-5,6	3,9	3,1	1,8	-5,0	-8,2	6,0	2,9
Exports	43,5	3,5	-20,1	9,2	12,9	6,7	-19,5	-25,3	11,5	11,2
Imports	43,3	4,7	-14,4	8,8	9,1	5,1	-12,4	-22,4	13,5	8,5
Contribution to GDP growth, net of imports (pp) ^(a)										
Domestic demand		1,5	-2,6	2,6	1,5	0,8	-2,6	-3,2	3,3	1,4
Exports of goods		0,2	-0,7	1,5	0,4	0,3	-0,9	-0,9	0,9	0,4
Exports of services		0,5	-4,8	-0,2	2,6	1,3	-4,6	-5,3	1,0	2,0
Employment (number of persons) ^(b)		0,8	-2,3	0,0	1,3	0,9	-2,8	-4,5	2,0	1,5
Employment (hours worked) ^(b)		1,2	-10,8	7,3	2,9	0,9	-10,8	-7,6	5,4	1,5
Unemployment rate ^(c)		6,5	7,2	8,8	8,1	7,4	7,5	10,1	8,9	7,6
Current and Capital Account (% GDP)		0,9	-0,6	0,5	2,3	2,7	-0,6	0,3	0,3	0,3
Goods and Services Account (% GDP)		0,4	-1,6	-1,9	-0,5	0,1	-1,9	-0,5	-1,3	-0,5
Harmonised Consumer Price Index		0,3	-0,2	0,3	0,9	1,1	0,0	0,1	0,8	1,1
Energy Goods		-1,7	-5,3	-2,0	0,9	0,5	-4,9	-5,7	1,4	2,4
Excluding energy goods		0,5	0,3	0,6	0,9	1,1	0,4	0,7	0,8	1,0

Source: Bank of Portugal and INE.

Notes: EB - Economic Bulletin, (p) - projected, pp - percentage points.

For each aggregate, the projection corresponding to the most likely value is presented, conditional on the set of assumptions considered.

^(a) Demand aggregates in net import terms are obtained by deducting an estimate of imports needed to satisfy each component.

The calculation of import contents was made on the basis of information relating to 2015.

^(b) National Accounts concept.

^(c) As a percentage of the labour force.

Table 3: National Framework

According to the table above, the projections of the Bank of Portugal point to a fall in GDP of 8.1% in 2020.

According to the Economic Bulletin, private consumption, the main component of demand, will fall by 6.8% in 2020, with growths of 3.9%, 3.3% and 1.9% in the period 2021-23. In the first half of 2020, households significantly reduced their consumption expenses (change of -15.4% in cumulative terms compared to the end of 2019). The initial shock had very differentiated effects on

the basket consumed, observing an increase in the consumption of essential goods and a fall in expenses on durable goods and services, particularly in services requiring social interaction. With the gradual lifting of restrictions, private consumption increased by 12.8% quarter-on-quarter in the third quarter. Purchases of durable goods recovered faster (surpassing the pre-crisis level), while in services the improvement was slower. In the fourth quarter the recovery in private consumption was reversed, with an estimated quarter-on-quarter decline much less than in the second

quarter. The impact on household income in 2020 was cushioned by government measures, including credit moratoria. The savings rate in the first half of the year stood at 14.3% of disposable income, an increase of 6.9 pp compared to the end of 2019, with a partial reversal in the second half of the year.

In 2020, Gross Fixed Capital Formation (GFCF) is estimated to decline by 2.8% and for 2021–23, an average growth of 3.9% is projected, implying that this aggregate is, at the end of the projection horizon, above that recorded in 2019. The fall in investment in 2020 was lower than in previous recessions and, compared to most European countries, GFCF fell less in Portugal, reflecting the growth of the construction sector.

The fall in activity in 2020 reflects the reduction in domestic demand and exports, highlighting the very negative contribution of exports of services, in particular tourism-related services. Imports of goods recover more quickly than those of services, which remain constrained by the evolution of tourism.

Employment is expected to fall by 2.3% in 2020, which is less than would be expected given the relationship between employment and activity observed in previous recessions. This attenuated reaction reflected the impact of business support measures, in particular the simplified layoff scheme and support for the self-employed.

The current and capital account balance becomes negative in 2020 (–0.6% of GDP), interrupting the period of external surpluses recorded since the previous crisis. The net borrowing of the Portuguese economy results from the deterioration of the balance of goods and services, to –1.6% of GDP (0.4% in 2019). This change is determined by a negative volume effect associated with the contraction of tourism flows, partially offset by a positive terms of trade effect linked to the sharp drop in oil prices. The more severe impact of the pandemic on services implies a further deterioration of the balance of goods and services.

Inflation, measured by the variation rate of the Harmonised Index of Consumer Prices (HICP), stands at –0.2% in 2020, increasing

to 0.3% in 2021, 0.9% in 2022 and 1.1% in 2023. Compared with projections for the euro area, price developments are more moderate in Portugal.

ALTERNATIVE SCENARIOS FOR THE PORTUGUESE ECONOMY

Two scenarios were presented in the December 2020 Economic Bulletin of Bank of Portugal for the outlook of the Portuguese economy in the coming months, depending on the evolution of the pandemic, containment measures in Portugal and the rest of the world, economic policies and the reaction of economic agents to these developments. Thus, in addition to the base projection (baseline scenario), a more moderate scenario and a more severe scenario were considered.

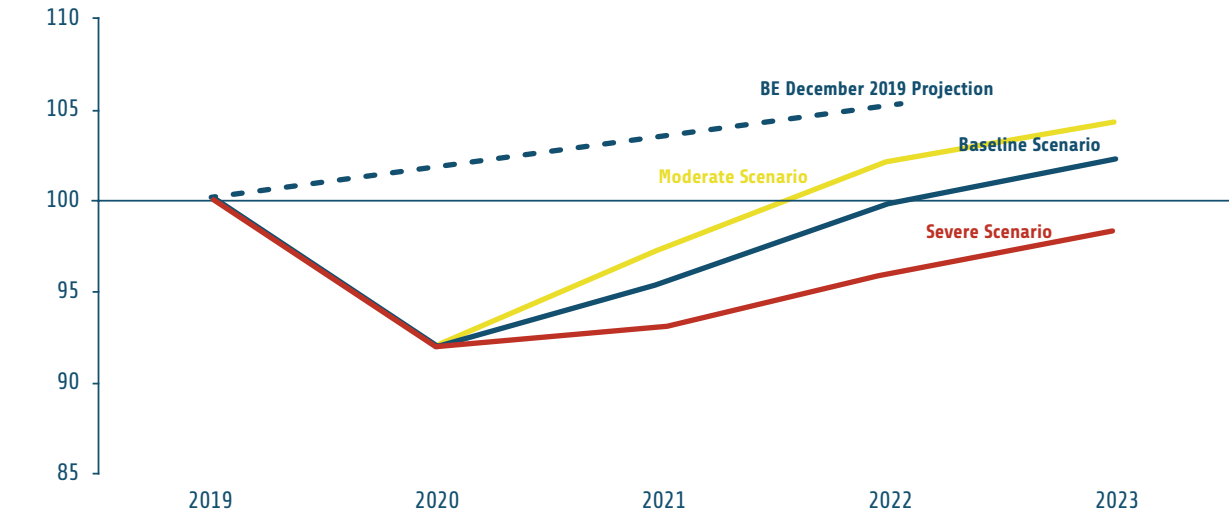
The moderate scenario assumed a decrease in infections, following the recent increase, and a medical solution by early 2021, with large-scale spread by the end of the year. It also includes effective coordination and implementation of national and European policies in response to the pandemic. National fiscal policy and European support support the recovery of the economy. In a framework of reduced uncertainty, new investments by companies materialise and household savings for precautionary reasons decrease.

The severe scenario assumed greater difficulty in controlling the growth of new cases by the end of 2020 and an increase in new infections in the first quarter of 2021. This context calls for a strengthening of containment measures, including the possibility of introducing more stringent and prolonged containment. The effective medical solution emerges in the first half of 2021, but its large-scale implementation is gradual. This scenario also assumes that the reaction of policymakers mitigates the effects of the crisis. In the fiscal dimension, a strengthening and extension of the support measures implemented is considered and, in monetary policy, the adoption of measures that limit the financial amplification of the crisis. Thus, the comparison between the different scenarios can be analysed in the following chart and table.

	2020	2021	2022	2023
External Demand				
Baseline Scenario	-12,6	7,1	5,6	3,7
Moderate Scenario	-12,2	11,5	5,4	4,0
Severe scenario	-13,3	1,1	4,5	5,6
GDP in Portugal				
Baseline Scenario	-8,1	3,9	4,5	2,4
Moderate Scenario	-8	5,9	3,1	2,0
Severe scenario	-8,2	1,3	5,2	2,4

In: BE – Economic Bulletin (December 2020)
Source: Eurosystem and Bank of Portugal

Table 4: Economic Indicator Scenarios



Source: Bank of Portugal

Chart 2: Economic indicators scenarios compared to the 2019 forecast



Photo: Pias Pumping Station and Dam

CHAPTER 1 - MANAGEMENT REPORT

ACTIVITIES DEVELOPED IN 2020

INFRASTRUCTURES IN OPERATION (1ST PHASE OF EFMA)

Primary and Secondary Networks

Regarding the observation and behaviour of dams, and in compliance with the provisions of the observation plans for the dams comprising EFMA's primary infrastructures, in 2020, the campaigns provided for therein were carried out for reading the installed observation apparatus, and the good behaviour of these various structures and their hydraulic-operational safety equipment continued to be verified. During the year, several specialised visits were made to different infrastructures of the Project.

In the period under review there were several preventive and corrective maintenance interventions in various infrastructures of the primary network.

The preventive maintenance work carried out on the equipment of the Álamo, Brinches and Pedrógão - Left Bank pumping stations,

on the equipment of the Beringel reservoir, on the floodgates and actuators of the various Loureiro-Monte Novo canal infrastructures, on the emergency generators of the Amoreira, Serpa, Brinches and Laje dams, and on the filters of the Magra filtration station, which included the cleaning and repair of components of the motor gearboxes, can be highlighted. We should also highlight the maintenance of the electric pump groups of the Pedrógão, Left Bank, Right Bank and S. Matias pumping stations, as well as groups 2 and 4 of the S. Pedro pumping station and the Álamos pumping station.

Also within the scope of preventive maintenance, during 2020, maintenance work was carried out on the manoeuvring bodies of canal regulation structures, pumping stations, Hydroelectric Power Plants and grate cleaners, namely, the lubrication of the bearings of the electric pump groups, the cleaning of the grates of the reservoir water intakes and of the siphon intakes, as well as the cleaning of algae in canal stretches and in debris collection ditches.



Photo: S. Pedro Pumping Station

With regard to corrective maintenance actions, tests were carried out during this year on the motor of group no. 2 of the Álamos pumping station, as well as the cleaning of canals and reservoirs of the EFMA primary network. Additionally, mention should be made of the repairs carried out on motor no. 2 at the Pedrógão-Left Bank pumping station, following the breakdown of the bearing on the coupling side and the repair of the sieves of the water intake of the Penedrão-Roxo hydraulic circuit, as well as the intervention at the Pedrógão-Left Bank pumping station with the replacement of the lower bearing of motor no. 2, in the automation systems for cleaning the grids of the ER10 and ER12 regulation structures of the Alvito-Pisão Canal and the replacement of bearings in the pump of group no. 3 at the S. Matias pumping station.

Also of note is the execution of the reinforcement of the slab of the engines of the electro-pump groups of the Álamos Pumping Station, to mitigate the abnormal levels of vibration in the groups, as well as the assembly of generator group no. 2 of the Alvito Hydroelectric Power Plant.

In the secondary network, during 2020, the actions inherent to the implementation of the irrigation campaign and other processes took place, having been ensured all the operation and management component associated with the various infrastructures that integrate the Project.

The registration of beneficiaries in irrigation campaigns continued, as well as the execution of conditioned preventive maintenance and monthly/quarterly readings, which support the invoicing of consumption, using NAVIA software.

It should also be mentioned that pressure tests were carried out at the beginning of the year on equipment installed at the pumping stations of Estácio, Beringel, Beja, Almeidas, Baronia, Pias and Rio de Moinhos. And subsequently, in the Pedrógão subsystem, the start of work to expand the filtering station of Block 2

at São Matias, as well as the upgrading and rigidification of the groups installed at the Almeidas pumping station.

Given the period in which we live, associated to the state of emergency, some deferred preventive maintenance was resumed in the last half of the year, as in the case of medium voltage, motors and variable speed drives. At the same time, alternatives to the tele management systems implemented, and already deactivated, due to being obsolete, were analysed and the cleaning of semi-excavated reservoirs with HDPE mesh lining began.

In addition to the management, maintenance and conservation of EFMA, throughout 2020 EDIA has multidisciplinary teams working daily in the field to ensure the full operability of the system, and contact with farmers is made directly, based on a policy of proximity, seeking solutions that ensure the efficient use of water.

It should also be highlighted the integration of Alqueva in an innovative international project of water leakage detection in large distribution networks – *Project H2020 WADI*. This project is one of the challenges identified under Horizon 2020, and aims to contribute to the creation of a water and energy efficient society, resilient to the impacts of climate change.

Regarding the analysis of the values of adhesion and water consumption in the EFMA perimeters on 31 December 2019 and 31 December 2020, there was an increase in adhesion of about 9.5% (8,925 ha), with the area registered at the end of the year being 103,232 ha. As for water consumption at the end of 2020, it stood at 282,563,426 m³, a value slightly lower than the consumption verified in the same period , as shown in the table below.

Alqueva Perimeters	2020			2019		
	Benefited Area	Registered Area	Consumption	Benefited Area	Registered Area	Consumption
	ha	ha	m³	ha	ha	m³
Alqueva Subsystem	56 005	53 227	146 614 084	56 005	47 955	149 464 419
Monte Novo	7 714	11 124	22 823 126	7 714	8 287	22 332 704
Alvito – Pisão	8 452	7 794	23 476 224	8 452	7 085	25 048 992
Pisão	2 588	1 747	6 830 553	2 588	1 657	8 013 673
Alfundão	4 216	4 145	11 458 886	4 216	4 113	12 286 453
Ferreira, Figueirinha and Valbom	5 118	3 254	8 567 829	5 118	3 629	10 991 045
Loureiro – Alvito	1 050	903	3 513 882	1 050	878	3 827 436
Ervidel	8 228	6 460	19 124 111	8 228	5 805	18 770 966
Cinco Reis – Trindade	5 600	7 121	22 616 616	5 600	6 607	23 095 026
Vale do Gaio	3 903	2 937	6 625 635	3 903	2 772	6 965 100
Beringel-Beja	5 103	4 740	16 815 587	5 103	4 546	15 067 918
Roxo – Sado	4 033	3 002	4 761 635	4 033	2 576	3 065 106
Ardila Subsystem	28 562	25 580	65 459 698	28 562	24 043	67 706 773
Orada – Amoreira	2 522	2 129	3 900 577	2 522	2 008	4 607 549
Brinches	5 463	4 646	10 445 720	5 463	4 302	10 913 722
Brinches – Enxoé	4 698	4 838	14 399 208	4 698	4 810	14 393 037
Serpa	4 400	3 922	11 344 531	4 400	3 904	12 667 723
Pias	4 698	3 599	9 041 618	4 698	3 338	9 545 476
Caliços – Machados	4 664	4 396	12 550 755	4 664	3 743	11 597 273
Caliços – Moura	2 117	2 050	3 777 289	2 117	1 938	3 981 993
Pedrógão Subsystem	23 913	24 425	70 489 644	23 913	22 309	76 168 959
Pedrógão Margem Direita	4 016	3 937	7 724 279	4 016	3 616	9 886 515
Baleizão – Quintos	7 999	8 311	23 979 257	7 999	7 269	23 692 320
São Pedro – Baleizão	6 035	7 172	20 460 671	6 035	6 921	23 990 545
S. Matias	5 863	5 005	18 325 437	5 863	4 503	18 599 579
Total	108 480	103 232	282 563 426	108 480	94 308	293 340 151

* CIEFMA data as at 5 March 2021.
Note: Occasionally, small changes may occur in comparative figures for previous periods

Table 5: Water consumption at the EFMA perimeters

The following table shows the water reinforcements made to re-servoirs, water sources, mainly from neighbouring perimeters and public supply. In general terms, and compared with the same period in the previous year, there was an increase in these supplies in 2020.

Supplies	2020	2019
Vale de Gaio	0	3 297 938
Campilhas e Alto Sado	11 894 677	13 337 135
Águas de Santo André	11 122 151	8 162 184
Vigia	3 145 870	2 403 725
Enxoé*	1 234 479	211 680
Monte Novo	647 507	2 550 795
Roxo**	26 856 703	5 608 485
Odivelas	37 002 000	23 095 000
Luz	1 179 000	-
Total	93 082 387	58 666 942

* No flow meter installed, value calculated by estimate and validated by AgdA.
** For Roxo the difference between the adduced and received volumes must be calculated
Adduced - Received in the year (57,538,000ha-30,681,297ha=26,856,703ha)

Table 6: EFMA water supply consumption

Regarding the consumption associated with direct abstractions, a value of 19,261,730 m³ was recorded during 2020, which reflected a decrease compared to the consumption observed in the same period.

Direct Abstractions	2020	2019
Consumption	19 261 730	22 686 411
Total	19 261 730	22 686 411

Table 7: EFMA water abstraction consumption

The total consumption for Alqueva in 2020 is summarised in the table below:

	2020	2019
Alqueva Perimeters	282 563 426	293 340 151
Supply	93 082 387	58 666 942
Direct abstractions	19 261 730	22 686 411
Total Consumption	394 907 543	374 693 504

Table 8: Total Consumption - EFMA

In general, the following can be concluded:

- The total volume of water distributed was 394.91 hm³. Comparing this figure with the 374.69 hm³ that occurred in 2019, there is an increase of 20.21 hm³, i.e. about 5.39%;
- In the perimeters there was a decrease in consumption in all EFMA subsystems (10.77 hm³), which represents about 3.67%, being this decrease, in absolute terms, more pronounced in the Pedrógão subsystem. This reduction is a consequence of the weather conditions experienced in this semester, marked by some periods of rainfall;
- The increase in supplies that influenced the overall results was seen in the reinforcement of neighbouring reservoirs, with an increase of around 34.42 hm³, due to the need to increase supplies after very low storage levels were noted at the end of 2019;
- The value recorded in direct abstraction suffered a slight decrease in comparison with the same period of the previous year, as a result, as with the reduction in supply to the perimeters, of the meteorological conditions that occurred during the period.

In 2020, the evolution of the stored and useful volumes of the Alqueva reservoir was as follows:

Alqueva Reservoir		
Date	Stored Volume	Useful Volume
dez/19	2 873	1 873
jan/20	2 872	1 872
fev/20	2 826	1 826
mar/20	2 786	1 786
abr/20	2 772	1 772
abr/20	2 865	1 865
mai/20	2 769	1 769
jun/20	2 767	1 767
jul/20	2 646	1 646
ago/20	2 505	1 505
set/20	2 459	1 459
out/20	2 464	1 464
nov/20	2 589	1 589
dez/20	2 734	1 734

Note: These are volumes counted at the end of each month

Table 9: Volume of the Alqueva reservoir 2020

Alqueva Reservoir - Stored Volume / Useful volume Annual Variation 2020 (hm³)

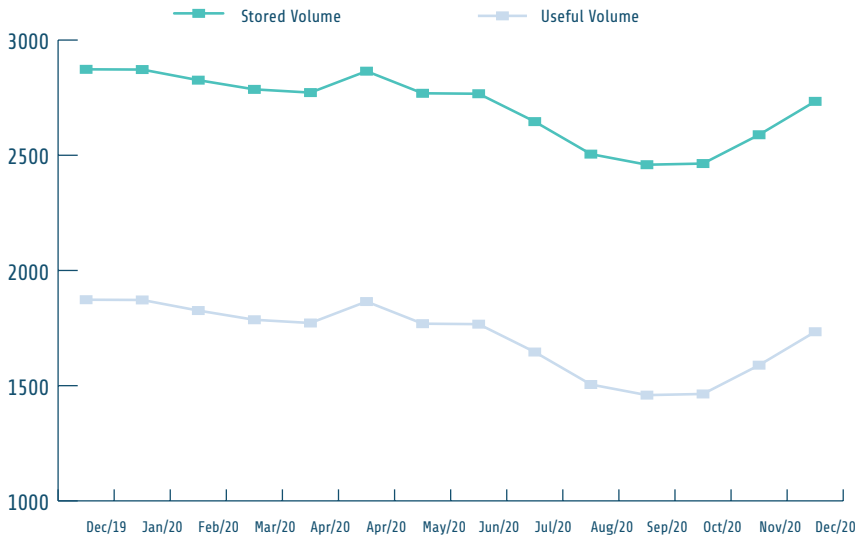


Chart 3: Volume of water stored in the Alqueva reservoir

In this period, the global volume of water distributed (394.91 hm³) represents around 63.70% of the volume of water allocated to priority uses defined in the concession contract (620 hm³), and 22.8% of the useful volume of the Alqueva reservoir at the end of 2020 (1,734 hm³).

Alqueva Reservoir		
Date	Stored Volume	Useful Volume
dez/2020	2 734	1 734
dez/2019	2 873	1 873
dez/2018	3 141	2 414
dez/2017	2 786	1 786
dez/2016	3 245	2 245
dez/2015	3 209	2 209

Table 10: Volume of water in the Alqueva reservoir - variation 2015-2020

Alqueva Reservoir - Stored Volume / Useful Volume - Homogenous Variation (hm³)

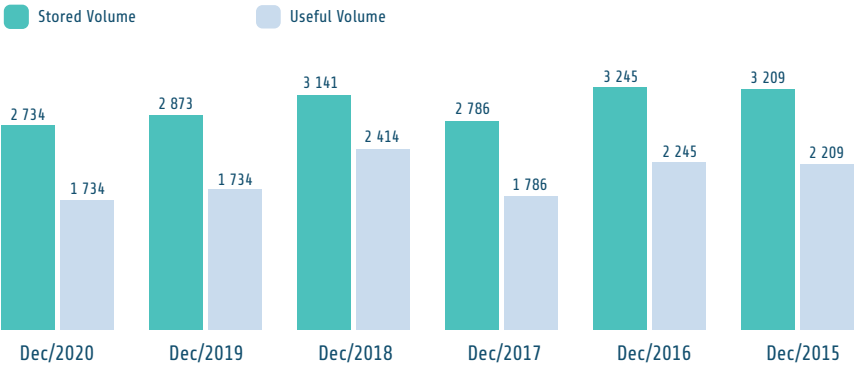


Chart 4: Volume of water stored in the Alqueva reservoir

The change in useful volume of the Alqueva reservoir between 1 January (1,873 hm³) and 31 December 2020 (1,734 hm³), recorded a decrease of 139 hm³. At the end of December, the Alqueva reservoir was at a height of 145, representing about 55% of the useful volume stored.

Energy

In recent years EDIA has been focusing on energy solutions that are environmentally friendly and ecologically compatible with a process of sustained development that is desired for the region, thus giving its example through the materialization of photovoltaic solutions. In 2020, EDIA continued the maintenance and operation of the various photovoltaic and Mini Hydro plants of the Project.

In terms of hydroelectric power production, the Alvito, Odivelas, Roxo, Serpa and Pisão plants produced, in 2020, 11,779 MWh which represents an increase of 44.9% compared with the same period of the previous year. It should be noted that the Roxo hydroelectric power plant did not work, during this period, since it is in the process of repairing damage to the turbine of the Roxo Mini Hydro plant. These works are conditioned by the current pandemic situation, and the normal operation of this infrastructure is expected to be restored in 2021. It should be noted that the Odivelas hydroelectric power plant only started producing energy in the third quarter of 2019, thus contributing to the difference in production recorded, in 2020, compared to the same period of the previous year.

Hydroelectric Power Generation	MWh	
	2020	2019
Alvito Hydroelectric Plant	3 983	3 461
Odivelas Hydroelectric Plant	5 996	360
Roxo Hydroelectric Plant	-	-
Serpa Hydroelectric Plant	1 156	1 930
Pisão Hydroelectric Plant	644	736
Total	11 779	6 487

Note: Data extracted from NAVIA 22-01-2021

Table 11: Hydroelectric power generation – EFMA

As shown in the table below is the photovoltaic energy production for the years 2020 and 2019. An accumulated production of 3,924 MWh was recorded in 2020, which represents an increase over the same period of the previous year of around 67.7%. Photovoltaic energy is produced through the photovoltaic plants installed at the Alqueva plant, in EDIA’s registered office, and the plants installed near the pumping stations of Orada, Pisão, Monte

Novo, Loureiro-Alvito, Cuba – Este and Lage. It should be noted that, in 2020, the plants at the pumping station of Cuba Este and Lage entered into production, which contributed 53.6% of total production in the year.

Photovoltaic Energy Production	MWh	
	2020	2019
Alqueva Plant	57	47
Registered Office Plant	138	160
Orada Pumping Station	386	398
Pisão Pumping Station	292	341
Monte Novo Pumping Station	473	197
Loureiro Alvito Pumping Station	474	125
Alvito – Pisão (Cuba – Este) Pumping Station	1 053	-
Lage Pumping Station	1 051	-
Total	3 924	1 267

Note: Data extracted from NAVIA 22-01-2021

Table 12: Photovoltaic energy production – EFMA

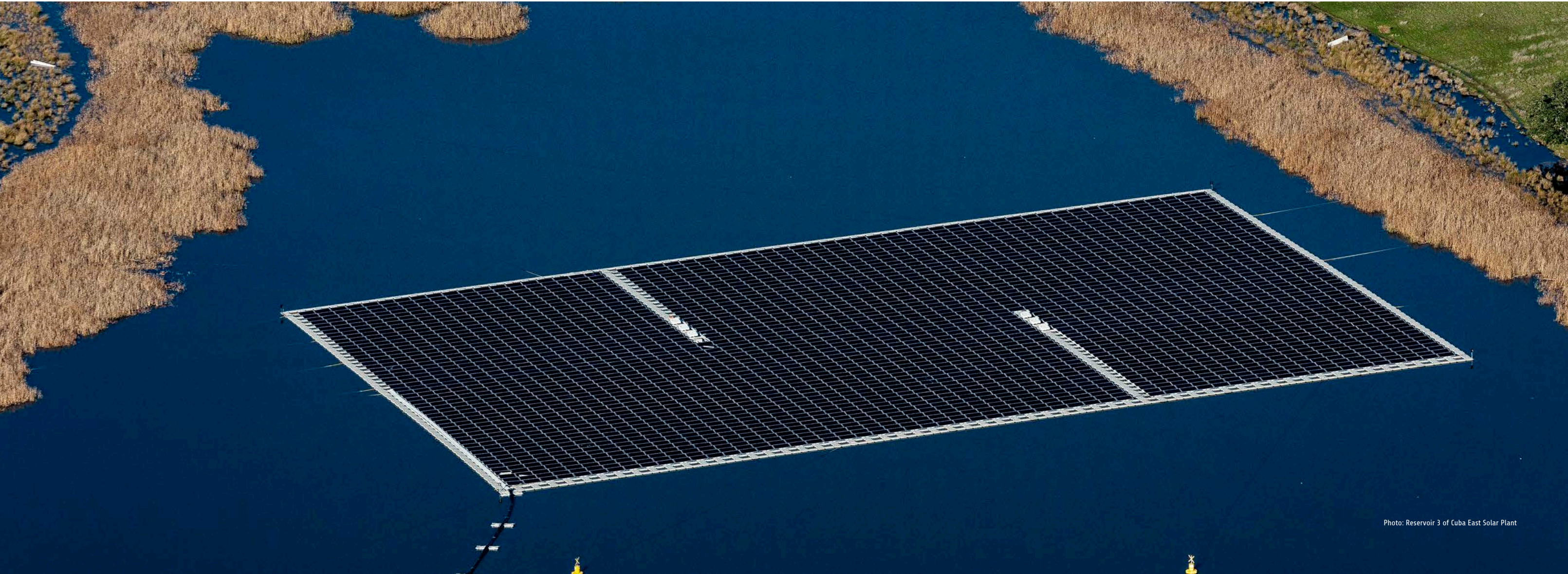


Photo: Reservoir 3 of Cuba East Solar Plant



Photo: Mallard duck's nest

Projects in the Area Surrounding Alqueva

Regarding the project of the Observation and Command Post for the Alqueva reservoir, the request for *Recognition of Relevant Public Interest of the Occupation of Areas of the National Ecological Reserve* was approved by the Municipality of Portel during 2020.

Services were also provided in relation to the Project for the Area Surrounding Alqueva, to be carried out within the scope of the Valorizar (Value) Program. The monitoring of the project continued with the entities that are an integral part thereof (Municipality of Moura, Alentejo Regional Coordination and Development Commission (CCDR Alentejo), Alentejo Tourism.

Expropriation Procedures

With regard to projects in the final phase of the expropriation process relating to the 1st Phase of construction of EFMA, the work carried out essentially concerned the resolution of situations in the processes of land registry, situations of undue occupation, registers of benefited areas and monitoring of situations in the arbitration commission, namely expert opinions.

Environment and Heritage

Regarding the conclusion of the formal procedures for Environmental Impact Assessment of the Projects – associated to the primary and secondary networks – included in Phase 1 of EFMA, some documents are still pending for the processes to be closed, although most of the procedural issues have been concluded and duly approved by the various supervisory entities.

Within the scope of the Post-Evaluation phase provided for in Decree-Law no. 151-B/2013 of 31 October and Order no. 395/2015 of 4 November, complemented by what is defined in the *Regulations of the Hydroagricultural Perimeters*, EDIA is responsible for preparing environmental reports and carrying out monitoring/inspection surveys of the areas benefited by EFMA. The main purpose of these monitoring visits is to verify compliance – by beneficiaries – with the implementation of the measures of the Environmental Impact Statements (EISs) on the ground and report to the Irrigation Authority any non-compliance with them.

Photo: Archaeological Works within the Cuba-Odivelas Project



Photp: Bat monitoring

With regard to the conservation of Mediterranean Temporary Ponds, monitoring work was carried out on the units included in the Plan for the Conservation of Mediterranean Temporary Ponds in EFMA (PCCTM), as defined in the DIA's. Due to the restrictions and limitations arising from the contingency plans related to COVID-19, the work suffered some constraints, having proceeded during this period to the completion of the Monitoring Report of the Mediterranean Temporary Ponds in EFMA corresponding to the monitoring season 2020/2021, as requested by the entities.

Throughout the year, studies and projects continued to be carried out within the scope of promoting biodiversity, namely on agro-ecology, rehabilitation of riparian habitats, monitoring of chiropteran populations and keratin compensation projects.

Within the scope of the ecological corridors project which objective is to preserve, conserve and restore the ecosystems present in the Alentejo, favouring the mobility of fauna, the conservation of priority habitats, as well as the protection of species and their natural dynamism. The assessment and analysis of ecological connectivity in the EFMA irrigated area continues, having carried out and completed the first version of corridors for the projects related to the first phase of EFMA and initiated the EFMA Ecological Connectivity Plan (PCEE), with its development expected in the coming quarters.

Environmental Monitoring

Environmental monitoring is an important management tool that allows characterizing the reference situation and following the evolution of different environmental descriptors. The monitoring work, promoted by EDIA, allows to follow and understand the evolution of environmental variables in EFMA's area of influence, to collect and compile data to support decision-making within the scope of the management and operation of the Project and to assess the effectiveness of the mitigation measures implemented in the various environmental areas and, if necessary, propose new measures.

Thus, EDIA continued during 2020 to ensure the implementation of environmental monitoring programs related to the different aspects and stages of EFMA, particularly at the level of the state of surface and groundwater bodies, fauna, flora, vegetation and soils, for the Alqueva-Pedrogão system and primary and secondary networks of the Project. The various ongoing monitoring programs are highlighted below.



Alqueva-Pedrogão System and Primary Irrigation Network	
Name/Activity	Status
State of Surface Water and Groundwater	
Monitoring of Surface Water Resources of EFMA's Primary Network (Hydrological Year 2018/2020)	In progress
Monitoring of Surface Water Resources of EFMA's Primary Network (November 2020/December 2022)	In progress
Monitoring of the potential impacts of the Guadiana-Sado water transfer on Ichthyofauna (2019)	Preparation of the report to be sent to the National AIA Authority
Monitoring of the potential impacts of the Guadiana-Sado water transfer on Ichthyofauna (2020)	Suspended
Monitoring the effectiveness of microtamisators in Penedrão-Roxo and Vale do Gaio (2019)	Report to be sent to the National AIA Authority awaiting superior approval
Monitoring the effectiveness of microtamisators in Penedrão-Roxo and Vale do Gaio (2020)	In progress
Monitoring the zebra mussel in EFMA reservoirs through cable inspection	In progress
Fauna, Flora and Vegetation	
Monitoring of bat boxes around the Alqueva and Pedrogão reservoirs	Suspended

Secondary Irrigation Network	
Name/Activity	Status
State of Surface Water and Groundwater	
Monitoring of Surface Water Resources in the Secondary Irrigation Network for the Operational Phase - 2019/2020	In progress
Monitoring of Groundwater Resources in EFMA for the Exploration Phase - 2020/2021	In progress
Monitoring of Surface Water Resources in the Secondary Irrigation Network in the Operational Phase - 2021/2022	Under preparation
Fauna, Flora and Vegetation	
Bird Monitoring in the Alvito-Pisão Irrigation Block (2016-2018)	Report sent to the National AIA Authority for approval
Bird Monitoring at the Alvito-Pisão Irrigation Block (2018-2020)	Report sent to the National AIA Authority for approval
Bird Monitoring at the Alvito-Pisão Irrigation Block (2020-2022)	In progress
Bird Monitoring at the Secondary Irrigation Network (2018-2019) - Area B	Report sent to the National AIA Authority for approval
Bird Monitoring of the Secondary Irrigation Network (2020-2021) - Area C	In progress
Bird Monitoring in the Secondary Irrigation Network (2021-2022) - Area D	Public Tender Launch
Bird Monitoring in the Secondary Irrigation Network (2021-2022) - Area E	Public Tender Launch
Chiroptera Monitoring in the Calijos-Machados Irrigation Blocks 2019-2021	In progress
Chiroptera Monitoring at Moura Irrigation Block (2021)	Public Tender Preparation
Monitoring of Aquila fasciata (Osprey) in the Cuba-Odivelas Hydraulic Circuit (2018-2019)	Report sent to the National AIA Authority for approval
Monitoring of Linaria ricardoi in the Secondary Irrigation Network (2020-2021)	In progress
Monitoring of Flora and Vegetation in the Odivelas Dam Supply and By-Pass Hydraulic Circuit (2020)	Report sent to the National AIA Authority for approval
Solos	
Soil Monitoring in EFMA Irrigation Blocks - Area A (operational phase - 2020)	In progress, submit the campaign report.

Table 13: Environmental Monitoring - EFMA

Within the scope of the Protocol signed between EDIA and the Higher Institute of Applied Psychology (ISPA,) with the aim of investigating the relationship between the environment and the genetics of river mussel populations in the hydrographic basins

of the Sado and Guadiana, the work was concluded, with the extraction of DNA from mussel tissue samples and the quality assessment of the results of the genomic analyses.

The Global Program for Soil Monitoring in EFMA Irrigation Blocks - Operation Phase was internally approved and sent to the Portuguese Environment Agency (APA) for approval.

Given the high importance of water resources in Alentejo and aware of the importance of the correct management and operation of EFMA, EDIA, as the managing entity, has taken on the responsibility of implementing and maintaining a surveillance and warning system, consisting of a set of automatic stations for monitoring water quality and climate, equipped with telemetry and tele-transmission of data.

The automatic water quality network is composed of 15 stations, equipped with telemetry and tele transmission of data, capable of taking hourly readings in situ of the parameters water temperature, pH, Redox potential, electrical conductivity, dissolved oxygen expressed in mg/l and in % of O2 and turbidity. The automatic stations are installed on buoys anchored in the reservoirs of Alqueva, Alvito, Amoreira, Brinches, Calijos, Cinco Reis, Furta-Galinhas, Laje, Loureiro, Pedrogão, Penedrão, Pias, Pisão, São Pedro and Serpa.

EFMA's climatological network currently has 15 automatic stations equipped with telemetry that continuously measure climate variables in real time.

In the Alqueva reservoir area, three stations were installed in Sra. da Ajuda, Village of Luz and Alqueva-Ilha (north to south). The remaining automatic stations are installed near the Pedrogão, Loureiro, R4 Monte Novo Reservoir, Alvito, Penedrão, Cinco Reis, São Pedro, Brinches, Serpa and Calijos reservoirs. EDIA also has an automatic station installed in the Noudar Nature Park. All stations perform continuous measurement and systematic collection of information on the following climatic variables: air temperature, dew point, vapour pressure deficit, relative air humidity and precipitation.

In order to estimate evaporation in the Alqueva lake, there are two stations (Village of Luz; Alqueva-Ilha) that are equipped with more equipment and sensors to measure and collect information

on solar radiation, leaf wetting, wind direction, wind speed, daily evapotranspiration (ETo) and estimate evaporation using a class A evaporimetric trough (with measurement of the trough water level and temperature).

Management and Exploitation of Natural Resources

For the management and exploitation of natural resources, EDIA has the supervision and surveillance team (EFV) that develops various surveillance and supervision activities in the field. Within the scope of the activities of this team, several field visits were made to the installation areas of some of the required abstractions, in order to characterise the initial situation prior to the issuance of titles of private use and to monitor the evolution of these areas after the award of titles.

Throughout the year, we monitored various activities taking place around the reservoirs, such as the timely detection of pests or pollution phenomena, the collection of waste in the public hydric domain, occasional maintenance and repair work and help in controlling aquatic plants.

In 2020, the processes in progress in the Company were also analysed, within the scope of support to applicants in the instruction of licence/concession requests for abstraction of surface water, in the context of self-monitoring provided for in the EFMA concession contract. In the whole period, 12 requests for water abstraction were received, 6 requests for prior information (PIP) and 8 titles of use of water resources (TURH) were issued.

In 2020, the monitoring of compliance with the operational conclusions defined in the Study on Environmental Conditions in the Guadiana River Estuary and Adjacent Areas - Operational Conditions (February 2005) continued.

Within the scope of safety signage of the reservoirs integrated in EFMA, the restructuring of the safety signage installed in the Alqueva-Pedrogão system is being prepared. As the current sys-

tem was installed around 15 years ago, and shows signs of wear, a new contract was awarded in this area, with the installation of the equipment planned for the beginning of 2021.

With regard to exotic species, and despite the existing limitations and delays caused by the COVID-19 pandemic, within the scope of the ACECA project, work continued on the installation of an automatic station for collecting water hyacinth and control activities on this aquatic species continued in the area upstream of the Alqueva reservoir.

The cables for early detection of zebra mussels in EFMA's area of influence were also monitored and the procedure for the purchase of floating barriers to contain aquatic plants was carried out to support the operation of the Project.

Under POSEUR – Notice POSEUR-15-2019-22, an application was approved called 'Zone J, – River-side restoration of the cross-border section of the Guadiana River and Alqueva reservoir and control of invasive exotic species such as water hyacinth (SIC Guadiana / Juromenha)'.

The aim is the prevention, early detection and control of invasive aquatic species, namely the water hyacinth, in the international stretch of the Guadiana River and Alqueva reservoir, at the Guadiana/Juromenha site, also developing actions related to the ecological improvement of this stretch, namely through the promotion, recovery and conservation of river ecosystems in order to simultaneously achieve the objectives of the Habitats and Birds Directives, the National Strategy for Nature Conservation and Biodiversity 2030, the Natura 2000 Network Sectoral Plan and the Water Framework Directive.

The project began in the 1st quarter of 2020, however, due to the COVID-19 pandemic, the actions to be carried out were rescheduled, and the land preparation work in the Várzea Redonda area and the acquisition of plants were carried out. Navigation equipment, canoe and accessories, monitoring equipment, a drone and high-tech cameras were also purchased.

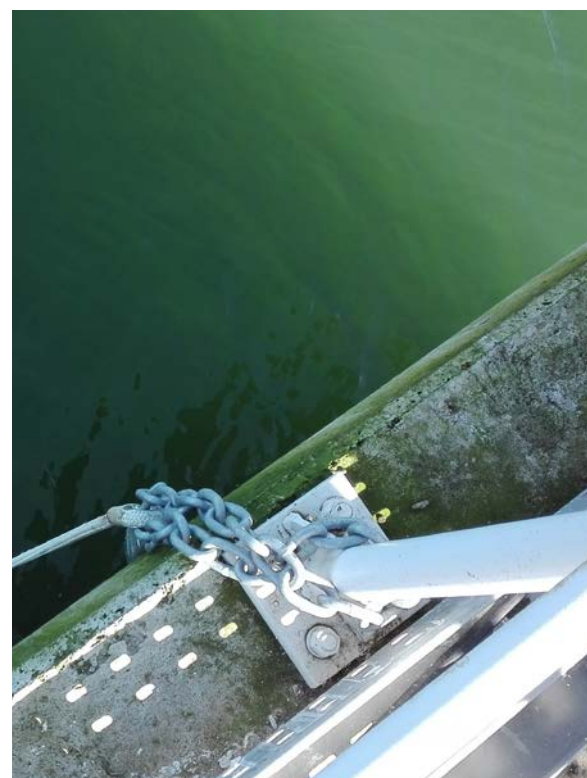


Photo: Zebra mussel monitoring

Regarding the acoustic barrier, which aims to prevent the passage of fish fauna between the Guadiana and Sado river basins, the start of the procedure for a new maintenance action should be highlighted.

Under the Environmental Fund Notice no. 7778/2020, EDIA, together with APA/ARH-Alentejo prepared and saw approved the application for the project "Guadiana Zero – Combating aquatic invasive alien species in the Guadiana basin". The actions started in the last quarter of the year.

The Guadiana Zero Project addresses, in an integrated manner, the three strategic vertices of the National Strategy for Nature Conservation and Biodiversity 2030 (ENCNB):

- Improve the conservation status of the natural heritage (through active management;
- Promote knowledge of the value of natural heritage (through activities and content aimed at various audiences); and
- Fostering the appropriation of natural values and biodiversity by society.

In early 2019, activity began on an experimental basis, in the first unit of the URSA Project – Alqueva By-product Recirculation Units, located in Herdade da Abóbada, (Experimental Centre of Baixo Alentejo), in Vila Nova de S. Bento, in the context of the project financed by the Environmental Fund, under the promotion of the Circular Economy. This demonstrative unit is intended for the transformation of agricultural by-products into fertilizer for application to the soil, with the ongoing production of a volume of compost that allows the exchange of by-products delivered by farmers for compost. In this context, the hiring of a service provision was carried out to enable the operation of the unit and to obtain the compost.

Thus, this year, some more protocols to join the URSA strategy were sent to a varied set of entities with a view to expanding the network of organic recovery units in EFMA, in order to follow up on the objectives of the project, but also to anticipate the growing production of organic by-products associated with irrigated crops. In the URSA protocols sent, EDIA and the different entities will jointly develop the detailed design of each unit to ensure its proper functioning and operability throughout the different seasons of the year.

EDIA will provide technical support to the different entities in the implementation and operation phase, with the aim of ensuring the implementation and optimisation of the unit's operation, with each entity being responsible for the work required to create the Alqueva by-product recirculation unit, as well as the acquisition of equipment considered indispensable for its operation and the subsequent application of the compost.

The AIA procedure for some of EFMA's blocks determines the need to prepare a "Species Safeguard Plan", which designation varies, but which objectively aims to establish protection and conservation measures for *Linaria ricardoi* based on the assessment carried out in the AIA and the monitoring program underway. In this sense, the *Strategic Plan for the Safeguarding of Linaria ricardoi* is being revised, from which the action plan for the safeguarding and protection of this species will be subsequently drawn up, within the limits of the Project.

Within the scope of territorial management, the monitoring by EDIA of the Municipal Master Plans (PDM), the Hydrographic Region Management Plan and the Rural Intervention Plan (PIER) should be highlighted.

Environmental Management Systems

The daily bulletin continued to be disclosed with information on the evolution of the volume stored and daily variation in the quotas of the Alqueva and Pedrógão reservoirs, as well as daily information on the flows recorded upstream and downstream of the Alqueva – Pedrógão system. The update of this bulletin is available daily on the EDIA website.

In order to control the flow released by the Pedrógão dam versus the value of the ecological flow to be ensured, an analysis of the flows discharged and the values recorded in the Guadiana River is carried out, and the value of the ecological flow to be met in the following month is published.

On the other hand, the regime of ecological flows for the EFMA primary network, currently in operation, was internally published on a monthly basis and, whenever requested by the irrigators, the results of the monitoring of surface water resources regarding the primary network are made available..

Cooperation and Partnerships

To boost a behaviour aligned with the principles of circular economy, encouraging good practices and at the same time developing a solution to the problem of plastics in agriculture and the urban circuit, is the general objective of the **PlaCarvões** team that promotes this idea, with very positive results so far, being in course the preparation of the second phase of the project, through an application to the 'Urban Innovative Actions'(UIA). The UIA Initiative is a European Union instrument and is managed by the Directorate-General for Regional and Urban Policy (DGPRU) of the European Commission (EC) under indirect management. Since EDIA is not eligible as coordinator of the project, the application was

submitted by the Intermunicipal Community of Central Alentejo (CIMAC), in partnership with the University of Évora, EDIA and Environmental and Waste Management (GESAMB).

The **FitoFarmGest** – Sustainable management of phytopharmaceuticals in olive groves, vineyards and field crops in the EFMA area of influence is a project led by the Polytechnic Institute of Beja (IPBeja) and has as main objectives: To assess the dynamics of the main groups of phytopharmaceuticals (with environmental and human impact on irrigated crops in the EFMA area of influence); To identify/determine a group of biological and/or physicochemical indicators for the evaluation of the sustainable use of phytopharmaceuticals, in order to improve the monitoring of their use and ensure a better degree of protection of the human population and ecosystems; To prepare a Manual of Good Practices in the field of sustainable management of phytopharmaceuticals, contributing to the improvement of the quality of

production, protection and conservation of soil and water resources. EDIA has accompanied the work associated with this project, through the provision of logistical support.

REUSE is a project financed by the Environmental Fund, carried out in consortium between AdP Serviços, AgdA, COTR, EDIA, EFACEC and ISA, which aims to promote the production of water for reuse (ApR) in irrigated agriculture in the Alentejo.

For this purpose, the project includes a demonstration pilot for the production of ApR using an environmentally sustainable and low-cost solar disinfection technology, which was installed at the Beja Wastewater Treatment Plant (WWTP). After solar disinfection of treated wastewater at Beja WWTP, the water is used for drip irrigation of a pomegranate orchard, with the aim of developing methodologies to promote the reuse of wastewater in a safe and adapted way for irrigation use, supported by a cost-effectiveness

analysis. The project also has as a pillar the circular economy, intending to promote the reduction, reuse, recovery and recycling of nutrients and energy. Complementarily, REUSE aims to study the effect of dilution, self-depuration and natural decay of pollutants present in treated wastewater after discharge into the natural water environment, in order to clarify the dynamics of the barriers created by these processes. The study area will be the catchment area of the Odivelas reservoir in the zone of influence of the Alvito WWTP discharge.

The Cinco Reis Fluvial Park is based on the great potential of the multifunctional use of an area very close to the city of Beja (4km) centred on the Cinco Reis reservoir (with an area of 460,000 m² - 46 ha), and as such with an enormous vocation to bring to this region a unique place that takes advantage of the presence of this water plane, in a dry area with long and hot summers.

The Park's potentialities start from its richness in terms of landscape, associated to the Alentejo's beauty, allowing nature tourism, open air sports, bathing and bird watching, but are strengthened by its proximity to the city of Beja, enhancing other more cosmopolitan uses with restaurants, picnic parks, fitness circuits, non-motorised water sports, among others.

The Cinco Reis dam is part of EFMA's infrastructures and receives water from the Alqueva reservoir through a system of canals and pipelines about 90 km long, after crossing 4 reservoirs, 2 intermediate reservoirs and being pumped in 2 large pumping stations. The development of this partnership with the City Council of Beja (CMB) highlights the importance of the collaboration of EDIA, as a regional development company, with the municipalities in EFMA's area of influence in the enhancement and promotion of the territory and its natural values and heritage. This infrastructure was inaugurated on 24 July.



Photo: Cinco Reis Fluvial Park



Photo: Morgavél Supply System

INFRASTRUCTURES UNDER CONSTRUCTION
(2ND PHASE OF EFMA)

The publication of the 1st Call for the submission of applications, on 29 April 2019, decisively marked the operationalization of the *PNRegadios*, approved by the Portuguese State in October 2018, and financed through the EIB and the CEB. It should also be noted that, of the approximately EUR 560 million stipulated for the benefit of 100,000 ha throughout the country, EUR 236 million is intended for the 2nd phase of implementation of the Alqueva irrigation scheme.

Also during the 1st half of 2019, EDIA proceeded with the preparation of ten project applications for the 2nd phase of the Alqueva irrigation scheme, representing a total investment of around EUR 95 million. All these applications had been approved by the end of 2020, and the last one, the Reguengos de Monsaraz hydraulic circuit and respective block, received EIB approval in the last quarter of the year.

Main Indicators	111-000004 Cuba- Odivelas	111-000005 Évora	111-000006 Loureiro- Alvito	111-000007 São Pedro	111-000008 Viana	111-000009 Morgavél	111-000010 Reguengos (1)	111-000011 Vidigueira (1)	111-000012 São Bento (1)	111-000014 Pedrógão MD	TOTAL
Total Investment	9 447 689,24	13 811 507,63	1 098 873,51	1 926 230,04	19 571 835,11	10 909 565,66	61 038 076,42	9 585 366,00	19 926 192,03	0,00	147 316 335,64
Investment Support (<i>PNRegadios</i>)	9 424 386,66	13 627 714,00	1 098 873,51	1 822 884,25	18 948 510,00	10 909 565,66	30 056 751,31	422 258,40	430 964,00	4 400 000,00	91 142 907,79
Total area benefited (ha)	2 790	2 970	1 107	14 024	4 606	688	10 273	2 190	4 232	24 529	67 409,33
No. of farms benefited (units)	29	36	23	165	36	4	232	121	102	903	1 651
Farmers covered (units)	29	36	16	165	36	4	232	121	102	342	1 083
Average area of holdings (ha)	96,21	82,50	48,13	84,99	128,00	172,00	44,28	18,10	41,00	71,72	786,93
Irrigation blocks (units)	1	1	1	2	1	1	4	3	2	4	20
Pumping stations (units)		1	1		1		1	1			5
Irrigation hydrants (pc)	40	45			71	7	458	245	175		1 041
Hydrants (pc)	21	25			35	4	198	144	104		531
Pumping stations (pc)				1						1	2
Road network (km)					3,49		0,00				3,49
Other renewable energy production units (pc)		1			1		1	1	1		5

(1) Applications divided into two phases.
The Reguengos application included in this phase the primary network infrastructures, the Peral block and complementary actions and the applications from Vidigueira and São Bento included the photovoltaic plants of Cuba Este and Lage.

Table 14: Main Indicators for *PNRegadios* Applications – 1st Call

Improvements to Existing Irrigation

In the primary network, work continued on the construction contract to boost the power of the Álamos pumping station, which consists of installing two more groups, thus doubling the supply capacity to guarantee the growing demand for water in the Alqueva subsystem.

Due to the pandemic caused by the COVID-19 virus, several works on this project were suspended at the beginning of the year, which conditioned the completion of this contract and led to the need for a deadline extension. At the end of the year, the equipment was in the reception phase, as well as the respective assembly, namely the motors, the RAC's and the electrical installations, with all fronts in operation.

Also in the primary network, but in the Pedrógão subsystem, the conclusion of the construction and equipment supply contract for the installation of three additional groups at the São Pedro pumping station should be highlighted.

The contract for the construction and supply of equipment for the Pedrógão – Right Bank EFMA pumping system – 2nd Phase was awarded in the 4th quarter.

Promotion of New Irrigation Areas

During 2020 the two photovoltaic plants of Lage and Cuba-Este were physically completed and production began.

Following the start-up of construction of the 2nd phase of EFMA, the construction contract for the connection to the Morgavél water supply system was awarded in January 2020, with completion scheduled for 2021. During the year, the works continued.

After completion of the regulatory procedures relating to the contracting of the construction of the hydraulic circuit in Viana do Alentejo, the work was awarded. It was stopped in March, by mutual agreement between the parties, being interrupted for a period of 45 days, because there were no conditions for the ex-



Photo: Morgavél Supply System



Photo: Cuba Odivelas Water Intake

Name of the Project	Project Execution	Revision of the Project Execution	Environmental Impact Assessment
Alqueva Subsystem			
Vidigueira hydraulic circuit and blocks	Completed	Procedure was not launched	Completed
Hydraulic circuit connecting to Monte da Rocha reservoir and Messejana blocks	Partially completed	-	EIA Monitoring
Póvoa – Moura hydraulic circuit and blocks	Completed	Analysis of the Final Project sent after the rectifications	Completed
Moura Block (integrated in the Póvoa-Moura Hydraulic Circuit and Blocks)	Completed	Procedure was not launched	Completed
Lucefécit hydraulic circuit	In progress (the reformulation of the channel was submitted at the end of the year)	-	EIA Monitoring
Loureiro-Alvito Tunnel Final Floodgates (integrated in the Loureiro – Alvito EE reinforcement project)	Final Execution Project submitted	-	—
Ardila Subsystem			
São Bento Hydraulic circuit and blocks	Completed	-	Completed
Pedrógão Subsystem			
Cabeça Gorda – Trindade Hydraulic circuit and blocks	Completed	-	EIA Procedure in Progress

Table 15: Summary point status of the Execution Project and EIA – EFMA-2nd phase projects

ecution of the works, due to the COVID-19 pandemic. Soon after this stoppage, the preparatory work began, namely, staking, de-forestation and stripping, demolition of existing buildings, exca-vations and execution of some structures.

The construction contracts for the Cuba-Odivelas and Évora hy-draulic circuits and respective blocks, and following the issue of prior approval by the Court of Auditors for the respective con-tracts, were awarded in January 2020. Their works are on sched-ule, given the constraints generated by the national and global context.

The contract for the Viana main pumping station and respective irrigation block was awarded on 1 April 2020, and work began.

Finally, in the second half of the year, the contract for remod-elling the Lage pumping station was awarded (1st phase inter-vention).

It should also be noted that the construction contracts mentioned above were duly monitored in terms of environmental manage-ment.

Execution Projects and Environmental Impact Studies

Throughout 2020, the analysis of several requests from farmers for the assessment of solutions for water use/capture in EFMA infrastructures continued. In order to ensure access to water in a timely manner, the development and, in some cases, implementa-tion of abstraction solutions and expedited hydraulic circuits for execution by interested parties also took place.

There was also continued contact and preparation of responses to farmers and other agricultural entities, particularly with regard to issues related to the three subsystems of EFMA.

In order to prepare the expansion of the new irrigated areas, the monitoring of the preparation of some EIA's also continued, in parallel with the development of the respective implementation projects, as can be seen below.



Photo: Viana Supply System, connection to the São Miguel Reservoir



Photo: Cuba East Solar Plant

Energy

EDIA has been investing in energy solutions that are environmentally friendly and ecologically compatible with a process of sustained development that is desired for the region, thus setting an example through the implementation of photovoltaic solutions.

In order to reduce the energy costs of its infrastructures, the Company has also been developing procedures for the construction of photovoltaic plants with a capacity of 50 MW, which allow for a production of 85 GWh (average year), to be installed on the water mirrors next to the main pumping stations of the EFMA primary network.

Throughout 2020, the maintenance and operation of the various photovoltaic and Mini Hydro plants of the Project continued.

During this period, the Directorate-General for Energy and Geology (DGEG) also inspected the two photovoltaic plants in Laje and Cuba-Este, for the purpose of obtaining the respective operating certificates. The development of synoptics of the supervision system and testing of the anchoring system was carried out and, in the construction contract of the photovoltaic power plant of Laje, the development of synoptics of the supervision system and communication works between equipment. It should be noted that both plants are physically completed.

Environment and Heritage

In 2020, work was carried out to minimise the impact on cultural heritage during the construction phase of some projects that had already begun. In environmental terms, the ongoing construction works were monitored.

With regard to the preliminary phase, the environmental management plans of the works that had begun were analysed as requested in the measure “Submission of a Construction Monitoring Report” and reports were submitted for the works in progress.

During the period under review, the sending of condition sheets continued, which inform each beneficiary of the known environmental and heritage constraints on their agricultural plot.

As far as the heritage aspect is concerned, there was monitoring of the processes relating to the minimisation of impacts on cultural heritage during the construction phase. Thus, the management of each of the contracts is inherent to a vast set of activities associated with both the execution of its object and the fulfilment of administrative procedures and other legal obligations. The contracts currently underway are subject to archaeological monitoring by teams associated with the respective contractors. In this context, reports of the archaeological monitoring work have been sent to the Regional Directorate for Culture of Alentejo (DRCALEN).

Expropriation Procedures

Within the scope of the 2nd Phase of EFMA, tasks continued with the aim of ensuring the expropriation procedures associated with ongoing projects, with interventions scattered throughout the intervention area of the Project. Work was carried out of verification/validation of the expropriation project, recognition of the areas to be intervened, notification of all owners and interested parties of the start of the project, collection of elements for the preparation of the bases of assessment, evaluations of the areas to be affected and negotiations with owners and other interested parties.

Various activities were also carried out, according to the stage reached by the different projects.

SPECIAL PROJECTS

Noudar Nature Park (PNN)

The PNN arose following the acquisition of Herdade da Coitadinha by EDIA in 1997, with the aim of developing on this property a project to compensate for the loss of habitats at the level of cork oak forest ecosystems, riparian galleries and Mediterranean scrublands induced by Alqueva. The natural values present on the estate, namely the cork oak forest, justified its acquisition and its inclusion in the Natura 2000 Network. The project is based on the principle that the use and activity promote the conservation of the territory and recreates the agricultural activity at Herdade da Coitadinha, respecting the practices and traditions of the region. EDIA's mission is to ensure that this space, with unique characteristics, is maintained and valued.

As the Park has a touristic component, its activities were, this year, strongly conditioned due to the extraordinary measures implemented as a response to the epidemiological situation of the new coronavirus that devastated the country from March onwards. The PNN was closed to the public during the months of April and May, following EDIA's COVID-19 Contingency Plan.

The reopening of the Park took place in June, with a reduction in capacity, reservations with a minimum of 2 nights, breakfast served individually and reinforcement of cleaning and hygiene measures. Subsequently, the Park was also closed for prophylactic isolation from 27 August to 6 September.

Throughout the year, maintenance activities were carried out in connection with agro-forestry management, and the property's forestry, livestock, hunting and agricultural management continued. Attention should be drawn to the award of auditing services for Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC) certification, as well as the services provided for the “Review of the Coitadinha's PGF”, and the fire prevention and surveillance campaign 2020, with the creation of firebreaks.

In the area of livestock, we highlight the completion of the 2019–2020 *montanha*, the enclosure of cows for weaning, as well as the acquisition of organic feed, hay and straw and the repair of some fences. Noteworthy in this area, during this period, is the installation of a barrier on the Pançona streambank, to the Ardila river, on the border with Spain, as part of the planned actions to combat the pandemic.

In terms of game management, five wild boar hunts were carried out and, in terms of agricultural management, the support given to the Barrancos 'Estêva, *Associação para o Desenvolvimento do Concelho de Barrancos*' Solidary Garden should be highlighted. Work continued on the recovery and expansion of vegetable gardens and orchards, as well as the creation of some farm buildings.

With regard to the environmental component, actions continued in connection with the projects LIFE MONTADO, POSEUR – LINX2020, INTERREG V-A Spain-Portugal (POCTEP) – PRO-IBERLINX, PDR2020 – Operational Groups – OakRegeneration and PROJECT 2.1.5 PDR2020 – Action 8.1.3 – ZIF of Barrancos.

It is also worth mentioning the holding of the 3rd edition of the Terras Sem Sombra Festival in the PNN, with 107 visitors on 3 February. In the area of dissemination and promotion, the monthly publication of the “Species of the Month” continued and the Park's Instagram account was created.



Photo: Noudar Natural Park

The 1st TT tour of the Barrancos Festival Committee also took place, passing through the PNN (250 visitors) on 8 March, and the process of approval of the pedestrian routes was monitored, in terms of routes and signposting of the territory.

In education and mediation, mention should be made of the study visits of the Barrancos Events Management Course, the Aljezur International School with overnight stays and with the hiring of a guide from the Alqueva Lake Observatory, as well as the holding

of ‘Erasmus Mobility’ with the IES Aljanadic, Cordoba. The subsequent scheduled events were cancelled due to the contingencies imposed by the pandemic situation caused by COVID-19.

Due to the same circumstances, holiday mini-camps and the ‘Terra Sem Sombra Kids’ event were cancelled. In this period it is also worth mentioning the process of reconversion of the accommodation typology of Casa da Malta e do Monte.

As for activities associated with tourism and hotel operations, in this very atypical year and with major constraints, as already mentioned, it should be noted that the park stopped receiving visitors in the first quarter of the year as part of the pandemic contingency measures. On the other hand, the park registered several periods of downtime in its activity. Thus, the values for 2020 compared to those recorded in 2019, marked a sharp decline.

	2020	2019
Overnight stays	2 006	3 819
Visitors	598	2 638
Meals	3 202	7 103

Notes:
2019: The PNN closed in January.
2020: The PNN closed: in January for maintenance, from 16 March to 31 May due to general containment caused by the pandemic, and also from 27 August to 6 September due to prophylactic isolation.

Table 16: Tourism and hotel operating indicators – PNN

Several indicators related to the activity in the tourism area of the PNN are also presented:

Indicators	2020	2019
Average daily rate per room	68,15 €	58,62 €
RevPAR (average return per room unit)	12,75 €	17,58 €
Guest Satisfaction Rate through Booking	9,31	9,13
No. of reservations cancelled	954	1 032
No. of complaints	0	0
% of guests over no. of employees (employees assigned to the Tourism area of the PNN- 6 employees for T1 and T2 and 8 employees for T1 and T4 low season)	7 016,8	12 927,2
Average revenue per guest	44,86 €	48,44 €
No. of Posts (facebook only)	126	104
No. of School Visits	2	19
No. of Research/University visits	12	32

Table 17: Miscellaneous tourism area activity indicators

With regard to the activity on the booking platform, the following graph also shows the actual bookings and cancellations in 2020. It can be seen that the value of cancellations reached a high percentage which is justified by the context experienced this year.

In 2020, the PNN continued to be promoted on specialised web platforms and networks, with a view to publicising this project. Throughout the year emphasis was given to the external visibility of the Park, using qualified disclosure and promotion as the preferred vehicle.

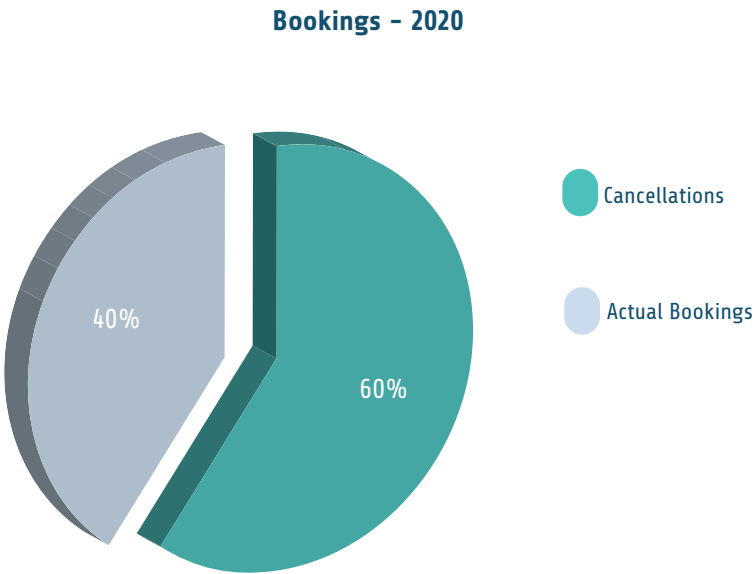


Chart 5: Booking 2020/PNN



Photo: Luz Museum

Luz Museum

Open to the public since 2003, the Luz Museum is configured as a place of culture, art, memory and modernity, it was created as an interpretative space of the profound changes that occurred in this territory, resulting from the appearance of the Alqueva dam and the submersion of the old village of Luz. As an important cultural space in the Alqueva region, it offers a range of activities for the enjoyment of local identity, stories and landscapes. In May 2010 it joined the Portuguese Network of Museums (RPM), responsible for accreditation and qualification in the Museological area – the Luz Museum in the Directorate-General for Cultural Heritage.

During the period under review the Museum was closed to the public during the months of April and part of May, following EDIA's COVID-19 Contingency Plan. Its reopening took place on 19 May.

With regard to exhibition activities, the exhibition ‘*Memória Aldeia da Luz*’ (*Village of Luz memory*) was held in the water room (as a permanent exhibition room). In terms of temporary exhibitions, the exhibition ‘*Território de Alqueva: da transformação à modernidade*’ (*Alqueva territory: from transformation to modernity*) was still open in the memory room.

In the Light Room, the exhibition ‘*Além Tesouro*’ (*Beyond the Treasure*) by José Batista Marques is on show from 19 October to 20 February 2020. It is also worth highlighting the beginning of the exhibition ‘*Surviving Humanity*’, a partnership with the Porto Biennial of Photography, and curated by Virgílio Ferreira, from 27 February to 30 June. At the end of the year, the exhibition ‘*Reflexos de Luz*’ (*Light Reflexes*) by Gonçalo Jordão was on show.

As far as itinerant exhibitions are concerned, the exhibition “*Arqueologia nos caminhos de água*” (*Archaeology on the waterways*), at the Interactive Megalithic Museum in Mora, as well as the exhibition “*Castelo de Lousa*”, at EDIA's registered office in Beja and the exhibition “*38º 21’ N0 7º 24’ O Castelo da Lousa*, at the Museum, are worthy of mention during this period.

In 2020 there was a decrease in the number of visitors compared to the same period in the previous year, as shown in the following table, justified by the context that caused the Museum's activities to stop, as mentioned above.

	2020	2019
Visitors	9 282	9 938

Table 18: Indicators of the Luz Museum

The table below shows some indicators verified at the Museum between 2015 and 2020:

	No.			
	Tickets	Employees	Employees / Visitors	Daily Average of Visitors
2015	8 354	5	1 671	23
2016	6 665	4	1 666	18
2017	7 744	4	1 936	25
2018	7 461	4	1 865	24
2019	9 938	5	1 988	32
2020	9 282	5	1 856	26

Table 19: Miscellaneous indicators – Luz Museum – year-on-year change

In terms of programming, from January to March, guided tours for the general public took place, with routes that included visits to the Church of Our Lady of Luz and Monte dos Pássaros, as well as guided tours of the Museum exhibitions for the school public. Due to the pandemic caused by COVID-19, no guided tours for the general public or school groups took place during the rest of the year.

Throughout this period the dissemination and promotion of the Museum's activities and exhibitions continued. In the area of communication and platforms, the permanent promotion of the

activities carried out and to be carried out at the Museum, as well as its spaces and experiences, also continued. In addition to the Museum's website and Facebook page, two other platforms (*Instagram and LinkedIn*) were created.

Despite the contingencies, the Luz Museum Residencies program continued, which aims to offer creators and researchers the possibility of spending some time in isolation, in a tranquil environment and in a singular landscape. Between 2020 and 2017, the values shown in the following table were recorded:

	No.			
	2020	2019	2018	2017
Residencies	5	6	4	12

Table 20: Indicators for the Residencies Program – Luz Museum

In the area of communication and platforms, the promotion of the Museum's spaces and experiences and the updating of the Museum's web communication platforms – website and Facebook, as well as the sending of news and the dissemination of Museum ini-

tiatives, through the newsletter, continued. In addition to the Museum's institutional website, for the dissemination of its events and activities, the Facebook social network page is the most used social network, with the values indicated in the table below.

	No.			
	2020	2019	2018	2017
Facebook Posts	119	85	86	74

Table 21: Publication indicators – Luz Museum

Geographical Information Systems and Cartography

EDIA is able to provide innovative products and services in the field of geographic information production, being associated with projects involving the production of cartography, topography, geodesy and land registry. Its Cartography Centre has been certified according to ISO 9001:2008, by the certifying body Portuguese Certification Association (APCER), since January 2010, and during 2020 the actions for the maintenance of the Quality Management System according to this standard and the preparation for the transition to ISO 9001:2015 continued.

On the other hand, it is worth highlighting, among the various activities carried out, the process of billing water from precarious areas supplied by hydrants that also irrigate infrastructure areas, as well as the adaptation of the billing process for the introduction of corrections arising from complaints accepted regarding estimated precarious consumption.

Also relevant were the projects to integrate the GIS with the NAVIA software and the new ViewGest telemetry platform, and the development of the notification system to detect failures in obtaining remote data needed by NAVIA.

Finally, reference should be made to the updating of the PDM available for consultation on the EDIA WEB and GIS applications for the municipalities of Alandroal, Viana do Alentejo, Alvito, Vidigueira, Moura, Mourão and Sines.

In cartographic terms, it is worth mentioning the production of altimetry, based on the 2019 photogrammetric project of EFMA's area of influence, as well as the completion, and free availability to the public, of the production of orthophotomaps, in an area of about 1 200 000 hectares, following the acquisition of aerophotogrammetric coverage of the Project (flight carried out in 2019).

During this period, geodesic monitoring of some of the dams included in EFMA took place, with no aerial coverage having been carried out due to the restrictions experienced during the year 2020.

	2020	2019
Aerial Coverage (ha)	0	1 200 000
Total Monitoring of Dams and Reservoirs (no.)	22	22
Half-yearly (no.)	18	18
Annual (no.)	4	4

Table 22: Geodesic monitoring

The execution of staking and topographical support network works for the hydraulic circuit and irrigation infrastructures of the Reguengos block (Peral sub-block), and the Álamos Loureiro siphon, as well as the launch of the service provision procedure for the topographical survey of the Reguengos irrigation block (Reguengos, Vendinha and Montoito sub-blocks), were other tasks carried out during this period.

A cooperation model was also developed with the local authorities in EFMA's area of influence, which allows EDIA to support local authorities in the production of geospatial information for the Territorial Management Plans, including the approval of cartography 1:10,000 and 1:2,000 with the Directorate-General for the Territory (DGT). The first projects are underway, following the signing of cooperation protocols with the Municipalities of Beja and Vidigueira, and the project with the Municipality of Aljustrel has begun.

Other Services Rendered

Within the scope of the services provided for Águas Públicas do Alentejo (AgdA) (Alentejo Public Water), several activities were developed, such as: contacts and negotiations, collection of documents necessary for the granting of compensation agreements, preparation of compensation agreement processes for submission to AgdA, characterisation and evaluation of plots and monitoring of works, among others. This service ended in June.

On the other hand, a service provision was started for the City Council of Aljustrel, with the aim of preparing expropriation services for the Aljustrel business area and the Ervidel business area.

During this period, the provision of services to Águas de Santo André, S.A (AdSA) also continued.

SUPPORT STRUCTURE

Information Systems

The year 2020 was unquestionably marked by the evolution of the pandemic situation, so it is worth highlighting the support work carried out in this context, particularly with regard to teleworking and repairs to VPN systems, in order to ensure the regular operation of the services provided by the Company, as well as the renewal of 35% of the IT equipment allocated to EDIA employees.

During the period under review, the signing of EDIA's fixed and mobile communications contract also stands out, with an increase in internet speed, and encompassing around 800 mobile cards, which allow communication at telemetry level with various EDIA irrigation equipment. This renegotiation thus allowed the bandwidth available on the fixed network to be quadrupled, the data cap on the mobile network to be increased and communication costs to be reduced.

On the other hand, the conclusion of the implementation process of the electronic invoicing system and the virtualisation project of servers and SCADA customers of the various pumping stations of the secondary network, allowing the abstraction of the hardware layer, the integration of data from meteorological stations in NAVIA, allowing the analysis and cross-checking with other data from systems relevant to the management of the Project and the start of the implementation of document management software.



Promotion of irrigated land

EDIA, as the driving entity for the agricultural and agro-industrial development of Alqueva, has the purpose of promoting irrigation in the area of influence of EFMA. Thus, throughout the year 2020, despite the contingencies required due to the pandemic situation experienced, it continued the possible contact with representatives of farmers' groups, monitoring and providing information to potential investors in various areas of investment, as well as field visits with individuals and various national and foreign companies.

Regarding decision support systems, the dissemination of the Support System for Determining Cultural Suitability (SISAP) was maintained, as well as the provision of results to users and potential investors. EDIA also provides farmers served by the Alqueva infrastructures, free of charge, with the support tool *Portal do Regante* (Portal of the Irrigator). In this period it is worth highlighting the development of the Portal do Regante 3.0 project, under the 'Smart.Agri.Hubs' application.

During this period, reference should also be made to EDIA's contribution to the "Alentejo Regional Water Efficiency Plan", this plan encompasses actual consumption, forecasts of future consumption and lists and characterises a series of measures that promote the increased availability of water and the efficient use of the resource. It is also worth mentioning the conclusion of the "Study of the Production Conditions of Olive Groves in Alqueva", a project that involved the study of the production conditions of olive groves in Alqueva, in addition to the development of agricultural and economic themes.

In order to better understand the typology of its customer and thus act more efficiently and effectively, EDIA continued the process of collecting and systematising information (CIEFMA - Commercial), by conducting surveys of beneficiaries (irrigators and non-irrigators) of the irrigation perimeters in operation.

From this analysis, it can be seen in the chart below that the transacted area, over the last few years, has decreased considerably, with some consistency in the values of long-term rentals.

Evolution of Transacted Area (ha) between 2017 and 2020

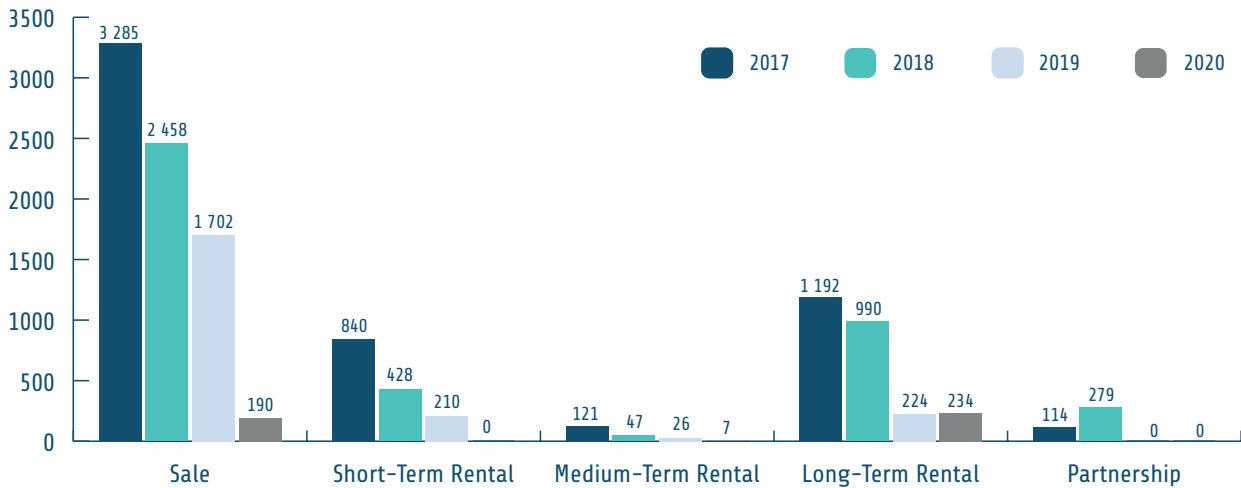


Chart 6: Transacted area between 2017-2020

The company during 2020, and within the contingencies in force, continued to support the beneficiaries of the various perimeters in the so-called ‘natural’ land consolidation, trying to identify plots adjacent to their own, in order to increase the exploitation area. In this context, contact has been maintained with the Forestry Department of the Higher Institute for Agronomy (DFISA), in order to understand the applicability of agroforestry systems in the smallholding of EFMA. The aim will be to publicise and promote this agricultural system on the Alqueva smallholding, as an alternative to traditional cultivation methods.

In 2020, the majority of customer contacts with the company will be recorded in the customer management tool, *C4Hana Service Cloud*. These records, called tickets, aim to obtain a total overview of customers and offer better quality service.

This year, a total of 810 tickets were recorded. With regard to the tickets created by category, it appears that the supply, customer

support and financial areas are the categories that recorded the highest number of occurrences. Regarding their attribution to the department that replies to the customer, the Customer Support Department and the Irrigation Infrastructure Operation Department stand out. Regarding the type of occurrence, the item that had more requests was the change of ownership and billing.

We continued to draw up lists of available owners, to be made available to all interested parties, companies or individuals, with the aim of attracting partners.

With a view to the continuous implementation of strategies aimed at improving the services provided, reference should also be made to the completion of the Assessment Report on the Satisfaction Level of Alqueva Irrigators – 2019, which results were subsequently disclosed in the Company. Due to the current pandemic situation, means are being developed for the 2020 Satisfaction Survey to be carried out digitally.

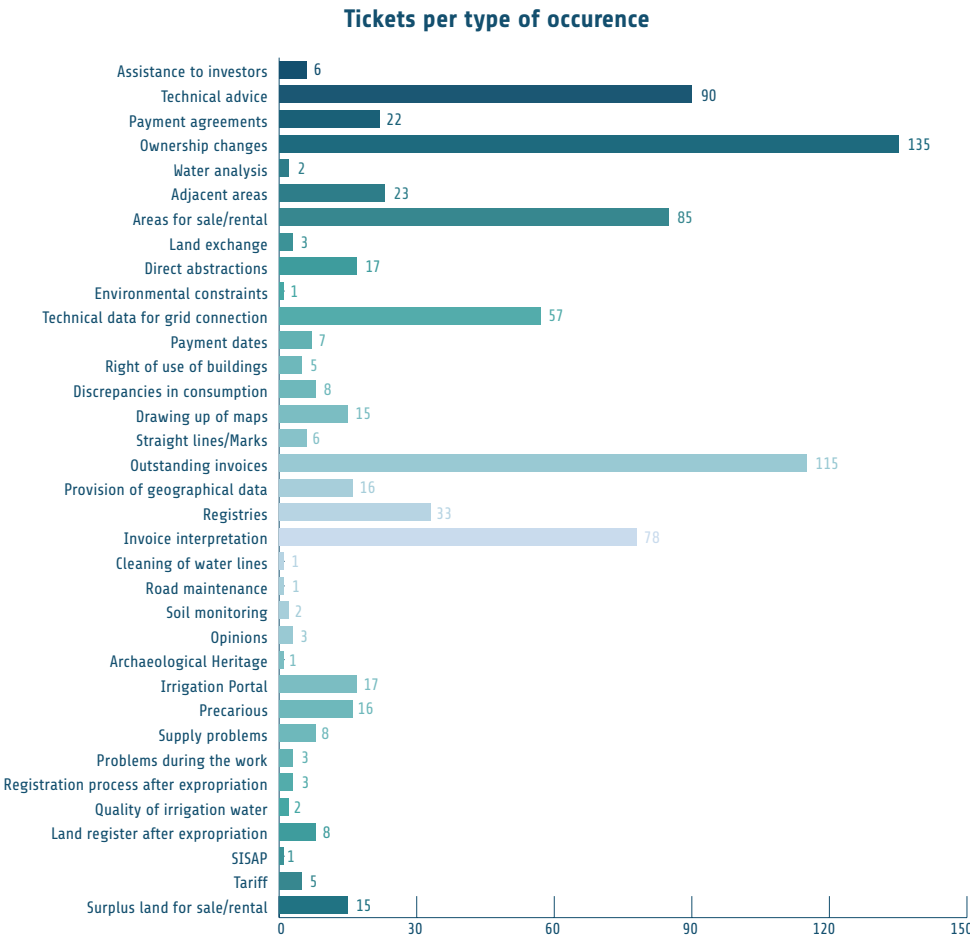
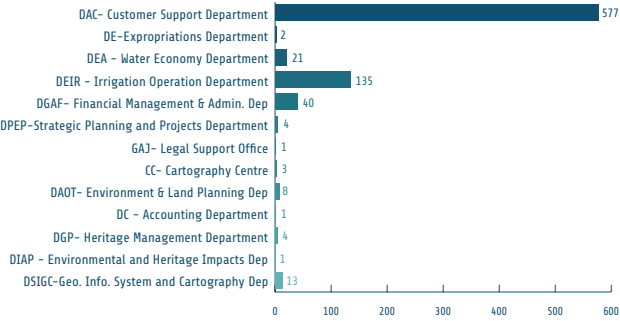


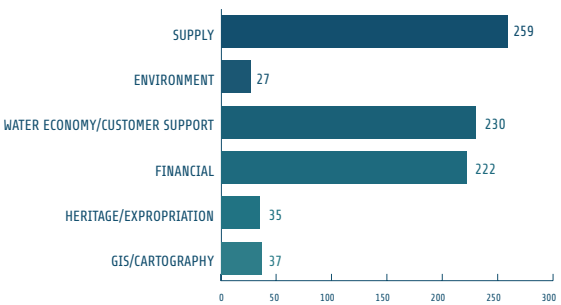
Chart 7: Tickets 2020

Tickets per EDIA department – 2020



Charts 8 e 9: Tickets 2020

Tickets per category – 2020



On the other hand, EDIA continued to promote, publicise and boost the National Land Exchange (BNT) among all the beneficiaries surveyed, banking institutions, representatives of farmers’ groups and all agents with a relevant role in rural areas. In accu-

mulated terms, and up to the end of the year, EDIA made available in the BNT 248 properties (2,364 ha), of which 99 properties (1,088 ha) were transferred, with 135 properties (1,171 ha) remaining in the exchange.

	Properties Provided		Properties Transferred		Properties Removed		Total Properties Advertised	
	No.	Area (ha)	No.	Area (ha)	No.	Area (ha)	No.	Area (ha)
Accrued Total	248	2 364,04	99	1 087,96	14	105,06	135	1 171,02

Table 23: National Land Exchange data

Reference should also be made to the availability, on the EDIA website, of the 2019 Alqueva Agricultural Yearbook, produced by EDIA. This document assumes itself, increasingly, as a way to help

farmers and investors develop sustainable agricultural activities, providing a systematisation of existing and potential production systems in Alqueva.

The following table and charts show the distribution of water distributed by class of area registered.

Consumption m ³	Class of area registered					
	<1	1-5	5-20	20-50	50-100	>100
2017	1 161 391	7 828 807	46 466 344	71 203 094	41 226 047	78 377 665
2018	834 858	5 679 747	33 614 337	57 979 097	36 800 268	61 696 523
2019	1 032 723	7 452 312	46 652 072	83 389 497	58 228 648	96 584 899
2020	922 272	6 043 484	42 881 920	76 185 167	55 964 221	100 566 361

Table 24: Water consumption by class of area registered

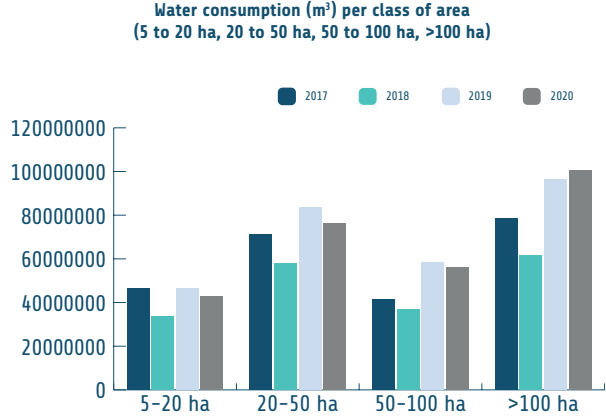
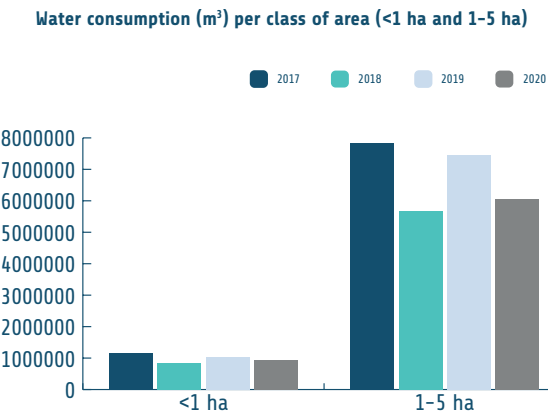


Chart 10 and 11: Water consumption by class of area registered

Below is a table with the figures for the distribution of water to the most representative crops.

Crop	Consumption (m ³) per crop	
	2020	2019
Adult Almond	11 688 246	4 406 439
Young Almond	29 718 458	28 175 236
Melon	5 030 055	5 003 216
Corn	33 002 636	37 630 493
Walnut	2 059 994	1 377 870
Adult Intensive Olive Grove	69 967 674	84 239 626
Young Intensive Olive Grove	1 454 321	3 443 465
Adult Super Intensive Olive Grove	56 810 465	37 709 672
Young Super Intensive Olive Grove	23 449 253	32 856 349
Wine Grape	6 337 141	8 148 762

Note: Consumption is broken down because there are hydrants that have more than one associated crop, so the sum of the parcels may not correspond to the total annual consumption.

Table 25: Water consumption per crop

Public Relations and Communication

During 2020, and as part of the dissemination and promotion activities carried out by the Company, several activities and initiatives took place in order to promote EDIA's communication and image with the Media (OCS), institutions and the general population. Several information materials aimed at the press were produced and distributed, and the contents of digital platforms where the Company is located were updated. Given the anomalous situation experienced during the year 2020, with the pandemic crisis that took hold, the company made an effort to broaden the scope of the news, in order to adapt them to the objectives of EFMA, having invested in dissemination through digital media.

It should be noted, during the period under review, the production and distribution of 29 press releases, which increases the rate of media penetration, while publicising EDIA's activities and initiatives, as well as the publication of 4 newsletters.

It should be noted that during the pandemic state, the interactions on social networks suffered an exponential increase, with a total of 592 posts having been published, namely on Facebook (381), Instagram (112) and LinkedIn (99). EDIA's social media pages as a whole recorded an average weekly reach of over 20,000 people and, with regard to the videos produced by EDIA and uploaded to Facebook, the monthly average is 1,600 minutes viewed.

Video content was produced for these social networks and the Youtube channel, with a new video presentation layout, creating playlists with 10 different themes. During the year, 54 films were inserted in Youtube.

In order to enhance the value of the project, EDIA participated, in the first quarter of the year, in some national and international exhibitions such as AgroExpo – *Don Benito* in Spain, Fruit Logistica, in Berlin (Germany), the International Agricultural Machinery Fair (FIMA) – Zaragoza, in Spain, and SISAB in Lisbon. It should be noted that with the entry of Portugal into a state of calamity, and later of emergency, the Company's physical participation in the

remaining events scheduled for this year that promote the development of the region and attract investment in the agricultural and agro-industrial areas was cancelled.

Once the compulsory confinement was over, many of the activities continued to be conditioned or prevented from being physically carried out, so EDIA participated with a virtual stand at Agroglobal/2020 and at the National Agriculture Fair.

Fulfilling the tradition that has been maintained since 2002, the 19th edition of the exhibition “*Arte numa perspectiva diferente*” (Art from a different perspective) was held in December. This is an EDIA initiative in collaboration with the Beja Cerebral Palsy Centre, in which different paintings by the Centre's users are exhibited, seeking to stimulate their intellectual development, strengthening their integration and social inclusion and increasing their self-esteem.

However, given the circumstances of the pandemic period, it was considered that it would not be appropriate to promote a physical and public exhibition of the works, opting instead to promote the same exhibition on online platforms, particularly Facebook. Despite being an online exhibition, with the use of a short video to complement it, it was possible to achieve the objectives of this initiative: to mark the International Day of Persons with Disabilities, to stimulate and promote the inclusion of the Centre's users and to raise revenue for the activities developed by them. In the latter case, it should be noted that 16 of the 20 works on display were sold.

During 2020, the management and maintenance of the Company's document collection continued to be ensured through the Documentation Centre (CD). Support continued to be provided to students, researchers, potential investors and the entire structure of EDIA, while disseminating information to employees regarding new publications or other matters of interest. Due to the pandemic caused by the COVID-19 virus, and as a space open to the outside world, during part of the second quarter, this service was closed, and requests were responded to through alternative ca-

nals. Subsequently, it continued to respond to internal requests to the Company and external requests, mainly by telephone, email and by providing the required information.

On 16 March, the Alqueva Interpretation Centre (CIAL) closed permanently to the public under the Company's Contingency Plan, and remained closed until 9 June. As of that date, the opening hours were also changed, closing on Sundays. The number of visitors inside the building was also limited to five (5) people. This space also suffered other periods of closure during the rest of the year, thus responding to the need for restrictions felt in the region due to the pandemic context.

For these reasons, the number of visitors to the CIAL suffered a major impact, since all group visits were cancelled and the number of occasional visitors fell, with only small family groups, mainly Portuguese, visiting.

The number of regular visitors fell sharply in 2021, given the context, with a total of 1,500 people having been received.

	2021	2020
Visitors	1 500	8 098

Table 26: CIAL data

Regarding dissemination, several exhibitions on cultural heritage were open to the public:

- EDIA's registered office in Beja:
- "Moinhos do Guadiana – A turbina hidráulica" (Mills of the Guadiana – The hydraulic turbine)
- Museum Centre of rua do Sembrano, in Beja:
- Sob a terra e as águas – 20 anos de Arqueologia entre Guadiana e Sado" (Under land and water – 20 years of archaeology between Guadiana and Sado)

- "O Alentejo entre Roma e o Islão – um território e Bárbaros?" (The Alentejo between Rome and Islam – a territory and Barbarians?)
- "Tolerância e convivência no Gharb Al-Andaluz – O período islâmico nos campos de Beja' – o período islâmico no território do EFMA – séc. VIII ao séc. XIII" (Tolerance and Coexistence in the Gharb Al-Andaluz – The Islamic period in the fields of Beja – the Islamic period in the territory of EFMA – from the 8th to the 13th century)
- Interactive Museum of Megalithics of Mora:
- "Arqueologia nos novos caminhos da água" (Archaeology in the new waterways)
- Vila Viçosa Castle:
- 'Arqueologia nos novos caminhos da água" (Archaeology in the new waterways)

Assets Management

Following the expropriation processes inherent to the implementation of EFMA infrastructures, and at the request of previous owners, EDIA acquired a set of plots of land adjacent to the expropriated areas and which viability or usefulness was questioned. These plots are called surplus land and are made available by EDIA for lease or sale.

EDIA's rural assets at the end of 2020 comprised 363 buildings, with 302 buildings (306 ha) available for rent, of which 52 (87 ha) are rented, 45 fully and 7 partially. Of the 61 non-rentable properties (329 ha), 9 (9 ha) are allocated to construction and the remainder (320 ha) are under direct management. At the end of the year there was still 1 assignment, which corresponds to the area of 8.3 (ha).

	Total Surplus Area		Rentable Surplus Area		Non-Rentable Surplus Area	
	Rentable	Non-Rentable	To Rent	Rent	Assigned to the Work	Direct Management
2019	320	331	217	103	3	321
2020	306	329	219	87	9	320

Table 27: Surplus Area – EFMA

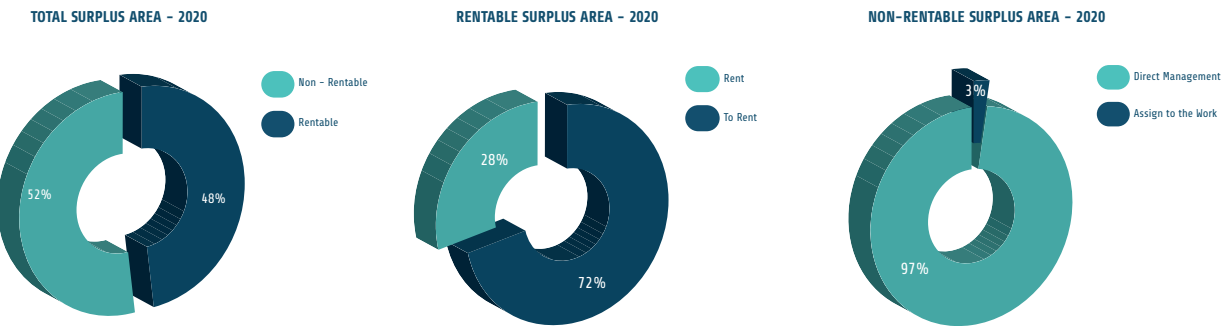


Chart 12, 13 and 14: Surplus Area 2020

At the end of 2020 there was an increase, compared to 2019, in revenues and also in costs within the scope of the management of the rural assets as shown in the table below.

	2020	2019
Revenue	62 785	2 147
Costs	5 500	1 500

Table 28: Analysis of Revenues/Costs Rural Assets – EFMA



This increase recorded in revenue, in 2020 compared to the previous year, is justified by the land rental process, which generated revenue amounting to EUR 26,623.02, to which was added revenue from the sale of rustic land totalling EUR 35,201.98, making a total of EUR 62,784.59.

Within the scope of rural assets management, new public notices of sale of surplus property were drawn up, as well as the signing of leasing contracts for EDIA's surplus property.

Also noteworthy was the drafting of the Plan for the Management of Surplus and Inter-level Products (PGSI) 2020/2023, and the start of work to monitor the provision of services for firebreaks and cleaning in the vicinity of CIAL. Reference should also be made to the cleaning of firebreaks in Barca (Moura) and Marmelar (Pedrógão).

Throughout this period, the monitoring of the AlquevaPark Project continued, and the application being developed for the project was tested.

With regard to urban assets, various maintenance and repair activities were carried out in the Park, Luz Museum, EDIA's registered office building, as well as other locations (primary network buildings and Alqueva). Of note during this period was the completion of the extension works on the registered office building.

On 31 December 2020, EDIA's fleet consists of 81 vehicles, of which 42 are light passenger vehicles, 34 are all-terrain vehicles and 5 light goods vehicles. In addition there are 2 tractors to support the agricultural activity of the PNN. Of the 81 vehicles, around 71 are mostly hired under the AOV (Operational Lease of Vehicles) modality.

Sustainability in the Economic, Social and Environmental Domains

Sustainable management practices are promoted and intrinsic, in a transversal way, to EDIA's positioning and the way it operates. Thus, and at the level of the promotion and development of actions that consolidate a growing involvement with the regional community.

Through its action, EDIA continues to contribute to the adequacy of its medium and long-term strategic objectives to the great purpose of EFMA, the regional development, in the economic and social aspects of the Project, as an instrument of intervention in the region, seeking the enhancement of natural resources, the revitalization and boosting of economic activity and the settlement of the respective populations.

The 2019 Sustainability Report was also made available on the EDIA website. This document aims to measure, disseminate and report on the performance of the Company to all those who relate to us with a view to sustainable development.

The Guide to Good Agri-Environmental Practices prepared by EDIA, as the entity promoting and managing the EFMA hydro-agricultural facilities, in partnership with DGADR, was published at the end of the year. It is a contribution to the dissemination of best agricultural practices that ensure the long-term sustainability of agricultural production and preservation of the territory's natural resources.

In the field of social responsibility, EDIA continued to participate in the two platforms of which it is a partner entity – the Local Council for Social Action (CLAS) and the 'Supra-Council Platform of

Baixo Alentejo'. In this period exceptional measures were developed and put into practice to support families, to secure IPSS's, to raise means of protection for health professionals, the elderly, children, workers.

The consortium of entities 'OPTA Alentejo' – Organização Pontual no Tempo Atual (Punctual Organization in the Current Time), created with the aim of providing local and regional responses to support the economic fabric most affected by the stoppage of activity due to the pandemic, should also be mentioned. The balance of the activities of this partnership shows that 151 actions were carried out, 59 people/families and 44 companies were helped.

EDIA was one of the main driving forces behind the creation of a collaborative platform between various entities, working as part of a complementary network and providing support to specific target audiences directly or indirectly affected by the situation experienced as a result of the COVID-19 pandemic, particularly in the areas of trade and tourism, micro-enterprises, agricultural entrepreneurs, the cultural sector, people on lay-off, integration into the labour market of the long-term unemployed and young people, among other cases.

The integration of the Institute for Employment and Vocational Training (IEFP) in the existing partnership between EDIA, Cáritas Diocesana de Beja and IPBeja, under the scope of the "Horta Nova Esperança Project" (New Hope Vegetable Garden), in its various dimensions, also continued to be monitored.

EDIA also continued to monitor the actions arising from the protocol signed with the Alqueva Lake Cross-border Association (ATLA), as well as the development of the PROVERE Program (Strategy + Alqueva), of which EDIA is a partner entity. It also continued the

cooperation work in different areas and projects with the "Incubadora de Inovação Social do Baixo Alentejo" (Social Innovation Incubator of Baixo Alentejo), namely in the monitoring of the initiative "Fénix – Sejam agentes do futuro!" (Fénix – Be agents of the future!).

Regarding the "Alqueva vai à Escola" (Alqueva goes to School) Project, reference should be made to the partnership established with the Municipality of Beja with the referencing of an offer to schools of activities in partnership with other areas of the Company. However, and due to the confinement caused by the COVID-19 pandemic, the actions scheduled with the different school groupings were suspended in part of 2020. During the 4th quarter, the project was resumed and readapted to the new school year due to all the existing constraints associated with school visits, group actions, imposed as safety measures by the DGS.

On the other hand, it should be noted that the EFMA management and implementation model was referenced by the Association of European Border Regions (AEBR) and the Extremadura Agency for International Development Cooperation (AEXCID), and EDIA participated in a cycle of conferences and seminars held between 15 and 21 January in border regions of Colombia and Ecuador, with digital presentations on EFMA and the Alqueva project, thus enhancing the opportunities for cooperation with Latin American markets and countries.

It is also worth mentioning the holding, in the EDIA auditorium in Beja, of the action in partnership with 'EAPN – European Anti-Poverty Network', called the presentation session of the AC-CEDER\Alentejo project, in which the Spanish team (Andalusia) presented to businessmen from the Alentejo examples of access to employment as a gateway to social inclusion.



Photo: Álamos Pumping Station

CHAPTER 1 - MANAGEMENT REPORT

INVESTMENT AND FINANCING

PROJECT INVESTMENT

Having been approved by the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB) the loans that enable the construction of the 2nd EFMA infrastructure phase at the end of 2017, in April 2018 the financing contracts between the Portuguese State, the EIB and the CEB were signed, to support the *PNRegadios*. Also in 2018, the necessary procedures for the start-up of this new phase of the Alqueva Project were initiated.

On 29 April 2019, the 1st Call for submission of *PNRegadios* applications was published and the year 2020 was marked by the start of construction of the first infrastructures belonging to the 2nd phase of EFMA.

Thus, the value of investment increased compared to previous years, as a result of the start of various contracts, both for new irrigation schemes (primary and secondary networks), and for improvements in existing schemes (reinforcement of supply capacity).

The total investment made during 2020, not including the capitalisation of structure and financial charges, reached the amount of EUR 36,771.48 thousand, bringing the total investment in EFMA from 1995 to the end of 2020 to EUR 2,400,940.15 thousand.

The following table shows the EFMA investments made until the end of 2020, systematised “by Program”.

thousand EUR

PROGRAMMES	YEARS									
	UNTIL 2016	2017		2018		2019		2020		TOTAL
		1ª Fase	2ª Fase	1ª Fase	2ª Fase	1ª Fase	2ª Fase	1ª Fase	2ª Fase	
Alqueva Dam	609 665,51	-106,85		287,39		9,50		64,93		609 920,48
Alqueva Hydroelectric Power Station	130 944,62									130 944,62
Pedrógão Dam and Power Station	87 790,89	56,18		0,18		20,49		856,34		88 724,08
Alqueva-Alamos Pumping Station	43 654,39		14,79		3 169,84		2 884,94		3 502,05	53 226,02
Primary Network	687 399,18	1 095,94	313,69	7,12	250,98	250,40	1 979,20	461,15	14 776,11	706 533,76
Secondary Network	777 912,35	-33,64	419,84	244,23	530,06	131,54	3 252,67	497,66	16 434,04	799 388,76
Regional Development	11 816,44	55,23		19,00		132,55		136,80	42,40	12 202,42
Total	2 349 183,38	1 066,87	748,33	557,93	3 950,88	544,47	8 116,81	2 016,88	34 754,60	2 400 940,15

Table 29: Investment carried out “by Program” until 2020-EFMA

PROJECT FINANCING

On 31 December 2020, the Company's Share Capital, fully subscribed and paid up, amounts to EUR 860,334,960.00 (made up of 172,066,992 shares), and is 100% owned by the Portuguese State, through the DGTF. The variation occurred in 2020 (21,524,640.00 EUR and 4,304,928 new shares) results from the following issues of shares with a nominal value of EUR 5 each:

- 11 March 2020: Issue of 673,928 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 3,369,640;

- 7 August 2020: Issue of 866,000 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 4,330,000; and
- 6 October 2020: Issue of 2,765,000 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 13,825,000.

	thousand EUR				
	Until 2016	2017	2018	2019	2020
Share Capital	464 341	64 960	280 233	29 275	21 525
Capital Increase to cover Losses			33 473		
Community Funds	1 229 310	11 152	234	359	2 736
PIDDAC	151 974	1 052			371
Medium/Long Term Loans	682 791	-44 959	-313 424	-38 364	-9 958
Bonds	450 529	-6 739	-306 739	-6 739	-6 739
EIB	74 588	-6 685	-6 685	-31 624	-3 219
DGTF	157 674	-31 535			
Short Term Loans					
Total	2 528 416	32 206	517	-8 729	14 674

Table 30: EFMA financing



Photo: Drada Reservoir



Photo: Wall of the Alqueva Dam

CHAPTER 1 - MANAGEMENT REPORT

OUTLOOK FOR 2021

Given the objectives assigned to EDIA in terms of management, maintenance and conservation of EFMA, during 2021 a series of daily activities will continue in order to optimise the functions carried out by the Company, particularly in terms of providing a quality service to customers.

Throughout 2021, activities related to the maintenance and conservation of the primary and secondary network infrastructures and their equipment will continue, as well as the operation of dam safety and operating equipment, to check their permanent operability, supply ecological flows and, whenever necessary, carry out discharges.

The operation of the infrastructures of the Project will continue in order to ensure the transfer of water between reservoirs and tanks, and guarantee continuity and quality of supply to customers of the secondary network and other end customers.

In order to comply with the quality and efficiency of its mission to operate the EFMA infrastructures, EDIA will continue to have multidisciplinary teams working daily in the field to ensure the

full operation of the system, with direct contact with farmers based on a policy of proximity, seeking solutions that ensure the efficient use of water.

In recent years EDIA has been focusing on energy solutions that are environmentally friendly and ecologically compatible with a process of sustained development that is desired for the region, thus giving its example through the materialization of photovoltaic solutions. For 2021, EDIA intends to continue with the maintenance and operation of the various photovoltaic and Mini Hydro plants of the Project, as well as the implementation of new projects in this area.

Also within the scope of its competences, EDIA will ensure the permanent promotion and coordination of the implementation of environmental monitoring programs relating to the different aspects and stages of EFMA, namely at the level of the state of surface water, the state of groundwater, fauna, flora and vegetation, soils and agro-systems. Throughout 2021, the ongoing work in terms of environmental monitoring will be continued. A weighting of the different results will also be carried out in order to identify

and systematize new mitigation measures for the areas identified as relevant.

As a driving force for the agricultural and agro-industrial development of Alqueva, EDIA aims to promote irrigation in the area of influence of EFMA. Based on the knowledge of farms in the region, this company monitors and supports new agricultural projects, as well as expectations and intentions regarding the practice of irrigation. Crossing this information with the support systems for the best cultural options for the region, EDIA has the ideal conditions to provide a service of considerable added value to the beneficiaries of the Project and potential investors. Thus, and similarly to what has occurred in previous years, we plan to continue a series of activities related to the development of irrigation associated with the Project, with actions that promote its potential use.

The publication of the 1st Call for submission of an application to *PNRegadios*, on 29 April 2019, allowed EDIA, during the month of May 2019, to submit ten applications for projects of the 2nd Phase of Infrastructure of the Alqueva irrigation, which represent a total investment of about EUR 95 million.

In 2021, a second call for applications is expected to be published, which will allow EDIA to move forward with the remaining projects of the 2nd phase of EFMA. Thus, in addition to the projects submitted under the 1st call, which implementation will continue in 2021, a set of activities associated with the remaining projects will also be carried out.

The following contracts are expected to be completed next year:

- Connection to the Morgavél water supply system;
- Viana do Alentejo hydraulic circuit;
- Cuba-Odivelas hydraulic circuit and respective block;
- Construction contract for the Évora hydraulic circuit and respective block;
- Construction contract for the Viana do Alentejo main water supply system and its block;

- Reinforcement of the Álamos pumping station slab;
- Reinforcement of the Álamos pumping station; and
- Renovation of the Lage pumping station.

For 2021 work is expected to begin on the 2nd phase of the Pedrógão station – right bank, already consigned in 2020, as well as the work on the Alqueva Observation and Command Post, which tender is scheduled for the beginning of the year.

In parallel with the construction contracts for the primary and secondary networks, environmental and asset monitoring will also be carried out, as well as the environmental management of the works in progress in 2021.

The environmental monitoring of the primary and secondary network contracts is also planned, with the consequent development of audit reports to be submitted to the AIA Authority. In terms of heritage, the survey and rescue of historical and cultural heritage will continue, including impact minimisation measures that are developed before and during the works, in order to enhance the value of the finds, contributing to safeguard collective memory.



Photo: Pias Dam



Photo: Espinheira Reservoir

CHAPTER 1 - MANAGEMENT REPORT

INFORMATION REQUIRED BY LAW

EDIA's Board of Directors normally meets on a weekly basis. Thus, in 2020, 58 meetings were held, highlighting the following deliberations:

JANUARY 2020

- The supply and assembly of a flowmeter at the Loureiro – Monte Novo canal intake was awarded;
- The contracting of insurance policies for accidents at work, health, vehicle fleet, extra-contractual civil liability and vessel navigation was awarded;
- Auditing services were awarded to EDIA's half-yearly and annual accounts;
- The expenses estimated for the acquisition of auditing services (FSC and PEFC certification) was authorised;
- The addendum to the cooperation protocol signed between EDIA and the Municipality of Moura, with the aim of developing and implementing the Moura/Alqueva Nautical Centre was approved;
- The 2019 Alqueva Agricultural Yearbook was approved;
- The Global Program for Soil Monitoring in the EFMA Irrigation Blocks – Operating Phase was approved and its submission to the Portuguese Environment Agency (APA) was ordered;
- The “Monitoring of EFMA's Groundwater Resources for the Exploration Phase – 2020/2021” service was awarded;
- The protocol to be signed with the Estar Association was approved;

- The expenses on the contract for waterproofing the water supply reservoirs of the buildings adjacent to the Alqueva Dam was approved;
- Rules were approved for the 2020 Performance Evaluation;
- The draft contract regarding the hosting services in the MEO Cloud of three virtual servers was approved;
- The water tariff update was approved.

FEBRUARY 2020

- The cooperation protocol to be signed between EDIA and the Municipality of Aljustrel in the area of carto-

graphy to support Land Management Plans was approved;

- Expenses on observation and safety control work was approved for the Alqueva and Pedrógão Dams, in their operational phase, during 2020;
- The contract for the provision of communications services was awarded for a period of 24 months;
- The implementation services for the Cork Oak compensation project in Herdade Monte da Serra, parish of Ervidel, municipality of Aljustrel, were awarded;
- The expenses on Monitoring Flora and Vegetation in the Hydraulic Supply Circuit to the Odivelas Dam and By-Pass was approved;

- The contract was awarded for the work of rigidifying the structure and reconditioning the pumps installed at the Almeidas Pumping Station.

MARCH 2020

- Service provision for the management and supervision of the construction contract for the Viana do Alentejo hydraulic circuit was awarded;
- The contract was awarded for the supply and assembly of a grille cleaner and grates at the water intake at the Cegonha Reservoir;
- The provision of temporary employment services was awarded under an open-ended contract for personnel in the accounts area;
- The procurement of temporary labour services for the Irrigation Infrastructure Operation Department (DEIR) was awarded;
- The EDIA COVID-19 Contingency Plan was approved and its dissemination by all employees;
- The document on the Revision of the Plan for the Prevention of Risks of Corruption and Related Infringements for 2019 was approved;
- The gender pay gap report – 2019 was approved and determined its reporting in the legally prescribed terms;
- EDIA's strategy for participation as a partner in the EE Grants application was approved;
- The technological upgrade services in the Secondary School Network were adjudicated;

- The supply of a data management platform to integrate consumption values from dataloggers was awarded;
- The carrying out of internships, in a period to be defined later due to the current exceptional circumstances, was approved;
- The Annual Report and Accounts – Financial Year 2019 and Corporate Governance Report – 2019 were approved;
- The terms of the revised invoicing manual were approved;
- The provision of services for monitoring fish larvae with light traps was awarded (2020);
- The terms of the consignment and suspension of the construction contract of the Viana do Alentejo Main Pipeline and respective Irrigation Block were approved;
- The terms of the consignment and suspension of the construction contract for the hydraulic circuit in Viana do Alentejo were approved;
- The draft of the additional contract (no. 1) regarding the construction work of the Power Reinforcement of the Álamos Pumping Station was approved;
- Temporary employment services were awarded on an open-ended contract basis for personnel in the expropriations area;
- The hiring of fire watchers for forest fire prevention in the Noudar Nature Park – 2020 was approved;
- The tenders for the 2020 irrigation campaign were approved;
- The 2019 Sustainability Report was approved.

APRIL 2020

- The expenses on the acquisition of Network equipment, Switch and Optical SFPs was approved;
- The “Monitoring of Avifauna in the Alvito–Pisão Irrigation Block (2020–2022)” service was awarded;
- The extension of the deadline for the Supervision of the Contract for the Strengthening of EE Álamos was approved;
- The service provision for monitoring “*Linaria ricardoi* in the Secondary Irrigation Network” was awarded;
- The proposal for the application of the stipulated tariff scenarios and allocation of equipment with profile distribution was approved;
- The regulation for the attribution and use of mobile equipment was approved;
- The terms of the disposal of surplus plots – Edital 2020 were approved;
- The Assessment Report on the Degree of Satisfaction of Alqueva Irrigators – 2019 was approved;
- The expenses on the acquisition of material for the purchase of fabric for Beja Hospital was approved;
- The award for the supply of a UAV – Unmanned Aerial Vehicle, to the company Acre Surveying, was approved;
- The 1st Additional for the construction contract of the Irrigation Infrastructures of the Cuba–Odivelas Block was approved;
- The provision of a sum to support a fund-raising campaign for Beja Hospital was approved;
- The contract was awarded to repair the water leakage upstream of Junction 5 of the Vidigueira 2 block;

- The proposal to allocate support to the SERHUMANO Campaign was approved;
- The principle of staggered water tariffs was approved, with the details of its application still to be worked out.

MAY 2020

- The expenses with the additional material required to repair the letter of the speed variator of group 1 of the Álamo Pumping Station was approved;
- The report “Main Operating Indicators of EFMA – 2019” was acknowledged;
- The provision of technical advisory services for remuneration diagnosis in relation to EDIA's current salary policy was awarded;
- The Activity Report for the 1st quarter of 2020 was approved;
- The contract was awarded for Preventive Maintenance of the Static Frequency Converter of the Álamos Pumping Station and the Soft Starters of the Pedrógão – Right Bank Pumping Station;
- The collaboration protocol for the Village Renewal Project – JFBarrancos was approved;
- The expenses on upgrading the number of Teamviewer licences/channels was approved;
- Temporary employment services were awarded on an open-ended contract basis to personnel in the area of electrical and mechanical maintenance;
- The hiring of fire watchers for the 2020 Fire Prevention Campaign was approved;

- The resumption of the execution of the works of the Hydroelectric Power Plant Viana was approved;
- The service provision for the “Monitoring of Avifauna in the Secondary Irrigation Network (2020-2021)” was awarded;
- The Automation Services for EFMA's Secondary Network Infrastructure were awarded;
- The contracting of energy and fuel supply through ESPAP was approved;
- The works to stabilise and improve the bank and access to the Automatic Water Hyacinth Collection Station were awarded;
- The project for the execution of the accesses to the work for doubling the siphons on the Alamos-Loureiro Connection was awarded.

JUNE 2020

- Temporary employment services were awarded on an open-ended contract basis to personnel in the area of electrical and mechanical maintenance;
- The expenses on the acquisition of information from the Sentinel platform was approved;
- The execution of works relating to the Cuba-Odivelas Block Irrigation Infrastructures Construction Contract – 2nd Additional was approved;
- The provision of services for the “Edition of the Report and Accounts – Financial Year 2019” was awarded;
- The draft contract for the provision of services to coordinate health and safety on site for the construction work of a connection to the Morgavél water su-

- pply system was approved;
- The proposal for registration in the EEGO was approved;
- The expense with the diagnostic and repair services of the alternator of group 1 of the Alvito Hydroelectric Power Plant was approved;
- The contract for technical assistance in the area of research and monitoring of habitat improvement measures, management of breeding enclosures and control of wild rabbit populations, in the SCI Moura-Barrancos, was approved under the project Linx2020 – POSEUR-03-2215-FC-000043;
- The contract for the supply of a management system and vehicle location via GPS, in a rental regime, was awarded.

JULY 2020

- The expenses on the production of promotional materials for the work carried out under the “Alqueva vai à Escola” (Alqueva goes to School) project was approved;
- The report on the monitoring of cultural heritage located in EFMA reservoirs was approved;
- The sale of surplus energy for self-consumption produced in the Laje and Cuba-Este UPACs of EFMA was awarded;
- The service provision for the topographical survey of the Reguengos block (Reguengos, Vendinha and Montoito subblocks) was awarded;
- The draft Provision of services to clean canals and reservoirs in EFMA's primary infrastructures was approved;

- The expenses with the alteration to the execution project of the Hydroelectric Power Plant of Vidigueira and respective block were approved;
- The contract works to remodel the Laje Pumping Station (1st phase intervention) were awarded;
- The expenses with the inspection of the motor of the main unit no. 2 of the Pedrogão – Left Bank Pumping Station was approved.

AUGUST 2020

- The implementation of a document management system and migration of the current system was awarded;
- The Contract for the Supply and Installation of Regulation Gates for the Final Section of the Loureiro-Alvito Connection was awarded;
- The Activity Report – 2nd quarter of 2020 was approved;
- Service provision for the preparation of the Execution Project of the Floodgates for the Water Intake of the R1 Reservoir of the Roxo Sado Hydroelectric Power Plant Roxo Sado was awarded;
- The supply and installation of equipment for the improvement of the wild rabbit habitat was awarded (POSEUR LINX2020 project).

SEPTEMBER 2020

- The execution of the works on the Construction Contract for Irrigation Infrastructures for the Cuba-Odivelas Block – 3rd Additional was approved;
- The supply of solar inverters for the Alqueva photovoltaic plant was awarded;

- The adjudication of the alteration to the execution project of the Observation and Command Post / Interpretation Centre of the Alqueva Dam was approved;
- Service provision for the “Soil Monitoring in EFMA Irrigation Blocks – Zone A – Exploration Phase – 2020” was awarded;
- The proposed URSA protocol was approved;
- The expenses on services to repair the fibre optics on the Cuba-Vidigueira water supply system and the Odivelas Hydraulic Circuit was approved;
- The technological updating services for the Álamos Pumping Station's static frequency converter were awarded;
- The expenses for the External Audit under the Quality Management System in accordance with the ISO 9001:2015 Standard was approved;
- The Gender Equality Plan 2021 was approved;
- The Report of the Evaluation Coordination Board was approved and homologated the results of the performance evaluations for the 2019 financial year;
- The Activity and Budget Plan – 2021 was approved;
- The expenses on consultancy to support the accession of the PNN to the PEFC forest certification standard was approved;
- The contract for the Reinforcement of the Anchoring Structure of Groups 1 and 2 of the Álamos Pumping Station was awarded;
- The terms of the assignment of use of the Village of Estrela pier were approved;
- The Report and Accounts as at 30 June 2020 were approved;

- The execution of the works Contract for the Construction of the Évora Hydraulic Circuit and respective Irrigation Block – 2nd Additional was approved;
- The expenses for the acquisition of the Network-Attached Storage device was approved;
- The contract for the provision of Cleaning Services of Canals and Reservoirs in Primary Infrastructures was approved.
- The contract for corrective maintenance services of the Loureiro – Monte Novo Canal’s Local Unit 1 (UL 1) floodgates was awarded.

OCTOBER 2020

- The Activity Report – 2nd quarter of 2020, in its updated version, was approved;
- The awarding of the environmental audit works for the EFMA operation phase was approved;
- The contract for the renewal of safety signage at the Alqueva dam was awarded;
- The proposal to integrate EDIA in the Cross-Border Partnership for the Valorisation of Alex Renewable Gases was approved;
- The provision of temporary employment services was awarded under an open-ended contract for personnel in the area of hygiene and safety at work;
- The acquisition of a trailer for the vessel Capivara was awarded;
- The Contract for the Supply and Installation of the Pedrogão Pumping Station Reinforcement – Right Bank, was awarded.

NOVEMBER 2020

- The Activity Report for the 3rd Quarter of 2020 was approved;
- Surface water resource monitoring works for the EFMA Primary Network (November 2020 to December 2022) were awarded;
- The execution of the works Contract for the Construction of the Évora Hydraulic Circuit and respective Irrigation Block – 3rd Additional was approved;
- The contract was awarded for preventive maintenance services for the motor drives of the pumping stations at Pedrógão-Left Bank, Amoreira, Álamo, Brinches and S. Matias;
- The contract for auditing the metering systems of the Alvito, Odivelas, Pisão, Roxo and Serpa Hydroelectric Power Plants and the Alqueva photovoltaic plant was awarded;
- The company was awarded the services of hosting, maintenance, integration of document management software;
- The terms of the assignment of use of the Village of Estrela pier were approved;
- The Management Plan for Surplus and Inter-level Areas for the three-year period 2020-2023 was approved;
- The 2021-2023 film production was awarded;
- The supply of water hyacinth containment barriers was awarded

DECEMBER 2020

- The renewal of the Checkpoint licensing contract was approved;
- The contract for the supply and replacement of components for the position indicators of the Alvito-Penedrão Canal floodgates was awarded;
- The contract for alteration work on the grille-cleaning machine for the S3 siphon entrance work on the Alvito-Pisão canal was awarded;
- The works to alter the grilles of the S4, S5 and S6 siphons in the Alvito-Penedrão canal were awarded;
- The new Professional Categories Regulation was approved;
- Auditing services within the scope of the Post Evaluation of EFMA Projects were awarded;
- The proposal for collaboration between EDIA and CI-BIO/InBio through EDIA's membership of the Association of Biological Station of Mértola was approved;
- The corrective maintenance services for the equipment of the Pedrogão – Right Bank and Álamo pumping stations were awarded.

Photo: Cuba East Solar Plant

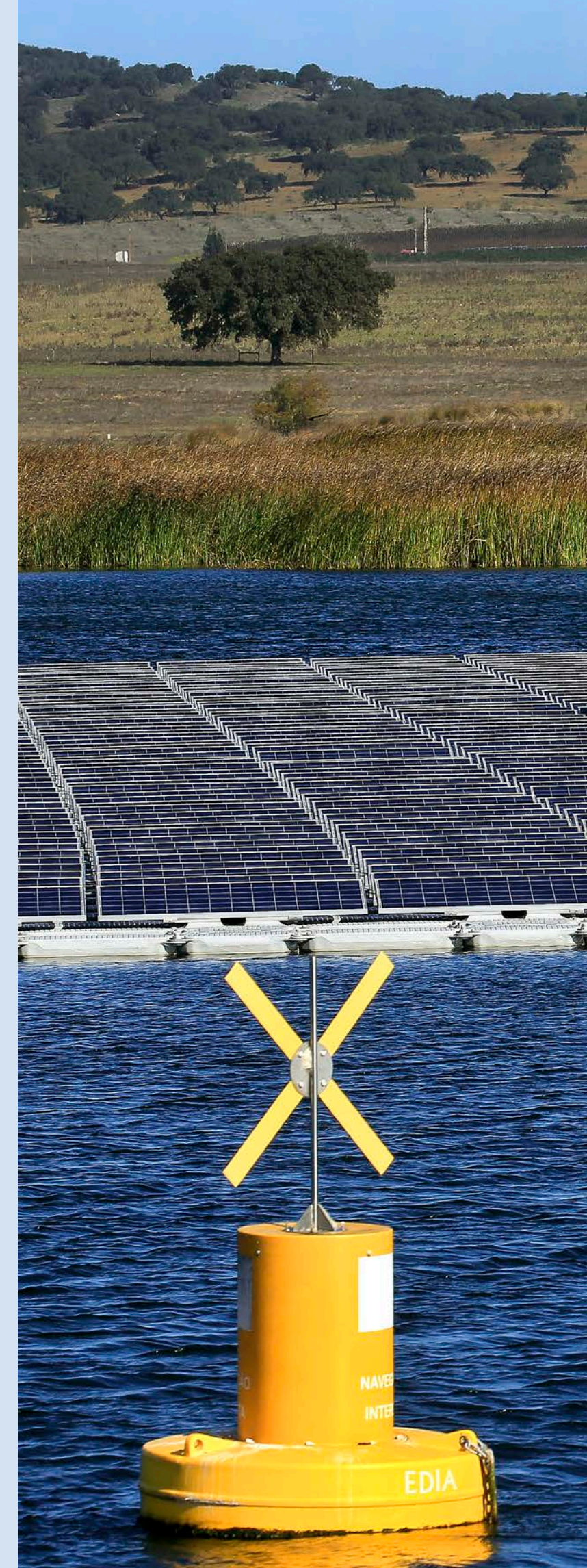




Photo: Vidigueira Reservoir

CHAPTER 1 - MANAGEMENT REPORT

AUTHORITY POWERS

By Decree-Law no. 42/2007 of 22 February, EDIA was given the following authority powers:

- The powers, under the terms of the law, namely the expropriation code, to act as the expropriating entity of the immovable assets and rights inherent thereto to be expropriated that are necessary for the pursuit of its social purpose;
- The right to use and administer the goods of the public domain of the state which are or will be assigned to the exercise of its activity;
- The powers and prerogatives of the State in relation to the protection, evacuation, demolition and administrative defence of possession of the lands and facilities that are allocated to it and of the works executed or contracted by

it, and may also, under the terms of the law, temporarily occupy private land that it needs for building sites, to store materials, to house workers and to set up offices, without prejudice to the right to any compensation that may be due.

Under the provisions of Decree-Law no. 313/2007, of 17 September, which approved the bases of the concession granted by contract between the State and EDIA on 17 October 2007, EDIA holds, as concessionaire of the management, operation and private use of the public hydric domain allocated to EFMA, the powers of administration of that public hydric domain within the scope of its activity, the powers to grant titles regarding the abstraction of water for irrigation and power generation and also the powers to supervise its use by third parties, as well as the power to initiate, investigate and sanction administrative offence proceedings in this scope.

CHAPTER 1 - MANAGEMENT REPORT

FINANCIAL ANALYSIS

Profit and Loss Account

In this analysis, expenses and income do not include the investment made in the Secondary Network, which is cancelled out by means of the variation in production (investment made in the

works forming part of the EFMA secondary network owned by the State with the exception of Infrastructure 12 and the Village of Luz perimeter).

	2020	2019	Absolute deviation	Relative deviation
Costs	60 520	46 995	13 525	28,78%
Cost Goods Sold/Consumed Materials	69	61	8	13,99%
Supplies and External Services	21 698	21 654	44	0,20%
Personnel Costs	6 602	6 319	282	4,47%
Depreciation and Amortization Costs	5 735	5 788	-52	-0,91%
Impairments	17 679	3 835	13 844	360,99%
Provisions	5 764	4 669	1 095	23,45%
Other Costs and Losses	163	1 481	-1 318	-88,99%
Financial Costs and Losses	2 765	3 115	-350	-11,24%
Income Tax	45	73	-28	-37,99%
Income	46 665	44 324	2 341	5,28%
Sales	1 108	631	477	75,61%
Services Rendered	34 432	32 328	2 104	6,51%
Variations in Production Inventories	0	0	0	
Own Work for the Entity	1 649	1 603	46	2,87%
Operating Subsidies	565	145	421	290,45%
Impairment		271	-271	
Other Income and Gains	8 911	9 346	-435	-4,66%
Net Result for Financial Year	-13 855	-2 671	-11 184	418,75%

Table 31: Profit and Loss Account

In 2020, EDIA, presented a negative Net Result of EUR –13.86 million, with a negative variation of EUR 11.18 million compared to the same period in 2019.

The costs show an increase of EUR 13.53 million (28.78%), compared with the same period of the previous year, essentially due to the following items:

- “Personnel Costs” with an increase of EUR 0.28 million which is mainly due to salary updates and progressions which, compared to 2019, had a greater impact due to the fact that in the latter year (2019) they were granted in stages and with a lower impact – 75% on 1 May and 25% on 1 December, whereas in 2020 they were granted at 100% with effect from 1 January 2020, the reduction in absenteeism and the granting of Exemption from Working Hours (IHT) instead of fixed-term contracts;
- “Impairment related to the water business, with an increase of EUR 13.84 million (360.99%) compared to the same period last year due to the increase in investment in the Primary Network (non-saleable assets) allocated to the water segment;
- “Provisions” with an increase of EUR 1.10 million, justified by the application of IFRIC12 – Service Concession Contracts to the infrastructures in operation, with a change in the model for calculating the value of the provision as explained in point 20.2 of the notes to the financial statements; and

- “Other Costs and Losses” with a decrease of about EUR 1.32 million (–88.99%), is justified by the fact that, in 2020, the procedure for the recognition of water resources fees has changed. In 2020 the assumptions for the recognition of costs and income associated with TRH were changed, due to the fact that a large amount of this fee is collected by EDIA, to be transferred afterwards to APA. Thus, only the portion collected from this fee that is actual revenue of EDIA was recognised in profit or loss, i.e. the part of the amount collected from TRH that is not transferred to APA, thus reducing the “Services Rendered” account and the “Other Costs and Losses” account.

In the particular case of income, there was an increase in the order of EUR 2.34 million, 5.28% compared with the previous year, resulting essentially from:

- “Sales and Services Rendered” which showed a positive evolution of around EUR 2.58 million, around +7.83%, essentially reflecting income from the distribution of water and energy production (Mini Hydro plants).

Balance

On 31 December 2020, EDIA has Net Assets of EUR 781.04 million, with a decrease of about EUR 0.46 million compared to the end of 2019.

Thousand EUR				
Items	31/dez/20	31/dez/19	Absolute	Relative
Non-Current Assets				
Tangible Fixed Assets	13 307	12 502	805	6,44%
Investment Property	1 921	2 111	-189	-8,97%
Intangible Assets	325 669	330 168	-4 499	-1,36%
Financial Investments	277	277	0	0,00%
Other Receivables	181 966	187 772	-5 806	-3,09%
Captive Deposits	91	91	0	0,00%
	523 230	532 920	-9 689	-1,82%
Current Assets				
Inventories	24 985	7 695	17 290	224,70%
Customers	5 148	6 843	-1 696	-24,78%
Advances to Suppliers	14	16	-2	-12,40%
State and Other Public Entities	861	1 490	-629	-42,19%
Shareholders/Partners	0	0	0	-
Other Receivables	218 264	219 146	-882	-0,40%
Deferals	110	221	-111	-50,29%
Cash and Bank Deposits	8 430	13 169	-4 738	-35,98%
	257 812	248 580	9 232	3,71%
TOTAL	781 043	781 500	-457	-0,06%

Table 32: Balance Sheet – Assets

This decrease resulted, essentially, from the following variations:

Non-current assets

- Decrease in “Intangible Assets”, by about EUR 4.50 million (–1.36%), justified essentially by the depreciations recognised during the year, and
- Decrease of “Other Receivables” by EUR 5.81 million justified by the decrease of the balance in 2020 that concerns the amortisation of assets, related to the concession contract for the operation of the Alqueva and Pedrógão Hydroelectric Power Plants, in accordance with the financial plan built for this purpose, in which a fixed discount rate of 3.5% is considered.

Current assets

- EUR 17.29 million increase in “Inventories” due to the investment made in the Secondary Network;
- “Customers” as a result of the decrease of EUR 1.70 million, justified on the one hand by the decrease in the average collection period and, on the other hand, by the greater recognition of impairment related to customer debts, explained by the change of assumption in the calculation of this impairment; and
- Cash and Bank Deposits with a decrease of EUR 4.74 million (–35.98%) due to the Company’s exploitation, financing settlement, operating and investment activities and debt service payment.

“Equity” showed a positive variation of around EUR 7.67 million as a result of:

- 1) capital increase carried out during the year in the amount of EUR 21.53 million;

2) negative deviation of EUR 2.67 million in “Retained Earnings” justified by the application of the net results of 2019; and

- 3) negative variation of the “Net Profit” in the amount of EUR 11.18 million.

Thousand EUR				
EQUITY AND LIABILITIES				
EQUITY				
Paid-up Capital	860 335	838 810	21 525	2,57%
Other Reserves	9 203	9 203	0	0,00%
Retained Earnings	-808 041	-805 370	-2 671	0,33%
Adjustments on Financial Assets	0	0	0	
Net Profit for the Year	-13 855	-2 671	-11 184	418,76%
TOTAL EQUITY	47 642	39 973	7 669	19,19%
LIABILITIES				
Non-Current Liabilities				
Provisions	34 223	26 876	7 346	27,33%
Financing Obtained	116 667	181 304	-64 637	-35,65%
Other Payables	0	0	0	
Deferrals	381 783	396 275	-14 492	-3,66%
	532 673	604 455	-71 782	-11,88%
Current Liabilities				
Financing Obtained	159 256	104 563	54 693	52,31%
Suppliers and other payables	26 694	17 710	8 984	50,73%
Other Current Liabilities	254	275	-21	-7,64%
Deferrals	14 525	14 525	0	0,00%
	200 728	137 072	63 656	46,44%
TOTAL LIABILITIES	733 401	741 528	-8 127	-1,10%
TOTAL EQUITY AND LIABILITIES	781 043	781 500	-457	-0,06%

Table 33: Balance Sheet – Equity and Liabilities

Liabilities recorded the following changes:

Reduction in Non-Current Liabilities in the order of EUR 71.78 million, justified:

- Under “Provisions”, by the increase of EUR 7.35 million, justified by the application of IFRIC12 – Service Concession Contracts to infrastructure in operation in the amount of EUR 5.65 million and by the provision for legal proceedings with an increase of EUR 1.70 million justified essentially by the lawsuit brought by Tecnasol-FGE against EDIA, relating to the Contract for foundation treatment and implementation of the Pedrógão exploitation observation plan;
- Decrease in “Financing Obtained” by about EUR 64.64 million (–35.65%), mainly due to the transfer to current liabilities of the repayments to be paid in the short term up to the end of 2021, related to the EIB financing (EUR 135.00 million), amounting to EUR 26.38 million, the DGTF (EUR 189.00 million), amounting to EUR 31.54 million, and the bond loan (EUR 94.35 million), amounting to EUR 6.72 million. With regard to the loan with DGTF, in the amount of EUR 189.00 million, on 24 February 2021, by Order no. SAI_DGTF/2021/

654-DASF, the deferral of the payment of the debt service due on 30 November 2020 to 31 May 2021 was authorised, for no additional costs (the outstanding amount referred to in the letters relates to the years 2018, 2019 and 2020); and

- Decrease in “Deferrals” of EUR 14.49 million (–3.66%), due to the recognition in income, in the same proportion, of the amortisation of subsidised assets in the amount of EUR 1.85 million and income from the concession contract for the Alqueva and Pedrogão Hydroelectric Power Plants in the amount of EUR 12.65 million.

In Current Liabilities there was an increase of EUR 63.66 million, essentially due to the variation under the item “Financing Obtained”, in the amount of EUR 54.70 million, and an increase under the item “Suppliers and Other Accounts Payable” of EUR 8.98 million, justified by the increase in exploration and investment activities.



Financial Indicators

Thousand Euros

Financial Indicators	31/12/20	31/12/19	Deviation
Turnover	35 540	32 959	2 581
EBITDA	11 570	10 140	1 430
EBIT	-11 045	518	-11 563
Financial Results	-2 765	-3 115	350
Net Results	-13 855	-2 671	-11 184
Net Free Cash Flow	15 368	11 423	3 945
Investment	22 465	6 508	15 957

Table 34: Balance Sheet – Financial Indicators

In 2020, EDIA presents a negative net result of about EUR 13.86 million while in the same period of 2019 the negative result was EUR 2.67 million, being noteworthy that:

- EBITDA shows an increase of around EUR 1.43 million when compared to the same period last year, essentially due to the increase in “Turnover” by EUR 2.58 million; increase in “Variation in Production Inventories” of EUR 13.58 million due to the investment in the secondary network, compensated on the expense side by the increase in “External Supplies and Services” of EUR 13.60 million, increase in “Provisions” of EUR 1.10 million due to the application of IFRIC12, an increase of EUR 1.07 million in “Impairment of Debts Receivable” and a decrease in “Other Costs and Losses” in the amount of EUR 1.31 million due to the change in the recognition procedure of the water resources charges; and by

- The item “Impairment losses/reversals of investments/depreciable/amortisable assets” shows an increase of about EUR 13.04 million compared to the same period last year, contributing to a negative EBIT of EUR 11.04 million.

In turn, Net Free Cash Flows showed an increase of EUR 3.95 million compared to the previous year.

EDIA presents a total investment of EUR 22.47 million without secondary network and with capitalizations.

CHAPTER 1 - MANAGEMENT REPORT

PROPOSAL FOR THE APPLICATION OF RESULTS

Under the terms of Article 66(5)(f) of the Commercial Companies Code, the Board of Directors,

Considering:

A negative net profit of EUR 13,855,194 was recorded in the financial year 2020.

Proposes:

That the Negative Net Result calculated for 2020 and included in the Balance Sheet as at 31 December 2020 be carried forward to Retained Earnings.

Beja, 13 April 2021

The Board of Directors

Eng. José Pedro Mendes Barbosa da Costa Salemaa
(Chairman)

Dr Augusta Manuel Pereira de Jesus Cachoupo
(Member)

Eng. Jorge Manuel Vazquez Gonzalez
(Member)



CHAPTER 2

DISSEMINATION OF COMPLIANCE WITH LEGAL GUIDELINES

1- MANAGEMENT OBJECTIVES AND ACTIVITY PLAN AND BUDGET

Management Objectives

The strategic guidelines and objectives of the company for 2020 have not been defined by the Shareholder.

It should be noted, however, that in the programming of its activity, investments and financing of EFMA, EDIA's main "Mission" was:

- The design, execution, construction, management, operation, maintenance and conservation of the infrastructures that make up EFMA's primary system;
- The design, execution and construction, on behalf of the State, of the infrastructures that make up EFMA's secondary network; and
- The promotion, development and pursuance of other economic activities which benefits contribute to improving the conditions of use of the resources allocated to EFMA.

This mission was assigned by the State Shareholder through the Ministry of Finance, in conjunction with the Ministry of Agriculture, and the Company's activity was guided in accordance with its proposed Activities Plan and Budget – 2020 and other guidelines issued by the Directorate-General for Treasury and Finance (DGTF) and the Directorate-General for the Budget (DGO).

Next, the management results achieved during the financial year 2020 will be listed, namely at the level of the irrigated area, tenders launched, contracts awarded and financial indicators.

Irrigated Area

Alqueva is based on the concept of multipurpose and on the integrated management of its strategic water reserve. With Alqueva, paths are mapped out for water: paths that lead to public supply, with the reinforcement of 5 dams that supply around 200,000 inhabitants, to agriculture, with an irrigated area of around 120,000 ha and an expansion area of more than 50,000 ha.

From Alqueva, dams and reservoirs are interconnected, guaranteeing the availability of water, even in periods of extreme drought, to an area of approximately 10,000 Km², divided between the districts of Beja, Évora, Portalegre and Setúbal, covering a total of 20 municipalities.

The Alqueva reservoir, the largest artificial lake in Europe, extends 83 km along the municipalities of Moura, Portel, Mourão, Reguengos de Monsaraz and Alandroal, occupying an area of 250 Km². The total storage capacity of the Alqueva reservoir is 4,150 million m³, and its usable volume in normal operation is 3,150 million m³.

On the other hand, the periods of extreme drought that occurred recently accentuated the undeniable positive impact of the Alqueva reservoir, since, even in a situation of severe drought, it was possible to develop agriculture and supply populations. Thus, it is a cause for great satisfaction for all those involved, the achievement, on the ground, of the expected results, with the growing adherence to the perimeters, under EDIA management, in recent years.

Regarding the analysis of the membership and water consumption values in the EFMA perimeters on 31 December 2019 and 31 December 2020, there was an increase in membership of about 9.5% (8,925 ha), with the registered area at the end of the year being 103,232 ha. As for water consumption at the end of 2020, it stood at 282,563,426 m³, a figure slightly lower than the consumption verified in the same period in the previous year.

Registered area and consumption in the years 2019 and 2020:

Perimeters under EDIA management	Benefited Area	2020			2019		
		Registered Area		Consumption	Registered Area		Consumption
		ha	ha	%	m³	ha	%
Entry into operation by 2010	18 754	20 666	110,19	53 129 903	17 030	90,81	55 395 369
Monte Novo	7 714	11 124	144,21	22 823 126	8 287	107,43	22 332 704
Alvito – Pisão	8 452	7 794	92,22	23 476 224	7 085	83,83	25 048 992
Pisão	2 588	1 747	67,51	6 830 553	1 657	64,03	8 013 673
Entry into operation by 2011	26 417	22 934	86,81	60 116 751	22 766	86,18	65 859 529
Alfundão	4 216	4 145	98,31	11 458 886	4 113	97,56	12 286 453
Ferreira, Figueirinha and Valbom	5 118	3 254	63,58	8 567 829	3 629	70,91	10 991 045
Orada – Amoreira	2 522	2 129	84,41	3 900 577	2 008	79,62	4 607 549
Brinches	5 463	4 646	85,04	10 445 720	4 302	78,75	10 913 722
Brinches – Enxoé	4 698	4 838	102,99	14 399 208	4 810	102,38	14 393 037
Serpa	4 400	3 922	89,14	11 344 531	3 904	88,73	12 667 723
Entry into operation by 2012	9 278	7 362	79,35	22 637 993	6 683	72,03	22 598 402
Loureiro-Alvito	1 050	903	85,98	3 513 882	878	83,62	3 827 436
Ervidel	8 228	6 460	78,51	19 124 111	5 805	70,55	18 770 966
Entry into operation by 2013	4 016	3 937	98,04	7 724 279	3 616	90,04	9 886 515
Pedrógão – Right Bank	4 016	3 937	98,04	7 724 279	3 616	90,04	9 886 515
Entry into operation by 2015	19 634	22 604	115,13	67 056 544	20 797	105,92	70 777 891
Cinco Reis – Trindade	5 600	7 121	127,17	22 616 616	6 607	117,98	23 095 026
Baleizão – Quintos	7 999	8 311	103,90	23 979 257	7 269	90,87	23 692 320
São Pedro – Baleizão	6 035	7 172	118,85	20 460 671	6 921	114,68	23 990 545
Entry into operation by 2016	30 381	25 729	84,69	71 897 956	23 416	77,07	68 822 445
Vale de Gaio	3 903	2 937	75,25	6 625 635	2 772	71,02	6 965 100
Beringel – Beja	5 103	4 740	92,89	16 815 587	4 546	89,08	15 067 918
Pias	4 698	3 599	76,61	9 041 618	3 338	71,05	9 545 476
S. Matias	5 863	5 005	85,36	18 325 437	4 503	76,80	18 599 579
Caliços – Machados	4 664	4 396	94,26	12 550 755	3 743	80,25	11 597 273
Caliços – Moura	2 117	2 050	96,81	3 777 289	1 938	91,54	3 981 993
Roxo – Sado	4 033	3 002	74,43	4 761 635	2 576	63,87	3 065 106
TOTAL	108 480	103 232	95,16	282 563 426	94 308	86,94	293 340 151
Alqueva Subsystem	56 005	53 227	95,04	146 614 084	47 955	85,63	149 464 419
Ardila Subsystem	28 562	25 580	89,56	65 459 698	24 043	84,18	67 706 773
Pedrógão Subsystem	23 913	24 425	102,14	70 489 644	22 309	93,29	76 168 959
TOTAL	108 480	103 232	95,16	282 563 426	94 308	86,94	293 340 151

* CIEFMA data as at 5 March 2021.
Note: Occasionally, small changes may occur in comparative figures for previous periods

Table 35: Water consumption by EFMA perimeter and by date of entry into operation of each perimeter

The following tables show the water reinforcements made to reservoirs, water sources, mainly from neighbouring perimeters and public supply, and consumption associated with direct abstraction:

m³		
Direct Abstractions	2020	2019
Consumption	19 261 730	22 686 411
TOTAL	19 261 730	22 686 411

Table 36: Water abstraction consumption EFMA

Supplies	2020	2019
Vale de Gaio	0	3 297 938
Campilhas e Alto Sado	11 894 677	13 337 135
Águas de Santo André	11 122 151	8 162 184
Vigia	3 145 870	2 403 725
Enxoê*	1 234 479	211 680
Monte Novo	647 507	2 550 795
Roxo**	26 856 703	5 608 485
Odivelas	37 002 000	23 095 000
Luz	1 179 000	-
TOTAL	93 082 387	58 666 942

* No flow meter installed, value calculated by estimate and validated by AgdA.
 ** For Roxo the difference between the adduced and received volumes must be calculated
 *Adduced - Received in the year (57,538,000ha-30,681,297ha=26,856,703ha)

Table 37: Water consumption from supplies – EFMA

It can be concluded from the analysis of the summary table below: The total volume of water distributed was 394.91 hm³, in 2020, which compared with the same period of the previous year records an increase of 20.21 hm³, i.e. about 5.39%.

	2020	2019
Alqueva Perimeters	282 563 426	293 340 151
Supply	93 082 387	58 666 942
Direct abstractions	19 261 730	22 686 411
TOTAL CONSUMPTION	394 907 543	374 693 504

Table 38: Total Consumption – EFMA

Public tenders launched in 2019 and awarded in 2020

Name	CP Number	Award Date	Award Value
Management and supervision of the construction works of hydraulic circuit in Viana do Alentejo	05/2019	03/03/20	339 220,00
Contract for the supply and installation of the Pedrógão Right Bank EE	16/2019	27/10/20	3 122 438,00
Provision of auditing services for EDIA's half-yearly and annual accounts	38/2019	07/01/20	92 760,00
Contract of work accident insurance, health, vehicle fleet, extra-contractual civil liability and maritime vessel insurance	39/2019	07/01/20	852 877,37
Provision of monitoring services of EFMA groundwater resources for the operation phase-2020/2021	43/2019	14/01/20	162 327,05
Provision of temporary employment services under an open-ended contract for personnel in the Administrative and Financial Management area	44/2019	04/02/20	52 930,80
Supply and assembly of a grill-cleaning and grates machine at the water intake of the Cegonha Reservoir	45/2019	03/03/20	168 432,00

Table 39: Public tenders launched by EDIA in 2019 and awarded in 2020

Public tenders launched and awarded in 2020

Name	CP Number	Award Date	Award Value
Provision of communication services	01/2020	11/02/20	137 600,79
Monitoring of <i>Linaria ricardoi</i> in the secondary irrigation network (2020-2021)	02/2020	07/04/20	23 269,52
Monitoring of the cyprinid larvae community in water bodies of the Guadiana and Sado basins (2020)	03/2020	24/03/20	75 000,00
Birds monitoring in the Alvito-Pisão Irrigation Block (2020-2022)	04/2020	07/04/20	38 000,00
Supply of 4 vehicles in the AOV (Operational Lease of Vehicles) modality	05/2020	24/03/20	21 068,80
Temporary work under an open ended contract for personnel in the expropriations area	06/2020	31/03/20	106 426,56
Birds monitoring in the secondary irrigation network of EFMA 2020-2021	07/2020	19/05/20	125 985,00
Licensing contract for Microsoft products	08/2020	28/04/20	173 929,70
Supply of 2 light goods vehicles	09/2020	16/06/20	38 352,00
Provision of temporary work services under an open ended contract in the area of electrical and mechanical maintenance	10/2020	02/06/20	118 357,08
Contract work to remodel Laje Pumping Station (1st phase intervention)	11/2020	28/07/20	177 700,00
Contract work for supply and installation of automatic regulation gates in the final stretch of the Loureiro-Alvito connection	12/2020	11/08/20	124 900,00
Acquisition of aquatic plant containment barriers	13/2020	29/09/20	88 900,00
Provision of cleaning services for canals, reservoirs and EFMA primary infrastructure	14/2020	29/09/20	213 338,24
Soil monitoring in EFMA's irrigation blocks – Area A – Operational Phase 2020	15/2020	08/09/20	59 730,74
Renewal of safety signs at the Alqueva Dam	16/2020	20/10/20	78 500,00
Monitoring of surface water resources on EFMA's primary network	17/2020	03/11/20	353 523,85
Provision of services to repair valves at the Amoreira and Lage Dam Pumping Stations	18/2020	17/11/20	33 890,00
Hosting of document management solution, respective maintenance services, management and integration with EDIA systems	21/2020	17/11/20	163 705,00
Provision of corrective maintenance services for the Pedrogão – Right Bank and Alamo pumping stations equipment	25/2020	29/12/20	40 000,00

Table 40: Public tenders launched and awarded by EDIA in 2020

Public tenders launched in 2020 and not awarded

EUR

Name	CP Number	Launch Date	Baseline Price
Provision of preventive maintenance services for the high voltage (60Kv) medium voltage (6_11_30Kv) and low voltage (0.4Kv) installations of the EFMA primary network	19/2020	19/10/20	100 000,00
Supply, assembly and preventive maintenance of flowmeters in the primary and secondary EFMA networks	22/2020	23/11/20	221 700,00
Provision of services for the characterisation of the reference situation for the Cuba-Odivelas, Reguengos, Viana do Alentejo and Evora irrigation blocks (2021-2022)	23/2020	17/11/20	65 000,00
Provision of services for the management and supervision of the construction of the observation and command post and interpretation centre - Alqueva Dam	24/2020	18/11/20	200 000,00
Supply of vehicles in AOV - 9 light passenger vehicles, 2 light goods vehicles 4x4 3-seats and 5 electric light passenger vehicles required by EDIA during the 1st half of 2021	26/2020	26/11/20	333 120,00
Birds monitoring in the secondary EFMA irrigation network 2021-2022	27/2020	21/12/20	140 000,00

Table 41: Public tenders launched by EDIA in 2020

Financial Indicators

As stipulated in Council of Ministers Resolution no. 70/2008, later revoked by DL no. 133/2013 of 3 October, the financial indicators that apply to the reality of EDIA are shown in the following table:

Financial Indicators	
Efficiency	Year 2020
Operating Costs/EBITDA	245,19%
Personnel Costs/EBITDA	57,06%
Personnel Costs Variation Rate	4,47%
Average Payment Time	Year 2020
Average Payment Time	103
Evolution (days) compared to the previous year (homologous period)	40
Profitability and Growth	Year 2020
EBITDA/Revenues	32,55%
Revenue Growth Rate	7,83%
Return on Invested Capital	Year 2020
Net Profit/Invested Capital	-1,61%

Table 42: Financial Indicators

Execution of the 2020 Activity Plan and Budget regarding the Financial Reference Principles

The investment plan presented by EDIA for 2020 was prepared from an economic perspective. The value of the investment plan-
ned for 2020 totalled an amount of EUR 85,865,022. The realiza-

tion of EDIA's investment in this year amounted to EUR 36,771,475, i.e., about 42.82% of the forecast amount. A summary of the main justifications for the occurrence of the deviations found is pre-
sented below.

EUR

PROGRAMMES	Investments - 2020		Deviation	
	Forecast	Carried Out	Total	
Alqueva Dam	332 500	64 927	-267 573	-80,47%
Pedrógão Dam and Plant	25 000	856 343	831 343	3325,37%
Alqueva-Álamos Pumping Station	2 051 363	3 502 052	1 450 689	70,72%
Primary Network	27 192 587	15 237 251	-11 955 336	-43,97%
Secondary Network	32 669 185	16 931 707	-15 737 477	-48,17%
Regional Development	23 594 386	179 194	-23 415 193	-99,24%
TOTAL	85 865 022	36 771 475	-49 093 547	-57,18%

Table 43: Project Investment - Foreseen 2020/Carried out 2020

Photo: Álamos Pumping Station



0 Program 1 – Alqueva Dam (EUR –267,573)

- The deviation, which affected mainly the item “Land”, is justified by the non-implementation of the amounts foreseen for acquisitions, expropriations and indemnities, since their processing depends on the development/conclusion of the contentious expropriation processes taking place in court;

0 Program 3 – Pedrógão Dam and Plant (EUR 831.343)

- In the 2nd quarter of 2020, there was an increase in the commitments assumed by EDIA, mostly relating to a strengthening in the amount of EUR 846,343 of the provision for the legal proceedings relating to the contract for the treatment of foundations and implementation of the Pedrógão plant observation plan;

0 Program 4 – Alqueva-Álamos Pumping Station (EUR 1,450,689)

- In program 4, the deviation occurred in the construction contract of the power reinforcement of the EFMA Álamos pumping station. This contract suffered some delays which were reflected in its invoicing, which was initially planned for 2019 and slipped to 2020;

0 Program 5 – Primary Network (EUR –11,955,336)

- The deviations recorded in these programs are justified by delays in the start of several works and supplies of the 2nd phase of EFMA, in particular, the works of the 2nd phase of the Pedrogão-Right Margin HS, the Reguengos HS, the Vidigueira HS and the Vila Nova de S. Bento HS. On the other hand, it is worth mentioning some delays suffered in ongoing contracts due to the context experienced, particularly in the Connection to the Morgavél System;

0 Program 6 – Secondary Irrigation Network (EUR –15,737,477)

- The deviations registered in these programs are justified by delays in the start of various works in the Reguengos, Vidigueira and Vila Nova de S. Bento blocks. On the other hand, it should be noted that some delays were experienced in works in progress due to the context, namely in the Viana do Alentejo and Cuba Odivelas blocks;

0 Program 7 – Regional Development (EUR –23,415,193)

- The deviations in this program were essentially due to the delay in starting up the photovoltaic plant in Alqueva, and also to expenses related to the Alqueva POC and the Alqueva dam.

Personnel Costs

The Personnel Costs show a deviation of – 2.85%, which was due to the fact that the admission of 12 employees, foreseen in the 2020 budget, was not authorised by the shareholder. Furthermore, after the departure of a member of the Supervisory Board, no nomination was made to replace him.

To calculate Personnel Costs, the Governing Bodies, managers and workers were considered, making a total of 184 employees.

HR	Forecast	Execution	Var. 2020 / 2020	
	2020	2020	Value	%
Total personnel costs (1) = (a)+(b)+(c)+(d)+(e)+(f)+(g)	6 795 056,00	6 601 620,00	-193 436,00	-2,85%
(a) Expenditure on Corporate Bodies	344 217,00	334 198,00	-10 019,00	-2,91%
(b) Management Expenses	1 386 154,00	1 417 241,00	31 087,00	2,24%
(c) Personnel remuneration	4 735 115,00	4 573 839,00	-161 276,00	-3,41%
(i) Base salary + Vacation Allowances + Christmas Allowances	3 098 765,00	2 985 877,00	-112 888,00	-3,64%
(ii) Other Subsidies	1 506 350,00	1 450 753,00	-55 597,00	-3,69%
(iii) Remunerations	130 000,00	137 209,00	7 209,00	5,55%
(d) Post-employment benefits	0,00	0,00	0,00	0,00%
(e) Expenses Subsidies	21 870,00	10 177,00	-11 693,00	-53,47%
(f) Other Charges	305 700,00	265 240,00	-40 460,00	-13,24%
(g) Severance Payments	2 000,00	925,00	-1 075,00	-53,75%
Total Personnel Costs (2) = (1) without the impact of the measures identified in (iii) and (g)	6 663 056,00	6 463 486,00	-199 570,00	-3,00%
Designation				
Total HR No. GB + Management positions + Workers)	197	184	-13	-7%
No. of Governing Bodies (GB) (number)	6	5	-1	-17%
No. of Management positions without Governing Bodies (number)	24	24	0	0%
No. of Employees without GB and without Management Positions (number)	167	155	-12	-7%
Expenses for Managers/Personnel [(b)/((1)-(g))]	20,41%	21,47%		1,07%

Table 44- Personnel costs

Level of Indebtedness

Since 2015, EDIA has not resorted to borrowed capital.

EUR

	2020 Foreseen	2020 Executed	Deviation
2020 Remunerated Financing	195 922 008,00	275 922 585,16	-80 000 577,16
2019 Remunerated Financing	222 789 774,00	285 866 369,17	-63 076 595,17
2020 Share Capital	950 723 860,00	860 334 960,00	90 388 900,00
2019 Share Capital	905 324 790,00	838 810 320,00	66 514 470,00
2020 New Investments	63 780 000,00	34 754 600,00	29 025 400,00
Variation in Indebtedness	-4,01%	-2,06%	-1,95%

Table 45 – Variation in indebtedness

The variation in indebtedness foreseen in the Activities Plan and Budget (PAO), relative to that executed, is justified by the fact that the amortisation of the loan with the DGTF did not occur, in accordance with Order no. 962/2020-SET of the Secretary of State for the Treasury, in which the deferral of debt service payments from 30 November 2020 to 31 May 2021 was approved.

In addition to the above, the loan to be contracted with the CEB, foreseen in the PAO, to finance the investments in the Photovoltaic Park, was not carried out, due to the delay in starting the construction of this project, awaiting the necessary authorisations from the Ministry.

Degree of Execution of the Budget uploaded in SIGO/SOE

The expenses budget proposal presented by EDIA of EUR 124,654,517 was adjusted by the Ministry, leaving the corrected allocation at EUR 91,912,862, a reduction of EUR 32,741,655. The corrected allocation is divided between activities and projects, with amounts of EUR 78,174,419 and EUR 13,738,443, respectively, but these values have changed during 2020.

Of the alterations made, we highlight the elimination by the Ministry, of the financing proposed through the *PNRegadios*, ha-

ving instead considered financing through a capital increase, in a much lower amount than that proposed.

During 2020 the budget for projects – Expenses, had the following changes, by source of financing (FF):

- EDIA in May 2020 transferred from the activities budget to the projects budget, the amount of **EUR 17,742,115**, to meet the investment in *PNRegadios* projects. Financing Source (FF) 721;
- In October EDIA reinforced the projects budget via the activities budget in the amount of **EUR 3,561,520** to carry out *PNRegadios* investments. FF 513;
- EDIA in November made a reinforcement through a Special Credit Change Request for **EUR 370,927**. FF 359;
- Also in 2020, in the month of December, an amount of **EUR 29,258** was reflected in the projects budget concerning the environmental fund. FF 540; and
- EDIA submitted a Request for Authorisation to Apply Opening Balances totalling **EUR 1,052,250** to allocate the national counterpart of the Álamos power reinforcement project. FF 358.

Projects

In the following table we present the budget of projects, showing the transfers made and the expenses paid in the period.

EUR

Project	Designation	Initial Approved State Budget 2020	State Budget 2020 After Budget Changes	Costs Paid	Degree of Execution Given the Amended Budget
09551	Complementary Actions	11 818 219	10 364 316	2 102 835	20%
09521	Barras, Torrão and Baronia Baixo Block	1 000	125	0	0%
09529	Moura Gravitico Block	130	16	0	0%
09527	Pias Block	7 396	169 831	0	0%
09554	Caliços-Machados Block	21 380	3 507	833	24%
09519	Baronia and Alvito Altos and Alvito Baixo Blocks	1 000	125	0	0%
09510	Beja Blocks	6 390	799	0	0%
09514	Beringel-Álamos Blocks	1 250	37 026	29 975	81%
09525	São Matias Blocks	2 000	366 866	268 378	73%
09532	São Pedro Blocks	2 878	360	0	0%
09508	Roxo-Sado Blocks	2 900	363	0	0%
09467	Roxo-Sado Hydraulic Circuit	60 200	24 919	6 229	25%
09530	Loureiro-Alvito Block		13 604	13 604	100%
09468	Installation of Groups 3 and 4 Álamos and Álamos- Loureiro Plant	1 753 700	5 007 023	3 877 267	77%
09427	Connection to the Morgável Supply System	0	2 898 275	2 237 592	77%
10746	Installation of 3 Additional Groups at São Pedro Plant	0	747 752	675 861	90%
10774	Cuba-Odivelas Hydraulic Circuit and Block	0	4 533 232	4 533 232	100%
11062	Évora Hydraulic Circuit and Block	0	7 232 469	6 132 170	85%
11063	Viana Hydraulic Circuit, Main Supply System and Block	0	4 116 224	2 649 086	64%
11064	Reguengos Hydraulic Circuit and Block	0	107 722	82 151	76%
11065	2nd Phase of Pedrógão Right Bank Plant	0	62 401	35 877	57%
11066	Vidigueira Hydraulic Circuit and Block and Cuba Este Photovoltaic Plant	30 000	410 665	256 517	62%
11067	São Bento Hydraulic Circuit and Block and Lage Photovoltaic Plant	30 000	396 893	216 857	55%
TOTAL		13 738 443	36 494 513	23 118 463	63%

Note: Complementary Actions - These include the investments foreseen in the 2nd Phase of EFPA that will be considered in autonomous projects, as soon as the projects are individually approved in the National Irrigation Programme.

Table 46: Degree of execution of the Projects budget (expenses) – SIGO/SOE

Thus, at the end of 2020, the activities budget stood at EUR 61,074,892 and the projects budget at EUR 36,494,513.

The difference between the initial approved project budgets and after budget changes is EUR 22,756,070 (36,494,513-13,738,443) and reflects the reinforcements of the project budget by decreases in the Activities Budget, the reinforcement of the project budget by special credit and the application of opening balances.

A caption of EUR 1,478,913 was applied to the amount of EUR 36,494,513, thus making the 2020 expenses budget EUR 35,015.60.

This budget provided for the development of several works of the 2nd phase of EFMA, integrated in *PNRegadios*, and the completion of complementary actions related to the infrastructure of the 1st phase of EFMA. In 2020 5 works were started: Connection to the Morgavél Supply System; Évora Hydroelectric Power Plant and Block; Cuba-Odivelas Hydroelectric Power Plant and Block; Viana Hydroelectric Power Plant and Main Water Supply System and Viana Block.

At the end of 2020 the realised value in the project budget was EUR 23,118,463, of which EUR 1,264,755 related to the 1st phase and EUR 21,853,708 to the 2nd phase of EFMA.

With regard to the Alqueva photovoltaic park, which is expected to be built in 2020, work has not started due to delays in obtaining the necessary permits.

The most significant investments of the 2nd phase of EFMA concern the following infrastructures:

- Groups 3 and 4 of the Álamos pumping station;
- Connection to the Morgavél Water Supply System;
- Cuba-Odivelas Hydraulic Circuit and Block;
- Viana Hydraulic Circuit;
- Viana do Alentejo Main and Block;
- Évora Hydraulic Circuit and Block.



Photo: Álamos Pumping Station's Generator Levelling

The execution of the project income budget, after budget changes, showed a deviation of EUR 13,376,050, essentially due to the slippage in the beginning of the works on the Alqueva Photovoltaic Park, although the financing was contracted with the Council of Europe Development Bank.

In 2020 we had approved by the Implementation Unit of *PNRegadios* (UEP), 9 of the 10 applications submitted in the 1st Call, which represents an approved financing of EUR 61,086,156.48. The Reguengos project, with a total investment of over EUR 50 million, was previously approved by the European Investment Bank in the last quarter of 2020, and is expected to be approved by the UEP of *PNRegadios* in early 2021.

1st Phase of EFMA

The projects relating to the 1st phase of EFMA, supported under the previous Community Support Framework, had lower outputs than expected, since the planned investments relate mainly to disputed expropriation processes.

In 2020, the projects in the Alqueva area continued and work was carried out on the project for the implementation of the Alqueva Observation and Command Post (POC) with the project review

2nd Phase of EFMA

In 2020, the following construction and equipment supply contracts continued and some essential works were completed:

- 09468 – Power reinforcement of the Álamos pumping station (in progress);
- 09551 – Remodelling of Lage Pumping Station (1st phase intervention) (in progress);
- 09530 – Power reinforcement of the Loureiro – Alvito block pumping station – (completed);
- 10746 – Installation of three additional groups at the São Pedro pumping station (concluded);

- 11066 – Floating photovoltaic plant at Cuba Este (Vidigueira project);
- 11067 – Lage photovoltaic plant (São Bento Project).

The following construction works were started:

- 09427 – Connection to the Morgavél supply system;
- 10774 – Cuba-Odivelas Hydroelectric Power Plant and Block;
- 11062 – Évora Hydroelectric Power Plant and Block;
- 11063 – Viana do Alentejo hydraulic circuit; and
- 11063 – Viana do Alentejo main supply system and its block.

The following construction contracts were awarded:

- 11065 – 2nd Phase of the Pedrógão – Right Bank Pumping Station; and
- 09530 – Floodgates for regulating the final stretch of the Loureiro –Alvito connection.

Continued preparation of the following projects for the neighbouring areas:

- 09468 – Accesses to the siphons duplication work (completed);
- 09551 – Cabeça Gorda – Trindade Hydraulic Circuit and Blocks (in APA);
- 09551 – Connection to Monte da Rocha reservoir and Messejana Block (PE completed and submitted to APA for environmental impact assessment); and
- 09551 – Luceférit hydraulic circuit and blocks – Capelins.

The table below shows the amounts allocated to projects in the revenue budget:

EUR

Revenue Budget	Initial Approved State Budget 2020	Corrected Forecasts	Executed	Deviation	Degree of Execution
Current Transfers	1 907 151	3 957 336	2 842 662	1 114 674	71,8%
Services	2 197 636	6 529 862	5 311 046	1 218 816	81,3%
Other current revenues			87 505	-87 505	
Capital Transfers					
Financial Liabilities	9 633 656	24 955 065	13 825 000	11 130 065	55,4%
Previous year's balance		1 052 250	1 052 250		100,0%
TOTAL EDIA	13 738 443	36 494 513	23 118 463	13 376 050	63,3%

Table 47: Degree of execution of the Projects budget (revenues) – SIGO/SOE



Photo: Évora block

Photo: Photovoltaic Plant, Lage Dam



The initial revenue budget was EUR 13,378,443 and ended at EUR 23,118,463, as did the expenses budget.

Thus, at the end of this period, the budget of the corrected forecast of revenues from projects is EUR 36,494,513, after the budget changes, which affected both the expenses budget and the revenue budget, as detailed below:

1. Increase of EUR 17,742,115 in FF 721. This revenue was initially considered in the activities budget, but was transferred to the projects budget in order to implement the *PNRegadios* (Financial Liabilities);
2. Reinforcement of the projects budget via the activities budget in the amount of EUR 3,561,520 for carrying out *PNRegadios* investments. FF 513 (services);
3. EDIA made a reinforcement through a Special Credit Amendment Request in the amount of EUR 370,927. FF 359 (current transfers);
4. Reinforcement of EUR 29 258. FF 540 (current transfers);

5. EDIA submitted a Request for Authorisation to Apply Opening Balances, for a total amount of EUR 1,052,250, to allocate to the national counterpart of the Álamos power reinforcement project. FF 358 (management balance).

EDIA prepared in May a request to increase capital, in order to carry out the investments approved under the *PNRegadios* during the 1st half of 2020. This request was approved by the DGTF, and the amount of the capital increase was transferred to EDIA on 7 October, in the amount of EUR 13,825,000 (Financial Liabilities).

The financing for the construction of the photovoltaic park in Alqueva (financial liabilities item) has already been contracted. However, the construction work has not started as planned, as the Ordinance on Extension of Charges has not yet been approved, which has postponed the receipt of revenue. Thus under the financial liabilities item that includes the *PNRegadios* projects classified in FF 721, plus the photovoltaic projects FF 712, EDIA had a deviation of EUR 11,130,065.00.

Activities

The following map compares the final execution with the approved budget of the Activities Budget.

Activities Budget	2020 Approved Budget	2020 Execution	Deviation	Degree of Execution (%)
Costs				
Personnel Costs	6 300 000	6 490 669	190 669	103%
Acquisition of Goods and Services	24 535 675	29 880 169	5 344 494	122%
Interest and Other Charges	2 951 742	1 959 403	-992 339	66%
Other Current Expenses	4 977 696	775 238	-4 202 458	16%
Acquisition of Capital Goods	29 451 421	1 206 430	-28 244 991	4%
Financial Liabilities	9 957 885	9 957 882	-3	100%
TOTAL	78 174 419	50 269 791	-27 904 628	64%
Revenue				
Current Transfers	992 849	488 494	-504 355	49%
Sale of Goods and Services	44 041 741	37 259 212	-6 782 529	85%
Other current revenues	4 073 485	1 434 352	-2 639 133	35%
Financial Liabilities	29 066 344	7 699 640	-21 366 704	26%
Management Approved Balances	0	9 010 779	9 010 779	—
TOTAL	78 174 419	55 892 477	-22 281 942	71%

Table 48: Level of implementation of the activities budget (expenses and revenue) – SIGO/SOE

Regarding the Activities Budget, the expenses present a degree of execution of 64%, where the main deviations are:

- a. Acquisition of Goods and Services with an execution of 122% compared to the initial forecast, due essentially to an increase in the item facility costs, namely energy costs with pumping, justified by an increase in water consumption and a decrease in the time limit for payment to suppliers;
- b. Interest and Other Charges with an execution of 66% as a result of lower than expected interest rates;

- c. Other Current Expenses with a 16% execution due to scheduled payments of taxes and duties that did not occur or were lower than expected and because the budget includes a specific amount reserve, in accordance with the instructions for preparation for the 2020 State Budget;
- d. Acquisition of Capital Goods with an execution of 4% due to the acquisition of equipment and works in buildings initially planned but which did not take place, transfer of the planned amount to the *PNRegadios* project budget and as reinforcement for the item of facilities costs to meet the increase in energy consumption not foreseen in the approved State Budget.

In the case of revenues, they show an execution relative to the budget of 71% due to:

- a. Current transfers show 49% due to a lower than expected execution;
- b. The captions Sales of Current Goods and Services show an execution of 85% as a consequence of the receipts in the areas of water distribution and lower than forecast in the State Budget and a greater allocation of income of this nature to the projects budget;
- c. In Other Current Revenue the non-receipt of VAT included in the approved budget led to a 35% execution;
- d. Financial Liabilities show an execution of 26%, as a result of the fact that part of the capital increases initially foreseen for the payment of loan repayments did not take place, being replaced by the use of management balances in the amount of EUR 4,230,000, in accordance with the guidelines of the Secretary of State for the Treasury and due to the transfer of projects to the budget in order to finance the *PNRegadios*.

As at 31 December 2020, the financing structure was composed of:

- Share capital increases in the amount of EUR 860.34 million;
- Investment Subsidies – EU funds in the amount of EUR 1,243.7 million;
- Investment Subsidies – PIDDAC in the amount of EUR 153.4 million; and
- Bank loans in the amount of EUR 275.92 million.

Financial Risk Management Policies

EDIA recognises the financial risks that may significantly alter its asset value, such as interest rate risk and liquidity risk.

Interest Rate Risk

Interest rate risk is normally associated with changes in spreads and interest rate variation risks. EDIA has never subscribed any interest rate coverage, all external financing is indexed to a variable rate. In our opinion, this policy has been the right one since the market has relatively low rates, thus presenting itself as an advantage compared to the higher charges resulting from this type of operation. Establishing a comparative analysis of the financial charges over the lifetime of each financing, we conclude that the average rate in 2020 is close to 1.00%, which is clearly advantageous in view of the contractualisation of this type of financial instrument, namely the fixing of interest rates.

2 - FINANCIAL RISK MANAGEMENT

Financial risk management, under the terms of Order no. 101/09-SEFT, of 30 January.

PROCEDURES ADOPTED FOR RISK ASSESSMENT AND THE RESPECTIVE HEDGING MEASURES

Diversification of financing instruments, available interest rate modalities and creditor entities

EDIA presents an accumulated investment, from 1995 to the end of 2020, of approximately EUR 2,401 million. This investment is funded not only with equity and investment subsidies (EU funds and PIDDAC), but also with borrowed capital, through bank loans.

Average Annual Interest Rate

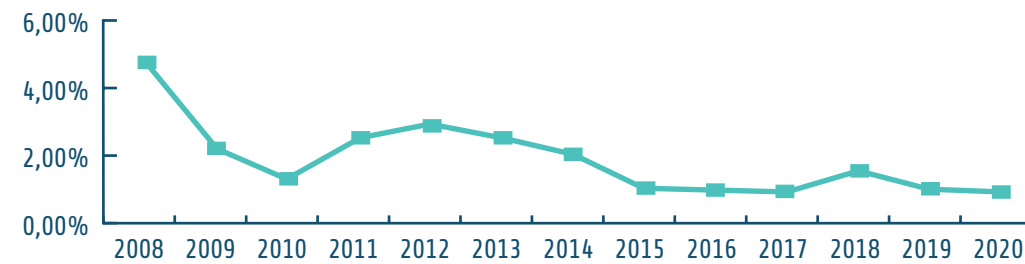


Chart 15: Average annual interest rate

Sensitivity Analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in interest rates affect interest receivable or payable on variable rate financial instruments; and
- The analysis was based on the financial instruments in place during the current financial year.

Thus taking into account the assumptions, and a variation in the interest rates of the financial instruments, by 1%, its impact on the Financial Results, as well as on the Net Results of the Financial Year would be, approximately, EUR 1.50 million in 2020 and EUR 1.60 million in 2019.

Liquidity Risk

Until 2010, all external financing operations (borrowed capital) were subject to careful analysis as a result of consultation with the Banks, considering the best market conditions, both financially and fiscally, and always opting for the one with the most favourable all-in-cost for the Company.

From mid-2011 a new reality emerged for EDIA, with the economic and financial situation deteriorating worldwide, access to new financing became increasingly difficult. The downgrade operated to the Portuguese State by the main international rating agencies, led to an increase in credit risk to all SEE companies, and consequently, the financing spreads increased significantly.

From 2012, in order to ensure the liquidity necessary for the normal operation of the Company, both to ensure the investment made and also to meet the financial charges, all EDIA's financing and refinancing needs were ensured by 5 banks (CGD, BES, BCP, BPI and Santander-Totta), as a result of mediation by the Secretary of State for Treasury and Finance and the DGTF with the respective banks.

With the entry into force of Decree-Law no. 133/2013 at the beginning of December 2013, all EDIA financing operations require approval from the DGTF and an opinion from the IGCP.

In November 2014 following the entry into the perimeter of public accounts, EDIA took out a loan granted by the DGTF in order to meet the financial needs until the end of the year and to settle and replace short-term debt amounting to EUR 189.21 million.

From 2015, in order to meet EDIA's financing needs, the shareholder has made capital increases in order to ensure availability for

the settlement of the repayments of the various loans and related financial charges, as well as the payment of ongoing investment, not supported by its own revenues or EU financing.

ADOPTION OF AN ACTIVE POLICY OF PERMANENT CAPITAL REINFORCEMENT

Consolidation of interest-bearing liabilities by transforming short- to medium- and long-term liabilities in favourable market circumstances

As a result of the more favourable market conditions, and whenever EDIA is unable to obtain financing through capital increases, it is forced to resort to financing from third-party capital. At that time, there was a concern to consolidate short-term remunerated liabilities into medium and long-term.

As previously mentioned, following its entry into the public accounts perimeter, EDIA, as a reclassified company, can only resort to financing from the DGTF or EU financing as provided for in the Legal Regime of the Public Business Sector (RJSPE).

In November 2014, it restructured the short-term debt incurred since September 2011 by signing a medium and long-term contract in November 2014 for the amount of EUR 189.21 million with the DGTF.

In 2020, EDIA's financing took place through capital allocations amounting to EUR 21.53 million.

Minimisation of the provision of real guarantees and restrictive clauses (covenants)

Considering that the EFMA project is of great national interest since it represents a work of harnessing the water resources associated with the Guadiana River and contributing to the promotion and economic and social development of the Alentejo region,

all EDIA's financing is based on the premise of a personal State guarantee and identification of the financial resources strictly necessary to meet the investment in a given period, in order to facilitate obtaining credit under the best market conditions.

When contracting external financing operations, both EDIA and the DGTF (the latter as the representative of the sole shareholder, the State) pay special attention to minimising restrictive clauses through the analysis of the documentation.

From the year 2011, due to the economic and financial framework, and the constraints of bank financing at national level, EDIA contracted short-term loans, until the end of 2013, with the national banking sector in the amount of EUR 161.5 million, without a guarantee from the Portuguese State (arising from negotiations between the Secretary of State for Treasury and Finance and the CGD, BES, BCP, BPI and Santander-Totta banks under the financing of the State Business Sector companies).

The current financing contract of EUR 189.21 million with DGTF, contracted in 2014, has no restrictive clauses (covenants).

In October 2019, EDIA, contracted a medium and long-term loan, in the amount of EUR 45 million, with CEB, for the installation of a set of floating photovoltaic plants near pumping stations of the primary network of the Alqueva Project.

As regards the guarantee contract, the clauses were previously validated by IGCP and DGTF as the State's representative. In 2020 the tender procedure was prepared and its launch was dependent on the authorisation of the Ministry of Finance, which was obtained in January 2021, and the approval of the Ordinance of Extension of Charges.

MEASURES PURSUED WITH A VIEW TO OPTIMISING THE COMPANY'S FINANCIAL STRUCTURE

Since its creation, EDIA has focused its activity on the implementation of a set of infrastructures that comprise EFMA, of which the Alqueva and Pedrógão dams and respective Hydroelectric Power

Plants and the overall water supply system stand out due to their size.

Both EDIA's investment and financing decisions are dependent on the State's approval, as indicated in the following paragraphs.

- According to paragraph 1(c) of Article 3 of Decree-Law no. 42/2007 of 22 February, the object of EDIA is *"the design, implementation and construction of infrastructure that make up the secondary network assigned to the Project, on behalf of the State and in accordance with the instructions given to it by the Minister for Agriculture, Forestry and Rural Development"*. Financing should be ensured as defined under paragraph 2, i.e. *"Through the Ministry of Agriculture, Forests and Rural Development, the State ensures the financing and other conditions relating to the performance of EDIA, with regard to the pursuit of the object defined in subparagraph c) of the previous paragraph, and the respective works are the property of the State"*;
- Regarding the primary network, paragraph 3 states that *"The construction of the primary and secondary irrigation networks integrated into the Project depends on the prior approval of the projects by the Minister of Agriculture and Sea, who must accompany the entire process, under the terms of the legal regime for hydro-agricultural works"*. There is also, for the execution of the primary network, the requirement for prior approval by the State Shareholder; and
- As for the contracting of financing and guarantees, paragraph 1 of Article 8 of the same Decree-Law states that *"The contracting of medium and long-term financing by EDIA requires authorisation from the Ministry of Finance."*

In programming EFMA's investments and financing, EDIA's sole purpose is to meet the objectives assigned to the Company by the Shareholder, and with regard to financing, the EU funds available in the various operational programs for EFMA are always taken into account, complemented by recourse to capital allocations from the Shareholder.

On 31 December 2020, the Company's Share Capital, fully subscribed and paid up, amounts to EUR 860,334,960 (made up of 172,066,992 shares), and is 100% owned by the Portuguese State, through the DGTF. The variation occurred in 2020 (EUR 21,524,640 and 4,304,928 new shares) results from the following issues of shares with a nominal value of EUR 5 each:

- **March 2020:** Issue of 673,928 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 3,369,640.00 (March 11);
- **August 2020:** Issue of 866,000 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 4,330,000 (7 August); and
- **October 2020:** Issue of 2,765,000 new shares, with a nominal value of EUR 5 each, paid up in cash. The amount subscribed and paid up was EUR 13,825,000 (6 October).

FINANCING POLICY

Thousand Euros					
Years	2020	2019	2018	2017	2016
Financial Charges (€)	2 772,01	3 123,14	5 179,42	6 416,66	7 198,28
Average Financing Rate (%)	1,00%	1,09%	1,60%	1,01%	1,04%

Table 49 - Financing Policy

For the 2013-2014 period, the need to finance EFMA's investment activities as well as the payment of debt service, implied recourse to borrowed capital, through the contracting of bank loans.

From 2015 onwards, the increase in own revenues with the increase in operating activities, the change in the financial policy defined by the Shareholder and, previously based on contracting loans, and currently through capital appropriations sufficient to accompany the pace of investment and support the charges relating to debt servicing, resulted in a decrease in financial charges (-65.72%).

The bond financing is indexed to variable interest rates, namely Euribor, so the evolution of the average financing rate is directly

related to the variation of this rate, which since 2017 show historical lows.

The financing contracted in 2014 with DGTF in the amount of EUR 189.21 million, has a nominal annual fixed rate, equivalent to the Republic's cost of financing on the date of disbursement.

In 2020, there was a decrease in Interest Bearing Liabilities, as there was no borrowing, with only the repayment of part of the loan with the EIB (EUR 3.22 million) and the bond loan in the amount of EUR 94.35 million (EUR 6.74 million).

Photo: Viana do Alentejo Supply System



3 - LIMITS TO THE GROWTH OF INDEBTEDNESS

Remunerated liabilities	2020	2019	Variation 20/19	
	Values (€)		Value	%
Remunerated Financing (Current and Non-Current)	275 922 585,16	285 866 369,17	-9 943 784,01	-3,48%
...of which granted by DGTf	126 139 523,33	126 139 523,33	0,00	
Capital Increase for paid-up capital	21 524 640,00	29 275 440,00	-7 750 800,00	-26,48%
Capital Appropriation for Loss Coverage	0,00	0,00	0,00	
Capital Increase by Conversion of Credits	0,00	0,00	0,00	
New Investments				

	2020
2020 Remunerated Financing	275 922 585,16
2019 Remunerated Financing	285 866 369,17
2020 Share Capital	860 334 960,00
2019 Share Capital	838 810 320,00
2020 New Investments	34 754 600,00
Variation in Indebtedness	-2,06%

Tables 50 and 51: Limits to the Growth of Indebtedness

As shown in the previous table, there was a -2.06% reduction in indebtedness, due to the repayment of loans, financed by a capital endowment from the State shareholder.

4 - AVERAGE PAYMENT TIME

EVOLUTION OF THE AVERAGE PAYMENT TIME

The evolution of the Average Payment Time (PMP), in accordance with the RCM no. 34/2008, of 22 February, with the alteration introduced by Order no. 9870/2009, of 13 April, which approves

the “Pay on Time” Program and which aims to reduce the Average Payment Times practised by public entities to suppliers of goods and services.

EDIA, S.A.’s PMP for the years 2020 and 2019 (according to the DGTf formula) is presented below:

PMP	2020	2019	Variation 20/19	
			Value	%
Deadline (Days)	103	63	40	63,49%

Table 52: Average Payment Time

During 2020 the PMP suffered an increase of 40 days, compared to the deadlines presented in 2019, about 63.49%. This variation is justified by the delay and lack of financing for the ongoing investment in *PNRegadios*.

As the financing requested for the 1st semester was only received in October 2020, and the financing for the 2nd semester was not carried out, the investment amounts invoiced as planned could not be settled on the set date, which aggravated, for reasons unrelated to EDIA, the PMP.

In addition to the delay in financing, there were also difficulties in validating some invoices.

65-A/2011 of 17 May: “non-payment of an invoice corresponding to the supply of goods and services in the following article after 90 days or more have elapsed since the date agreed for the payment of the invoice or, failing this, the date stated in the invoice”.

Article 26(2) of Decree-Law no. 84/2019 of 28 June obliges public companies, with an Average Payment Time of more than 60 days, to disclose on their websites, and update by the end of the month following the end of each quarter, an updated list of their debts that are certain, net and due for more than 30 days.

EDIA, to comply with the law, as referred to above in Article 26(2) of Decree-Law no. 84/2019 of 28 June, discloses on the EDIA, SI-RIEF, SIGO website an updated list of its debts that are certain, net and due for more than 30 days.

In accordance with the provisions, the final list and identification of EDIA, S.A.’s payment arrears on 31 December 2020 is presented:

ARREARS

The debts to be reported relate to the supply of goods and services for which payment is overdue, as defined in Decree-Law no.

Overdue Debts	Value (€)	Value of overdue debts according to Art. 1 DL 65-A/2011 (€)				
	0-90 Days	90-120 Days	120-240 Days	240-360 Days	> 360 Days	
Acquisition of Goods and Services	3 906 182,01					
Capital Acquisition						
Total	3 906 182,01					

Table 53: Overdue Debts

On 31 December 2020 EDIA had no arrears as defined by Article 1 of DL 65-A/2011.

5 - STEPS TAKEN AND RESULTS OBTAINED IN COMPLYING WITH THE SHAREHOLDER'S RECOMMENDATIONS

At the Company's Annual General Meeting of 5 June 2020, it was recommended by the Sole Shareholder, State, to the Board of Directors to take steps to comply with:

- the objective of the payment deadline to suppliers in accordance with the criteria defined in the Resolution of the Council of Ministers no. 34/2008, of 14 February;

During 2020, the PMP has increased by 40 days compared to the deadlines presented in 2019, with the worsening of this deadline

Member of the Board of Directors (Name)	EUR				
	2020 Forecast	2020 Executed	2019 Executed	Deviation 2020 Fore./2020 Exec.	Deviation 2020 Exec./2019 Exec.
José Pedro Mendes Barbosa da Costa Salema	5 836,80	4 981,99	7 626,81	-854,81	-2 644,82
Augusta Manuel Pereira de Jesus Cachoupo	4 669,80	2 886,43	4 832,09	-1783,37	-1 945,66
Jorge Manuel Vazquez Gonzalez	4 669,80	2 978,38	5 926,97	-1 691,42	-2 948,59
Total	15 176,40	10 846,80	18 385,87	-4 329,60	-7 539,07

Table 54: Expenses allocated to Board of Directors' vehicles - variation

- include a reference to prior consultation with Par-pública, Participações Públicas, SGPS, S.A. pursuant to the provisions of Article 49 of Decree-Law no. 89/2019 of 28 June, with regard to the contracting of studies, opinions, projects and consultancy services in future Management Reports and Accounts.

In accordance with paragraph 2 of Article 49 of Decree-Law no. 89/2019, of 28 June, only studies, projects and consultancy, excluding judicial representation and forensic mandate, focusing on economic-financial or legal matters, of an imminently strategic nature should be requested from PARPÚBLICA, and EDIA did not contract, in 2020, services of this nature. For the remaining services of studies, projects and consultancy, according to paragraph 1 of that article, the decision to contract, in exceptional situations,

due to the delay and lack of financing for the ongoing investment in PNRegadios.

- the provisions of paragraph 3 of article 33 of Decree-law no. 71/2007, of 27 March, as amended, with regard to expenses related to company vehicles assigned to the members of the Board of Directors;

The amount executed under these items reflects the result of business dynamics combined with the geographical dispersion of implementation of the Alqueva project. In 2020, the limits set were met, with significant reductions compared to the previous year due to the pandemic caused by the COVID-19 Virus. (see Table 54)

	Amount
Environmental Consultancy Services	36 549,45
Environmental Consultancy	20 574,15
Computer Consultancy	43 171,58
Environmental Studies	15 671,59
Environmental Monitoring	57 973,41
Environmental Project	132 845,86
Tax Consultancy	500,00
General Total	307 286,04

Table 55: Contracting of studies, opinions, projects and consultancy services in 2020

- to comply with the provisions of Law no. 2/2020, of 31 March, as well as with Decree-Law no. 84/2019, of 28 June, concerning:

- Maintenance or reduction of the weight of operating expenses over turnover, compared to 2019;

EDIA reduced the weight of operating expenses over turnover in 2020 (79.23%) compared to 2019 (84.49%).

- Maintenance or reduction of personnel costs, corrected for charges arising from severance payments, from the application of the provisions of Article 21 This is in accordance with the provisions of Law no. 42/2016, of 28 December, and of remuneratory valorisations under the terms of the provisions of Law no. 2/2020, of 31 March.

Following the guidelines transmitted by the Ministry, the Company, despite the strong component of the exploitation, operation and maintenance of irrigation perimeters, according to the programming of activities approved by the State Shareholder, has managed to stabilise its overall number of employees, favouring the redistribution of tasks among employees already in its service, through the adoption of internal mobility policies. In fact, on 31 December 2011, EDIA's workforce consisted of 189 employees, having increased to 188 in 2012, 187 employees in 2013, 185 employees in 2014 and 2015 and 179 employees in 2016, 2017, 2018, 2019 and 2020.

Regarding the figures implemented, the increase of 4.4% in Personnel Costs is justified by the allocation of salary increases for

2020, due, on the one hand, to the overall increase of 0.3% allocated to all employees - Decree-Law no. 10-B/2020 of 20 March 2020, applicable to EDIA under the provisions of its Article 5.5, and, on the other, to salary progressions. Added to this is the sharp reduction in the absenteeism rate in 2020. Finally, it should be noted that, compared to 2019, in which the salary increases relating to salary progressions had a more limited impact (50% with an impact on 10 months and the remaining 50% with an impact on only one month), in 2020 the salary increases were awarded with effect from 1 January.

EUR	
Personnel Costs	Values
Total 2020	6 601 620
Correction concerning paragraph 1, art. 17 State Budget 2020	-137 209
Correction concerning paragraph 5, art. 5, DL 10-B/2020, of 20 March 2020	-13 692
Absenteeism Reduction	-86 827
Social Charges arising from corrections	-56 790
Total 2020 Corrected	6 307 102

Table 56: Change in personnel costs

In accordance with its objectives and by-laws, the strong commitment of EDIA's human resources was demonstrated, in a particularly expressive way, by strengthening the appreciation and introduction of the concepts of flexibility and versatility within the organisation, a fact that gave rise to the transfer of employees between areas, reinforcing the areas of operation and equipment maintenance. The policy pursued by EDIA throughout the year focused on redirecting some of its human resources to new areas of activity of the organisation, through the conversion of the tasks for which they became responsible. It should be noted that this increase and diversification of the Company's activities was carried out on the basis of a personnel that has stabilised.

6 - REMUNERATIONS/FEES

Governing Bodies

ESTABLISHMENT OF THE REMUNERATORY STATUS	
GENERAL MEETING BOARD	
Chairman	Shareholder Order of 23 May 2018: ^(a)
	Attendance Voucher in the amount of EUR 575.00 (per General Meeting, normally one per year).
Secretary	Shareholder Order of 23 May 2018: ^(a)
	Attendance voucher in the amount of EUR 375.00 (per General Meeting, normally one per year)
BOARD OF DIRECTORS (Executive Directors)	
CHAIRMAN	
Shareholder Order of 23 May 2018: ^(a)	
Remuneration of EUR 4,864.34 (14 times per year) plus 40% representation expenses of EUR 1,945.74 (12 times per year)	
Remuneration applied: ^(b)	
Remuneration of EUR 4,621.12, plus EUR 1,848.453 as representation expenses (includes a 5% reduction provided for in paragraph 1 of Article 12 of Law No. 12/2010 of 30 June)	
Service Vehicle (purchase limit of EUR 40,000.00); Driver; Mobile Phone (monthly limit of EUR 80.00); Health Insurance (EUR 360.83 per year).	
MEMBERS	
Shareholder Order of 23 May 2018: ^(a)	
Remuneration of EUR 3.891,47 (14 times per year) plus 40% representation expenses of EUR 1.556,59 (12 times per year)	
Remuneration applied: ^(b)	
Remuneration of EUR 3.696,90, plus EUR 1.478,76 as representation expenses (includes a 5% reduction provided for in paragraph 1 of Article 12 of Law No. 12/2010 of 30 June)	
Service Vehicle (purchase limit of EUR 40,000.00); Driver; Mobile Phone (monthly limit of EUR 80.00); Health Insurance (EUR 360.83 per year).	
SUPERVISORY BODIES	
Statutory Auditor	Remuneration corresponding to 22.5% of the value of 12 months of the overall gross monthly remuneration legally attributed to the Chairman of the Board of Directors of EDIA, S.A. EUR 6,469.57 * 22.5% = 1,455.65 * 12 = EUR 17,467.80
	Travel expenses (transport and accommodation) as per Article 59 of the Statutes of the Statutory Auditor
Supervisory Board	CHAIRMAN
	Shareholder Order of 23 May 2018: ^(a)
	Monthly salary of EUR 1,362.01 (14 times per year)
	MEMBERS
	Shareholder Order of 23 May 2018: ^(a)
	Monthly salary of EUR 1.021,51 (14 times per year)

Table 57- Fixed Remuneration Status

(a) The Unanimous Written Social Resolution of 23 May 2018 fixed the remuneration status of the members of EDIA's Governing Bodies for the 2018-2020 term of office. Following the publication of the Budget Execution Decree-Law for 2019 (Decree-Law no. 84/2019, of 28 June), and the provisions of Article 209(1) of this Decree-Law, the remuneration of the members of the BD was changed to the remuneration status approved by the Sharehol-

der's Order, in a phased manner, as set forth in paragraphs 1 and 2 of Article 16 of the LOE.

(b) The value of the total amount of remuneration earned was subject to change at the beginning of 2018. In the context of the approval of a set of additional fiscal consolidation measures aimed at strengthening and accelerating the reduction of the ex-

cessive deficit and the control of the growth of public debt provided for in the Stability and Growth Program (PEC), the 5% reduction of the salaries of public managers and equivalent, provided for in Article 1(1) of Law no. 12-A/2010 of 30 June, is maintained.

There is still no place for the attribution of management premiums as provided for in article 4 of Decree-Law no. 8/2012, of 18 January, and in paragraph 4 of the Council of Ministers Resolution

no. 36/2012, of 26 March, in article 29 of Law no. 64-B/2012, of 30 December (LOE 2012), in article 37 of Law no. 66-B, of 31 December (LOE 2013), in article 41 of Law no. 83-C, of 31 December (LOE 2014), in article 41 of Law 82-B/2014 of 31 December (LOE 2015), in article 18 of Law 7-A/2016 of 30 March (LOE 2016), in article 19 of Law no. 42/2016, of 28 December (LOE 2017), article 20 of Law no. 114/2017 of 29 December (LOE 2018) and article 27 of Law no. 71/2018, of 31 December (LOE/2019).

GENERAL MEETING BOARD

Term of Office	Position		Established Voucher Value	Gross Earned Value
(Start-End)	Name		(€)	(€)
(2018 - 2020)	Chairman	Henrique António de Oliveira Troncho	575	575
(2018 - 2020)	Secretary	Ana Luísa Soares	375	375
(2018 - 2020)	Secretary	José António Brito Ramos	375	375
			1 325	1 325

Table 58: General Meeting Board

BOARD OF DIRECTORS

Term of Office			Appointment		OPRLO or option for the average of the last 3 years ⁽²⁾				No. Of Terms of Office
(Start-End)	Position	Name	Type ⁽¹⁾	Date	Yes/No	Entity of Origin	Paying Entity (O/D)	Identification of authori- zation date and type	
(2018 - 2020)	Chairman*	José Pedro Mendes Barbosa da Costa Salema	AG	23/05/18	Yes	EDIA	D	AG	3
(2018 - 2020)	Member **	Augusta Manuel Pereira de Jesus Cachoupo	AG	23/05/18	Yes	EDIA	D	AG	4
(2018 - 2020)	Member ***	Jorge Manuel Vaz- quez Gonzalez	AG	23/05/18	Yes	EDIA	D	AG	3

Caption:
(1) Indicate Resolution (R)/AG/DUE/Order (O)
(2) Option for the Remuneration of the Place of Origin (OPRLO) or option for the average of the last 3 years - foreseen in paragraphs 8 and 9 of article 28 of the EGP. Indicate paying entity (O-Origin/D-Destination)

Note:
* Starting date of 1st term of office- 02/12/2013
** Starting date of 1st term of office - 21/04/2010
*** Starting date of 1st term of office - 08/03/2012

Table 59: Board of Directors - composition

Member of the Board of Directors [Name]	Accumulation of functions			
	Entity	Function	Regime	Identification of authorization date and type
	[Identify]	[Identify]	[Public/Private]	AG/DUE/D
José Pedro Mendes Barbosa da Costa Salema	-	-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	-	-	-	-
Jorge Manuel Vazquez Gonzalez	-	-	-	-

Table 60: Board of Directors – accumulation of functions

Member of the Board of Directors [Name]	EGP			
	Established	Classification	Gross Monthly Salary (€)	
	(Y/N)	(A/B/C)	Monthly Salary	Representation Costs
José Pedro Mendes Barbosa da Costa Salema	S	B	4 864	1 946
Augusta Manuel Pereira de Jesus Cachoupo	S	B	3 891	1 557
Jorge Manuel Vazquez Gonzalez	S	B	3 891	1 557

Table 61: Board of Directors – Public Manager Statute

Member of the Board of Directors [Name]	Annual Remuneration (€)				
	Fixed ⁽¹⁾	Variable ⁽²⁾	Gross Value ⁽³⁾⁼⁽¹⁾⁺⁽²⁾	Remuneratory Reductions ⁽⁴⁾	Final Gross Value ⁽⁵⁾⁼⁽³⁾⁻⁽⁴⁾
José Pedro Mendes Barbosa da Costa Salema	91 450	-	91 450	4 573	86 877
Augusta Manuel Pereira de Jesus Cachoupo	73 160	-	73 160	3 658	69 502
Jorge Manuel Vazquez Gonzalez	73 160	-	73 160	3 658	69 502
			237 770	11 889	225 881

Note:
⁽¹⁾ The value of the fixed remuneration corresponds to the salary + representation expenses (without reductions)
⁽⁴⁾ Reduction foreseen in article 12 of Law no. 12-A/2010, of 30 June

Table 62: Board of Directors – remuneration

Member of the Board of Directors [Name]	Social Benefits (€)							
	Mean Allowance		Social Protection Regime			Outros		
	Value/Dat	Amount Paid Per Year	Identify	Annual Charge	Health Insurance Annual Charge	Life Insurance Annual Charge	Identify	Value
José Pedro Mendes Barbosa da Costa Salema	4,77	1 059	Seg. Social	20 641	360	-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	6,91	1 444	Seg. Social	16 898	360	-	-	-
Jorge Manuel Vazquez Gonzalez	6,91	1 589	Seg. Social	16 898	360	-	-	-
		4 092		54 437	1 080	-		-

Table 63: Board of Directors – social benefits

Member of the Board of Directors [Name]	Vehicle Costs								
	Assigned Vehicle	Conclusion of a Contract	Reference Value of the Vehicle	Modality ⁽¹⁾	Start Year	End Year	Monthly Rent Value	Annual Cost with Rents	Contractual Instalments Remaining
	[Y/N]	[Y/N]	[€]	[Identify]			[€]	[€]	(No.)
José Pedro Mendes Barbosa da Costa Salema	Y	08/10/17	24 840	Acquisition			-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	Y	22/01/15	18 885	Acquisition	-	-	-	-	-
Jorge Manuel Vazquez Gonzalez	Y	20/02/15	18 885	Acquisition	-	-	-	-	-

⁽¹⁾ Acquisition; ALB; Leasing or other

Table 64: Board of Directors – vehicle costs

Member of the Board of Directors [Name]	Annual Costs associated with Service Travel (€)					
	Service Travel	Accommodation Costs	Daily Allowances	Other		Total Travel Costs (Σ)
				Identify	Value	
José Pedro Mendes Barbosa da Costa Salema	237	513	538	-	-	1 287
Augusta Manuel Pereira de Jesus Cachoupo	159	173	1 029	-	-	1 361
Jorge Manuel Vazquez Gonzalez	80	1 714	1 167	-	-	2 961
						5 609

Table 65: Board of Directors – travel

SUPERVISION

Supervisory Board

Term of Office (Start-End)	Position	Name	Appointment		Monthly Fixed Remuneratory Status (€)	No. Of Terms of Office
			Type ⁽¹⁾	Date		
(2018 - 2020)	Chairwoman	Sara Alexandra Pereira Simões Duarte Ambrósio	AG	23/05/18	1 362	1
(2018 - 2020)	Member (*)	Nelson Manuel Costa dos Santos	AG	23/05/18	1 022	3
(2018 - 2020)	Member (**)	Hugo Alberto Cordeiro Lobo	AG	21/10/19	1 022	1
(2018 - 2020)	Alternate Member	Cristina Maria Pereira Mascarenhas Vieira Sampaio	AG	23/05/18	-	4

Caption:
⁽¹⁾ Indicate AG / DUE/Order
(*) Date of first term of office: 27/03/2013
(**) Started office on 23/10/2019 and ended on 27/03/2020

Table 66: Supervisory Board – composition/ ERFM

Name	Annual Remuneration (€)		
	Gross ⁽¹⁾	Remuneratory Reductions ⁽²⁾	Final Value ⁽³⁾⁼⁽¹⁾⁻⁽²⁾
Sara Alexandra Pereira Simões Duarte Ambrósio	19 068	-	19 068
Nelson Manuel Costa dos Santos	14 301	-	14 301
Hugo Alberto Cordeiro Lobo (*)	3 458	-	3 458
Cristina Maria Pereira Mascarenhas Vieira Sampaio	-	-	-
			36 827

(*) started office on 21/10/2019 and ended on 27/03/2020

Table 67: Supervisory Board – remuneration

Statutory Auditor and Auditor Registered with the CMVM

A RCA – Rosa, Correia & Associados, SROC, S.A. began working on 19 December 2016, the date on which EDIA's General Meeting

elected the Statutory Auditor for the three-year period 2015–2017, and has been working at EDIA since then. It should be noted that the ROC was elected to complete the 2018–2020 mandate by DUE of 30 May 2019.

Term of Office (Start-End)	SROC/ROC Identification			Appointment			No. of Years with the Group	No. Of Years with the Company
	Position	Name	Registry No. at OROC	Registry No. At CMVM	Type ⁽¹⁾	Date	Contract Date	
(2018 - 2020)	Statutory Auditor	RCA – Rosa, Correia & Associados, SROC, S.A. Represented by Dr. Paulo Fernando da Silva Pereira, as Main Statutory Auditor and by Dr. Luis Francisco Pereira Rosa, as Alternate Statutory Auditor	143	20161455	AG	30/05/19	03/10/19	- 5

Note: Must be identified main (SROC and ROC) and alternate (SROC and ROC)
(1) Indicate GA /DUE/Order (D)
Appointment of the ROC for the 2018–2020 three-year term, at the GM of 04/10/2019.

Table 68: Statutory auditor – identification

Name ROC/FU	Annual Service Contract Value - 2020 (€)			Annual Value of Additional Services - 2020 (€)			
	Value ⁽¹⁾	Reductions ⁽²⁾	Final Value ⁽³⁾⁼⁽¹⁾⁻⁽²⁾	Service Identification	Value ⁽¹⁾	Reductions ⁽²⁾	Final Value ⁽³⁾⁼⁽¹⁾⁻⁽²⁾
RCA – Rosa, Correia & Associados, SROC, S.A. Represented by Dr. Paulo Fernando da Silva Pereira, as Main Statutory Auditor	23 911	-	23 911	-	-	-	-

Table 69: Statutory Auditor – remuneration

EXTERNAL AUDITOR

Identification of the External Auditor			Hiring Date	Duration of the Contract	No. Of Years with the Group	No. Of Years with the Company
Name of the External Auditor	OROC No.	CMVM No.				
BDO & ASSOCIADOS, SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, Lda	29	20161384	27/01/20	2020-2022	-	1

Caption:
(*) EDIA's External Auditor with the CMVM is the ROC

Table 70: External Auditor – identification

External Auditor Name	Annual Service Contract Value - 2020 (€)			Annual Value of Additional Services - 2020 (€)			
	Value ⁽¹⁾	Reductions ⁽²⁾	Final Value ⁽³⁾⁼⁽¹⁾⁻⁽²⁾	Service Identification	Value ⁽¹⁾	Reductions ⁽²⁾	Final Value ⁽³⁾⁼⁽¹⁾⁻⁽²⁾
BDO & ASSOCIADOS, SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, Lda	20 917	-	20 917	-	-	-	-

Table 71: External Auditor – remuneration

The contractual auditing of EDIA's accounts is carried out by BDO & Associados, Sociedade de Revisores Oficiais de Contas, LDA, and EDIA's external auditor with the CMVM is RCA – Rosa, Correia & Associados, SROC, S.A, which performs the functions of statutory auditor (thus ensuring the legal revision of the accounts) and auditor registered with the CMVM for the purposes of the Securities Code.

BDO & Associados, Sociedade de Revisores Oficiais de Contas (registered with the OROC under number 29 and with CMVM number

20161384) provides services to EDIA, ensuring the audit of EDIA's half-yearly and annual accounts, the objective of this service provision being to audit the Company's accounts annually and half-yearly, in accordance with the legal obligations in force. The Statutory Auditor responsible for the contractual audit is Dr Gonalo Raposo da Cruz, holder of number 1189 in the Statutory Auditors Association (OROC) and registration number 20160800 in the CMVM.

7 - ARTICLES 32 AND 33 OF THE PUBLIC MANAGER STATUTE

Since April 2012, the remuneration of public managers is regulated by the new Public Manager Statute (EGP), republished by Decree-Law no. 8/2012, of 18 January, object of the Rectification Declaration no. 2/2012, of 25 January, in conjunction with the RCM no. 16/2012, which approves the criteria for determining the salary of public managers, and no. 36/2012, which approves the classification of public companies and public entities integrated in the National Health Service for the purposes of determining the salary of the respective managers, as well as the classifications attributed to the companies in its annex in three groups (A, B and C), with EDIA classified in group B, with effects on the setting of the remuneration of the members of the governing bodies.

At the General Meeting no. 30 of 23 May 2018, the remuneration statute of the members of EDIA's Governing Bodies for the 2018-2020 term of office was set, also incorporating the Annual

Statement on Remuneration Policy for the members of EDIA's Management and Supervisory Bodies.

On the other hand, also in line with what is stipulated in Article 32 of the EGP, and as republished by Decree-Law no. 8/2012, in particular with regard to the application of the provisions of paragraphs 1 and 2 of Article 32 of the aforementioned Decree-Law, the Board of Directors of EDIA does not use credit cards or other payment instruments used by public managers, with the aim of making expenses at the service of EDIA, nor does it receive reimbursements for any expenses that fall under the concept of personal representation expenses.

The following tables systematize, respectively, the value of expenses associated with communications, and the amount of fuel and tolls allocated monthly to service vehicles (Articles 32 and 33 of the EGP).

Member of the Board of Directors (Name)	Communication Costs (€)		
	Established Monthly Plafond	Annual Value	Remarks
José Pedro Mendes Barbosa da Costa Salema	80	145	-
Augusta Manuel Pereira de Jesus Cachoupo	80	204	-
Jorge Manuel Vazquez Gonzalez	80	146	-
		495	

Table 72: Board of Directors - communication costs

Member of the Board of Directors (Name)	Monthly Plafond Fuel and Tolls	Annual Costs Associated to Vehicles (€)			Remarks
		Fuel	Tolls	Total	
José Pedro Mendes Barbosa da Costa Salema	486	2 977	2 005	4 982	-
Augusta Manuel Pereira de Jesus Cachoupo	389	1 984	902	2 886	-
Jorge Manuel Vazquez Gonzalez	389	1 861	1 118	2 978	-
				10 847	

Table 73: Board of Directors - expenses related to vehicles

8 - NON-DOCUMENTED EXPENSES

EDIA has no expenses of this nature recorded in its accounts.

9 - REPORT ON REMUNERATION PAID TO WOMEN AND MEN

The report on remuneration paid to women and men, as determined in paragraph 2 of the Council of Ministers Resolution no. 18/2014 of 7 March, was disclosed internally and is available on the EDIA website at the following link.

https://www.edia.pt/wp-content/uploads/2020/03/Relatorio_Dif_Salariais_EDIA_2019.pdf

10 - ANNUAL REPORT ON CORRUPTION PREVENTION

Taking into account the legal regulations applicable to SEE, the actions set out in the Plan for the Prevention of Risks of Corruption and Related Infractions (PPRCIC), the ethical commitment and mission of EDIA, in order to promote and ensure the proper functioning of its internal management within the scope of the monitoring of risk management policies and the Company's communication policy, the annual monitoring of the implementation of the PPRCIC substantiated through the Annual Report on the Implementation of the Plan for the Prevention of Risks and Related Infractions (2020).

The Summary Report on the Implementation of the Plan for the Prevention of Risks of Corruption and Related Infractions (PPRCIC) is available on EDIA's institutional website.

https://www.edia.pt/wp-content/uploads/2021/02/Revisao_PPR-CIC_EDIA_2020.pdf

11 - PUBLIC PROCUREMENT

With regard to the application of Public Procurement Standards, EDIA is subject to the Public Procurement Code (CCP), approved by Decree-Law no. 18/2008 of 29 January, by virtue of the provisions of its Article 2(2)(a). In the application of public procurement rules, EDIA is guided by the principles of equality, non-discrimination and transparency set out in national and European public procurement law, without losing sight of other equally relevant values such as economy or sound financial management of public resources and the selection of the most suitable proposal for the public interest. The decisions authorising expenses are based on information which justifies the need to contract and proposes the most appropriate procedure, following the procedure established in the CCP and the procedural rules established in internal regulations, bearing in mind the need to disaggregate functions and objectify the parts of each procedure, particularly in terms of defining the respective award criteria. The guidelines issued by the Ministry of Finance on the procurement of services by public companies, in particular services, were also incorporated into the public procurement procedures implemented at EDIA.

For several years now, EDIA has been implementing a set of measures that allowed a significant reduction in the average cost of purchases per employee, thus anticipating some of the measures now being addressed. On the other hand, and following the implementation of these measures and the concomitant effect seen in terms of cost reduction, their maintenance has been the main concern, without neglecting the possibilities that arise within the scope of possible additional reductions in these costs.

The development of the procurement procedures foreseen in the CCP commonly used in the Company, that is, the public tender, the prior consultation and the direct adjustment according to the general regime foreseen therein is carried out on an electronic platform, in line with the dematerialisation already operated within the scope of the Company's internal document management.

Also within the scope of the manuals for the acquisition of goods and services, and also in accordance with the concerns underlying DGTF Circular no. 6132 of 6 August 2010, it had already been de-

terminated that, in service provision contracts with a value equal to or greater than EUR 125,000.00 (exclusive of VAT), the award must be preceded by justification of the need to contract, both from an economic point of view and in terms of the absence of internal solutions, as well as an explanation of the objectives intended to be achieved from the point of view of a cost-benefit analysis.

At this time, the need to comply with the provisions of Article 127 of the CCP (as amended by Law no. 64-B/2011, of 30 December, which entered into force on 1 January 2012) has already been incorporated into the respective internal procedures manual no. 64-B/2011, of 30 December, effective from 1 January 2012), under the terms of which the publication in the public contracts portal of all contracts concluded by direct agreement and with a value equal to or greater than EUR 5,000.00, must contain the grounds for the need to resort to direct agreement, in particular on the impossibility of satisfying the need through the Public Administration's own resources. In 2020, there are no contracts awarded within these criteria.

On the other hand, and with regard to the justification of the realisation of each expense, the need to use competitive procedures has been given substance, requiring, in the manuals for the acquisition of goods or services in force in the Company, that the option to invite a single entity to participate in the procedure must always be accompanied by technical, economic, urgent or other justification, so as not to widen the universe of competitors.

Once the guideline was defined so that the price factor would assume increasing weight in the award criteria, gains were thus sought not only in terms of efficiency and rationalisation but also of transparency. A computer application was also implemented to facilitate the control of the limits established by paragraph 2 of article 113 of the Public Contracts Code during the selection and proposal of the entities to be invited.

With regard to the recommendation to encourage companies to sound out their internal competences, throughout this report several references are made to the significant effort made by EDIA to develop its activity with the same or, if possible, fewer re-

sources, a strategy that continued to be pursued in 2020, without jeopardising the pursuit of planned activities.

Finally, bearing in mind the budget containment measures, in articulation with all the guidelines issued by the Ministry of Finance regarding control measures and execution of public expenses, the competences for the realisation of expenses and matters of acquisition of goods and services are defined in the Service Order no. 1/2013, which aims to establish clear and effective rules for the management of the Company's financial resources. This document defines in a detailed way:

- A tiered hierarchy of delegation of powers by levels of responsibility; and
- The form of approval, checking and validation of the expenses incurred.

12 - NATIONAL PUBLIC PROCUREMENT SYSTEM

In the procurement of goods and services required for its activity, EDIA scrupulously complies with the legislation in force and the guidelines issued by its Shareholder. The existence of a governance model clearly known by all employees, with diversified attributions of competences, and of central purchasing services, allows economies of scale to be obtained that have proven to be efficient and advantageous in the management of the Company. In this regard, the results obtained in the area of IT service provision, mobile communications, asset management and consumables stand out.

It should also be noted that EDIA has already dematerialised the entire cycle of the public procurement procedure. Internally, from the authorisation of expenses, validated on the document management platform and supported by SAP, and in terms of the relationship with suppliers through the use of an electronic public

procurement platform, interconnected with the Official Portal for Public Procurement.

Finally, and given the context of the need to contain costs, the guideline was also defined so that the price factor assumes sig-

nificant weight in the awarding criteria adopted, and that these are preceded by adequate support and justification of the need to contract and an analysis of the non-existence of alternative internal solutions, seeking in this way to obtain gains not only in terms of efficiency and rationalisation, but also transparency.

Photo: Furta Galinhas Dam



13 - MEASURES TO OPTIMISE THE STRUCTURE OF OPERATING COSTS

EUR

PRC	2020 Exec	2020 Budget	2019 Exec.	2018 Exec.	2020/2019	
					Absolute Var	Var. %
(0) EBITDA	11 569 902	11 009 034	10 140 058	8 726 516	1 429 844	14,10%
(1) CMVMC	69 178	55 975	60 689	59 254	8 489	13,99%
(2) FSE	38 629 323	46 264 947	25 034 798	16 954 589	13 594 525	54,30%
(2.i) Secondary Network Investment	16 931 707	22 561 517	3 381 190	774 290	13 550 517	400,76%
(3) Personnel costs	6 601 620	6 795 056	6 319 342	6 016 909	282 278	4,47%
(3.I) Severance costs	925	2 000	1 407	696	-482	-34,25%
(3.II) Remunerations	137 209	130 000	184 524	139 231	-47 315	-25,64%
(3.III) Impact of IRCT application	0	0	0	0	0	
(4) Personnel costs for operational efficiency purposes (3-3.i) - 3.ii) - 3.iii))	6 463 486	6 663 056	6 133 411	5 876 982	330 075	5,38%
(5) COVID 19 pandemic impact on Operational Expenses (CMVMC, FSE, and 6. Personnel)	70 751		0	0	70 751	
(6) Operating costs for the purpose of calculating operating efficiency = (1) + (2) - (2.i) + (4) - (5)	28 159 529	30 422 461	27 847 708	22 116 534	311 821	1,12%
(7) Turnover	35 539 712	35 353 212	32 958 960	28 920 238	2 580 752	7,83%
(7.i) Loss of revenue due to pandemic by COVID 19 (+)	0	0	0	0	0	
(8) Turnover for the purposes of calculating operating efficiency (7+7.i)	35 539 712	35 353 212	32 958 960	28 920 238	2 580 752	7,83%
(9) Spending/NV weight = (6)/(8)	79,23%	86,05%	84,49%	76,47%	12,08%	14,30%
(I) Travel Expenses (FSE)	6 816	12 619	21 213	15 530	-14 397	-67,87%
(II) Expenses with daily allowances and accommodation (G with Staff)	10 177	29 938	24 566	21 870	-14 389	-58,57%
(III) Costs associated with the vehicle fleet (b)	634 980	673 402	704 262	712 837	-69 282	-9,84%
Total = (I) + (II) + (III)	651 973	715 959	750 041	750 238	-98 068	-13,08%
(7) Expenses for studies, opinions, projects and consultancy services	307 286	208 376	315 605	315 846	-8 319	-2,64%
Total No. of HR (GB+ D+ Employees)	184	197	185	184	-1	-0,54%
No. of Governing Bodies (GB)	5	6	6	5	-1	-16,67%
No. of Directors (D)	24	24	24	24	0	0,00%
No. of Employees (without GB and without D)	155	167	155	155	0	0,00%
No. of Employees/No. of Directors	6,46	6,96	6,46	6,46	0	0,00%
No. of Vehicles	81	84	80	80	1	1,25%

(a) The impacts of the measures taken to address the COVID-19 pandemic were for the acquisition of: EUR 4,701 in hygiene items, EUR 10,359 in personal protection items, EUR 5,846 in IT equipment and EUR 1,845 in VPN configurations and increasing the level of security in firewalls.

(b) To assess the degree of compliance with the measures to reduce operating expenses (CMVMC + ESF-secondary network + Personnel costs), expenses with severance payments, remunerations and impact of the application of the IRCT.

(c) Turnover is corrected by operating subsidies and compensatory indemnities.

(d) Costs with vehicles include: rentals/amortizations, inspections, insurance, tolls, fuel, maintenance, repairs, tyres, taxes and fees.

Table 74: Reduction in Operating Costs

In 2020, there was an increase in turnover compared to 2019 (7.83%), justified essentially by the increase related to water distribution and energy production (Mini Hydro plants). EDIA managed to ensure a reduction in total costs under the item of expenses for travel and accommodation, daily allowances, and vehicle fleet by -13.08%, due mainly to the limitations caused by COVID-19.

With regard to the vehicle fleet, due to the measures developed throughout 2020 and the limitations caused by COVID-19, costs were reduced compared to 2019. A cycle of new contracts began within the scope of the EFMA extension, with EDIA maintaining its daily activity. On the other hand, the reduction of a large part of long distance travel contributed to a reduction in the average value of fuel in relation to 2019, which led to a reduction in costs. On 31 December 2020, EDIA's vehicle fleet was composed of 81 vehicles, with one more vehicle than in the previous year, since one is on loan to the Ministry of Agriculture.

Following the guidelines transmitted by the Ministry, the Company, despite the strong component of the exploitation, operation and maintenance of irrigation perimeters, according to the programming of activities approved by the State Shareholder, has managed to stabilise its overall number of employees, favouring the redistribution of tasks among employees already in its service, through the adoption of internal mobility policies. In fact, on 31 December 2011, EDIA's workforce consisted of 189 employees, having increased to 188 in 2012, 187 employees in 2013, 185 employees in 2014 and 2015 and 179 employees in 2016, 2017, 2018, 2019 and 2020.

Regarding the figures implemented, the increase of 4.47% in Personnel Costs is justified by the allocation of salary increases for 2020, due, on the one hand, to the overall increase of 0.3% allocated to all employees - Decree-Law No. 10-B/2020 of 20.03.2020, applicable to EDIA under the provisions of its Article 5.5, and, on the other, to salary progressions. Added to this is the sharp reduction in the absenteeism rate in 2020. Finally, it should be noted that, compared to 2019, in which the salary increases relating to salary progressions had a more limited impact (50% with an impact on 10 months and the remaining 50% with an impact

on only one month), in 2020 the salary increases were awarded with effect from 1 January.

In accordance with its objectives and statutes, the strong commitment of EDIA's human resources was demonstrated, in a particularly expressive way, by strengthening the appreciation and introduction of the concepts of flexibility and versatility within the organisation, a fact that gave rise to the transfer of employees between areas, reinforcing the areas of operation and equipment maintenance. The policy pursued by EDIA throughout the year focused on redirecting some of its human resources to new areas of activity of the organisation, through the conversion of the tasks for which they became responsible. It should be noted that this increase and diversification of the Company's activities was carried out on the basis of a personnel that has stabilised.

14- CONTRACTING STUDIES, OPINIONS, PROJECTS AND CONSULTANCY

In these cases, in the information supporting the expense, submitted for approval by the Board of Directors, or in its explanation, personally, a justification is presented for the need and impossibility of resorting to own resources.

15 - PRINCIPLE OF THE STATE TREASURY UNIT

EDIA, under Decree-Law no. 191/99 of 5 June, which approves the State Treasury System and Article 28 of Decree-Law no. 133/2013 of 3 October, legislation establishing the principles and rules applicable to the public business sector, is part of the universe of bodies subject to the rules on the State Treasury Unit (UTE) and, consequently, has accounts opened with the IGCP, EPE (IGCP) through which it must carry out all financial transactions, meeting the compliance with the Treasury Unit Principle (PUT) provided for under Article 28 of Decree-Law No. 133/2013 of 3 October.

However, due to the nature and diversity of financial operations, both by virtue of the rules on the use of EU funds, and limitations on the functionalities and services provided by IGCP, as a “public treasury bank” (namely medium and long-term bond loans, as well as bank guarantees), EDIA has to contract some services/products in commercial banking, so that the normal functioning of financial services is not compromised. It should be noted that at the end of 2020 the rate of centralisation of funds in IGCP was 80.89%.

Considering that compliance with the rules of the UTE may be waived annually, by means of authorisation from the holder of the shareholder function in the case of Public Companies (EP), in view of the context and the constraints presented, EDIA requested the waiver of full concentration of the Company's cash and cash

equivalents with the IGCP for the year 2020 under Article 28 of Decree-Law no. 133/2013 of 3 October. On 22 December 2020, EDIA received a letter from the Treasury and Public Debt Management Agency, to exempt from compliance with the UTE, for the years 2020 and 2021, only the following services:

- a. The amounts strictly necessary for loading meal cards; and
- b. The values of bank guarantees that cannot be replaced by escrow deposits.

The remaining amounts should therefore be handled by EDIA through accounts in the IGCP, by using the banking services provided by this Agency.

Commercial Banking *	1st Quarter €	2nd Quarter €	3rd Quarter €	4th Quarter €
Caixa Geral Depósitos – Beja	185 697,01	89 875,06	284 311,82	670 282,53
Banco Comercial Português	9 127,75	9 005,83	8 820,74	8 759,45
Novo Banco	79 513,88	79 369,97	79 321,34	79 248,20
Caixa Banco Investimento	2 073,96	2 073,95	2 073,95	2 073,95
Caixa Central de Crédito Agrícola Mútuo	398 620,79	127 947,47	275 098,19	805 622,90
Santander-Totta	20 655,97	20 890,06	21 636,93	29 362,68
Banco Português Investimento	1 311,72	9 004,64	5 139,70	5 373,24
Total	697 001,08	338 166,98	676 402,67	1 600 722,95
Interest Earned **				

* Identify the institution with which the cash and cash equivalents and/or financial investments are held by adding the necessary lines.
** Identify the interest earned (in cumulative terms, since 1 January 2016) on all financial applications that are with Commercial Banking (CB).

	1st Quarter €	2nd Quarter €	3rd Quarter €	4th Quarter €
IGCP	4 303 628,64	4 850 538,48	4 767 388,82	6 773 664,53

Table 75 and 76: State Treasury Unit

EDIA has accounts at the Commercial Bank which it uses as accounts receiving receipts from customers, from which it periodically makes transfers to the IGCP account, where all other movements are centralised and from which all payments are made, i.e. the balances shown relate to collections received.

To alleviate this situation, EDIA is promoting among its various customers that all payments be made directly to the IGCP account, in order to cancel the receipts outside this institute.

The commercial bank accounts are not remunerated, so EDIA does not earn any income from them

16 - RECOMMENDATIONS RESULTING FROM COURT OF AUDITORS' AUDITS

The Court of Auditors has not conducted any audit of EDIA during the last three years, i.e. 2018 and 2019, 2020.

17 - DEVELOPMENT AND DISSEMINATION OF THE EQUALITY PLAN

EDIA has complied with the provisions of the Normative Order no. 18/2019, of 21 June 2019, having proceeded with the preparation and dissemination of the Equality Plan for the competent entities.

The Equality Plan is available on EDIA's institutional website.

https://www.edia.pt/wp-content/uploads/2021/01/PlanoIgualdadeGenero2021_EDIA.pdf

18 - PREPARATION AND DISCLOSURE OF NON-FINANCIAL STATEMENTS

Not applicable. On 31 December 2020 EDIA had 179 employees on its personnel.

19 - INFORMATION REPORTED UNDER SIRIEF

The information, regarding the execution of the year 2020, reported in this report is consistent with the information reposted under SIRIEF.

20 - INFORMATION ASSOCIATED WITH COVID-19

Economic activity in 2020, in Portugal and the rest of the world, was deeply affected by the COVID-19 pandemic, due to the containment measures and the impact on the behaviour of economic agents.

In Portugal, a state of calamity and subsequent state of emergency was decreed, causing, in general, major constraints on the activities of companies. At EDIA, with the effort of all those involved, the activities vital to its proper functioning were essentially guaranteed.

In this period, Order No. 4146-A/2020³, of 3 April (regulations specifically applicable to EDIA/EFMA), issued by the Office of the Minister of Agriculture, establishes in its paragraph 4, the following guidelines concerning EDIA, during the context of the pandemic:

³ Order No. 4146-A/2020 – Establishes essential services and the necessary measures to ensure normal conditions of production, transport, distribution and supply of agricultural and livestock goods and services, and those essential to the agri-food chain, within the scope of the powers of the bodies and services of the Ministry of Agriculture



Photo: Calíços Pumping Station

"4 – In order to ensure the continuity and uninterruptedness of the provision of public water supply services for the exercise of agricultural activity, the Empresa de Desenvolvimento e Infraestruturas do Alqueva, S. A., must continue to guarantee the following essential activities:

- a. Management and operation of the supply systems, ensuring the functioning of the supply and distribution networks, as well as all the equipment and infrastructure;
- b. The immediate assessment and reporting of disturbances in the exercise of the activities provided for in the preceding subparagraph."

In this context, the Company adopted several measures, of which the following are highlighted:

- Drawing up and approval of a Specific Contingency Plan;

- Acquisition of hygiene and protection products, namely hand sanitizer, masks, visors, among others;
- In cases where the nature of the functions allows it, employees have been placed on teleworking;
- Reduction in the number of employees to 1 in each room/office, with weekly rotation; and
- Customer service is now provided by telephone and/or email.

Measures to protect against the pandemic have been reinforced, complying with the Specific Contingency Plan approved in March 2020, as well as the guidelines issued by the Directorate-General for Health (DGS).

The support work carried out in this pandemic context, particularly with regard to teleworking and repairs to VPN systems, in order to ensure the regular operation of the services provided by

the Company, as well as the renewal of 35% of the IT equipment allocated to EDIA employees, should be highlighted.

It should also be noted here the attitude of solidarity shown by EDIA towards those who sought in some way to help in the fight against the pandemic, having associated itself with solidarity movements in the fight against COVID-19, particularly in terms of fundraising for the Unidade Local de Saúde do Baixo Alentejo [Local Health Unit of Baixo Alentejo] (ULSBA), for Cáritas Diocesana of Beja and also in the purchase and offer of fabric for the production of protective equipment for ULSBA health professionals.

Despite the measures adopted, due to the restrictions and limitations arising from the contingency plans related to COVID-19, several works associated with different areas of the Company suffered some constraints, or were even suspended for a period of time which led to the need for rescheduling of their execution schedules implying an extension in the deadlines for completion, such as the construction contract of the hydraulic circuit of Viana do Alentejo. The work was halted in March, by mutual agreement between the parties, being interrupted for a period of 45 days, due to the lack of conditions for the execution of the work, because of the COVID-19 pandemic.

Also due to these constraints, some work was postponed, such as the monitoring of the units related to the Mediterranean Temporary Ponds conservation project and the work to be carried out on projects with exotic species, and an effort has been made to continue the work until the end of the year.

In the **Noudar Nature Park**, the tourism component of its activities was, this year, strongly conditioned due to the extraordinary measures implemented in response to the epidemiological situation of the new coronavirus. The PNN was closed to the public during the months of April and May, following EDIA's COVID-19 Contingency Plan. The reopening of the Park occurred in June, with reduced capacity, reservations with a minimum of 2 nights, breakfast served individually and reinforcement of cleaning and hygiene measures. Subsequently, the Park was also closed for prophylactic isolation from 27 August to 6 September.

Also most of the scheduled events were cancelled due to the contingencies imposed by the pandemic situation.

Luz Museum was also conditioned by the impact of the pandemic and was closed to the public during April and part of May, following EDIA's COVID-19 Contingency Plan, and its reopening took place on 19 May.

During 2020 there was a decrease in the number of visitors in relation to the same period in the previous year, due to the context that caused the Museum's activities to stop, as mentioned above. Also due to the constraints caused by the pandemic, there were no group visits for the general public or for the school public from March onwards.

The **Alqueva Interpretation Centre** also closed to the public, under the Company's Contingency Plan, on 16 March, and remained closed until 9 June. As of that date, the operating period was also altered, closing on Sundays. The number of visitors inside the building was also limited to five (5) people. This space also suffered other periods of closure during the rest of the year, thus responding to the need for restrictions felt in the region due to the pandemic context.

Impact of COVID-19 on expenses and revenue

At the level of executed expenses, under the COVID-19 Contingency, the amount of EUR 70,751.54 was recorded at the end of December. The impact of this increase in expenses was partly offset by the reduction in some variable costs, resulting from the adoption of the teleworking regime, such as fuel costs, tolls and parking, travel and accommodation and representation costs.

In revenues, in the water distribution and energy activity, there is no variation in own revenues associated with COVID-19, but in PNN the value of service provision registered a drop of about EUR 60,909.

Information to be included on the SEE website	DISCLOSURE		COMMENTS
	Y/N/N.A.	UPDATE DATE	
Articles of Association	Y	07 de março de 2019	-
Characterisation of the Company	Y	08 de março de 2019	-
Ministry and Shareholder Role	Y	03 de março de 2020	-
Governance Model/Members of the Governing Bodies			
Identification of the Governing Bodies	Y	20 de agosto de 2020	-
Fixed Remuneration Status	Y	20 de agosto de 2020	-
Disclosure of the remuneration received by the Governing Bodies	Y	03 de março de 2020	-
Identification of the functions and responsibilities of the members of the Board of Directors	Y	20 de agosto de 2020	-
Disclosure of the curricular summaries of the members of the Governing Bodies	Y	20 de agosto de 2020	-
Public Financial Effort	Y	20 de agosto de 2020	-
Summary Sheet	Y	20 de agosto de 2020	-
Historical and Current Financial Information	Y	03 de março de 2020	-
Principles of Good Governance			
Internal and External Regulations to which the Company is subject	Y	20 de agosto de 2020	-
Relevant transactions with related entities	Y	20 de agosto de 2020	-
Other transactions	Y	20 de agosto de 2020	-
Analysis of the Company's Sustainability in the areas of			
Economics	Y	20 de agosto de 2020	-
Social	Y	20 de agosto de 2020	-
Environmental	Y	20 de agosto de 2020	-
Evaluation of Compliance with Good Governance Principles	Y	12 de maio de 2020	-
Code of Ethics	Y	04 de outubro de 2018	-

Table 77: Information to be included on the SEE website

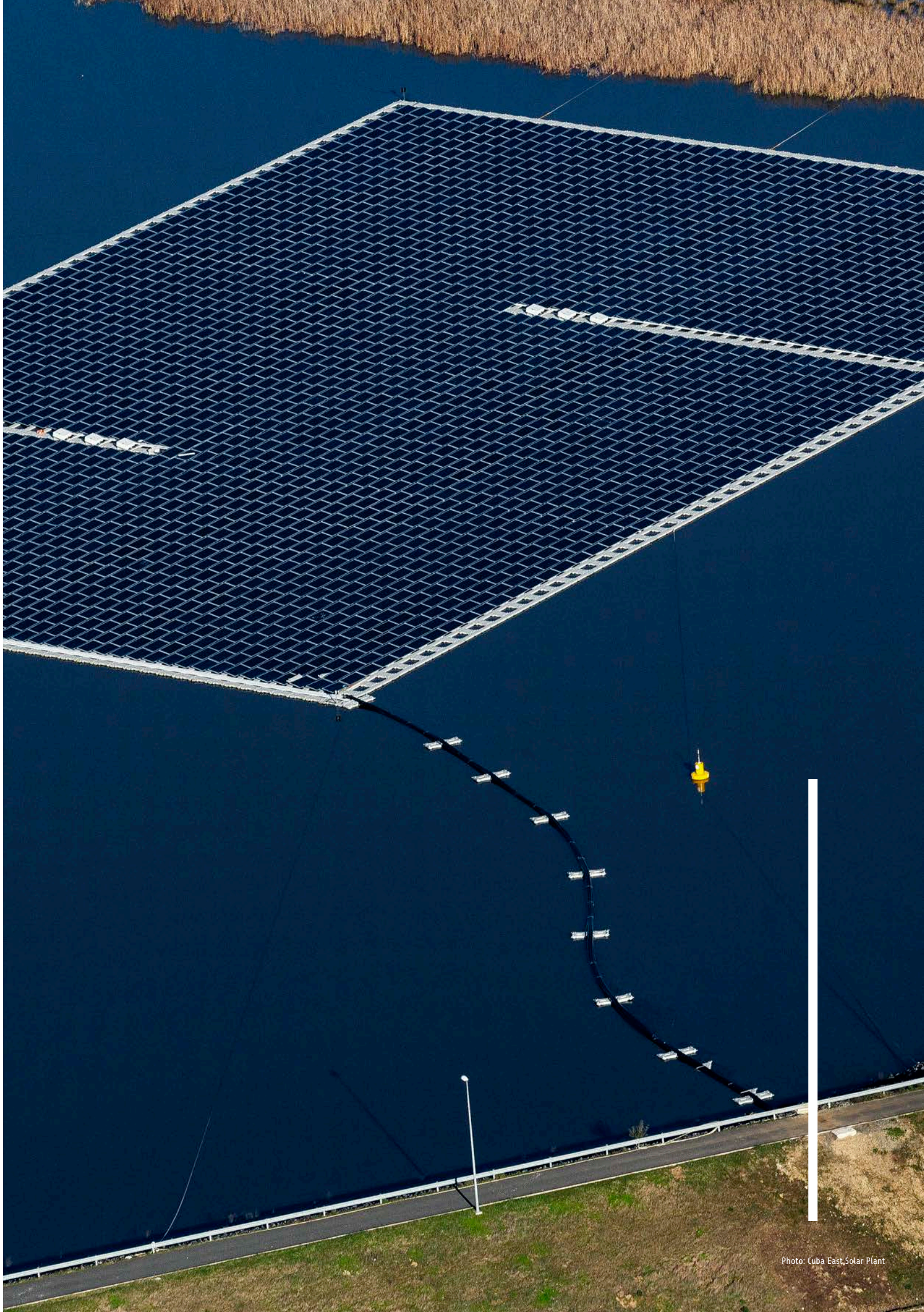


Photo: Cuba East Solar Plant

SYSTEMATISATION OF INFORMATION ON COMPLIANCE WITH LEGAL GUIDELINES

Compliance with Legal Guidelines - 2020	Compliance Y/N/N.A	Quantification / Identification	Justification / Reference to the Report (page)
Management Objectives			
Management Objective	N.A.		100
Targets set in the PAO 2020			
Investment	Y	42,82%	108
Level of Indebtedness	Y		108
Level of Execution of the Budget uploaded in SIGO/SOE			
Projects	Y		109
Costs	Y	63%	109
Revenue	Y	63%	112
Activities	Y		114
Costs	Y	64%	114
Revenue	Y	71%	114
Financial Risk Management	Y	1%	115
Debt Growth Limits	Y	-2,06%	120
Evolution of MTP to Suppliers	Y	+40 (103)	120
Disclosure of Delays in Payments ("Arrears")	Y	0,00 €	121
Shareholder Recommendations on the last approval of Accounts			
Recommendation 1: To the objective of the payment period to suppliers in accordance with the criteria defined in the Resolution of the Council of Ministers no. 34/2008, of 14 February	N		122 - 123
Recommendation 2: To the provisions of Paragraph 3 of Article 33 of Decree Law no. 71/2007, of 27 March, in its current wording, in relation to the expenses related to the service vehicles assigned to the members of the Board of Directors	Y		122 - 123
Recommendation 3: Include a reference to prior consultation with Parpública, Participações Públicas, SGP5, S.A. in accordance with the provisions of Article 49 of Decree-Law 89/2019 of 28 June, regarding the contracting of studies, opinions, projects and consultancy services in future Management Reports and Accounts.	Y		122 - 123
Recommendation 4: Maintenance or reduction of the weight of operating expenses over the turnover, compared to 2019	Y		122 - 123
Recommendation 5: Maintenance or reduction of personnel expenses, corrected for charges resulting from severance pay, the application of the provisions of Article 21 of Law 42/2016, of 28 December, and remuneration increases under the provisions of Law 2/2020, of 31 March	N		122 - 123
Remunerations/Fees			
Non attribution of management bonuses	Y		124
CA – remuneration reductions in force in 2020 (if applicable)	Y	5% reduction in salaries, as provided for in Article 1, paragraph 1 of Law No. 12-A/2010 of 30 June	124

Table 78: Systematisation of Information on Compliance with Legal Guidelines

Supervisory Board (FC/ROC/FU) – remuneration cuts effective in 2020 (if applicable)	N.A.	127 - 128
External Auditor – remuneration reductions effective 2020 (if applicable)	N.A.	129
PMO – article 32 and 33 of the PMO		
Non-use of credit cards	Y	130
Non-reimbursement of personal representation expenses	Y	130
Maximum value of expenses associated with communications	Y	130
Maximum monthly value of fuel and tolls allocated to service vehicles	Y	130
Non-documented or confidential expenses – article 16, paragraph 2 of the RJSPÉ and article 11 of the PMO		
Prohibition of non-documented or confidential expenses	Y	131
Promotion of equal salaries between women and men – paragraph 2 of the RCM no. 18/2014		
Preparation and disclosure of the report on remuneration paid to women and men	Y	131
Preparation and dissemination of the Annual Report on Corruption Prevention	Y	131
Public Procurement		
Application of public procurement rules by the Company	Y	131 - 132
Application of public procurement rules by subsidiaries	N.A.	131 - 132
Contracts submitted for prior approval by the TC	N	131 - 132
Adherence to the National Public Purchasing System	Y	132 - 133
Operating Expenses of Public Companies	Y	134
Contracting of studies, opinions, projects and consultancy services (article 49 of DLEO 2019)	Y	135
Principle of State Treasury Unit (Article 28 of DL no. 133/2013)	Y	
Cash and cash equivalents and applications centralized in IGCP	N	80,89% (6.773.644,53€) 135 - 136
Cash and applications at the Commercial Bank	Y	1.600.722,95€ 135 - 136
Interest earned in breach of UTE and delivered as State Revenue	Y	0,00 € 135 - 136
Audits by the Court of Auditors		
Recommendations	N	137
Preparation of the Equality Plan as required by Article 7 of Law 62/2017, of 1 August	Y	137
Presentation of the non-financial statement	N.A.	137

Table 78: Systematisation of Information on Compliance with Legal Guidelines (Cont.)



CHAPTER 3

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

FINANCIAL POSITION STATEMENT

EUR

Financial Position Statement	Notes	31/dez/20	31/dez/19
ASSETS			
Non Current Assets			
Tangible Fixed Assets	6	13 307 158	12 501 998
Investment Property	7	1 921 262	2 110 655
Intangible Assets	8 e 19	325 668 881	330 167 925
Financial Investments – Other Methods	9	276 571	276 571
Other Financial Assets		4 690	2 644
Other Receivables	16	181 960 921	187 769 005
Captive Deposits	11	90 745	90 745
		523 230 228	532 919 543
Current Assets			
Inventories	12	24 984 843	7 694 780
Trade Accounts Receivable	13	5 147 737	6 843 249
Advances to Suppliers	14	13 834	15 793
State and Other Public Entities	15	861 467	1 490 059
Other Accounts Receivable	16	218 264 091	219 146 477
Deferrals	17	110 108	221 493
Cash and Bank Deposits	4	8 430 247	13 168 507
		257 812 327	248 580 359
Total Assets		781 042 555	781 499 902
EQUITY AND LIABILITIES			
Equity			
Paid-up Capital	18	860 334 960	838 810 320
Other Reserves	18	9 202 700	9 202 700
Retained Earnings	18 e 19	(808 040 794)	(805 369 958)
Net profit for the period		(13 855 194)	(2 670 836)
Total Equity		47 641 672	39 972 226
Non Current Liabilities			
Provisions	20	34 222 810	26 876 349
Borrowings	21	116 666 964	181 303 842
Deferrals	17	381 782 995	396 275 006
		532 672 769	604 455 196
Current Liabilities			
Suppliers	22	5 283 169	5 156 641
Advances from Customers		9 558	9 418
State and Other Public Entities	15	244 842	266 018
Financing Obtained	21	159 255 621	104 562 527
Other Accounts Payable	22	21 410 390	12 553 341
Deferrals	17	14 524 535	14 524 535
		200 728 114	137 072 480
Total Liability		733 400 883	741 527 676
Total Equity and Liability		781 042 555	781 499 902

Table 79: Financial Position Statement

The Certified Accountant

The Board of Directors

COMPREHENSIVE INCOME STATEMENT

EUR

Statement of Comprehensive Income	Notes	2020	2019
Sales and Services Rendered	13	35 539 712	32 958 960
Operating Subsidies		565 426	144 815
Variation in Production Inventories	23	17 710 972	4 128 767
Own Work Capitalised	24	869 536	855 451
Cost of Goods Sold and Consumed		(69 178)	(60 689)
Supplies and External Services	25	(38 629 323)	(25 034 798)
Costs with personnel	26	(6 601 620)	(6 319 342)
Provisions (Increases/Reductions)	20	(5 763 775)	(4 669 466)
Impairment of Debts Receivable (Losses/Reversals)	19	(799 762)	271 278
Other Income and Gains	27	8 910 899	9 345 664
Other Expenses and Losses	28	(162 985)	(1 480 582)
Income Before Depreciation, Financial Expenses and Taxes		11 569 902	10 140 058
Depreciation and Amortisation Expenses/Reversals	30	(5 735 262)	(5 787 649)
Impairment of Depreciable/Amortizable Investments (Losses/Reversals)	19	(16 879 178)	(3 834 860)
Operating Income (Before Financing Costs and Taxes)		(11 044 537)	517 548
Interest and Similar Costs	29	(2 765 442)	(3 115 466)
Profit Before Tax		(13 809 980)	(2 597 918)
Income Tax for the Period	10	(45 214)	(72 918)
Net Profit for the Period		(13 855 194)	(2 670 836)
OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY			
Other Comprehensive Income for the Period			
Comprehensive Income for the Period		(13 855 194)	(2 670 836)
NET PROFIT PER SHARE			
Basic		-0,081	-0,016
Diluted		-0,081	-0,016

Table 80: Comprehensive Income Statement

The Certified Accountant

The Board of Directors

CHANGES IN EQUITY STATEMENT

EUR

Changes in Equity Statement	Paid-up Capital	Adjustments in Financial Assets	Other Reserves	Retained Earnings	Net Result of the Period	TOTAL
Balance at 31 December 2018	809 534 880	0	9 202 700	(801 434 891)	(3 935 067)	13 367 622
Net Profit for the Period					(2 670 836)	(2 670 836)
Total Comprehensive Income for the Period					(2 670 836)	(2 670 836)
Appropriation of Net Result for 2018				(3 935 067)	3 935 067	0
Increase in Paid-in Capital	29 275 440					29 275 440
Balance at 31 December 2019	838 810 320	0	9 202 700	(805 369 958)	(2 670 836)	39 972 226
Net Profit for the Period					(13 855 194)	(13 855 194)
Total Comprehensive Income for the Period					(13 855 194)	(13 855 194)
Appropriation of net profit for 2019				(2 670 836)	2 670 836	0
Increase in Paid-in Capital	21 524 640					21 524 640
Balance at 31 December 2020	860 334 960	0	9 202 700	(808 040 794)	(13 855 194)	47 641 672

Table 81: Changes in Equity Statement

Photo: Álamo Reservoir



CASH FLOW STATEMENT

EUR

Cash Flows Statement	2020	2019
Operational Activities:		
Receipts from Customers	42 316 749	38 308 867
Payments to:		
Suppliers	(41 438 634)	(27 540 888)
Personnel	(6 556 616)	(6 251 960)
Cash Generated From Operations	(5 678 502)	(33 792 848)
Income Tax Payment/Receipt	(72 136)	(87 038)
Other Receipts/Payments Relating to Operating Activities	1 302 343	370 289
Cash Flows from Operating Activities	(4 448 294)	(33 509 597)
Investing Activities:		
Receipts from:		
Tangible Fixed Assets	22 129	158 824
Investment Grants	2 515 487	92 040
Interest and Similar Income	4 304	
	2 541 920	250 864
Payments Related to:		
Tangible Fixed Assets	(1 192 287)	(625 408)
Intangible Assets	(11 246 922)	(4 632 622)
	(12 439 209)	(5 258 029)
Cash Flows from Investing Activities	(9 897 289)	(5 007 166)
Financing Activities:		
Receipts Arising from:		
Capital Receipts	21 524 640	29 275 440
Hedging of Losses		
Financing Obtained		
	21 524 640	29 275 440
Payments in respect of:		
Financing Obtained	(9 957 885)	(38 363 682)
Financial Lease Contracts		
Interest and Similar Costs	(1 959 433)	(2 220 558)
	(11 917 317)	(40 584 240)
Cash Flow from Financing Activities	9 607 323	(11 308 800)
Changes in Cash and Cash Equivalents	(4 738 260)	(49 825 563)
Cash and Cash Equivalents at Beginning of Period	13 168 507	24 685 203
Cash and Cash Equivalents at the End of the Period	8 430 247	-25 140 360

Table 82: Cash Flow Statement

NOTES TO THE FINANCIAL STATEMENTS

1. Brief Description of the Company

EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva (hereinafter “EDIA”, “Company” or “Entity”) was set up through Decree-Law no. 32/95 of 11 February, under which it became the holder of all the rights and obligations that belonged to the Alqueva Installing Committee. Its share capital is wholly owned by the Portuguese State, through the DGTF. At 31 December 2020, the Share Capital is 100% subscribed and paid up.

In accordance with the provisions of Article 2 of that diploma, as amended by Decree-Law no. 232/98 of 22 July, no. 335/01 of 24 December and no. 42/07 of 22 February, EDIA’s corporate object is currently:

- The use of the public hydric domain allocated to EFMA for irrigation and hydroelectric operation purposes, under the terms of the contract entered into with the Ministry of the Environment, Land Planning and Regional Development, representing the State;
- The design, implementation and construction of the infrastructures forming the EFMA primary system, as well as their management, operation, maintenance and conservation;
- The design, implementation and construction of the infrastructures forming part of the secondary network assigned to EFMA, on behalf of the State and in accordance with the instructions given by the Ministry of Agriculture, Sea, Environment and Land Planning; and
- The promotion, development and pursuance of other economic activities which benefits contribute to improving the conditions of use of the resources allocated to EFMA.

Following the consolidation of the energy exploitation potential, not exclusively hydroelectric, which is an important potential source of revenue as well as an important complement to the

irrigation component, Decree-Law no. 313/2007 was published on 17 September, approving the bases of the concession contract to be signed between EDIA and the conceding State. This decree established the granting of operating rights for the Alqueva and Pedrógão Hydroelectric Power Plants, respecting the rights acquired by third parties under previous legislation.

In view of the legislation in force that regulates the water resources sector, EDIA appears as the concessionaire for the management and operation of the Project and also as the holder, on an exclusive basis, of the rights to the private use of the public hydric domain allocated to EFMA for the purposes of irrigation and hydroelectric operation.

On 17 October 2007, the Company signed the concession contract with the Ministry of the Environment, Land Planning and Regional Development, which regulates the use of water resources to capture water for irrigation and electricity generation in the EFMA primary system.

On 24 October 2007 a contract was signed between EDIA and EDP – Gestão da Produção de Energia, S.A. (EDP), which awarded EDP the operation of the Alqueva Hydroelectric Power Plants (260 MW), under the market regime, and Pedrógão (10 MW), under the special regime, for 35 years. This contract also establishes the rights of private use of the respective water domain, having boosted the electrical value of the Alqueva-Pedrógão system.

In April 2013, EDIA signed with DGADR a “Concession Contract on the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructures”, ending on 31 December 2020. This contract establishes that EDIA (concessionaire) will deliver to the State (grantor), represented by DGADR, the infrastructure relating to the secondary network, drainage and agricultural roads, the goods and equipment necessary for its operation and exploitation, and the areas acquired and expropriated for the implementation of the infrastructure of EFMA hydro-agricultural facilities.

The overall figures for each of the main investment programs (Alqueva dam; Alqueva power plant; Pedrógão dam and power

plant; Álamos pumping station; primary network; secondary network and regional development) are perfectly stabilised, given that practically all the contracts have been awarded. Only about 10% of the total investment is in an initial phase and corresponds essentially to the projects covered by the *PNRegadios* and the Alqueva Photovoltaic Park. This way we indicate the best possible estimates given the information currently available.

At the meeting of the Board of Directors of 13 March 2018, the multi-annual reprogramming was approved, which includes the values executed up to 2017 and the investment forecasts for the following years, in the global amount of EUR 2,639.32 million. The difference from the previous forecast of EUR 2,556 million is essentially due to the investment now planned for the construction of the Alqueva Photovoltaic Park, in the amount of EUR 50 million.

By the end of 2020, of the total planned investment, without capitalizations, EUR 2,400.94 million were made, approximately 90% of the total. Within the scope of applications for EU financing, EDIA has obtained, to date, EUR 1,243 million of EU funds, about 52% of the investment made. In order to face the national counterpart of the investments supported by FEOGA-O and FEADER, under CSF III, PRODER and PDR2020, EUR 153 million were obtained from PIDDAC. The financing required both for the remaining national counterpart of the projects supported by EU funds, as well as for other expenses (operating and financial charges), originated from capital appropriations (EUR 893.8 million), of which EUR 33.47 million through loss coverage, bank and bond loans and from the DGTF, which outstanding amounts at this date are EUR 149.78 million and EUR 126.14 million, respectively.

The total investment includes the implemented and planned investments in the secondary network (EUR 889 million), which is owned (with the exception of infrastructure 12, which has an exceptional concession arrangement) by the Ministry of Agriculture.

EDIA, for financing the investment to be made, by guidelines from the Ministry, presented an expression of interest in the EIB and CEB financing, for EFMA projects, included in the *PNRegadios*, and the contracts were signed in April 2018, between the Portuguese State and the respective Banks.

The Portuguese State, in October 2018, in the Council of Ministers Resolution no. 133/2018 of 12 October, approved the *PNRegadios* and regularized the operationalization of the Project Implementation Unit (UEP), also highlighting the operationalization and launch of the 1st Call for submission of applications for this Program. Following this approval, on 29 January, Ordinance no. 38/2019 was published (Official Gazette no. 20/2019, Series I), which regulates the support scheme to be granted to the projects provided for in *PNRegadios*, making funds available for new irrigation projects. On 27 March, Order no. 3378 (Official Gazette no. 61/2019, Series II) opened the 1st *PNRegadios* call for submissions.

Following the approval and opening of the 1st *PNRegadios* Call (Notice of Opening no. 01/DRE/2019, of 29 April), concerning ‘Efficient Irrigation Development Operations’, EDIA proceeded to prepare ten applications for projects of the 2nd Phase of the Alqueva irrigation infrastructure. To date, all have been approved and awarded, except for the Reguengos project, which approval by the EIB occurred in late 2020, awaiting the sending of the term of acceptance by the UEP of *PNRegadios*.

The project of the photovoltaic park of Alqueva will be financed by the loan granted by CEB, in the amount of EUR 45 million. The tender process for the contracting of this project, despite the slippage justified by the health crisis experienced in Portugal, resulting from COVID-19, is completed and approved by the Minister of Agriculture, leaving the launch of the tender only pending the publication of the Ordinance of Extension of Charges.

The Company, with registered office in Beja, has 179 employees on 31 December 2020.

2. Accounting Standards for the Preparation of Financial Statements

2.1. Presentation Bases

The financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), as adop-

ted by the European Union. The IAS/IFRS include the standards issued by the International Accounting Standards Board (IASB), the respective interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

Standards and interpretations that became effective on 1 January 2020, and that EDIA applied in the preparation of its financial statements

Up to the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union, with mandatory application for the financial year beginning on 1 January 2020:

- **Amendments to references to the Conceptual Framework in IFRS Standards.** Corresponds to amendments in several standards (IFRS 2, IFRS 3, IFRS 6, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure. (Commission Regulation (EU) 2019/2075 of 29 November 2019).
- **IAS 1 and IAS 8 (amendment) – Definition of material.** This amendment clarifies the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, misstatement or concealment it could reasonably be expected to influence the decisions of primary users of financial statements based on the financial statements. (Commission Regulation (EU) 2019/2104 of 29 November 2019).
- **IFRS 3 (amendment) – Definition of business.** This amendment constitutes a revision of the definition of

business, seeking to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business as the provision of goods or services to customers. The amendments include examples for identifying the acquisition of a business. (Commission Regulation (EU) 2020/551 of 21 April 2020).

- **IFRS 9, IAS 39 and IFRS 7 (amendment) – Reform of reference/ benchmark interest rates (IBOR Reform).** Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (“IBOR reform”) in order to decrease the potential impact of the change of benchmark interest rates on financial reporting, namely hedge accounting. (Commission Regulation (EU) 2020/34 of 15 January 2020).
- **IFRS 16 (amendment) – Leases – “Covid 19 Related Rent Concessions”.** This amendment introduces an optional practical expedient whereby lessees are exempted from analysing whether rent concessions, typically rent suspensions or rent reductions, related to the “Covid-19” pandemic correspond to contractual modifications. (Commission Regulation (EU) 2020/1434 of 9 October 2020).

The adoption of the above amendments had no material effect on the Company’s financial statements for the year ended 31 December 2020.

Standards, amendments and interpretations endorsed by the European Union with mandatory application in future financial years

- **IFRS 9, IAS 39 and IFRS 7 (amendment) – Phase 2 – Reform of reference/ benchmark interest rates (IBOR reform).** Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 issued on 27 August 2020, related to the second phase of the benchmark interest rate reform project (“IBOR reform”), referring to changes in benchmark interest rates and the impacts at the level of

modifications of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. This amendment is applicable to financial years beginning on or after 1 January 2021. It will have no significant impact on the Company’s financial statements (Commission Regulation (EU) 2021/25 of 13 January 2021).

- **Amendment to IFRS 4 – Insurance Contracts – Deferral of IFRS 9.** Corresponds to the amendment to IFRS 4 that extends the deferral of application of IFRS 9 to years beginning on or after 1 January 2023. This amendment will have no significant impact on the Company’s financial statements (Commission Regulation (EU) 2020/2097 of 15 December 2020).

Standards, amendments and interpretations published but not yet adopted by the European Union

As of 31 December 2020, the following standards and interpretations had been issued by the International Accounting Standards Board (“IASB”) and have not yet been endorsed by the European Union:

- **IFRS 17 – Insurance contracts.** This standard establishes, for insurance contracts, within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 – Insurance contracts. The future adoption of this standard will have no impact on EDIA’s financial statements.
- **Amendment to IAS 1 Presentation of Financial Statements – Classification of liabilities as current and non-current.** This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing on the reporting date. The future adoption of this standard will have no impact on EDIA’s financial statements.

- **Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018–2020.** These amendments correspond to a set of updates to the various standards mentioned, namely: (i) IFRS 3 – update of the reference to the 2018 conceptual framework; additional requirements for analysis of obligations under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination; (ii) IAS 16 – prohibition of deduction from the cost of a tangible asset of revenue related to the sale of products before the asset is available for use; (iii) IAS 37 – clarification that costs of fulfilment of a contract correspond to costs directly related to the contract; and (iv) Annual improvements 2018–2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41. These amendments are not expected to have significant impacts on the financial statements of the Company.

The estimates and assumptions with impact on the financial statements are continuously evaluated, representing at each reporting date the Board’s best estimate, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable. The intrinsic nature of the estimates may cause the actual reflection of the situations that had been estimated to differ from the estimated amounts for the purposes of financial reporting.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are essentially impairments and provisions.

All estimates made by the Board of Directors, were based on their available knowledge, as at 31 December 2020, of current events and transactions.

However, events may occur in subsequent periods that, not being foreseeable at the date of approval of the financial statements, were not considered in these estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates.

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2021.

3. Main Accounting Policies

The main accounting policies adopted in the preparation of the attached financial statements are as follows:

3.1. Measurement Bases Used in the Preparation of the Financial Statements and Accounting Policies

The financial statements are expressed in euros, the Company's functional currency.

Income and expenses are recorded on an accrual basis, so that they are recognised as and when generated or incurred, regardless of when they are received or paid.

Income and expenses recognized in the Comprehensive Income Statement that have not yet been invoiced or which acquisition invoice has not yet been received are recorded against "Debtors by Accrued Income" or "Creditors by Accrued Expenses" recorded under the items of the Financial Position Statement in "Other Receivables" and "Other Payables", respectively. Income received and costs paid in advance are recorded under "Deferrals" under Liabilities and Assets respectively.

No material errors relating to estimates made in preparing the financial statements of previous years were recognised.

The estimates and underlying assumptions were determined based on the best knowledge existing at the date of approval of the financial statements of the events and transactions in progress, as well as the experience of past and/or current events. However, events may occur in subsequent periods that were not foreseeable at the date of approval of the financial statements and so were not considered in those estimates. Changes to estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and given the degree of uncertainty associated, actual results of the transactions in question may differ from the corresponding estimates.

3.1.a. Tangible Fixed Assets

Tangible fixed assets are stated at acquisition cost, plus transport and assembly costs necessary to put them into operation, less accumulated depreciation and accumulated impairment losses. Charges with Financing Obtained that are directly attributable to the construction or production of an asset eligible for capitalisation are capitalised until such time as the assets are substantially complete.

Direct expenses related to the technical areas involved in building the Company's assets are capitalised under tangible fixed assets. This capitalisation is made according to the internal resources used and time spent, against the item "Own Work for the Entity".

Under IFRIC12 – Service Concession Contracts, the assets relating to the "concession" are shown under "Intangible Assets".

Depreciation of tangible fixed assets, that is, assets not assigned to the concession, are calculated using the straight-line method and on a monthly basis in accordance with the following periods of expected useful life of the assets, based on the maximum rates accepted for tax purposes.

Years	
Account	Useful Life
Land and Natural Resources	-
Buildings and Other Constructions	50
Basic Equipment	2 - 32
Transport Equipment	2 - 8
Administrative Equipment	1 - 16
Other Tangible Fixed Assets	1 - 24

Table 83: Tangible Fixed Assets

EDIA performs impairment tests on its tangible fixed assets whenever events or changes in circumstances are identified that indicate that the amount at which an asset is measured may not be recoverable. Whenever the amount at which an asset is recognised is greater than its recoverable amount, an impairment loss is recognised, recorded in the Comprehensive Income Statement under the item "Impairment of Depreciable/Amortisable Investments (losses/reversals)". The recoverable amount corresponds to the higher of the net selling price (amount obtainable from the sale of an asset in a transaction within the capability of the parties involved, less the costs directly attributable to the sale) and the value in use (present value of estimated future cash flows expected to arise from the continued use of the asset and from its sale at the end of its useful life).

Reversal of impairment losses recognised in prior years is recorded when the reasons for recording them cease to exist and consequently the asset ceases to be impaired.

3.1.b. Investment Property

The item "Investment Properties" records the carrying amount of investment properties held by EDIA, namely land, not for use in production, supply of goods or services or for administrative purposes, but with the aim of capital appreciation and/or obtaining rents.

EDIA's objective is to facilitate the meeting between land supply and demand, making land with agricultural aptitude available for rent, sale or for other types of assignment, publishing them in a public notice.

In accordance with IAS 40 – Investment Property, an investment property should be recognised when it is probable that future economic benefits associated with the investment property will flow to the entity and the cost of the investment property can be measured reliably.

The item "Investment Properties" is presented in the Financial Position Statement, in Non-Current Assets.

EDIA has chosen as accounting policy for measurement, after recognition, the cost model for all its investment properties, which comprises their purchase price, transaction costs and other directly attributable expenses.

After initial recognition, as EDIA has opted for the cost model it will measure its investment properties according to the requirements of IAS 16 – Tangible Fixed Assets for that model, i.e. an asset should be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Accordingly, the depreciation of an investment property will be made in accordance with that prescribed for tangible fixed assets.

However, it is important to mention that even though EDIA presents the public notices where the land properties are available for sale, and there is a reference value for the bidding, the Company is analysing internally each of these "Investment Properties", with the aim of measuring and recording at fair value in the future.

3.1.c. Intangible Assets

Intangible assets are stated at acquisition or production cost, less accumulated amortisation and accumulated impairment losses.

Financial costs related to Financing Obtained to finance investments in progress, are capitalised until such time as the infrastructure is substantially complete.

In 2010, EDIA adopted the interpretation IFRIC12 – “Service Concession Contracts”, applicable to the activities of energy production and water distribution developed under the concession contract concluded with the State. Thus, in 2010, the Company:

- Transferred all the investment associated with those activities from the item “Tangible Fixed Assets” to “Intangible Assets”;
- Adjusted the depreciation/amortisation policy of these investments and the recognition of the respective subsidies as income, all of which are now amortised using the straight-line method over the concession period, i.e:
 - ◊ The infrastructures already available for use at the date of the beginning of the concession (1 November 2007) are amortised over the 75 years of the concession, that is, from November 2007 to October 2082; and
 - ◊ The infrastructures that were not yet available for use on 1 November 2007 are amortised from the date when each one of them became or will become available for use until the end of the concession period (October 2082).
- Set up and started to update annually a provision to cover the estimated charges for the contractual obligation to maintain/preserve the infrastructure throughout the concession period.

The provision to meet the obligation to maintain/preserve the infrastructure includes only those major repairs and replacements that are expected to be made during the concession period, thus not including the current maintenance and conservation of these assets, which are recognised as expenses in the period in which they occur.

In 2018, the Company decided to award to the National Laboratory of Civil Engineering (LNEC), a credible entity with special competences assigned by the Dam Safety Regulation, a study on the “Valuation of the infrastructures of the primary network of the Alqueva Project”, for the purpose of updating the initial estimate of the provision for major repairs and replacements, with a detailed plan of interventions in the various infrastructures, object of the concession contract, based on a set of assumptions and estimates of a financial, operational and technical nature.

By mid-2020, the results of the study and the forecast of rehabilitation investment needs in EFMA infrastructures had already been completed, and after in-depth and consolidated analysis, their adherence to the assets of the Alqueva Project and the applicability of this new model were verified, already reflected in the accounts of the 1st half of 2020.

The assumptions used for the calculation of these investment forecasts, as well as the identification of the metrics used, inflation rates and discount rates are described in detail in Note 20.

EDIA has been performing impairment tests on its intangible assets, whenever events or changes in circumstances are identified that indicate that the amount at which an asset is measured may not be recovered. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and recorded in the Comprehensive Income Statement under the item “Impairment of depreciable/amortisable investment (losses/reversals)”. Since, under the concession contract, these are not alienable assets, the recoverable amount corresponds to the respective value in use (present value of estimated future cash flows expected to arise from the continued use of the asset).

Reversal of impairment losses recognised in prior years is recorded when the reasons for recording them cease to exist and consequently the asset ceases to be impaired.

3.1.d. Investments in Progress

“Investments in Progress” represent the tangible and intangible assets still under construction/development and are recorded at acquisition cost net of accumulated impairment losses. These as-

sets are depreciated as from the month they are in condition to be used for the intended purposes.

As EDIA is in a second phase of investment, the following have been capitalized:

- Financial costs directly related to the financing of investment that is still under construction/development, until such time as each infrastructure is substantially complete;
- Personnel costs directly related to the planning and construction activity; and
- External supplies and services, which are, by their nature, recorded in cost centres directly related to infrastructure construction.

3.1.e. Capitalisation Policy for Structure and Financial Charges

The Company’s structural costs, as well as the financial costs with loans directly attributable to the acquisition or construction of fixed assets, or associated to concessions, have been capitalised, consistently over time, while the infrastructure construction activities (or others that are necessary to prepare the infrastructure for its intended use) are in progress.

With the conclusion of the 1st phase of construction of the infrastructures, operation of the dams and Hydroelectric Power Plants of Alqueva and also the entry into operation of the 22 irrigation perimeters, the costs related to these infrastructures are now considered directly as costs for the year and the associated financial costs are no longer capitalised.

In parallel and in order to maximise the natural evolution of EFMA, to optimise the benefit of the competitive advantages provided by the Project and the full use of the available water resources, EDIA is developing a strategy to promote and increase irrigation in Alqueva, developing studies, projects and works, having identified potential irrigation areas in areas contiguous to the Project of around 50,000 ha.

With this new reality and bearing in mind that the volume of investment in these neighbouring areas will tend to grow, it is clear that the costs of the activities developed by some departments of the Company are subject to capitalisation, since they effectively and directly contribute to the construction of new EFMA infrastructures.

The expense capitalisation policy remained identical to that adopted at 31 December 2019 and is based on the following assumptions:

- expenses are not capitalised relating to: a) the governing bodies and secretariat; b) the Administration and Finance Department, with the exception of the Departments of Planning and Investment Control and Information Systems; c) the Assets Management Department, with the exception of the Expropriations Department; d) the Water Economy and Irrigation Promotion Department and e) the Development and Social Responsibility Office.
- the costs of the Directorates, Departments and Offices that most contribute to its activities in this investment phase in the primary (RP) and secondary networks (RS) are capitalised, with the following allocation:
 - ◊ Engineering, Environment and Planning Directorate – 50% Investment (25% RP + 25% RS) + 50% Operation
 - ◊ Infrastructure and Energy Directorate – 50% Investment (25% RP + 25% RS) + 50% Operation
 - ◊ Planning, Studies and Projects Department – 100% Investment (50% RP + 50% RS)
 - ◊ Environmental and Property Impacts Department – 50% Investment (25% RP + 25% RS) + 50% Operation
 - ◊ Primary Infrastructures Construction Department – 100% RP Investment

- ◊ Irrigation Infrastructure Construction Department – 100% SR Investment
- ◊ Expropriations – 100% Investment (50% RP + 50% RS)
- ◊ Investment Planning and Control Department – 50% Investment (25% RP+ 25% RS) + 50% Operation
- ◊ Information Systems Departments – 50% Investment (25% RP + 25% RS) + 50% Operation
- ◊ Legal Support Office – 50% Investment (25% RP + 25% RS) + 50% Operation
- ◊ Public Relations and Communication Office – 50% Investment (25% PR + 25% SR) + 50% Operation

3.1.f. Own Work for the Entity

This item records revenue corresponding to the cost of resources directly attributable to tangible and intangible fixed assets during their development and construction phase, when it is concluded that they will be recovered through the realization of those assets.

They are measured at cost, recognised without any margin, based on specially prepared internal information (internal costs) or on acquisition costs.

Construction works, carried out by the Company itself, as well as equipment repairs that include expenses on materials, direct labour and general expenses, are associated with EFMA's ongoing works.

The Company capitalises the structural costs, against the "Own work for the entity" account, since they reflect the cost of personnel and work performed by third parties under the direct administration of the Company

3.1.g. Financial Holdings

Other Financial Holdings

The shareholdings in the capital of entities that do not grant EDIA a dominant or significant influence (as a rule, shareholdings representing less than 20% of the respective capital) are recorded at acquisition cost less any accumulated impairment losses.

As provided in IAS 32 – Financial Instruments – Presentation and IAS 39 – Financial Instruments – Recognition, at the reporting date, EDIA assesses the impairment of all financial assets that are not measured at fair value through profit or loss. If there is objective evidence of impairment, an impairment loss is recognised in the Comprehensive Income Statement.

3.1.h. Leases

IFRS 16 – Leases, entered into force in the European Union on 1 January 2019, so for entities that report under IFRS, it is already the second year of application of the standard. One of the most relevant aspects of IFRS 16 was the introduction of a single model for accounting for leases by lessees, eliminating the distinction between financial and operational leases, leading to the recognition, at the beginning of a lease contract, in the Financial Position Statement under Assets, of a right of use and the corresponding Lease Liability, for the obligation to pay charges to the lessor. In the Comprehensive Income Statement, instead of the previous operating expense, recognised under the previous IAS 17 – Leases for operating leases, the depreciation of the right of use (on a linear basis) and implicit interest under the Lease Liabilities (which will decrease over the lease term) are now recorded.

The non-current Asset related to the right of use of the leased item is initially measured at the present value of the lease payments, discounted at the implicit interest in the lease (Liabilities), plus the initial direct costs related to the lease and subsequently is subject to depreciation based on the estimated useful life, in accordance with IAS 16 – Tangible Fixed Assets. Thus, the lease

charges are now charged to profit or loss on the basis of the depreciation of the tangible fixed asset relating to the right of use of the leased asset, and by the implicit interest costs of the lease over the term of the contract.

Financial liabilities are initially recognised at the present value of the instalments payable over the contract, also including the initial costs of the contract. This present value is determined by discounting the instalments to present value using the interest rate implicit in the lease, if this rate can be determined, or by a market interest rate, if there is no interest rate associated with the lease.

However, in accordance with IFRS 16, a lessee may choose not to recognise in its Financial Position Statement the assets and liabilities relating to short-term leases (lease period of 12 months or less), or to leases which underlying assets are of low value. Therefore, it is possible for the lessee to decide, opting for the exemption of the recognition, i.e., that the payments relating to these leases are recognised as expenses in the year in which they are incurred, on a linear basis over the contract.

EDIA has decided to apply the exemptions provided for in the standard to lease contracts which lease period ends within the next 12 months from the date of initial application and for which the underlying asset has little value.

Due to the reduced expression (immateriality) of the lease contracts in force and because it is considered that it does not provide relevant additional information for the knowledge of the financial position, financial performance of the Company and for the decision-making of the various users of information, EDIA maintained the procedure for accounting lease costs, currently in force, as expenses on a linear basis over the contract period (previously provided for operating leases). However, the assessment as to the materiality of lease contracts will be carried out regularly, and the procedure for the recognition of leases in the financial statements may be changed when the situations that, to date, provide an exception cease to exist.

3.1.i. Financial Instruments – Financial Assets and Liabilities

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognised in the Financial Position Statement when the Company becomes a party to the corresponding contractual provisions.

For financial assets with impairment indicators, the respective recoverable value is determined, with impairment losses being charged against income.

A financial asset is any asset that is either cash or a contractual right to receive cash.

A financial liability is any liability that is a contractual obligation to deliver cash.

The Company's financial assets are mainly "Customers", "Other Receivable" and "Cash and Cash Equivalents".

Financial liabilities are mainly the "Financing Obtained", "Suppliers" and "Others Payable".

Customers and Other Receivables

The debts shown under "Customers" and "Other Receivables" are recorded at their nominal value, less any impairment losses. Impairment losses correspond to the difference between the amount initially recorded and its recoverable value, this being the present value of the expected "cash-flows" (discounted at the effective rate whenever the effect of the time value of money is significant), which are recognised in the Comprehensive Income Statement for the period in which they are estimated.

Regarding "Customers", the debts result from the services rendered by the Company in the normal course of its activity, carried out in accordance with the normal conditions of short-term credit, and so, they are measured at the undiscounted value of the

cash flows receivable, less impairment losses, and it is expected that they will be collected within one year or less, and so, they are recorded under “Current Assets”.

The criterion for measuring amortised cost is not applied to “Customers” balances, as the deadlines for receipt defined are mostly met and no significant delays or deferrals in receipt are expected at the time of their initial recognition. Thus, the application of amortised cost in the measurement of the financial assets in question would not be appropriate.

In 2020, EDIA recognised impairment losses in this type of financial assets.

“Other Receivables” are recorded at their nominal value, less any impairment losses, because EDIA considers that the impact that the criterion of amortised cost would have on its accounts would be nil.

Impairment losses correspond to the difference between the amount initially recorded and its recoverable value, this being the present value of the expected “cash-flows” (discounted at the effective rate whenever the effect of the time value of money is significant), which are recognised in the Comprehensive Income Statement for the period in which they are estimated.

For the purpose of determining impairment losses, doubtful debts are those where the risk of uncollectibility is duly justified, which is verified in cases where the debts are more than twelve months overdue from the respective due date and there is objective evidence that diligent steps have been taken to receive them.

The balance of the item “Other Receivables” essentially reflects: (i) debt from DGADR; (ii) revenue from the Concession Contract with EDP; and (iii) debtors for accrued income (see Note 16).

The “Debtors by Accrued Income” are settled in the short term, being recognised at the undiscounted value of the income recognised during the year.

As for EU funds, they are received in the short term after the date of the Financial Position Statement and are therefore measured

at the undiscounted value of cash flows receivable (there are no impairment losses in this case, because only those subsidies that meet the recognition criteria established in IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance are recognised as receivables, i.e. when there is assurance that EDIA will comply with the conditions attached to them and that the subsidies will be received).

In view of the above, EDIA considers that the impact that the amortised cost criterion would have on its accounts would be nil.

Cash and Bank deposits / Cash and cash equivalents

In the Financial Position Statement, the amounts included under the caption “Cash and Bank Deposits” correspond to amounts held in cash and demand or term deposits. In the Cash Flow Statement, the item “Cash and Cash Equivalents” includes cash and demand deposits, as well as highly liquid short-term financial investments (including term deposits) that are readily convertible to known amounts and which are subject to an insignificant risk of changes in value.

For purposes of the Cash Flow Statement, “Cash and Cash Equivalents” is reduced by bank overdrafts, which in the Financial Position Statement are included in the item “Financing Obtained”, as they are repayable on demand and form part of the Company’s cash management.

Financing Obtained

Financing Obtained are recorded under Liabilities at amortised cost, with the corresponding financial costs calculated according to the effective interest rate and recognised in the income statement on an accruals basis.

They are expressed in Current or Non-Current Liabilities, depending on whether they mature in less or more than a year, respectively. Their derecognition only occurs when the obligations arising from the contracts cease, namely when there has been settlement, cancellation or expiry.

Financial charges, related to Financing Obtained to finance the investment in progress, are capitalised until such time as the infrastructure is substantially complete.

Accounts Payable

The balances of “Suppliers – current accounts payable”, “Investment Providers” and “Other Creditors” (not including, therefore, the Financing Obtained, which have an autonomous section) relate to most purchases of goods and services contracted by the Company, in the normal course of its business and in accordance with normal market conditions, which correspond to a short-term credit.

Accounts payable are recorded at their nominal value, less any interest calculated and recognised in accordance with the effective interest rate method.

It should also be noted that normal market conditions correspond to a short-term credit (Average Payment Time: 104 days), so EDIA considers that the impact that the amortised cost criterion would have on its accounts would be nil.

If payment is due within one year or less, they are classified as “Current Liabilities”, otherwise they are classified as “Non-Current Liabilities”.

3.1.j. Captive Deposits

The period for resolution of the processes to which the captive deposits are allocated, within the scope of a tax inspection, in terms of corporate income tax, for the years 2009 and 2010, by the Tax Authorities, relating to depreciation made by EDIA of sub-merged land, may cover several years.

When the process of tax execution was initiated, EDIA was notified by the Tax Office and had a period of 30 days from that date to lodge an opposition to the execution.

The judicial claim, by itself, did not suspend the beginning of

the tax execution process, so it is necessary to present a bank guarantee, bond or insurance-guarantee to suspend this process and avoid seizures.

However, for processes which amounts are materially relevant, the Company estimates the date of occurrence of the associated cash flows and consequent application of amortised cost.

33.1.k. Inventories

The value of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and are stated at acquisition cost.

Following Decree Law no. 335/2001 of 24 December, which (with the exception of Infrastructure 12, which has an exceptional concession regime) provided for the transfer to the State of the infrastructures forming part of the secondary network allocated to EFMA, EDIA, up to 31 December 2012 (inclusive) showed the construction cost of the secondary network under the item “Inventories”.

Under the Delivery Contract and respective “Concession Contract for the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructure”, signed on 8 April 2013, by EDIA and the State, represented by DGADR, EDIA delivered to the State, the infrastructure relating to the secondary network, already completed. Thus the investment made in these infrastructures of the secondary network that were already substantially complete, previously shown under the sub-account “Finished and Intermediate Products”, less the respective investment subsidies, were transferred to the DGADR account under “Other Receivables”.

In November 2013, through a new Delivery Contract between EDIA and DGADR, as with other secondary network infrastructures, EDIA carried out, on behalf of the State, the design, implementation and construction of the infrastructures comprising the irrigation and drainage network, as well as all goods and equipment allocated to it, of the Aljustrel hydro-agricultural operation, which

investment was recorded under “Products and Works in Progress” and was transferred to the DGADR account, under the item “Other Receivables” (see Note 16).

Thus, the balance under the item “Inventories” essentially reflects the value of the sub-account “Products and Works in Progress”, relating to the investments allocated to the blocks under construction of the 2nd phase of the EFMA investment.

This Concession Contract was due to expire at the end of 2020.

However, at the date of this report, EDIA is already aware, through the Order of the Minister of Agriculture, information no. 12538 of 24 September 2020, that the term of the concession relating to the management, operation, maintenance and conservation of the infrastructures of the EFMA secondary network has been extended for a further 10 years and with the maximum limit of the term of the concession for the private use of water resources in the public domain, obtained under the provisions of the Water Law.

The government decision on the Management of the Alqueva Hydroagricultural Development aims to produce a lasting decision that provides stability to the various stakeholders involved. A decision that, for this very reason, must also take into account the unique characteristics of EFMA. The complexities of hydraulic management, equity of access to water in the different areas of the Project, energy optimisation, the performance of the Company and also the interests of the irrigators, are all factors that certainly require a well-structured consideration.

The identification of some limitations of the classic management model, in which the entity that manages the primary system is distinct from those that manage the secondary systems, as well as EDIA's experience in the tasks of simultaneous management and maintenance of the irrigation systems (both primary and secondary), allowed for the immediate reinforcement of the option taken by the Ministry.

3.1.l. Income and Expense Recognition

Costs and income are recorded in the period to which they refer regardless of when paid or received, in accordance with the accrual basis of accounting. The differences between the amounts paid and received and the respective expenses and income are recorded under Liabilities and Assets, respectively.

- Revenue (more detailed description in Note 3.1.o)

Revenue is the gross inflow of economic benefits during the period arising in the course of EDIA's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue may arise from sales of goods, provision of services and the use of assets producing interest, royalties and dividends.

- Charges with Financing Obtained

In accordance with IAS 23 – Charges with Financing Obtained, Charges with Financing Obtained are recognised as an expense in the period in which they are incurred on an accrual basis in accordance with the effective interest rate method.

Charges with Financing Obtained directly related to the construction of fixed assets or associated with concessions are capitalised as part of the cost of the asset. The capitalisation of these charges begins after the start of the preparation of construction activities or development of the asset and ends when construction is substantially completed, and is also interrupted whenever the project in question is suspended.

3.1.m. Provisions

Provisions are recognised only when the Company has a present obligation (legal or constructive) resulting from a past event, it

is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised for provisions consists of the present value of the best estimate (at the reporting date) of the resources required to settle the obligation. This estimate is determined considering the risks and uncertainties associated with the obligation.

Provisions are reviewed on the reporting date by the Company's Legal Department and approved by the Board of Directors, and are adjusted to reflect the best estimate of the respective future liabilities, at that date, taking into account the risks and uncertainties inherent in such estimates.

Provisions are made for legal proceedings underway and for disputed expropriations, as well as all the estimated costs, for which the Company is responsible, when there is a reliable estimate of the costs to be incurred as a result of lawsuits filed by third parties, based on the assessment of the likelihood of payment, based on the opinion of external lawyers and experts from Arbitration Courts.

Following the concession contract signed with the State in October 2007 and following the entry into force of IFRIC12 – Service Concession Contracts, EDIA increases or reverses, in each year, the provision to cover the estimated charges for the contractual obligation to maintain/preserve, throughout the concession period, the infrastructure related to the activities of generating energy and distributing water, which revert to the State at the end of the concession period. This provision covers only those major repairs and replacements that are expected to be made during the concession period, not including the current maintenance and conservation of these assets, which are recognized as expenses in the period in which they occur.

For the purpose of updating the initial estimate of the provision for major repairs and replacements, in 2018, it was the Company's decision to contract a study on the “Valorisation of the Primary

Network Infrastructure of the Alqueva Project”, to LNEC, with a detailed plan of interventions in the various infrastructures, object of the concession contract, based on a new set of assumptions and estimates of financial, operational and technical nature.

At the date of this report, the results of the study, forecast of investment needs in rehabilitation in EFMA infrastructures, have already been completed and reflected in the accounts.

The assumptions used for the calculation of these investment forecasts, as well as the identification of the metrics used, inflation rates and discount rates are identified in detail in Note 20.

In this sense, provisions are made for expenses on maintenance and conservation of assets, responsibility of EDIA relating to the contractual obligation to maintain and conserve the infrastructure of the primary network throughout the concession period.

3.1.n. Subsidies

With the exception of subsidies relating to secondary network infrastructures (already transferred or to be transferred to DGADR) and those associated with the water distribution activity (which assets have been concluded to be fully impaired), subsidies granted by the Portuguese State and the European Union (EU) to finance investments in fixed assets are recognised under “Deferals” and subsequently recognised as “Other Income and Gains” in the same proportion of costs with the depreciation of subsidised assets and respective percentage of contribution.

The subsidies for the construction of the secondary network are reflected under liabilities until the moment when the corresponding infrastructures are transferred to the DGADR or another entity indicated by the MAFDR, since at that time the respective investments are transferred from “Inventories” to the DGADR account under “Other Receivables” and the subsidies associated with them are likewise transferred to this DGADR account, which thus reflects the investment in the secondary network infrastructures, after deducting the State or EU subsidies.

The subsidies associated to the water distribution activity, which assets have been concluded to be totally impaired, have been derecognised when recording impairment losses of the respective assets, i.e., these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies.

Operating subsidies, for the conservation of nature and biodiversity, namely support to projects within the scope of agriculture, tourism, environment and also for the valorisation and training of employees, are recognised as income in the Comprehensive Income Statement in the same period as the expenses they are intended to compensate.

Subsidies are recognised when there is reasonable assurance that they will be effectively received and that the Company will comply with the obligations and conditions inherent to their attribution.

3.1.o. Revenue

Sales and Services Rendered

The recognition of revenue relating to sales and services rendered requires that: (i) the amount can be reliably measured, and (ii) it is probable that future economic benefits associated with the transaction will flow to the Company.

Revenue arising from the Company's ordinary activity is measured at the fair value of the consideration received or receivable, understood as that which is freely established between the contracting parties on an arm's length basis, where, with regard to the sale of goods and provision of services, the fair value reflects any discounts granted and does not include VAT.

In energy generation activity, the Company recognises the revenue arising from the "Concession Contract for the Operation of the Alqueva and Pedrógão Hydroelectric Power Plants", signed between EDIA and EDP for a period of 35 years, under which EDP undertook to pay EDIA financial compensation on the following terms:

- An initial amount of EUR 195,000,000, plus VAT at the legal rate and paid on the date of entry into force of this contract; and
- Throughout the life of the contract, a periodic annual amount of
- EUR 12,380,000 (value updated in 2011) plus VAT at the legal rate and paid annually on the same day and month of the entry into force of the contract, the first instalment being due in 2008.

By choice, with the early adoption still in 2017, of IFRS 15, EDIA adjusted the value of the consideration, since the contract contains a financing component. The intended objective is to recognise the revenue at the value that reflects what the price of the agreed service provision would have been, if the customer had paid when obtaining control of that service. The fixed discount rate used was 3.5% and the annual periodic amount is EUR 12,645,948.

In the water distribution activity, the Company only recognises revenue resulting from the application of tariffs approved by the State.

On 26 May 2010, Order no. 9000/2010 was published, effective from 1 June, which approved the tariff that sets the price of water for irrigation for agricultural use supplied by EDIA under the public water service of EFMA. This Order was revoked in April 2017, with the approval of Order no. 3025/2017 of 11 April 2017, which sets the tariff after that date applicable to the public water service associated to irrigation for agricultural use, under EFMA.

The legislator sought to create conditions so that the price of the service remains competitive, considering that the conditions to increase the competitiveness and attractiveness of the Project through the revision of the tariff in force are currently met.

A set of rules was established aimed at ensuring the sustainable management of water resources through the internalisation of the costs and benefits associated with water use, having established, as key instruments for this purpose, the water resources charge and the public water service tariff.

It is important to take into consideration the need to find a balance between the costs associated with the operation and conservation of the Project, including the primary system, as well as the payment capacity of the beneficiary users, in light of the economics of the crops installed. Indeed, the tariff structure is based on an equation of sensitive balance, which must simultaneously internalise all costs to meet the sustainability requirements of national and EU legislation, constitute a factor of competitiveness and attractiveness of the region and also correspond to the payment capacity of users, and should therefore include a solidarity factor.

This Order also sets the tariffs applicable to the public water service for public supply and industrial use, taking into consideration the specificities of these other uses, such as the high levels of supply guarantee.

The average annual variation rate of the IPC except for housing for the mainland, since the approval of the tariff in force, in April 2017, has been residual, leading EDIA to maintain, in the years 2018 and 2019, the values of 2017. For 2020, given that according to the values of the variation of the index published by INE, in 2019, for the period in question, it was 0.4%, already with some impact, the respective tariff was updated.

Interest

Interest revenue is recognised using the effective interest method, provided it is probable that economic benefits flow to the Company and their amount can be reliably measured.

These interests are registered in the period to which they respect, according to the accrual basis.

3.1.p. Income Tax

Income tax comprises current tax and deferred tax.

Current tax corresponds to the expected amount of income tax payable or recoverable in respect of the taxable profit or loss for a period, using the tax rate in force, adjusted in accordance with the tax rules.

Deferred taxes arise from temporary differences between the tax basis of assets and liabilities and their values in the financial statements, using tax rates enacted at the Financial Position Statement date and that are expected to apply when the temporary differences reverse.

In the financial reporting under IAS/IFRS, the Company has not recognised, in 2020 or in previous years, any deferred tax assets related to deductible temporary differences (namely those generated by the impairment losses of the "water" segment) or to tax loss carryforwards, as there is no reasonable assurance as to the existence of future taxable profits that would allow these deductible temporary differences and the tax loss carryforwards to be used before they are extinguished.

The Company is based in Portugal and is subject to Corporate Income Tax (IRC) at the standard rate of 21%, the municipal surcharge being calculated at a maximum rate of 1.5% of taxable profit.

Under Article 88 of the IRC Code, the Company is subject to additional autonomous taxation on a set of charges, at the rates provided for in that article. However, autonomous taxation rates are increased by 10%, since EDIA presented tax losses in the previous tax period.

According to current legislation, income statements for tax purposes are subject to review and correction by the Tax Administration for a period of four years. However, this period may be extended or suspended if inspections, complaints or challenges are underway, or if there have been tax losses reported, situations in which EDIA falls.

3.1.q. Subsequent Events

Events that occur after the date of the Financial Position Statement but before the date of approval of the financial statements by the Company's management body, and provided that they provide additional information on conditions that existed at the date of the Financial Position Statement, give rise to adjustments and are reflected in the financial statements for the period.

Events occurring after the date of the Financial Position Statement that are indicative of conditions that arose after the date of the Financial Position Statement (non-adjusting events), are disclosed in the notes to the financial statements, if considered materially relevant.

3.1.r. Estimates and Judgements

In the preparation of the financial statements, judgements and estimates were used, which affect the reported amounts of assets and liabilities, as well as the reported amounts of income and expenses during the reporting period.

Estimates and assumptions are determined based on the best knowledge existing at the date of preparation of the financial statements and the experience of past and/or current events considering certain assumptions as to future events. However, events may occur in subsequent periods that were not foreseeable at the date of approval of the financial statements and so were not considered in those estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and given the degree of uncertainty associated, the actual results of the situations in question may differ from the corresponding estimates.

Estimates and judgments that have an impact on the financial statements are continuously evaluated, representing at each reporting date the Management's best estimate, taking into account the historical performance, accumulated experience and expectations about future events.

In the financial statements as at 31 December 2020, the most significant estimates reflected include the impairment studies performed on intangible assets and investments in progress and the recording of accrued amounts.

In simple terms, impairment is an estimate of the reduction in the book value of assets. In this sense, it serves as an instrument that provides the Company with one more possibility to ensure that its accounting information represents, at each moment, in the best way, the economic reality of the developed activities and the value of its assets. The usefulness of the financial statements for all stakeholders, who seek the best arguments for their decision-making, depends on this.

The Company, based on the impairment tests, verifies if the assets are impaired, in accordance with the referred policy. Calculating the recoverable amounts of the cash-generating units involves judgement and the assessment underlying the calculations made uses assumptions based on available information about the business and the macroeconomic environment at any given time.

The Company exercises considerable judgement in the measurement and recognition of provisions. Judgement is required in order to assess the probability that litigation will be successful. Provisions are made when the Company expects that proceedings under way will result in cash outflows, the loss is probable and can be reasonably estimated. Due to the uncertainties inherent to the evaluation process, actual losses may be different from those originally estimated in the provision.

These estimates are subject to changes whenever new information becomes available. Revisions to the estimates of these losses may eventually affect future results.

3.1.s. Contingent Assets and Liabilities

Contingent liabilities are not recognised in the financial statements, being disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote. Contingent assets are not recognised in the financial statements, but are disclosed when it is probable that there will be a future economic inflow of resources.

3.2 Financial Risk Management Policies

The Board of Directors provides the general principles for risk management as well as the limits of exposure to it.

The Company's activities entail exposure to financial risks, namely:

- **Market Risk** – mainly interest rate risk and exchange rate risk, which are associated, respectively, with the risk of the impact of changes in market interest rates on financial assets and liabilities and on results, and the risk of fluctuation in the fair value of financial assets and liabilities as a result of changes in exchange rates;
- **Credit Risk** – risk that its debtors will not meet their financial obligations; and
- **Liquidity Risk** – risk of encountering difficulties to meet obligations associated with financial liabilities.

EDIA's activities are fundamentally exposed to interest rate risk, which arises essentially from contracting long-term loans with variable interest rates (the most commonly used indexes being the 3 and 6 month Euribor), and no derivative financial instruments are used to manage these risks.

This situation relates to the need for the Company to have financed EFMA's investment activities with recourse to borrowed capital, through the contracting of bank loans. Obtaining financial resources in this way (bond loans and EIB loan) results from a financial policy defined by the sole Shareholder, based on contracting loans with State guarantees, and the non-availability of sufficient capital appropriations to accompany the pace of EFMA's investments.

On the other hand, the Company has not generated the necessary means, not only to cope with the volume of investments it has been making, but also has insufficient liquidity to meet the financial charges arising from the financing policy adopted.

However, at the end of 2014, following the entry of EDIA into the consolidation perimeter of public accounts, the State (DGTF) granted EDIA a medium and long-term loan, to settle the short-term loans in the various banks, which were intended to meet the financing needs, relating to the servicing of the Company's debt.

According to the guidelines reflected in the State Budget, the coverage of part of EDIA's financing needs, as a Reclassified Public Company, was ensured and achieved, in 2020, through capital allocation.

In Note 21 – Financing Obtained, we present the details of the remunerated bank debt with the indication of the financing entity and respective indexing factor.

It is considered that, since there are no financial instruments in foreign currency and the debts of customers are reduced and recent, there are, to date, no risks of other nature considered relevant that merit a more detailed disclosure to improve the information and respective understanding of users about the risks to which the Company is exposed.

4. Cash Flows

For the purposes of the Cash Flow Statement, "Cash and Cash Equivalents" comprises cash on hand and in banks, as well as short-term, highly liquid financial investments with insignificant risk of change in value and readily convertible to cash.

The Cash Flow Statement is prepared under the direct method, through which cash receipts and cash payments in operating, investing and financing activities are disclosed.

All significant balances of cash and cash equivalents are available for use without any restriction at the date of the Financial Position Statement.

Operating activities include collections from customers, payments to suppliers, payments to personnel and other operating activities.

Investing activities include, namely, payments and receipts resulting from the purchase and sale of assets and receipts of interest.

Financing activities include payments and receipts relating to Financing Obtained, finance lease contracts and interest paid.

As at 31 December 2020 and 31 December 2019, the items “Cash and Bank Deposits” in the Financial Position Statement and “Cash and Cash Equivalents” in the Cash Flow Statement have the following breakdown:

EUR		
Cash and Bank Deposits	31/dez/20	31/dez/19
Demand Deposits	8 374 387	13 026 679
Temporary Cash *	50 113	136 082
In Cash	5 746	5 746
Cash and Bank Deposits (DPF)	8 430 247	13 168 507
Cash and Cash Equivalents (DFC)	8 430 247	13 168 507

Table B4: Cash Flows-CGD

The balance of the “Temporary Cash” account reflects the amounts still to be deposited.

All bank deposit accounts have been reconciled, with reference to 31 December 2020 and 31 December 2019, with “Demand Deposits” having the following composition:

EUR		
Bank Deposits	31/dez/20	31/dez/19
IGCP – Instituto de Gestão de Tesouraria e do Crédito Público	6 773 665	12 707 175
CCAM – Caixa Central de Crédito Agrícola Mútuo	805 623	177 723
CGD – Caixa Geral de Depósitos	670 283	54 091
Novo Banco	79 248	79 514
Banco Santander Totta	29 363	1 140
Millennium BCP	8 759	800
BPI – Banco Português de Investimento	5 373	4 163
Caixa Banco de Investimento	2 074	2 074
Total	8 374 387	13 026 679

Table B5: Cash flows – bank deposits

5. Accounting Policies, Changes in Accounting Estimates and Errors

The estimates and underlying assumptions were determined based on the best knowledge existing at the date of approval of the financial statements of the events and transactions in progress, as well as on the experience of past and/or current events.

However, events may occur in subsequent periods that, not being foreseeable at the date of approval of the financial statements, were not considered in these estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively.

For this reason and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates.

Photo: Álamos Pumping Station



6. Tangible Fixed Assets

In the years 2020 and 2019, the movements occurred in the item “Tangible Fixed Assets”, as well as in the respective accumulated depreciation and impairment losses were as follows:

EUR

	31/dez/20								
Tangible Fixed Assets	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Tangible Fixed Assets	Tangible Fixed Assets In Process	Advances on Investments Account	Total
Gross Assets									
Opening Balance	2 927 431	12 174 637	1 504 346	870 238	2 261 196	966 050	307 967	2 326	21 014 191
Additions	342 783	455 082	183 719	11 462	134 667	139 484	17 110 901	216 033	18 251 348
Disposals/Write-offs	(27 174)			(35 121)					(62 295)
Other Transfers	(153 390)						(16 931 707)	(213 092)	(17 298 189)
Closing Balance	3 089 650	12 629 719	1 688 065	846 579	2 395 863	1 105 534	487 161	5 267	22 247 837
Accumulated Depreciations									
Opening Balance		4 055 676	1 182 621		2 152 299	546 618			8 512 193
Additions		253 678	32 428	41 461	70 201	65 839			463 607
Other Accumulated Depreciation				(35 121)					(35 121)
Closing balance		4 309 354	1 215 049	581 319	2 222 500	612 457	-	-	8 940 679
Net value	3 089 650	8 320 365	473 015	265 260	173 363	493 077	487 161	5 267	13 307 158

Table 86: Tangible Fixed Assets –2020

EUR

	31/dez/19								
Tangible Fixed Assets	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Tangible Fixed Assets	Tangible Fixed Assets In Process	Advances on Investments Account	Total
Gross Assets									
Opening Balance	2 959 531	12 071 701	1 502 720	660 738	2 194 321	850 507	164 619	-	20 404 137
Additions		102 936	1 626	209 500	66 875	115 543	3 524 539	2 326	4 023 344
Disposals/Write-offs	(32 100)								(32 100)
Other Transfers							(3 381 190)		(3 381 190)
Closing Balance	2 927 431	12 174 637	1 504 346	870 238	2 261 196	966 050	307 967	2 326	21 014 191
Accumulated Depreciations									
Opening Balance		3 800 168	1 128 602		2 102 751	493 672			8 055 798
Additions		255 508	54 019	44 373	49 548	52 946			456 394
Other Accumulated Depreciation									-
Closing balance		4 055 676	1 182 621	574 979	2 152 299	546 618	-	-	8 512 193
Net value	2 927 431	8 118 960	321 725	295 259	108 897	419 432	307 967	2 326	12 501 998

Table 87: Tangible Fixed Assets –2019

6.1. Land and Natural Resources, Buildings and Other Constructions and Basic Equipment

The “Tangible Fixed Assets” include the investments not allocated to the concession, that is, the assets that will not revert to the State at the end of the concession period, namely the Luz Museum, the Noudar Nature Park, the Company’s registered office, the Casa do Grande Lago, the Cartography Centre and the Alqueva Marina.

Over the years, these investments have been transferred from being in progress to the respective item of “Tangible Fixed Assets” and the depreciation process has been started, as well as the recognition as income (in the same proportion in which they are depreciated) of the subsidies associated to them.

In the item “Ongoing Tangible Fixed Assets”, the additions reflect the investment made, not yet concluded, in projects for the implementation of the Alqueva Left Bank surroundings and also in the installation systems of self-consumption production units, which aim to produce electricity through photovoltaic solar conversion.

In “Buildings and Other Constructions”, the additions reflect the investment made in the contract works to enlarge the Company’s registered office, as well as in the acquisition of equipment to be used in the new infrastructure.

The variation in the item “Land and Natural Resources” is influenced by the transfer of assets owned by EDIA from the item “Investment Properties”, namely land. Since what determines their classification is the form of use and there is a change in the purpose of use of these assets, from rental to operational activities of the Company, the respective change in classification was made.

In “Basic Equipment”, the variation reflects the overall value of the supply and assembly of a machine, essential for the Company’s normal activity, in a water inlet of a reservoir.

In “Other Tangible Fixed Assets”, the additions essentially reflect the acquisition of signalling and safety systems, necessary for the EFMA water quality surveillance and monitoring activities.

The variation in the item “Administrative equipment” mainly reflects the acquisition and supply of IT equipment, such as virtualisation systems and backups for the EFMA irrigation network, with the purpose of having a greater and better performance and monitoring, in the field, of the infrastructures in operation.

The variation in the “Transport Equipment” account results essentially from the acquisition of a trailer for an amphibious vessel, necessary for better control and elimination of invasive aquatic plant species in EFMA reservoirs.

7. Investment Property

The item “Investment Properties” in the amount of EUR 1,921,262 records the carrying amount of investment properties held by EDIA, namely, surplus land from expropriations (initially recorded under the item “Tangible Fixed Assets”, a policy that has been followed by EDIA), with rental potential, i.e., not for use in production, supply of goods or services or for administrative purposes, but to lease and/or for capital appreciation.

In accordance with IAS 40 – Investment Property, an investment property should be recognised when it is probable that future economic benefits associated with the investment property will flow to the entity and the cost of the investment property can be measured reliably.

The item “Investment Properties” is presented in the Financial Position Statement, in Non-Current Assets.

Investment properties were initially measured at cost, which comprises their purchase price, transaction costs and other directly attributable expenses.

EDIA has chosen as accounting policy for measurement, after recognition, the cost model for all its investment properties.

After initial recognition, EDIA as opted for the cost model will measure its investment properties according to the requirements of IAS 16 – Tangible Fixed Assets for that model, i.e. an asset should be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Accordingly, the depre-

ciation of an investment property will be made in accordance with that prescribed for tangible fixed assets.

EDIA’s objective is to facilitate the meeting between land supply and demand, making land with agricultural aptitude available for rent, sale or for other types of cession, publishing them in a public notice.

Photo: Irrigation nozzle



8. Intangible Assets

The movements occurring in the main classes of “Intangible Assets”, recorded at acquisition cost less the respective accumula-

ted amortisation and impairment losses, had the following evolution in the years 2020 and 2019:

EUR

	31/dez/20								
Intangible Assets	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Development Projects	Computer Programmes	Other Rights	Intangible Assets in Process	Advances on Investments Account	Total
Gross Assets									
Opening Balance	240 315 907	1 347 407 068	136 989 107	116 949	2 811 267	195 000 100	12 060 937	348 805	1 935 050 140
Additions							20 683 971	547 476	21 231 448
Other Transfers and Write-Offs	96 576	2 141 208					(1 666 762)	(571 022)	-
Closing Balance	240 412 483	1 349 548 276	136 989 107	116 949	2 811 267	195 000 100	31 078 147	325 260	1 956 281 588
Accumulated depreciation									
Opening Balance	11 851 916	41 982 557	18 624 843	116 949	2 782 919	100			75 359 286
Additions	859 776	3 117 926	1 281 430		12 521				5 271 654
Other Transfers and Write-Offs	(983)								(983)
Closing Balance	12 710 710	45 100 483	19 906 273	116 949	2 795 440	100	-	-	80 629 957
Accumulated impairment losses									
Opening Balance	174 528 106	1 109 633 215	37 951 865			195 000 000	12 060 937	348 805	1 529 522 930
Recognized Imparment Losses	86 296	2 140 859					18 356 566		20 583 721
Imparment Losses Reversed			(643)					(123 259)	(123 902)
Closing Balance	174 614 402	1 111 774 074	37 951 222	-	-	195 000 000	30 417 503	225 546	1 549 982 749
Closing Balance	53 087 371	192 673 718	79 131 611	0	15 827	0	660 644	99 714	325 668 881

Table 88: Intangible Assets -2020

EUR

	31/dez/20								
Intangible Assets	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Development Projects	Computer Programmes	Other Rights	Intangible Assets in Process	Advances on Investments Account	Total
Gross Assets									
Opening Balance	240 359 039	1 347 403 394	136 985 285	116 949	2 781 303	195 000 100	6 142 131	364 334	1 929 152 536
Additions			3 822		29 964		5 572 947	290 872	5 897 605
Other Transfers and Write-Offs	(43 132)	3 674					345 858	(306 400)	-
Closing Balance	240 315 907	1 347 407 068	136 989 107	116 949	2 811 267	195 000 100	12 060 937	348 805	1 935 050 140
Accumulated depreciation									
Opening Balance	10 933 305	38 864 631	17 343 413	116 949	2 775 392	100			70 033 791
Additions	924 371	3 117 926	1 281 430		7 527				5 331 255
Other Transfers and Write-Offs	(5 760)								(5 760)
Closing Balance	11 851 916	41 982 557	18 624 843	116 949	2 782 919	100	-	-	75 359 286
Accumulated impairment losses									
Opening Balance	174 578 429	1 109 630 938	37 948 043			195 000 000	6 142 131	364 334	1 523 663 877
Recognized Impairment Losses		2 277	3 822				5 918 806		5 924 905
Impairment Losses Reversed								(15 529)	(65 852)
Closing Balance	174 528 106	1 109 633 215	37 951 865	-	-	195 000 000	12 060 937	348 805	1 529 522 930
Closing Balance	53 935 885	195 791 296	80 412 399	0	28 347	0	0	0	330 167 925

Table 89: Intangible Assets -2019

8.1. Land and Natural Resources, Buildings and Other Constructions and Basic Equipment

As a result of the Alqueva dam and Hydroelectric Power Plant coming into full operation in December 2005 and the Pedrógão dam and Hydroelectric Power Plant in early 2006, the respective depreciation process (including the part of the dams allocated to energy production, estimated at 35.1% of the total dam investment) began on these dates, as well as the recognition as income (in the same proportion in which it is depreciated) of the subsidies associated with them.

As of 1 November 2007 (when the concession contract came into effect) these infrastructures, like the other assets of the concession, are amortised on a linear basis over the 75-year concession period, which ends in October 2082.

In December 2020, EDIA has 22 perimeters completed and in operation in the three subsystems, Alqueva, Pedrogão and Ardila. The percentages of primary infrastructure allocation to each of the perimeters in operation are shown in the following tables:

Areas / Infrastructures of the Primary Network		Perimeters in Operation															TOTAL
		Monte Novo Perimeter	Alvito-Pisão Perimeter	Pisão Perimeter	Ferreira, Figueirinha and Valhom Blocks (Pisão-Roxo Perimeters)	Alfundão Perimeter	Infrastructure 12	Loureiro-Alvito Perimeter	Ervidel 1 Block (Pisão-Roxo Perimeter)	Ervidel 2 and 3 Blocks (Pisão-Roxo Perimeter)	Aljustrel Block (Roxo Sado Perimeter)	Pisão Beja Perimeter (Cinco Reis Trindade Blocks)	Pisão Beja Perimeter (Beringel Alamo Blocks)	Pisão Beja Perimeter (Beja Blocks)	Vale de Gaio Perimeter	Roxo Sado Blocks (Roxo Sado Perimeter)	
Benefited Area (hectares)	-	7 714	10 058	2 588	5 118	4 216	5 980	470	2 914	3 508	1 300	5 600	2 543	2 442	3 290	1 949	59 690
Alqueva and Pedrógão Damand Complementary Actions (64,9%)	110 203	7,00%	9,13%	2,35%	4,64%	3,83%	5,43%	0,43%	2,64%	3,18%	1,18%	5,08%	2,31%	2,22%	2,99%	1,77%	54,16%
Álamos Pumping Station	59 690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Álamos Dam	59 690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Álamos – Loureiro Connection	59 690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Loureiro Dam	59 690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Loureiro – Monte Novo Connection	7 714	100,00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%
Loureiro-Alvito Tunnel	51 976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito Water Intake	51 976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito Water Separation	51 976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito-Pisão Connection	42 236	-	23,81%	6,13%	12,12%	9,98%	-	-	6,90%	8,31%	3,08%	13,26%	6,02%	5,78%	-	4,61%	100,00%
Connection to Odivelas	9 270	-	-	-	-	-	64,51%	-	-	-	-	-	-	-	35,49%	-	100,00%
Vale de Gaio Hydraulic Circuit	3 290	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%	-	100,00%
Pisão-Beja Connection	10 585	-	-	-	-	-	-	-	-	-	-	52,91%	24,02%	23,07%	-	-	100,00%
Pisão-Roxo Connection	14 789	-	-	-	34,61%	-	-	-	19,70%	23,72%	8,79%	-	-	-	-	13,18%	100,00%
Roxo Sado Connection	1 949	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%	100,00%
Pisão Dam	6 804	-	-	38,04%	-	61,96%	-	-	-	-	-	-	-	-	-	-	100,00%

Table 90: Perimeters in operation – Alqueva Subsystem

Areas / Infrastructures of the Primary Network	Benefited Area (hectares)	Perimeters in Operation								Other Perimeters	TOTAL
		Orada Amoreira Perimeter	Brinches Perimeter	Brinches-Enxoé Perimeter	Serpa Perimeter	Caliços Machados Perimeter	Caliços-Moura Perimeter	Pias Perimeter	Brenhas Perimeter		
Subsistema Ardila											
Benefited Area (hectares)	-	2 522	5 463	4 698	4 400	5 000	2 136	4 614	745	29 578	
Alqueva and Pedrógão Dams and Complementary Actions (64,9%)	110 203	2,29%	4,96%	4,26%	3,99%	4,54%	1,94%	4,19%	0,68%	26,84%	
Pedrogão	29 578	8,53%	18,47%	15,88%	14,88%	16,90%	7,22%	15,60%	2,52%	100,00%	
Amoreira and Brinches Dam	29 578	8,53%	18,47%	15,88%	14,88%	16,90%	7,22%	15,60%	2,52%	100,00%	
Amoreira-Caliços Hydraulic Circuit	12 495	-	-	-	-	40,02%	17,09%	36,93%	5,96%	100,00%	
Caliços-Pias Hydraulic Circuit	4 614	-	-	-	-	-	-	100,00%	-	100,00%	
Caliços Machado Hydraulic Circuit	5 000	-	-	-	-	100,00%	-	-	-	100,00%	
Brinches Plant	14 561	-	37,52%	32,26%	30,22%	-	-	-	-	100,00%	
Brinches Enxoé Supply System	14 561	-	37,52%	32,26%	30,22%	-	-	-	-	100,00%	
Serpa Dam	4 400	-	-	-	100,00%	-	-	-	-	100,00%	
Torre do Lóbio Pumping Station, Serpa Supply System and Serpa Norte Reservoir	4 400	-	-	-	100,00%	-	-	-	-	100,00%	

Table 91: Perimeters in operation – Ardila subsystem

Areas / Infrastructures of the Primary Network	Benefited Area (hectares)	Perimeters in Operation			TOTAL
		Pedrógão Right Bank Perimeter	S.Pedro Baleizão Quintos Perimeter	S. Matias Perimeter	
Pedrógão Subsystem					
Benefited Area (hectares)	-	4 800	11 270	4 865	20 935
Alqueva and Pedrógão Dams and Complementary Actions (64,9%)	110 203	4,36%	10,23%	4,41%	19,00%
Pedrógão Pumping Station and Pedrógão-Right Bank Supply System	20 935	22,93%	53,83%	23,24%	100,00%
S.Pedro Baleizão Quintos Hydraulic Circuit	11 270	100,00%			100,00%
S. Matias Hydraulic Circuit	4 865	100,00%			100,00%

Table 92: Perimeters in operation – Pedrógão Subsystem

Infrastructures relating to the uses of the public hydric domain allocated to EFMA, object of the respective concession contract concluded between EDIA and the State and forming part of the primary system (dams, Hydroelectric Power Plants and primary network) of the Project, for the duration of the concession, are the property of the concessionaire.

At the end of the concession, the assets referred to above revert, without any compensation, to the State, free of any encumbrances or charges and in perfect operating conditions, use and maintenance. Since these infrastructures, with the exception of hydroelectric power plants, are allocated to the “water” segment and, as such, have already been subject to adjustment for impairment losses, and their net book value is null (see Note 8.4), no amortization of these investments is made.

Therefore, the calculation of the amount of depreciation that would be reflected in the financial statements if the impairment losses had not been previously recognised only serves to determine which part of the impairment losses is accepted as a tax expense for each period, under the terms of article 31 – B of the IRC Code.

8.2. Outros Direitos

The amount under the item “Other Rights” corresponds essentially to the initial financial compensation paid by EDIA to the State, amounting to EUR 195,000,000, resulting from the “Concession Contract for the Use of Public hydric domain allocated to EFMA”, of 17 October 2007, concluded between EDIA and the

State, with a duration of 75 years. This contract sets out the terms and conditions which will govern the grantor-concessionaire relationship, specifying the content of the mission associated with the operation of the Project and defining the rules for the exercise of the said rights of private use of the public hydric domain.

As this amount is directly related to the water distribution activity (and not to the energy production activity sub-granted to EDP), which is fully impaired, the EUR 195,000,000 are covered by accumulated impairment losses of the same amount (see Note 8.4).

8.3. Tangible and Intangible Fixed Assets in Progress

The breakdown of Tangible and Intangible Fixed Assets in Progress is as follows:

	EUR	
	31/dez/20	31/dez/19
Tangible Assets in Progress		
Regional Development	476 361	297 167
Registered Office	10 800	10 800
	487 161	307 967
Intangible Assets in Progress		
Primary Network	19 624 340	5 727 570
Álamos	9 571 631	6 069 579
Pedrógão Dam and Plant	1 582 686	-
Alqueva Dam	299 490	263 788
	31 078 147	12 060 937
Total	31 565 308	12 368 904

Table 93: Breakdown of Tangible and Intangible Fixed Assets in Progress

The variation is due overall to additions in intangible assets, in the item “Investments in Progress”, excluding capitalisations, which refer essentially to projects of the Primary Network, Álamos and Pedrógão Dam and Plant.

EUR	
Projects	31/dez/20
Primary Network	
Viana do Alentejo Hydraulic Circuit	5 256 279
Roxo-Sado Canal	4 963 724
Cuba-Odivelas Hydraulic Circuit	1 930 311
Évora Hydraulic Circuit	1 761 312
São Pedro Hydraulic Circuit	587 308
Environmental Management	237 740
Pisão Beja Supply System	179 620
Álamos	
Pumping Capacity Reinforcement of the Pumping Station	3 502 052
Pedrógão Dam and Plant	
Treatment of Foundations and Implementation of Observation Plan	1 582 686
Other	682 939
Total	20 683 971

Table 94: Investments in progress

With a view to the sustained development of the region, in order to optimise the benefit of the competitive advantages provided by the Project and the full use of the water resources available, within a framework associated with the optimisation of the main hydraulic circuits, EDIA has developed a strategy to promote and increase irrigation through the infrastructure of areas bordering the Project.

On 31 December 2019, once the first phase of the Project with the operationalisation of the 120,000 ha irrigated area was completed and potential irrigated areas of approximately 50,000 ha had already been identified in areas adjacent to it, the second phase of the Project began, with the infrastructure of these neighbouring areas.

Given the recognised interest and unquestionable technical, economic and environmental viability of these territories, and after obtaining the guarantee of non-repayable financing for eligible investments in collective irrigation under the *PNRegadios*, EDIA was responsible for optimising and monitoring the implementation projects and respective works in neighbouring areas.

As at 31 December 2020, the amounts under Intangible Assets in Progress of:

- EUR 15,237,251 represent the investment made in the primary network of the neighbouring areas, most of which is related to the Roxo-Sado Canal (connection to Morgavel) and the hydraulic circuits of Viana do Alentejo, Cuba-Odivelas and Évora;
- EUR 3,502,052 represent the global value of the investment made in the project to increase the pumping capacity of the Álamos pumping station; and
- EUR 1,582,686 reflect the provisioned value of the lawsuit brought by Tecnasol-FGE against EDIA, relating to the contract for the treatment of foundations and implementation of the Pedrógão exploitation observation plan.

The total amount of Tangible Assets in Progress (EUR 476,361) essentially reflects the investment made in EDIA's infrastructure, such as Luz Museum, Noudar Park, the surroundings of the marinas, as well as in systems for the installation of photovoltaic production units for self-consumption in the pumping stations of the expansion areas, which aim to produce electricity through photovoltaic solar conversion to feed the electrical installations of a reservoir and filtering station.

8.4. Impairment losses

Following the definition, in 2010, of the tariff for supply of water from the primary system, EDIA has been estimating the recoverable amount of the assets in the “water” segment by determining the respective value in use, having always concluded, in the impairment tests performed since 2009, that the present value of future cash flows associated with this segment is negative, so the accumulated impairment loss corresponds to the total value of the assets (net of inseparable liabilities – subsidies) allocated to this segment.

Therefore, the intangible assets allocated to this segment, with a gross value of EUR 1,549,982,749 at 31 December 2020 (EUR 1,529,522,930 at 31 December 2019) are fully offset by accumulated impairment losses in the same amount.

The impairment losses mentioned above have been recognised as the investment in the “water” segment is executed. Therefore, and since these assets already have a null net book value through the recognition of impairment losses, the investments of this segment will not be subject to any amortisation over the useful life of the respective infrastructures.

Photo: Cuba East Solar Plant



The amounts allocated to each of the segments (water, energy, other) under “Intangible Assets” (gross amounts) were as follows:

EUR

Intangible Asset	31/dez/20			31/dez/19		
	"Water" Segment	"Energy" Segment	Other	"Water" Segment	"Energy" Segment	Other
Development Projects			116 949			116 949
Computer Programmes		1 805 861	990 424		1 805 861	990 424
Other Rights	195 000 000		100	195 000 000		100
Land and Natural Resources	174 614 402	65 798 080		174 528 106	65 787 822	
Buildings and Other Constructions	1 111 774 074	237 774 200		1 109 633 215	237 774 200	
Basic Equipment	37 951 222	99 037 884		37 951 865	99 037 884	
Intangible Assets in Progress	30 417 503	660 644		12 060 937		
Advances for investments	225 546	99 714		348 806		
Total	1 549 982 749	405 176 383	1 107 473	1 529 522 930	404 405 768	1 107 473

Table 95: Intangible Assets

Similarly, subsidies associated to the water distribution activity, which assets have been concluded (in the impairment tests carried out over the years) to be totally impaired, have been de-recognised when recording impairment losses of the respective assets, i.e., these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies.

9. Related Parties

9.1. Financial Holdings - Other Methods

EUR

Tradename	Share Capital	% Holding	No. Shares / Holdings	Nominal Value	Acquisition Cost	Holding Vaue on 31 December 2020	Holding Vaue on 31 December 2019
Águas do Vale do Tejo, S.A.	83 859 578	0,30	250 000 A	1	250 000	250 000	250 000
Agência de Desenvolvimento Regional do Alentejo, S.A.	499 000	4,11	4 110 A	5	20 501	20 501	20 501
Centro Operativo e de Tecnologia do Regadio	63 500	9,82	11 UP	500	6 070	6 070	6 070
Lusofuel - Produção de Biocombustíveis e Derivados, S.A.	500 000	10,00	10 000 A	5	50 000	0	0
Total					326 571	276 571	276 571

Table 96: Financial Holdings

These shareholdings were initially recorded at acquisition cost (EUR 326,571), as EDIA does not hold a dominant or significant share (which is presumed to be the case when the share held is equal to or greater than 20%) in any of the companies identified above.

Whenever there are indications that the asset may be impaired, an evaluation of these investments is made and the impairment loss revealed to exist is recorded.

9.2. Transactions and balances with related parties

There are no: (a) current receivables (customers) balances from related parties, and (b) amounts payable nor transactions with related parties.

9.3. Remuneration of Key Management Personnel

FIXED REMUNERATORY STATUS	
BOARD OF DIRECTORS (Executive Directors)	
CHAIRMAN	
Shareholder Order of 05 May 2018	
Remuneration of EUR 4,864.34 (14 times per year) plus 40% by way of representation costs in the amount of EUR 1,945.74 (12 times per year)	
Remuneration applied: a)	
Remuneration of EUR 4,621.12 plus EUR 1,848.45 as representation costs	
Remuneration reduced by 5% (Reduction foreseen in article 12, paragraph 1 of Law no. 12/2010, of 30 June)	
Company Car (purchase limit of EUR 40,000.00); Driver; Mobile Phone (monthly limit of EUR 80,00); Health Insurance (EUR 360,83 per year)	
MEMBERS	
Shareholder Order of 05 May 2018	
Remuneration of EUR 3,891.47 (14 times per year) plus 40% by way of representation costs in the amount of EUR 1,556.59 (12 times per year)	
Remuneration applied: a)	
Remuneration of EUR 3,696.90 plus EUR 1,478.76 EUR as representation costs	
Remuneration reduced by 5% (Reduction foreseen in article 12, paragraph 1 of Law no. 12/2010, of 30 June)	
Company Car (purchase limit of EUR 40,000.00); Driver; Mobile Phone (monthly limit of Eur 80,00); Health Insurance (EUR 360,83 per year)	

Table 97: Fixed Remuneration Statute – Board of Directors

a) In the context of the approval of a set of additional measures for budgetary consolidation aimed at strengthening and accelerating the reduction of the excessive deficit and the control of the growth of public debt provided for in the Stability and Growth Program (SGP), the 5% reduction of the salaries of public managers and those equivalent, provided for in Article 12.1 of Law No. 12-A/2010 of 30 June, was maintained.

There is still no place for the award of management bonuses as provided for in article 4 of Decree-Law no. 8/2012, of 18 January, and in no. 4 of Council of Ministers Resolution no. 36/2012, of 26 March, in article 29 of Law no. 64-B/2012, of 30 December (LOE 2012), in article 37 of Law no. 66-B, of 31 December (LOE 2013), in article 41 of Law no. 83-C of 31 December (LOE 2014), in article 41 of Law 82-B/2014 of 31 December (LOE 2015), in article 18 of Law 7-A/2016 of 30 March (LOE 2016), in article 19 of Law 42/2016 of 28 December (LOE 2017), in article 20(1) of Law 114/2017, 29

December (LOE 2018), in article 27(2) of Law 71/2018, 31 December and in article 62(1) of Law 2/2020, 31 March 2020, as no management contracts have been concluded with the managers.

10. Income Tax

The expense (income) for income taxes at 31 December 2020 and 31 December 2019 has the following composition:

EUR		
	31/dez/20	31/dez/19
Current Taxes		
Autonomous Taxation	45 214	72 918
Total	45 214	72 918

Table 98: Expenses (income) on income taxes

The Company is subject to Corporate Income Tax (IRC) at the standard rate of 21%, and the municipal surcharge is set at a maximum rate of 1.5% of taxable profit.

Under Article 88 of the IRC Code, the Company is subject to additional autonomous taxation on a set of charges, at the rates provided for in that article. However, autonomous taxation rates are increased by 10%, since EDIA presented tax losses in the previous tax period.

The amount of the item reflects the estimated value of autonomous taxation to be borne in 2020 by EDIA.

In this financial report under IAS/IFRS, the Company has not recognised, in 2020 or in previous years, any deferred tax assets related to deductible temporary differences (namely those generated by the impairment losses of the “water” segment) or tax loss carryforwards, as there is no reasonable assurance as to the existence of future taxable profits that would allow these deductible temporary differences and the tax loss carryforwards to be used before they expire.

11. Captive Deposits

On 31 December 2020, the account balance (EUR 90,745) corresponds to two medium and long-term security deposits made by EDIA with a banking institution in favour of the Tax and Customs Authority, within the scope of an inspection under IRC, in which EDIA was notified to make corrections and did not agree, and in order to request the suspensive effect of the tax assessment and respective compensatory interest, as well as to be able to file an administrative claim, it undertook to make them. (see Note 32).

12. Inventories

As at 31 December 2020 and 31 December 2019, the Company’s “Inventories” show the following detail:

EUR		
Inventories	31/dez/20	31/dez/19
Products and Works in Progress (PTC)	24 124 180	6 980 873
Subsidiary Materials	795 669	681 212
Goods	8 524	32 695
Total	24 984 843	7 694 780

Table 99: Inventories

Following the publication of Decree-Law no. 335/2001 of 24 December, which, with the exception of infrastructure 12, provided for the transfer to the State of the infrastructure forming part of the secondary network allocated to EFMA, from 2002 EDIA began to show the cost of works on the infrastructure of the secondary network that had not yet been transferred to the State or another entity indicated by it, under the item “Inventories”.

Under the Concession Contract for the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructure, signed on 8 April 2013 (expiring at the end of 2020), EDIA delivered to the State (represented by DGADR) the completed infrastructure, by 31 December 2018, relating to the secondary network, in which it assumes all the inherent rights and obligations established in the legislation in force.

In view of the above, the investment made until 31 December 2020, in these secondary network infrastructures already completed, is shown under the item “Other Receivables” (DGADR sub-account), net of the corresponding investment subsidies, reflecting the amount that EDIA expects to receive from the State as reimbursement for the non-subsidised part of the investment in the secondary network.

The variation in the “Inventories” item results globally from the significant increase in the “Products and Works in Progress” account.

The evolution of “Products and Works in Progress” in the year 2020 can be summarised as follows:

	31/12/2019	Additions	Capitalization	Transfer to Other Receivables	31/12/20
Products and Works in Progress	6 980 873	16 931 708	779 265	511 197	24 180 649

Table 100: Products and Works in Progress

The variation in this sub-account of “Products and Works in Progress” reflects the significant investment and respective capitalisations in projects related to the blocks under construction of the 2nd phase, in which the infrastructure of about 50,000 ha in the bordering areas is expected, namely:

Projects	31/dez/20
Évora Blocks	8 399 706
Cuba- Odivelas Blocks	5 497 459
Viana do Alentejo Blocks	2 320 400
Other	714 144
Total	16 931 708

Table 101: Products and Works in Progress

At the time of this report, EDIA is already aware, through the Order of the Minister of Agriculture, information no. 12538 of 24 September 2020, that the term of the concession relating to the management, operation, maintenance and conservation of the infrastructures of the EFMA secondary network has been extended for a further 10 years and with the maximum limit of the term of the concession for the private use of water resources in the public domain, obtained under the provisions of the Water Law.

The government decision on the Management of the Alqueva Hydroagricultural Development aims to produce a lasting decision that provides stability to the various stakeholders involved. A decision that, for this very reason, must also take into account the unique characteristics of EFMA. The complexities of hydraulic management, equity of access to water in the different areas of the Project, energy optimisation, the performance of the Company, but also the interests of the irrigators, are factors that certainly require an effectively consolidated consideration.

The identification of some limitations of the classic management model, in which the entity that manages the primary system is distinct from those that manage the secondary systems, as well as EDIA’s experience in the tasks of simultaneous management and maintenance of the irrigation systems (both primary and secondary), also reinforced the option taken by the Ministry.

13. Customers, Sales and Services Rendered

Revenue is measured at the fair value of the consideration received or receivable.

13.1. Customers

This item is broken down by nature and segment as follows:

Customers		31/dez/20	31/dez/19
General Customers		4 758 902	6 332 262
Customers – Water Segment		4 723 211	6 288 471
Customers – Energy Segment		0	0
Customers – Others		35 692	43 791
Customers – Payment Agreement		57 132	363 691
Customers – Water Segment		57 132	363 691
Customers – Tax Execution		331 702	147 296
Customers – Water Segment		331 702	147 296
Customers – Doubtful Collection		1 167 168	367 406
Customers – Water Segment		1 167 168	367 406
Impairment Losses		(1 167 168)	(367 406)
Customers – Water Segment		(1 167 168)	(367 406)
Total		5 147 737	6 843 249

Table 102: breakdown of the “Customers” item by nature and segment

Photo: Irrigation nozzle



The main balances of “General customers” are as follows:

EUR		
General Customers	31/dez/20	31/dez/19
Associação de Regantes e Beneficiários de Campilhas e Alto Sado	378 398	423 320
Fundação Eugénio de Almeida	189 739	164 080
Querida Primavera	146 740	96 361
Eurocompetência	108 776	142 217
Camposul	77 736	39 785
Associação de Beneficiários da Obra da Vigia	74 440	35 512
Innolivo Portugal	73 731	69 138
Agro-Pecuária Herdade dos Braciais	68 364	29 949
Casa Agrícola do Curveiro	65 882	47 659
Alentejo Stillfresh	65 211	39 088
Reinaldo António Gonçalves Engrossa	62 532	70 643
Sociedade Agrícola dos Vales	60 559	53 870
Sociedade das Alburnoas	59 552	38 989
Sociedade Agrícola Paço do Conde	59 340	43 840
Joaquim José do Rosário Caeiro Rôlo	58 210	52 186
Salto do Cervo-Agricultura e Pecuária	57 616	137 485
Fernando José Cabaça Ruaz	57 261	70 793
Maria de Fátima Barahona Mira da Silva da Cruz e Silva	54 760	-
António José Zorrinho Vieira Lima	52 045	39 233
De Prado Portugal	-	131 543
Águas do Vale do Tejo	-	113 675
Águas de Santo André	-	447 781
EDP Distribuição Energia	-	87 505
Associação de Beneficiários do Vale do Sado	-	84 068
Trigonovo Agropecuária	-	81 334
Other	2 988 009	3 792 208
Total	4 758 902	6 332 262

Table 103: Main “Customers” balances

The decrease in this account results from the amounts settled by various customers until 31 December 2020, mostly entities that are responsible for the operation and conservation of hydro-agricultural facilities bordering EFMA, but also entities with public and industrial supply purposes, regarding the supply of water from the primary network, such as Águas de Santo André and Águas do Vale do Tejo.

Most of the balances under the item of other, totalling EUR 2,988,009, at 31 December 2020, reflect mostly the amounts receivable for water distribution services provided, which result from

compliance with Order No. 3025/2017, which sets the current price of water intended for irrigation for agricultural use, under the EFMA public water service.

The credits considered doubtful (EUR 1,167,168), which value shows a significant variation in this year 2020, after evaluation by the Company, are subject to accounting recognition of the respective impairments. The increase in this account results from a change in criteria, as the balances of customer accounts in tax enforcement and with payment agreement are now also considered.

The balance of the “Customers – Tax Enforcement” account (EUR 331,702) reflects the value of tax enforcement proceedings brought by EDIA, which aim to make rapid and effective the collection of the credit of which the Company is holder.

These amounts result from the water distribution services provided by the Company, in which there was no fulfilment of the obligation, payment of the service, within the legal period, and the Company has previously taken all the necessary steps to recover these credits.

3.2. Sales and Services Rendered

EUR		
Sales and Services Rendered	31/dez/20	31/dez/19
Sales		
Energy – Mini hydro plants	994 756	552 806
Noudar Nature Park	78 115	62 203
Energy – Photovoltaic	35 227	16 100
	1 108 098	631 109
Services Rendered		
Water Distribution	19 128 169	18 448 636
Energy Production	15 194 042	13 695 883
Noudar Nature Park	78 600	139 509
Cartography and Expropriations	30 803	43 823
	34 431 614	32 327 851
Total	35 539 712	32 958 960

Table 104: Sales and services rendered

13.2.1. Sales

The amount of EUR 1,108,098 recorded in sales, in 2020, reflects the total amount of energy sales issued to the grid: (i) by the Alvito, Odivelas, Pisão and Serpa Mini Hydro plants (EUR 994,756) and (ii) by the Alqueva photovoltaic plant (EUR 35,227)

13.2.2. Services Rendered

Water Distribution

The transposition of the Water Framework Directive was undertaken by Law no. 58/2005 of 29 December and developed by Decree-Law no. 226-A/2007 of 31 May and Decree-Law no. 97/2008 of 1 June, enshrining the principle of the economic value of water, by virtue of which the current or potential scarcity of this resource is recognised and the need to guarantee its economically efficient use, with recovery of the costs of water services, even in environmental and resource terms.

In compliance with Order no. 9000/2010 of 27 April, which set the prices of water for irrigation for agricultural use, under the public water service of EFMA, EDIA in the 2nd half of 2010 began the invoicing process.

In April 2017, Order no. 9000/2010 was revoked and Order no. 3025/2017, dated 11 April 2017, was approved, in which a new tariff applicable to the public water service associated with irrigation for agricultural use, under EFMA, is set.

The legislator sought to create conditions so that the price of the service remains competitive, considering that the conditions to increase the competitiveness and attractiveness of the Project through the revision of the tariff in force are currently met.

A set of rules was established aimed at ensuring the sustainable management of water resources through the internalisation of the costs and benefits associated with water use, having established, as key instruments for this purpose, the water resources charge and the public water service tariff.

It is important to take into consideration the need to find a balance between the costs associated with the operation and conservation of the Project, including the primary system, as well as the payment capacity of the beneficiary users, in light of the economics of the crops installed. Indeed, the tariff structure is based on an equation of sensitive balance, which must simultaneously internalise all costs to meet the sustainability requirements of

national and EU legislation, constitute a factor of competitiveness and attractiveness of the region and also correspond to the payment capacity of users, and should therefore include a solidarity factor.

This Order also sets the tariffs applicable to the public water service for public supply and industrial use, taking into consideration the specificities of these other uses, such as the high levels of guaranteed supply.

Thus, the following is determined:

- The tariff applicable to the supply of water for irrigation, from the primary network, to entities in charge of the operation and maintenance of hydro-agricultural facilities adjoining EFMA is 0.0301 EUR/m³;
- The tariff applicable to the outlet of the secondary network for supplying water to agricultural holdings is broken down into a fixed component, the maintenance charge, and a variable component, the operating charge, which is intended to cover the costs of maintaining and operating the infrastructure, applied annually to each hectare benefited and each cubic meter of water supplied, respectively.

Under the terms referred to in the previous numbers, the applicable tariff is as follows:

- At the outlet of the secondary network, for supplying high-pressure water to farms, the maintenance and operating fees are 55.22 EUR/ha and 0.0592 EUR/m³ respectively;
- At the outlet of the secondary network, for supplying low-pressure water to farms, the maintenance and operating charges are 20.08 EUR/ha and 0.0321 EUR/m³ respectively;

- For public supply: 0,0452 EUR/m³; and
- For industrial use: 0,0602 EUR/m³.

Under the provisions of paragraph 3 of Article 67 of the Legal Framework for Hydroagricultural Development Works (RJOAH), users on a temporary basis, i.e. those who, for any reason, use regularised water or water originating from EFMA infrastructures outside the perimeter area, pay a tariff corresponding to an operating fee of:

- At high pressure connection or source: 0,0773 EUR/m³; and
- At connection or low pressure origin: 0,0382 EUR/m³.

In the invoicing issued regarding the supply of high pressure water, variable values are established and applied, with aggravation of reduction up to 20% of the values of the exploitation rate, according to the off-empty/super-empty, full and peak hour periods, as established in point 12 of Order no. 3025/2017.

The values established in the previous numbers refer to 2017, and are updated annually based on the average annual variation of the consumer price index, excluding housing, in mainland Portugal, published by INE.

The above tariff will be applied with the following phasing:

In the first year following conclusion of the construction of the secondary networks of each of the EFMA irrigation perimeters included in the 120,000 ha corresponding to the first phase of the Project, the tariffs to be applied should be 40%, rising in subsequent years to 60% and 80% respectively, making up the final tariff in the 4th year.

As for the irrigation perimeters, construction of the 2nd phase of the Project, the amounts to be charged in the 1st year following conclusion of the construction of each one corresponds to 50% of the tariff, making up the definitive tariffs in the 2nd year.

The calculation is based on the area benefited by the irrigation infrastructures and the volume of water supplied.

The average annual variation rate of the CPI except for housing for the mainland, since the approval of the tariff in force, in April 2017, has been residual, leading EDIA to maintain, in the years 2018 (variation 0%) and 2019 (variation 0.1%), the values of 2017. For 2020, given that according to the values of the index variation published by INE, in 2019, for the period in question, it was 0.4%, already with some impact, the tariff was updated.

The breakdown of income for 2020 and 2019 is as follows:

	EUR	
	2020	2019
Operation Component	12 344 381	12 091 153
Conservation Component	3 779 650	3 593 773
Surrounding Perimeters	2 164 367	1 135 679
Direct Abstractions	744 085	901 703
TRH	95 686	726 330
Total	19 128 169	18 448 636

Table 105: Breakdown of "Income"

In the case of water abstraction for agricultural irrigation, in which EDIA, as the taxpayer, is not the end user of water resources, it passes on to the end user the economic burden that the TRH represents, together with the tariff it applies, as set out in Order no. 484/2009 of 16 December 2008.

Thus, this transfer of the TRH, to the end user, is made within the invoicing of the water supply service.

Bearing in mind that the volume captured is calculated through an annual water balance applied to the different EFMA reservoirs, the volume to be considered in the calculation of the WRM to be passed on will be the volume supplied to each end-user during the period in question.

Given the specificity of the component of the TRH, in 2020, EDIA submitted a submission to the CNC – Accounting Standards Committee and the respective opinion was in the same direction of the understanding assumed by the Company, to change the criterion adopted in the recording of this component, which resulted in a decrease in value.

Until the end of 2019, the amounts collected from the TRH were recognised as income in each financial year, despite being a fee due to the Hydrographic Region Administration (ARH) for the negative impact of the authorised activity on water resources, under the current Water Law, and therefore not an economic benefit of the Company. Similarly, the TRH owed by EDIA to the ARH was recognised as operating expenses.

Therefore, and considering the provisions of the Accounting and Financial Reporting Standard (NCRF) no. 20 "Revenue" – paragraph 8 (states that taxes, including fees charged, are not economic benefits that flow to the entity, and do not result in increases in equity, and should therefore be excluded from revenue), EDIA changed the previous accounting treatment, given to the TRH, considering that those amounts represent a charge to third parties (customers of EDIA) of a fee on the private use of waters in the public hydric domain of the State (there are exemptions) on behalf of and to be delivered to the ARH, and therefore are not part of the revenue of the Company.

On the other hand, considering that the aforementioned TRH (due for the use of water resources) is charged to EDIA by ARH, as the entity providing these services, and it is then up to the Company to pass on this fee to the respective end customers, these amounts were recognised as expenses for the year.

In 2020, the respective change in accounting for the TRH was made, transferring the values associated with this component, posted until 2019, as revenue and expense, to a single third-party account – Other Debtors and Creditors.

Compared to the same period last year, the variation in this item is also the result of operations with entities in charge of the operation and maintenance of hydro-agricultural facilities adjoining EFMA, as well as entities for public and industrial supply purposes, relating to the supply of water from the primary network. This increase is also the result of the increase in the area to be irrigated and the fact that the discount rates are ending and subsequently the value of the tariffs to be applied increases.

Energy Production

The balance of the “Energy Production” sub-account (EUR 15,194,042) is wholly derived from the “Concession Contract for the Operation of the Alqueva and Pedrógão Hydroelectric Power Plants” (EUR 12,645,948), entered into between EDIA and EDP for a period of 35 years, under which EDP undertook to pay EDIA financial compensation on the following terms:

- An initial amount of EUR 195,000,000, plus VAT at the legal rate and paid on the date of entry into force of this contract; and
- Throughout the life of the contract, a periodic annual amount of EUR 12,380,000 (value updated in 2011) plus VAT at the legal rate and paid annually on the same day and month of the entry into force of the contract, the first instalment being due in 2008.

The value corresponding to energy production is broken down as follows:

	EUR	
	2020	2019
Value resulting from the financial plan drawn up for the concession contract with EDP	12 645 948	12 645 948
Value resulting from the concession contract with EDP in the part corresponding to the financial revisibility as a result of the change in the volumes of water withdrawal from the Alqueva and Pedrógão reservoirs	492 910	1 005 445
Correction of the calculation of the financial revisibility paid between 2008 and 2019	1 989 130	-
Other	66 054	44 490
Total	15 194 042	13 695 883

Table 106: Energy Production

EDIA found in the second half of 2020 that the calculation of financial compensation, due to changes in the volumes of water withdrawn from the Alqueva and Pedrógão reservoirs, to be made in accordance with the provisions of paragraphs 2.4 and 2.5 of Annex VII of the Operating Contract, has not been made in strict compliance with the provisions of the contract, with implications for the amounts calculated. Therefore, it made the adjustments resulting from the correct application of the revisability formulas in strict compliance with the contractually established, considering the period from the beginning of its application, in 2008, until 2019, which resulted in an invoice to EDP in the amount of EUR 1,989,130.

Other Services Rendered

The remaining amount (EUR 109,403) under “Services Rendered” reflects: (i) services provided at the Noudar Nature Park relating essentially to activities associated with tourism and hotel operation (EUR 78,600); and (ii) services rendered by EDIA within the scope of expropriations, which aim to ensure various expropriation procedures (evaluation, negotiation and acquisition of property) and cartography, providing services in the field of production of geographical information, being associated with national projects involving the production of cartography, topography, geodesy and land registry (EUR 30,803).

14. Advances to Suppliers

In 2020, EDIA continued the analysis of the composition and nature of the balance of the advances account, acting with the entities that were still in default in issuing the respective legal documents.

The value of this item essentially reflects the advances made on account of costs with external supplies and services, having been internally guaranteed and complied with, all the procedures of validation and authorisation of expenses, although without a legal document issued at the time of payment, by the various entities, to comply with the minimum legal requirements.

Upon receipt of the invoices, these sums were transferred to the respective item of suppliers, and the Company thus regularised some amounts during 2020.

15. State and Other Public Entities

At 31 December 2020 and 31 December 2019, this item includes the following balances:

	EUR	
	31/dez/20	31/dez/19
Current Assets		
VAT – Value Added Tax	755 874	1 342 004
IRC – Corporation Tax	105 594	148 055
Total	861 467	1 490 059
Current Liabilities		
Social security contributions	122 770	121 785
Income tax withholdings	76 858	71 315
Estimated Corporate Income Tax	45 214	72 918
Total	244 842	266 018

Table 107: State and Other Public Entities – Balances

In Current Assets, the balance of the “VAT – Value Added Tax” account reflects the amounts entered in the periodic statements, in “excess to be carried over”, of the tax to be recovered from August and October to December 2020, resulting mainly from investments made in projects of the 2nd phase of EFMA.

The balance of “IRC – Corporate Income Tax” shown under Current Assets, refers to the special payments on account of IRC (PEC) for the years 2017 and 2018.

The amounts in the accounts “Income Tax Withholding” and “Social Security Contributions”, shown under Current Liabilities, correspond to the amounts owed for income tax and social security associated with the processing of salaries of EDIA employees for the month of December 2020, already paid in January 2021.

The item “Estimated IRC” in Current Liabilities reflects the value of autonomous taxation to be borne by EDIA for the year 2020.

In the financial reporting under IAS/IFRS, the Company has not recognised, in 2020 or in previous years, any deferred tax assets related to deductible temporary differences (namely those generated by the impairment losses of the “water” segment) or to tax loss carryforwards, as there is no reasonable assurance as to the existence of future taxable profits that would allow these deductible temporary differences and the tax loss carryforwards to be used before they are extinguished.

16. Other Receivables

This item has the following detail as at 31 December 2020 and 31 December 2019:

EUR

Other Receivables	31/dez/20	31/dez/19
Concession Contract_IFRS 15– Current Assets	5 808 085	5 611 676
Concession Contract_IFRS15– Non-Current Assets	181 960 921	187 769 005
	187 769 006	193 380 681
Concession Contract_GADR_RS	138 562 880	138 051 684
DGADR_IE12	70 794 862	70 794 862
Debtors by Accrued Income	3 267 808	4 625 488
EU Funds	63 253	8 783
Other Debtors	209 854	76 927
Impairment Losses	(22 943)	(22 943)
Total	400 225 012	406 915 483

Table 108: Other Receivables

Concession Contract – EDP_IFRS 15

In 2017, the Company adopted IFRS 15 “Revenue from Contracts with Customers” for the first time, particularly with regard to the recognition of revenue from the concession contract signed on 24 October 2007 between EDIA and EDP, which awarded EDP the operation of the Alqueva and Pedrógão Hydroelectric Power Plants for 35 years. EDIA received the sum of EUR 195 million and invoices annually the amount of EUR 12,380,000 during the contract period. Consequently, in 2020 it recognised the amount of EUR 187,769,005 in an account receivable corresponding to the unconditional right to that retribution. The decrease of the balance in the year 2020 relates to the depreciation of the asset, in accordance with the financial plan built for this purpose, in which a fixed discount rate of 3.5% is considered.

DGADR – Concession Contract – Secondary Network

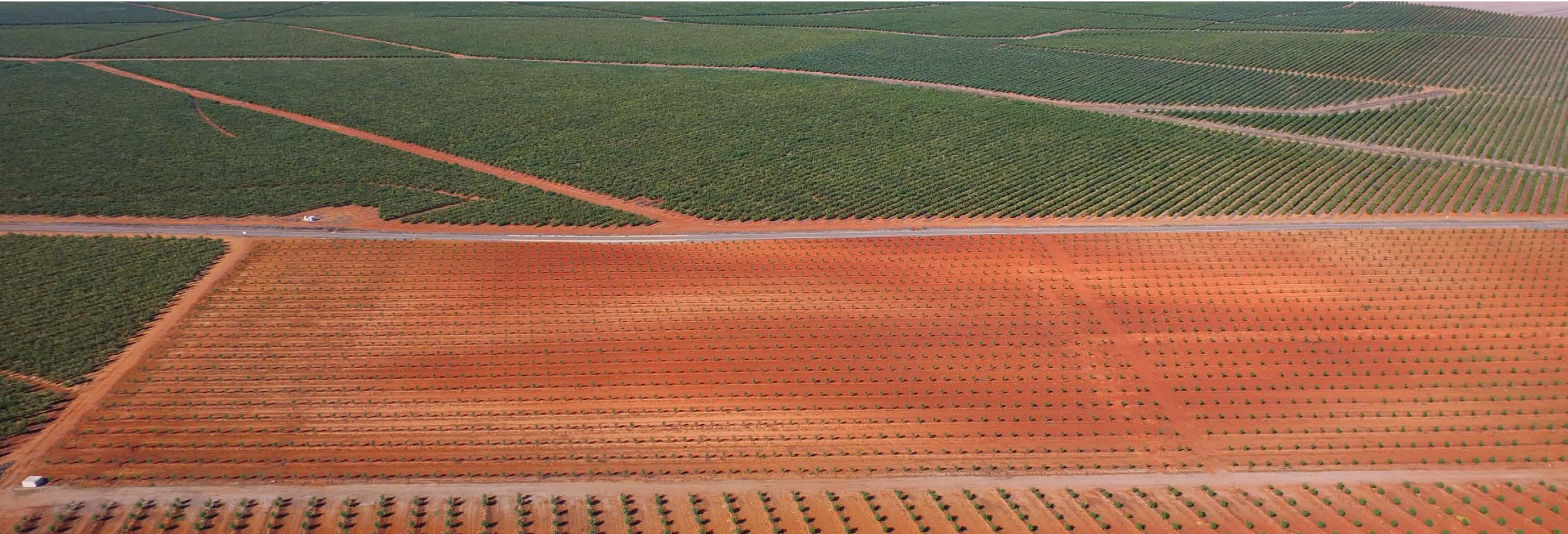
EUR

Other Receivables	Investment	Capitalizations	Subsidies	Total
DGADR_CC_RS	639 075 834	22 549 504	(523 062 457)	138 562 880
Total	639 075 834	22 549 504	(523 062 457)	138 562 880

Table 109: DGADR – Concession Contract – Secondary Network

As mentioned in Note 12, under the Concession Contract for the Management, Operation, Maintenance and Conservation of EFMA Secondary Network Infrastructure, signed on 8 April 2013 and in force until 31 December 2020, it is established that EDIA (concessionaire) will deliver to the State (grantor), represented by DGADR, of the already completed infrastructures of the secondary network, drainage and agricultural roads, the goods and equipment necessary for their operation and exploitation, and the areas acquired and expropriated for the implementation of the infrastructures of the EFMA hydro-agricultural facilities.

According to the Shareholder, “only after the completion of all infrastructures”, scheduled for 2015, and “subsequent consolidation period of operation, of five years, will the framework of indicators necessary to assess the best model to proceed with the management, operation, maintenance and conservation of the Project be available. The concession for a period of seven years, i.e. until 2020, will ensure an adequate consolidation period, which is essential for the management of the guarantee of the works, the stabilisation trend of tariffs and the perception and optimisation of the operation of the Project in its entirety, with a view to



its effective contribution and integration of the various aspects in the sustained development of the region”.

In November 2013, a new Delivery Agreement was signed between EDIA and the Portuguese State, represented by DGADR, in which the Company delivers the infrastructures making up the irrigation and drainage network of the Aljustrel Hydroagricultural Development, including all the goods and equipment necessary for its operation and exploitation.

There being a need to update and regularise the situation of the secondary network management concession for the irrigation blocks built in the meantime, it is the intention of DGADR and EDIA to conclude an Addendum, updating the descriptions of the perimeters included in the initial contract as well as complementing the information with the blocks already built, after 8 April 2013.

With the conclusion of the irrigation perimeter infrastructures, the investments of these perimeters are transferred from “Finished and Semi-Finished Products” to “Other Receivables”, Entity DGA-DR, which assumes in relation to the goods described, all inherent rights and obligations established in the legislation in force.

The amount of EUR 138,562,880 on 31 December 2020, reflects the total investment made in the secondary network infrastructures, net of the corresponding investment subsidies that EDIA expects to receive from the State, for the provision of those infrastructures that are completed, with the amount of EUR 511,197 being the variation occurring in 2020.

In the context of this Concession Contract, no provision was made to cover the costs with the infrastructures, object of the respective Delivery Contracts, relating to the contractual obligation to maintain/preserve them, throughout the concession period.

The non-recording of the provision was based on the assumption that, throughout the concession period (7 years), no major repairs and replacements would occur in the respective infrastructures and equipment, with the current maintenance and conservation of

these assets being recognised as expenses, in the years in which they occurred.

With this contract expiring in December 2020, it was decided by Order of the Minister of Agriculture, information no. 12538 of 24 September 2020, that the term of the concession relating to the management, operation, maintenance and conservation of the secondary network infrastructures was extended for a further 10 years and with the maximum limit of the term of the concession for the private use of water resources in the public domain, obtained under the provisions of the Water Law.

The government decision on the Management of the Alqueva Hydroagricultural Development aims to produce a lasting decision that provides stability to the various stakeholders involved. A decision that, for this very reason, must also take into account the unique characteristics of EFMA. The complexities of hydraulic management, equity of access to water in the different areas of the Project, energy optimisation, the performance of the Company and also the interests of the irrigators are all very relevant factors.

The identification of some limitations of the classic management model, in which the entity managing the primary system is distinct from those managing the secondary systems, as well as EDIA’s experience in the tasks of simultaneous management and maintenance of the irrigation systems (both primary and secondary), also reinforced the option taken by the Ministry.

As the Minister of Agriculture has authorised the extension of the concession period for the management, operation, maintenance and conservation of the secondary network infrastructure of EFMA to EDIA until 2030, it is the Company’s intention, based on the forecast of investment needs in rehabilitation of the EFMA infrastructure, prepared by LNEC, to estimate and record the amount to be provided for major repairs and replacements of the secondary network, after signing the addendum to the concession contract, expected in 2021.

DGADR – IE 12

EUR				
Other Receivables	Investment	Capitalizations	Subsidies	Total
DGADR_IE12	114 141 477	12 056 848	(55 403 463)	70 794 862
Total	114 141 477	12 056 848	(55 403 463)	70 794 862

Table 110: DGADR – IE12

Decree-Law no. 335/01 of 24 December established that the works relating to the design, implementation and construction of the infrastructures forming part of the EFMA secondary network are the property of the State, except for Infrastructure 12, which remains the property of EDIA under the concession scheme to MAFDR. Following the formalisation with the Institute for Rural Development and Hydraulics (currently Directorate-General for Agriculture and Rural Development – DGADR), in April 2006, of the contract for the assignment of the management, operation, maintenance and conservation of Infrastructure 12 for a period of 30 years, this investment and the associated subsidies are reflected, since 2006, under “Other Receivables”, since EDIA awaits reimbursement by DGADR of the net value of the investment made.

On 31 December 2020, there were no changes compared with the same period of the previous year.

Debtors by Accrued Income

The caption “Debtors by Accrued Income” essentially reflects: (i) the specialisation of the provision of water distribution services in the amount of EUR 2,753,506; and (ii) the estimated financial revisability arising from the change in the annual volumes of water abstractions from the Alqueva and Pedrógão reservoirs, for the year 2020, in accordance with the provisions of the “Contract

for the Operation of the Alqueva and Pedrógão Hydroelectric Power Plants and Sub-concession of the Public Water Domain” entered into with EDP, in the amount of EUR 492,910.

EU funds

The account “EU funds”, on 31 December 2020, reflects the subsidies, in the amount of EUR 63,253, which EDIA estimates, with a high degree of certainty, to receive, relating to expenses already executed under PDR2020 and POSEUR.

17. Deferrals

17.1. Deferrals (Current Assets)

The “Deferrals” presented under Current Assets, in the amount of EUR 110,108 (costs to be recognised) reflect the totality of the insurance premium, with the branch of civil liability / operation, construction and assembly, paid until 31 December 2020, corresponding to the subsequent period of validity.

17.2. Deferrals (Current and Non-Current Liabilities)

This item (income to be recognised) is broken down as follows between “Current Liabilities” and “Non-Current Liabilities”:

EUR				
Deferrals (Liabilities)	31/dez/20		31/dez/19	
	Current	Non-Current	Current	Non-Current
Concession agreement revenues_EDP_IFRS 15	12 645 948	265 564 911	12 645 948	278 210 859
Investment grants	1 878 587	116 218 084	1 878 587	118 064 147
Total	14 524 535	381 782 995	14 524 535	396 275 006

Table 111: Deferrals – Liabilities

17.2.1 Concession Contract Income

The value of deferred income from the “Concession Contract for the Operation of the Alqueva and Pedrógão Hydroelectric Power Plants” with EDP, shown at 31 December 2020 under “Non-current Liabilities” (EUR 265,564,911) and “Current Liabilities” (EUR 12,645,948), arises from the receipt of EUR 195,000,000 on 1 November 2007, in accordance with subparagraph a) of paragraph 1 of clause 6 of the “Operation Contract of the Alqueva and Pedrógão Hydroelectric Power Plants and Sub-concession of Public Water Domain” entered into with EDP, well as the amounts to be received annually from EDP (EUR 12,380,000) under this contract for a period of 35 years, starting on 1 November 2007.

Thus, the aforementioned account of income to be recognised reflects: (i) the part of the EUR 195,000,000 that has not yet been recognised in income; and (ii) the amounts to be invoiced annually to EDP discounted at a fixed rate of 3.5% and to be recognised as income until the end of the contract.

The amounts received and receivable from the EDP Group under this contract will be recognised as income over the term of the contract (35 years). In 2020, EUR 19,414,272 of income was recognised, of which EUR 12,645,948 refers to services rendered (see Note 13) and EUR 6,768,324 refers to interest (see Note 27).

17.2.2. Investment Subsidies

The value of investment subsidies is recognised under “Non-current Liabilities” and includes all subsidies received for invest-

ments, with the exception of those concerning the secondary network already transferred to the “DAGDR_CC_RS” account following the contracts for the delivery of infrastructure already completed, amounting to EUR 523,062,457 (which were deducted from the respective investment that, until the delivery of the infrastructure, was reflected under “Inventories”), those concerning Infrastructure 12 amounting to EUR 55,403.463 (transferred to the “DGADR_IE12” account, following the formalization of a contract for the assignment of the management, operation, maintenance and conservation of this infrastructure, in April 2006, being deducted from the respective investment that, until then, was reflected under “Inventories”) and those associated with the water distribution activity in the amount of EUR 668,667,383 (which assets have been concluded to be totally impaired, so the corresponding subsidies are derecognised when recording impairment losses on assets).

Thus, the “Investment subsidies” item essentially reflects the subsidies related to the energy segment in the amount of EUR 115,302,803, to be recognised in income in the same proportion as the depreciation of the subsidised assets.

In Current Liabilities, the amount of EUR 1,878,587 corresponds to subsidies to be recognised as income within less than one year.

18. Equity

In the period from 31 December 2019 to 31 December 2020, EDIA's equity presented the following evolution:

EUR				
Equity	31/dez/19	Increases	Transfers	31/dez/20
Paid-up Capital	838 810 320			860 334 960
Other Reserves	9 202 700			9 202 700
Retained Earnings	(805 369 958)		(2 670 836)	(808 040 794)
Net Profit for the Period	(2 670 836)	(13 855 194)	2 670 836	(13 855 194)
Total	39 972 226	7 669 446	0	47 641 672

Table 112: Equity

18.1. Paid-up capital

The initial Share Capital of 500,000,000 escudos (EUR 2,493,990), held entirely by the Portuguese State, was successively increased in the period from 1996 to 2009 until it reached EUR 387,267,750 on 31 December 2009. Between 2010 and 2014 the Share Capital remained unchanged.

During the period 2015 to 2018, there were several capital increases, fully subscribed and paid up in cash and by conversion of the credits held relating to the medium and long-term loan, granted by the DGTF.

As at 31 December 2018, the Company's Share Capital, fully subscribed and paid up, has a value of EUR 809,534,880 consisting of 161,906,976 shares with a nominal value of EUR 5 each, subscribed and paid up by the Portuguese State.

As at 31 December 2019, the Company's share capital, fully subscribed and paid up, has a value of EUR 838,810,320 consisting of 167,762,064 shares. The variation compared to the previous year of EUR 29,275,440 stems from the issue of 5,855,088 new shares with a nominal value of EUR 5 each:

- On 3 September 2019, issue of 3,355,088 new shares with a nominal value of EUR 5 each, in the amount of EUR 16,775,440 subscribed and paid up in cash, to meet the repayment charges on the bond loan and the loan taken out with the EIB; and
- On 11 September 2019, issue of 2,500,000 new shares with a nominal value of EUR 5 each, in the amount of EUR 12,500,000 subscribed and paid up in cash, a situation provided for in the Company's Activity Plan and Budget for 2019, approved by the Unanimous Written Social Resolution of 10 July 2019.

As at 31 December 2020, the Company's share capital, fully subscribed and paid up, has a value of EUR 860,334,960 consisting of 172,066,992 shares. The variation compared to the previous year of EUR 21,524,640 results from the issue of 4,304,928 new shares

with a nominal value of EUR 5 each, subscribed and paid in by the Portuguese State:

- On 11 March 2020, issue of 673,928 new shares with a nominal value of EUR 5 each, in the amount of EUR 3,369,640 subscribed and paid up in cash, a situation provided for in the Company's Activity Plan and Budget for 2020, approved by the Unanimous Written Social Resolution of 11 March 2020; and
- On 7 August 2020, issue of 866,000 new shares with a nominal value of EUR 5 each, in the amount of EUR 4,330,000 subscribed and paid up in cash, a situation provided for in the Company's Activity Plan and Budget for 2020, approved by the Unanimous Written Social Resolution of 7 August 2020; and
- On 6 October 2020, issue of 2,765,000 new shares with a nominal value of EUR 5 each, in the amount of EUR 13,825,000 subscribed and paid up in cash, a situation provided for in the Company's Activity Plan and Budget for 2020, approved by the Unanimous Written Social Resolution of 6 October 2020.

The Shareholder, through the capital endowments, intended to cover the financing needs inherent in the repayment of loans and the investment made under the *PNRegadios*.

18.2. Other Reserves

The “Other Reserves” include: (i) EUR 8,479,554 of subsidies received in 1995, within the scope of the transfer to EDIA of the sums included in the State Budget for the extinct Alqueva Installation Committee; (ii) EUR 592,267 relating to the transfer to the Company of the fixed assets of the said Committee; (iii) EUR 120,904 of subsidies allocated to surplus areas (which do not configure amortisable investments); and (iv) EUR 9,975 relating to the donation of a painting for the building of EDIA's new registered office.

These reserves have not been imposed by law or the articles of association, nor have they been constituted in accordance with contracts entered into by the Company.

18.3. Retained Earnings

The balance of “Retained Earnings” at 31 December 2020 amounts to negative EUR 808,040,794 and is essentially related to the recognition of impairment losses on “Intangible Assets” of the “water” segment, in the accumulated amount (net of the respective subsidies that have been derecognised) of EUR 881,315,366.

The variation in “Retained Earnings” is due to the appropriation of the negative net result for 2019, amounting to EUR 2,670,836.

At 31 December 2020, the equity value is positive by EUR 47,641,672 (positive equity of EUR 39,972,226 at 31 December 2019), nevertheless, the Company remains in the situation provided for in Article 35 of the Companies Code, despite all the guarantees that the Shareholder has always provided to the financing obtained and the successive capital increases.

19. Impairment of Intangible Assets

19.1 Impairment of Depreciable/Amortisable Investments

Following the transfer to EDP, for a period of 35 years, of the operation of the Alqueva and Pedrógão Hydroelectric Power Plants and the rights of private use of the respective public hydric domain, most of the operating revenue associated with the hydroelectric component of EFMA until 2042 had already been defined since October 2007. However, at the date of closure of the accounts for 2009 and previous years, the tariff for supply of water from the primary system of the Project had not yet been defined by the Ministry, which would have a decisive influence on the operating revenue expected from the Company and would allow to assess to what extent the total operating revenue expected from the use of public hydric domain allocated to EFMA (those associated with

the supply of water for irrigation and human supply, and those resulting from hydroelectric operation) would allow the recovery of the overall investment planned under EFMA.

However, it would already be possible, on the closing date of the accounts, both for 2009 and prior years, to predict that the investments made in EFMA would have a reduced profitability and that there would consequently be impairment losses to be recorded.

However, it is important to bear in mind that EFMA was conceived as a regional development instrument for a depressed inland area of the country, with a special focus on converting the agricultural sector from rainfed to irrigated land.

EFMA represents a project to harness the water resources associated with the Guadiana River and which guarantees a strategic water reserve, contributing to reversing the trend towards population and economic decline in a vast region of the Alentejo, and is therefore of enormous national interest, with the consequent benefits of its implementation, in terms of improving the quality of life of the population of the Alentejo region, as well as economic, social and environmental promotion.

This investment has always been intended to overcome the enormous shortages in the region related to the availability of water for human, agricultural and industrial supply. In this sense, and also considering the positive externalities generated for the national economy, the financial return on EFMA's assets has never been at stake, exclusively resulting from revenues generated by EDIA's activity. The fundamental assumption was to ensure that future economic benefits had the capacity to cover the operating costs of activities (without considering the amortization of investments), expectably generating positive operating results.

Since its inception, the Portuguese State assumed the multi-purpose nature of this Project, which implementation would result from the full and efficient use of the enormous “strategic water reserve” to be stored in the Alqueva and Pedrógão reservoirs. As sole holder of EDIA's capital, the Portuguese State has always

assumed, as a consequence, the need to ensure the appropriation of funds necessary for the pursuit of its object, creating the conditions for the Company to honour the commitments made during the implementation of the project.

The revenue from the service provided by EDIA related to water distribution is calculated according to the tariff set by the State, which in turn, in its calculation, considers a set of assumptions that go beyond the economic interest of the investments made.

Since there are indications (from previous years) that the assets of the “water” segment would be impaired, but it is not possible to calculate the recoverable amount of individual assets allocated to this segment, given the strong interconnection of the cash inflows of various assets or groups of assets of the segment, EDIA determined the recoverable amount of the cash-generating unit (“smallest identifiable group of assets that generates cash inflows and is largely independent of the cash inflows of other assets or groups of assets”) that corresponds to the entire “water” segment.

Following the definition, in 2010, of the tariff for supply of water from the primary system, EDIA has been estimating the recoverable amount of the assets in the “water” segment by determining the respective value in use, having always concluded, in the impairment tests performed since 2009 until 2020 inclusive, that the present value of future cash flows associated with this segment is negative, so the accumulated impairment loss corresponds to the total value of the assets (net of inseparable liabilities – subsidies) allocated to this segment.

Therefore, the intangible assets allocated to this segment are fully offset by accumulated impairment losses of the same amount.

For this purpose, cash flows up to the year 2082 were considered, the year in which the concession contract to EDIA, which covers the management, operation and private use of the public hydric domain allocated to EFMA, under the provisions of Decree Law no. 313/2007, expires.

With the entry into force of Order no. 3025/2017, of 11 April and the consequent change in the applied tariff, impairment studies were carried out in the year 2017, using new assumptions, which were maintained until the year 2020.

A discount rate of 2.5% based on the Weighted Average Cost of Capital (WACC) was used to discount the future cash flows to reflect: (i) the time value of money for periods up to 2082; (ii) expectations about possible variations in the amount or timing of cash flows; (iii) the price of bearing the uncertainty inherent in the asset; and (iv) other factors that market participants would reflect in pricing the future cash flows that the Company expects to derive from the assets.

Bearing in mind that all future projections were prepared based on assumptions considered reasonable and bearable, taking into account the present and future market and that the decisions taken in the last projections/studies were approved by EDIA's management, the main assumptions adopted are the following:

- Area benefited – 162,145 ha;
- Water resource uptake rate increasing over 8 years;
- Average water consumption of 4,000 m³/ha, in 80% of the area covered;
- Weighted average allocation to be extracted from the Dam 4,953.56 m³/ha; and
- Reference unit price for supply of water intended for agricultural, industrial and public supply purposes (as per Order no. 3025/2017 of 11 April).

The assets and liabilities of the “water” segment, as well as the recognised impairment losses, with reference to 31 December 2020 and 31 December 2019, can be presented as follows:

EUR		
“Water” Segment	31/dez/20	31/dez/19
Intangible assets – gross value	1 549 982 749	1 529 522 930
Investment grants	(668 667 383)	(665 086 742)
Assets net of grants = Accumulated impairment losses	881 315 366	864 436 188
Impairment losses (reversals) recognised in the period	16 879 178	3 834 860

Table 113: Water Segment – Asset and Liability

An impairment loss of EUR 16,879,178 was recorded at 31 December 2020. This variation, quite marked, results from the amount recognised in subsidies, in 2020, being much lower than the amount of investment made.

19.2. Impairment of Accounts Receivable (Losses/Reversals)

The impairment losses recognised, at the date of this report and in previous periods, essentially correspond to overdue loans for water distribution services provided by EDIA, when customers do not respect the contracted payment period and the period of overdue payment is already significant.

20. Provisions

EDIA periodically analyses possible obligations arising from past events that must be recognised or disclosed.

Provisions are recognised only when the Company has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The subjectivity inherent to the determination of the probability and amount of the outflow of resources necessary to settle the obligations may lead to significant adjustments, either by variation of that assumption or by the future recognition of provisions previously disclosed as contingent liabilities.

EDIA considered, based on the judgment of the Board of Directors and on the in-depth analysis of each of the processes by the internal legal office and external lawyers, that the conditions for the recognition of provisions, referred to in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, were met.

In particular with regard to the condition that “it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation”, the criterion defined in the referred IAS 37 – Provisions, Contingent Liabilities and Contingent Assets was used, considering as probable the outflow “if the event is more likely than not to occur, i.e. if the probability that the event will occur is greater than the probability that it will not occur”.

This estimate is based on a thorough technical analysis of the Legal Office that issues, for this purpose, a document in which it determines the best estimate of the amounts to be provisioned, based on the history and experience of EDIA, regarding the outcome of similar cases and based on information provided by external lawyers who collaborate with the Company.

In the periods ended 31 December 2020 and 31 December 2019, to address legal proceedings and other present obligations arising from past events, EDIA has made provisions.

EUR					
Provisions (DPF)	Opening Balance	Increases	31/dez/20		Closing Balance
			Uses	Reversals	
Provisions					
Provision for Legal Proceedings in Progress and Litigious Expropriations	633 643	1 700 005			2 333 648
Provision IFRIC 12	26 242 706	5 646 456			31 889 162
Total	26 876 349	7 346 461	0	0	34 222 810

Table 114: DFF– 2020

EUR					
Provisions (DPF)	Opening Balance	Increases	31/dez/19		Closing Balance
			Uses	Reversals	
Provisions					
Provision for Legal Proceedings in Progress and Litigious Expropriations	634 175	2 861	3 393		633 643
Provision IFRIC 12	21 576 102	4 666 604			26 242 706
Total	22 210 277	4 669 466	3 393	0	26 876 349

Table 115: DFF– 2020

Note: The difference between the amounts under the item “Provisions” in DPF and DRI results from the ongoing legal proceedings with the company Tecnasol-FGE in the amount of EUR 1,582,686, considered as investment in progress. Consequently, the allocation of the result of the period occurred through the item “Impairment of Depreciable Investments”.

20.1. Provisions for Legal Proceedings in Progress and Litigious Expropriations

On 31 December 2020, several litigation processes are known, resulting either from ongoing legal proceedings or expropriations, associated with the EFMA investment, which may result in additional charges and liabilities for EDIA, and the Company has made provisions to cover these liabilities, based on its best estimate of the amount of future charges to be borne.

At 31 December 2020, the amount of EUR 2,333,648 under the item “Provisions”, essentially arises from the following ongoing legal proceedings and proceedings under litigious expropriations:

EUR		
Legal Proceedings	31/dez/20	31/dez/19
Tecnasol-FGE	1 582 686	-
Monte Adriano, S.A.	420 309	420 309
Municipalities of Reguengos de Monsaraz, Mourão, Portel, Moura and Alandroal	190 000	190 000
Sociedade Agro-Pecuária do Gavião e Anexas, SA	117 319	-
Other	20 257	20 257
	2 330 571	630 566
Litigious Expropriation Proceedings		
H. São Sebastião	2 645	2 645
Other	432	432
	3 077	3 077
Total	2 333 648	633 643

Table 116: Provisions

With regard to the lawsuit filed by **Tecnasol-FGE** against EDIA relating to the Contract for the treatment of foundations and implementation of the Pedrógão exploitation observation plan, this is a Common Administrative Lawsuit, in which the Plaintiff claims to have incurred extra costs in carrying out the work, as it encountered geological characteristics that were more adverse than expected, which lowered productivity and increased execution costs.

EDIA, until 2013, had a provision made (EUR 726,343) corresponding to 50% of the amounts claimed, a figure that corresponded to the best estimate of the expenses to be made. Following a preliminary hearing on 17 January 2013, the Court did not accept the case, giving reason to EDIA's thesis. The Plaintiff appealed to the South Administrative Central Court (TCA Sul), and EDIA filed counterclaims and appealed subordinately in relation to another exception that it had invoked and which the Court did not uphold. However, EDIA was convinced that the appeal filed by the Plaintiff would not be upheld, but that the appeal filed by it would. Defending EDIA that the probability of success would be greater than 50% and that the expected value of the liability was null, it derecognised in its accounts, in 2013, the respective provision. Meanwhile Tecnasol-FGE appealed to the Southern Court of Appeal, by judgment of 2 July 2020, against the understanding of the TAF of Beja, considered that the issue of legitimacy (which was at the basis of the preliminary decision in favour of EDIA and was the reason for the appeal filed by Tecnasol-FGE) is resolved with the intervention of Mota Engil, since we are dealing with a Consortium and the action should have been brought by the Consortium and not only by Tecnasol-FGE, as happened in the first petition presented. Consequently, the case was remanded for further proceedings with the summoning of Mota-Engil to the proceedings, in order to overcome its lack of standing. EDIA decided to lodge an Exceptional Review Appeal with the Supreme Administrative Court. By Judgement of 20 November 2020, the Supreme Court decided to admit the Review, which means that it will hear the appeal. After hearing the Public Prosecutor's Office, it declared it unfounded, but with arguments that were refuted by EDIA. Tecnasol-FGE did not counter-argue. The process shall be concluded on 20 January 2021, which means that it is in order for the appeal to

be judged. If the Supreme Administrative Court grants the appeal filed by EDIA, unless the Plaintiff appeals to the Constitutional Court, this will result in the end of the process, with EDIA winning. If the Supreme Administrative Court does not uphold the appeal lodged by EDIA, the case will be sent back to the Beja Administrative Court for judgment on the matter of fact, which is estimated to take at least 8 years to reach a final decision. In view of the request made by Tecnasol-FGE, the maximum amount of liability, according to EDIA, may amount to the value of the case EUR 1,452,686 plus interest, plus about EUR 130,000 corresponding to court costs and fees, being on 31 December 2020, the total amount provisioned in the accounts, of EUR 1,582,686.

In 2012, an administrative lawsuit was filed by the construction company **Monte Adriano S.A.**, under the scope of the construction contract of the 3rd section of the Pisão-Roxo (Penedrão-Roxo) supply system and the Penedrão dam. The contractor claims payment for work amounting to EUR 370,310, claiming that this amount was not paid due to EDIA's incorrect interpretation of the scope of work of a certain item of the bill of quantities. EDIA contested and provisioned 50% (EUR 185,155) of the amount requested by the contractor, which is considered the best estimate of the expenses to be made. In June 2017 a provision reinforcement was made in the amount of EUR 235,154 EUR, since the maximum amount of liability could amount to the value of the action (EUR 370,309) plus interest, court fees, costs and fees (EUR 50,000). A preliminary hearing was scheduled for 22 October 2018, which had been pending since 13 March 2015. Meanwhile EDIA raised three exceptions and contested the action. The Court by decision of 5 June 2019 upheld one of the exceptions invoked by EDIA, but the Plaintiff appealed to the South Administrative Central Court. Admitting that the appeal filed by the Plaintiff does not deserve to be upheld, as expected, this action would be resolved with the judgment of the South Administrative Central Court, barring any extraordinary appeal. If the Plaintiff's appeal is upheld, the case will be sent back to the Administrative and Tax Court of Beja for judgment on the merits and, in this case, an additional 6 to 7 years should be added, since EDIA will have to await judgment, decision, and as an appeal will, in principle, be lodged against the decision, it will have to await its outcome.

In 2012, **five municipalities** in the Alqueva irrigation area (**Reguengos de Monsaraz, Mourão, Portel, Moura and Alandroal**) filed a lawsuit concerning the payment of rents allegedly owed by EDIA to those municipalities, under the provisions of Decree-Law no. 424/83 of 6 December, which obliges EDP, as the owner of electricity generating centres, to pay certain annual sums to the affected municipalities. No exact request is made for alleged lack of elements to apply the formula for calculating the value of rents legally provided. EDIA contested, but its operational directorate for primary infrastructures and energy estimated the value of the rents at around EUR 190,000. EDIA was acquitted because the Judicial Court of Beja considered itself incompetent. The case was referred to the competent court, i.e. the Administrative and Tax Court of Beja. As the process is at a standstill, only in the pleadings phase, and there are no indicators or new facts that determine the change in the provision made, it is not possible to safely make a judgment of probability on the outcome of the action, although the defence arguments presented by EDIA seem consistent. In the event of a decision, EDIA's financial liabilities will approach the amount of EUR 190,000, the amount for which the provision for this process was set up. As it is a matter of law and still without jurisprudential treatment, it is not possible to advance any forecast on the outcome of the action, assuming that the probability of winning or losing are the same. Given the time elapsed without any procedural development, the forecast conclusion of the lawsuit was changed to 31 December 2021.

Common administrative action brought by **Sociedade Agropecuária Herdade do Gavião e Anexas, S.A.** in which the Plaintiff claims reimbursement of the sums it paid for the service of making water available for irrigation, alleging that this charge is the responsibility of a third party. EDIA contested the request alleging that the responsibility of the owner is joint and several and that, in any case, it is not possible to ensure the service in properties with outstanding debts. Also with no further developments after the pleadings phase and with a constituted provision, and also because it is essentially a matter of law still without jurisprudential treatment, it is not possible to advance with any forecast on the outcome of the action, admitting that the probabilities of winning or losing are the same. In effect, the question

of the joint liability of the owner will not raise many doubts, but the question of the need for the situation regarding the payment of taxes to be regularized in order to ensure the service, already deserves further analysis. The foreseeable date of conclusion of the legal action will be 31 December 2022, and the value of the claim in question is EUR 117,319.

It should also be noted that the fact that the amount provisioned for some ongoing lawsuits was quantified at 50% of the amount claimed by the plaintiffs in the lawsuit, results from the process of measuring the provision, i.e., it was considered that 50% of the amount claimed would be the best estimate of the expenses required to settle the obligation at the end of the reporting period, under the terms of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

It should also be noted that when EDIA is convinced that an appeal lodged by the other party will not win, and that there is a high probability of success, greater than 50%, the Company derecognises the provision set aside for this purpose in its accounts.

The establishment of provisions within the scope of contentious expropriation proceedings conducted by EDIA follows a set of assumptions that, depending on the stage of development of the process and the amounts provisionally established in each one of them (proposal by EDIA, arbitration, expert opinion, ruling and any appeals), will determine the variation of the value of each provision made. With regard to pending expropriation proceedings, in addition to involving low value amounts, most of them are in court for reasons that are not related to the existence of litigation (lack of knowledge of the owners, litigation between heirs, among others).

At 31 December 2020, with regard to these contentious expropriation processes, there was no change to the provisioned amounts, as a result of the absence of a decision by the Arbitration Commission.

20.2. IFRIC 12 Provision

Infrastructures relating to the uses of the public hydric domain allocated to EFMA, object of the respective concession contract concluded between EDIA and the State and forming part of the primary system (dams, Hydroelectric Power Plants and primary network) of the Project, for the duration of the concession, are the property of the concessionaire.

The provision recorded under IFRIC 12, results from the obligation, established in the concession contract signed with the State in October 2007, to maintain/preserve, during the concession period, the infrastructures related to the energy production and water distribution activities, which revert to the State at the end of the concession period. This provision covers only those major repairs and replacements that are expected to be made during the concession period, thus not including the current maintenance and conservation of these assets, which are recognized as expenses in the period in which they occur.

This provision has been recognised and measured, as at 31 December 2019 (EUR 26,242,706), based on the following assumptions:

- Total value of operation investments, including equipment and construction, without taking into account the value of submerged and surplus land;
- Application of an estimated rate of 0.2% to investments in the water distribution activity, to ascertain the average cost of major annual repairs;
- No major repair costs are considered for the energy generation activity concerning the Alqueva and Pedrógão Hydroelectric Power Plants, since under the sub-concession contract signed with EDP, these costs are its responsibility;
- Estimated deadline to cope with major repairs, in equipment and civil construction, of 20 and 30 years respectively;

- Average financing rate for the period 2013–2082; and
- The Euribor forecast is based on Bloomberg spot rates.

In 2018, for the purposes of updating the initial estimate of the provision for major repairs and replacements, with a detailed plan of interventions in the various infrastructures, object of the concession contract, based on a set of assumptions and estimates of a financial, operational and technical nature, EDIA, given the complexity of this matter and considering the National Laboratory for Civil Engineering (LNEC) as a credible entity, with special competences entrusted to it by the Dam Safety Regulations, in which it has a variety of skills that enable it to have exclusive knowledge of the type of infrastructures under analysis, such as concrete dams and embankments, canals, pumping stations, drainage networks, it decided that LNEC would be the company with the best technical capability to present a valuation study of the infrastructures of the Alqueva Project.

To corroborate its internal analysis on the valuation of that responsibility and due to the need to obtain information in a timely manner, it was decided to move forward, testing the application and methodology proposed in the study, to the pilot project – Pedrógão subsystem.

At the end of 2018, the conclusions of the pilot project study were presented, and it was decided to replicate the work done for the remaining EFMA subsystems (Alqueva and Ardila). In compliance with this guideline, during 2019, steps were taken with this objective, with LNEC having been contracted again, but due to its inability to carry out one of the components of the previous study, a company specialising in asset classification (Duff and Phelps) was contracted.

On 31 December 2019, the studies for the Alqueva and Ardila subsystems were completed, however, the adherence of these results to the Company's assets was still subject to a more rigorous analysis for duly consolidated decision-making. There was a lot of work downstream, of analysis of the various components of

the infrastructures determined in this study, taking into account not only the detail by contract and respective assets, but also their valuation, useful life and respective amortisations, which meant that the results of the study were not yet applicable in financial year 2019.

As mentioned above, the infrastructures included in the calculation of the provision for major repairs and replacements of the Alqueva Project, in addition to the Alqueva and Pedrógão dams, also include the primary network of the three EFMA subsystems: Alqueva, Ardila and Pedrógão.

In 2020, the completion of the study on the forecast of the need for investment in major repairs, replacements and rehabilitation of infrastructure, planned to be made over the remaining period of the concession (2020–2082), allowed EDIA to quantify the amount to be provisioned under IFRIC 12, based on the following stages/assumptions:

Stages

- Identification of the components of the investment made up to 31 December 2019 and their classification according to the respective final accounts of the contracts;
- Identification, by contract work, of the components with an investment value of more than EUR 350,000, where approximately 20% of the components represent more than 80% of the total investment made;
- Updating of the identified investment components, for the year 2019 (EUR 409,839,505); and
- Use of a tool/application, made available by LNEC, with the values of each of the components, in order to obtain the amounts of investment in major repairs, replacements and annual rehabilitation planned to be made in the period from 2020 to 2082.

Assumptions

For the purposes of estimating the provision to be recorded under IFRIC 12, the following assumptions were considered:

- Inclusion of investment components carried out with an individual value in excess of EUR 350,000 for the following reasons:
 1. The annualised values of the components with a total value of less than EUR 350,000 represent percentages and reduced values, and it is more appropriate to consider the respective maintenance costs as current expenses; and
 2. In order to reduce the possibility of failures in the monitoring of the model, with the adoption of this interval, the number of components to be subject to in-depth monitoring was reduced from around 1,000 to 200;
- Replacement of components at the end of their useful life, whenever this is less than the end of the concession period;
- The IVI (Infrastructure Value Index), which represents the degree of ageing of the infrastructure, shall always be greater than 0.4. According to LNEC's report no. 68/2019, where in the identification of metrics, it is indicated that the IVI is considered GOOD between 0.4 and 0.6, i.e., values below 0.4 mean that the infrastructure is aged and in need of conservation and rehabilitation investments;
- For each classified component with a value greater than EUR 350,000, the value of the annual provisions to be set up for the next repair/replacement was calculated for 2020, updating the respective rates:
 1. Inflation rate of 1.10%; and
 2. Discount rate of 1.36%, which corresponds to EDIA's average financing rate;

Conclusions:

After applying the new model, the following results were obtained:

- The total forecast of investments to be incurred for repair and replacement for the period 2020-2082, in the investment value components of more than EUR 350,000 and at 2019 prices, amounts to EUR 692,516,482;
- The valuation of the investments to be incurred with repair and replacement, regarding the next intervention, which average execution was estimated in 5 years, totals EUR 63,509,684;
- Based on the estimated dates, by component, for the next intervention and the respective update of the inflation and discount rates, EDIA's liabilities on 31 December 2019 and 31 December 2020 amount to EUR 28,179,854 and EUR 31,889,162, respectively;
- It should also be noted that the adoption of this new valuation model and the respective update of the rates (inflation and discount), compared to the values recorded at 31 December 2019, led to an adjustment of the provision, which was treated in accounting terms as a change in estimate and, as such, with an impact on the result for the reporting period. Thus, in 2020, the total reinforcement of the provision amounts to EUR 5,646,456.

Until the end of 2020, the non-recording of a provision for the secondary network was based on the assumption that, throughout

the concession period (7 years), no major repairs and replacements would occur in the respective infrastructures and equipment, with the current maintenance and conservation of these assets being recognised as expenses, in the years in which they occurred.

With this contract expiring in December 2020, it was decided by Order of the Minister of Agriculture, information no. 12538 of 24 September 2020, that the term of the concession relating to the management, operation, maintenance and conservation of the secondary network infrastructures was extended for a further 10 years.

Due to this deadline extension, for the secondary network infrastructures of EFMA to EDIA, until the year 2030, it is the Company's intention, based on the forecast of investment needs in rehabilitation of the EFMA infrastructures, prepared by LNEC, to estimate and record the amount to be provisioned for major repairs and replacements of the secondary network, after signing the addendum to the concession contract, scheduled for 2021.

21. Financing Obtained

The financing of the investments made in the various EFMA infrastructures has involved, to date, the contracting of several bond loans, an EIB loan and a loan granted by the State.

As at 31 December 2020 and 31 December 2019, the financing obtained is broken down as follows:

Financing Obtained	31/dez/20			31/dez/19		
	Current	Non-Current	TOTAL	Current	Non-Current	TOTAL
Bond loans	6 739 286	116 666 964	123 406 250	6 739 279	123 392 149	130 131 429
DGTF Loan	126 139 523	-	126 139 523	94 604 649	31 534 881	126 139 530
European Investment Bank (EIB)	26 376 812	-	26 376 812	3 218 599	26 376 812	29 595 411
Total	159 255 621	116 666 964	275 922 585	104 562 527	181 303 842	285 866 369

Table 117: Financing Obtained

BEI – EUR 135.000.000

- Contract start date: 1999
- Term: 20 years
- Grace period: 7 years
- The amount of EUR 135,000,000 reflected in the loans account results from the full utilisation of tranches A, B, C and D
- The repayment of this loan will be made as follows:
 - ◊ EUR 35,000,000 – Tranche A – 13 consecutive annual payments starting in September 2007 and the last one in September 2019
 - ◊ EUR 35,000,000 – Tranche B – 13 consecutive annual payments starting in September 2007 and the last one in September 2019
 - ◊ EUR 32,500,000 – Tranche C – 13 annual and consecutive repayments starting from March 2009, and the last one on 15 March 2021
 - ◊ EUR 32,500,000 – Tranche D – 13 annual and consecutive repayments starting from March 2009, and the last one on 15 March 2021
- Interest Rate: rate determined by the EIB according to the procedures established by its Board of Directors and not exceeding 3-month Euribor rate plus 0.15%
- Repayments until 31 December 2020: EUR 108,623,188
- Amount Outstanding: EUR 26,376,812

Bond Loan – EUR 56,180,000

- Contract start date: 2007
- Term: 20 years
- Reimbursement: total at the end of the contract (2027)
- This bond loan was contracted with Millennium BCP and BPI
- The coupons are half-yearly and their repayment is bullet
- Interest rate: Euribor 3 months + Spread 0.005%.

Bond Loan – EUR 94,350,000

- Contract start date: 2010
- Term: 20 years
- Repayment: from February 2017 onwards, inclusive, 28 equal and successive half-yearly instalments
- This bond loan was taken out with the Banking Syndicate formed by Banco *Infraestrutture Innovazione e Sviluppo*, SpA (BIIS); Banco BPI, S.A. (BPI); Banco Santander Totta, S.A. (Santander); Caixa – Banco de Investimento, S.A. (CaixaBI); Dexia Sabadell, S.A. – Portuguese Branch (Dexia)
- Interest Rate: Euribor 6 months + Spread 2.65%.
- Repayments until 31 December 2020: EUR 26,957,143
- Amount Outstanding: EUR 67,392,857

All bond loans were made with the unconditional and irrevocable guarantee of the Portuguese Republic.

DGTF loan – EUR 189,209,285

1st instalment

- Amount: EUR 10,100,000
- Interest rate: 1.62%.
- Start: 28 November 2014
- Repayment: twelve equal and successive semi-annual instalments of capital, beginning on 31 May 2016 and ending on 30 November 2021
- Repayments until 31 December 2020: EUR 3,366,667
- Amount Outstanding: EUR 6,733,333

2nd instalment

- Amount: EUR 179,109,285
- Interest rate: 1.66%.
- Start: 27 November 2014
- Repayment: twelve equal and successive semi-annual instalments of capital, beginning on 31 May 2016 and end on 30 November 2021
- Repayments until 31 December 2020: EUR 59,703,095
- Amount Outstanding: EUR 119,406,190

In November 2014 and following EDIA’s entry into the consolidation perimeter of public accounts, the State (DGTF) grants EDIA a medium and long-term loan totalling EUR 189,209,285, to settle the short-term loans in the various banks (EUR 184,209,285) plus EUR 5,000,000 which are intended to meet the financing needs, relating to the servicing of the Company’s debt.

For the uses of the loan, interest is due at the annual nominal fixed rate, equivalent to the Republic’s financing cost, to be fixed on the date of each disbursement, according to the quotation to be obtained from the Treasury and Public Debt Management Agency and to be transmitted to the Borrower by the Lender.

Interest is due semi-annually in arrears. The loan will be repaid in twelve equal and successive semi-annual instalments of capital, beginning on 31 May 2016 and ending on 30 November 2021.

On 28 December 2018, 8 July 2019 and 30 January 2020, EDIA received the letters from DGTF to defer the payment of the debt service, without additional costs, from 30 November 2018 to 31 May 2019, from 31 May 2019 to 30 November 2019 and from 30 November 2019 to 31 May 2020, respectively.

Subsequently, by Orders no. 381/2020-SET and 962/2020-SET of the Secretary of State for the Treasury, the deferrals of debt service payments were approved, without additional costs, from 31 May 2020 to 30 November 2020 and from 30 November 2020 to 31 May 2021, respectively.

At the date of this report, amortisation and interest for the years 2018, 2019 and 2020 are outstanding.

The staggering of the debts in the Financial Position Statement as at 31 December 2020 and 31 December 2019, falling due over 5 years, amount to EUR 89,876,428 and EUR 96,615,714 respectively.

	EUR	
	31/dez/20	31/dez/19
Non Convertible Bond Loans		
2007 Bond Loan (EUR 56.18 million)	56 180 000	56 180 000
2010 Bond Loan (EUR 94.35 million)	33 696 428	40 435 714
Total	89 876 428	96 615 714

Table 118: Non-standard bond loans

In 2020, expenses were capitalised at an average rate of 0.237% making the amount of EUR 6,569 (in 2019 the average rate was 0.246% and the amount EUR 7,672).

22. Suppliers and Other Payables

Suppliers and Other Payables	31/dez/20		31/dez/19	
	Current	Non-Current	Current	Non-Current
Suppliers				
Suppliers –Current Account	5 283 169	-	5 156 641	-
Total	5 283 169	-	5 156 641	-
Other Payables				
Investment suppliers	10 610 709	-	1 121 645	-
Creditors for Accrued Expenses	9 337 613	-	9 014 379	-
EU Funds – Advances	1 435 663	-	2 406 701	-
Other Creditors	26 405	-	10 615	-
Total	21 410 390	-	12 553 341	-

Table 119: Suppliers and Other Payables

22.1. Suppliers – Current Accounts

The suppliers’ balances related to the secondary network investments, shown under the caption “Inventories”, are recorded under the caption “Suppliers – current account”, instead of “Investment suppliers”, since they do not result from investments in tangible or intangible fixed assets, but from construction works shown under the caption “External supplies and services”.

Once Phase I of the Project is completed with the operationalisation of the 120,000 ha irrigated area and the potential areas for irrigation in neighbouring areas have been identified, amounting to approximately 50,000 ha, the investment made in Phase II of the Project in 2020 will increase with the infrastructure of these neighbouring areas.

Therefore, the balance of this account mostly reflects the amount outstanding with suppliers, such as DST-Domingos da Silva Teixeira, S.A.; Tecnovia, S.A; Ferrovia Agroman S.A. and Endesa Energia, S.A. within the scope of these contracts, but also with the energy consumed for the operation of the respective infrastructures.

22.2. Investment suppliers

There was a significant increase in the balance of this item, which essentially resulted from the increase in investment in tangible and intangible fixed assets associated with the 2nd phase of EFMA.

The balance of this account is also influenced by the amounts withheld by EDIA, as developer, under Decree-Law no. 59/99, in order to guarantee the execution and maintenance of the works, in situations where the contractor has not provided a bank guarantee for the purpose, while still within the scope of the guarantee period for the work.

22.3. Creditors for Accrued Expenses

The account “Creditors for Accrued Expenses” reflects the specialised value of the expenses with: (i) the interest on financing obtained from the medium and long-term loan, granted by the DGTF, in the total amount of EUR 4,434,870; (ii) the TRH component, relating to the use of water by customers of the irrigation perimeters (application of Decree-law no. 97/2008), in the amount of EUR

2,395,969; (iii) holidays and holiday allowances in the amount of EUR 832.873; (iv) investments in contract works and respective inspections, electricity services and other services rendered (communications), invoiced in January 2021 which consumption and services rendered refer to the previous month, amounting to EUR 979,271; and (v) interest on bond and bank loans, amounting to EUR 694,630.

22.4. EU funds

Under the Rural Development Program 2014–2020 (PDR2020), EDIA formulated a request for an advance payment, for the project for the 2nd phase of the installation of the Álamos supply system, in the amount of EUR 7,015,000.

In these cases, and as provided for in Article 63 of Commission Regulation (EC) no. 1305/2013 of 27 December, the Board of Directors (through a written guarantee issued to the competent paying agency – Instituto de Financiamento da Agricultura e Pescas, I.P.) has guaranteed repayment in an amount corresponding to 100% of the amount of the advance if entitlement to the advance is not proven.

Regarding the advance payment request, until the end of 2020, EDIA presented expenses in the amount of EUR 5,615,218.

23. Variation in Production Inventories

The change in production inventories at 31 December 2020 and 31 December 2019 is broken down as follows:

EUR		
Products and Works in Progress	2020	2019
Closing Inventory	24 180 649	6 980 873
Transfers to "Other Receivables"	511 197	723 151
Opening Inventory	(6 980 873)	(3 575 268)
Variation in Production Inventories	17 710 972	4 128 757
	17 710 972	4 128 757

Table 120: Products and Works in progress

Following the publication of Decree-Law no. 335/2001 of 24 December, which, with the exception of Infrastructure 12 and the Luz Perimeter, provides for the transfer to the State (MAFDR) of the infrastructure forming part of the secondary network assigned to EFMA, EDIA has, since 2002, shown the cost of works on the secondary network infrastructure under “Inventories”.

With the entry into operation on 31 December 2016 of all the completed blocks and in accordance with the treatment given in previous years to other infrastructures of the same nature, the value associated with these infrastructures was transferred from the “Products and Works in Progress” account to the “Finished and Semi-Finished Products” account.

With the delivery contracts signed with the State (DGADR), in April and November 2013, the balance of the “Finished and Intermediate Products” account, related to the secondary network, investments in perimeters substantially completed and already in operation, is transferred to the “Other Receivables” item. In 2020, in relation to projects allocated to blocks, the amount of EUR 511,197 was transferred.

In 2020, the item “Variation in Production Inventories” (EUR 17,710,972) increased significantly as a result of the investment made in the secondary network infrastructures, in the areas surrounding the 2nd Phase of EFMA, essentially with the construction of the Évora, Cuba–Odivelas and Viana Blocks.

24. Own Work for the Entity

This item records the allocation to investment in progress (in “Intangible Assets”) of expenses allocated to the Company’s operational areas directly linked to the construction of EFMA infrastructures. These expenses are directly related to the primary network, carried out under the direct administration of the Company, as explained in Note 3.1.f.

25. External Supplies and Services

EUR		
Supplies and External Services	2020	2019
Subcontracts	16 817 557	3 320 216
Electricity	15 456 164	15 569 945
Maintenance and Repairs	3 323 323	3 479 812
Specialised Works	919 632	659 433
Insurance	617 905	423 230
Rent and Leases	355 502	378 490
Surveillance and Security	269 698	316 810
Fuel	183 003	220 713
Cleaning and Hygiene	168 034	149 363
Communication	102 824	100 434
Publicity and Advertising	98 561	166 679
Fees	87 187	57 552
Litigation	86 151	20 026
Tools and Utensils	35 027	36 214
Other Fluids	15 604	14 111
Tolls and Parking	15 523	22 490
Office Supplies	14 320	18 569
Water	8 348	13 368
Travel and Accommodation	6 816	21 213
Books and Technical Documentation	5 599	2 988
Representation Costs	2 913	7 558
Others	39 631	35 584
Total	38 629 323	25 034 798

Table 121: External supplies and services

The item “External Supplies and Services” shows a very significant increase, in homologous terms, resulting from a very significant increase in the “Subcontracts” sub-account, as a consequence of a greater investment volume carried out in the 2nd Phase of the Project, with the infrastructure in bordering areas (50,000 ha), of the secondary network, shown in the item “Inventories”, with this increase in expenses being compensated by an increase of a similar amount in the item “Variation in Production Inventories”.

The change in the item “Insurance” essentially results from updating the coverage of the policy of the “All Risks – Property Damage” branch, which insurance object, in addition to dams,

also includes investments made in the infrastructure of EFMA’s primary and secondary networks.

The importance and dimension of the effects of the pandemic of the COVID–19 disease, as well as the multiplicity of measures that have been implemented in response to this disease, were relevant for the impact on some of these items. This situation has required everyone to take extraordinary measures to prevent the transmission of this disease. The priority of preventing the disease, containing the pandemic and ensuring safety, led to positions, suspensions and interdictions, for consecutive periods, which had repercussions on the normal functioning of activities, whether personal or professional, social and economic. Considering this framework and taking into account the present situation, there was a reduction of some variable costs in the Company, as a result of the adoption of the teleworking regime, such as fuel costs, tolls and parking, travel and accommodation and representation expenses.

In general, with regard to the other items, there were no significant variations, although the amount of the energy account should be highlighted, as it maintains, in comparison with the same period of the previous year, a high value due to the full operation of the various infrastructures in operation.

26. Personnel Costs

On 31 December 2019 and 31 December 2020, the number of EDIA employees is 179.

The “Personnel Costs” of the Company were as follows:

EUR		
Personnel Costs	2020	2019
Remunerations	5 161 465	4 923 737
Social Charges	1 145 052	1 088 262
Other Personnel Costs	295 103	307 343
Total	6 601 620	6 319 342

Table 122: Personnel Costs

During 2020 and the same period in 2019, the members of the Company's corporate bodies were attributed the following remuneration related to the performance of their duties:

	EUR	
	2020	2019
Board of Directors	235 273	237 546
Statutory Auditor	17 468	17 540
Supervisory Board	36 579	37 297
General Meeting Board	1 325	1 325
Total	290 645	293 708

Table 123: Corporate Bodies Costs

In 2020, some of the measures to reduce costs in the State Business Sector (SEE), approved in previous years, remained in force.

At 31 December 2020, in the financial statements, in particular under "Remunerations", the variation occurred essentially reflects: (i) the twelfths of the 2019 holiday allowances (payable in 2020) and the twelfths of the Christmas allowance; and (ii) the 2020 progressions.

27. Other Income and Gains

	EUR	
Other Income and Gains	2020	2019
Interest Concession Contract_EDP_IFRS 15	6 768 324	6 958 091
Allocation of investment grants	1 878 587	1 941 430
Other income	263 988	446 143
Total	8 910 899	9 345 664

Table 124: Other Income and Gains

27.1. Interest

Under the "Concession Contract for the Operation of the Alqueva (CHA) and Pedrógão (CHP) Hydroelectric Power Plants" concluded with EDP, EDIA received an initial amount of EUR 195,000,000 and will receive, for a period of 35 years, a periodic annual amount of EUR 12,380,000 (value updated in 2012).

The amount of EUR 6,768,324 shown under "Interest - Concession Contract_EDP_IFRS 15" corresponds to the part of the remuneration (established in the contract with EDP) that reflects the updating of the capital (fair value of the sub-concession calculated at the date of signing the contract), based on an implicit fixed rate of 3.5%.

27.2. Allocation of Investment Subsidies

The item "Allocation of Investment Subsidies" reflects the recognition in income of subsidies associated with investments, essentially in the energy segment, to the extent that the latter are depreciated. It does not include:

- Subsidies for the construction of the secondary network, which are shown under "Deferrals", in Non-Current Liabilities, since the corresponding assets are owned by the State. Most of these subsidies were deducted from the investment, initially shown under "Inventories" and subsequently transferred to the account of DGADR, under "Other Receivables", when the contracts were signed for the delivery of the completed infrastructure, because EDIA has made these investments with its own funds, on behalf of the State, resulting from the Concession Contract signed with DGADR in April 2013 and ending on 31 December 2020; and

- Subsidies associated to the water distribution activity, which assets have been concluded to be totally impaired, have been derecognised when recording impairment losses of the respective assets, i.e., these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies.

28. Other Expenses and Losses

The item "Other Costs and Losses" (EUR 162,985) fell significantly compared with the same period of the previous year (EUR 1,480,582), due to a change in accounting criteria and the respective recording of the TRH.

As mentioned in Note 13.2.2-Provided Services-Water Distribution, in accordance with the Accounting Standard and Financial Reporting (NCRF) no. 20 - "Revenue" - paragraph 8 (states that taxes, including fees charged are not economic benefits that flow to the entity and do not result in an increase in equity, and should therefore be excluded from revenue), EDIA changed the previous accounting treatment of the TRH component, considering that those amounts represent a collection from third parties of a fee on the private use of waters in the public hydric domain of the State (there being exemptions) on behalf of and to be delivered to ARH, and therefore are not part of the Company's revenue.

On the other hand, considering that the aforementioned TRH (due for the use of water resources) is charged to EDIA by ARH, as the entity providing these services, and it is then up to the Company to pass on this fee to the respective end customers, the amounts were recognised as expenses for the year.

In 2020, the respective change was made in the registration of the TRH, transferring the values associated with this component, posted until 2019 under revenue and expenses, to a single account of Third Parties-Other Debtors and Creditors.

29. Interest and Similar Costs

	EUR	
Interest and Similar Costs	2020	2019
Interest	2 484 828	2 816 584
Guarantee fees	246 488	264 296
Banking services	34 126	34 587
Total	2 765 442	3 115 466

Table 125: Interest and similar costs

The "Interest and similar costs" account reflects the interest associated to the Company's Financing Obtained, namely the medium and long-term loan from the DGTF and the bond loans.

The remaining balances relate essentially to guarantee commissions on bond loans and banking services, granted by the Portuguese State (see Note 21).

30. Expenses/Reversals of Depreciation and Amortization

Depreciation and amortisation expense/reversals in 2020 and 2019 are broken down as follows:

	EUR	
Expenses/Reversals of Depreciation and Amortization	2020	2019
Tangible Fixed Assets		
Land and Natural Resources	-	-
Buildings and Other Constructions	253 678	255 508
Basic Equipment	32 428	54 019
Transport Equipment	41 461	44 373
Administrative Equipment	70 201	49 548
Other Tangible Assets	65 839	52 946
	463 607	456 394
Intangible Assets		
Land and Natural Resources	859 776	924 371
Buildings and Other Constructions	3 117 926	3 117 926
Basic Equipment	1 281 430	1 281 430
Other Intangible Assets		
Computer Programmes	12 521	7 527
	5 271 654	5 331 255
Total	5 735 262	5 787 649

Table 126: Interest and Similar Costs

31. Operating Segments

EDIA's activity is grouped into three operating segments: Water; Energy; and Special Projects.

The Water segment is related to the management of the use of the public water domain allocated to EFMA in order to ensure its distribution through criteria of rigour and sustainability, consisting of two sub-segments:

- Water Storage, in which the large reservoirs (Alqueva and Pedrógão reservoirs) stand out and which purpose is to supply water for agricultural, industrial, public supply and hydroelectric purposes, with revenues essentially internal; and
- Water Supply, encompassing the three water supply subsystems of EFMA (Alqueva, Pedrógão and Ardila). In this sub-segment, EDIA only really started operating after the completion of the construction of the irrigation perimeters and the establishment of the tariff to be applied to the provision of water distribution services (Order No. 9000/2010 of 26 May, updated by Order No. 3025/2017 of 11 April), with gradual increases in earnings over the years due to the entry into operation of new perimeters, the increased adherence to irrigation and the use of water for other purposes.

The Energy segment consists of the production of electricity through the Alqueva and Pedrógão hydroelectric power plants, the Alvito, Odivelas, Pisão, Roxo and Serpa Mini Hydro Plants and the Alqueva Photovoltaic Plant. The turnover results essentially from the income received from the concession contract for the Alqueva and Pedrógão Hydroelectric Power Plants to EDP for a period of 35 years. However, it also refers the operation in this period of all the Mini Hydro plants, except Roxo, and the photovoltaic plant, being the electricity production of these plants delivered to the national grid.

The Special Projects segment covers various areas, such as tourism, the environment, culture and cartographic production:

- Cartography Centre, a project originally created as a support for the investment made by EDIA, both at cartographic and topographic level, and which emerges as a business opportunity;
- PNN which arose as an environmental minimisation project as a result of the construction of the Alqueva reservoir, but which is complemented by agricultural and tourist areas; and
- Luz Museum is a space of memory and interpretation of all the unprecedented processes of the relocation of Village of Luz and appears as a growing cultural project in the new village.

The results by segment for the year 2020 and 2019 are as follows:

EUR

ITEMS	2020				
	Water	Energy	Special Projects	Not-Assigned	Total
External revenues	19 128 169	16 223 066	188 407	70	35 539 712
Operating Costs	(24 716 287)	(465 663)	(1 081 297)	(503 342)	(26 766 588)
Intersegmental revenues/costs	(332 657)	(23 742)	356 399	-	0
Gross Margin	(5 920 775)	15 733 661	(536 490)	(503 272)	8 773 124
Other Income and Gains	3 840 661	4 934 715	118 036	582 914	9 476 325
Other operating costs and losses	(6 559 487)	(45 650)	(17 771)	(90 914)	(6 713 822)
Earnings Before Depreciations and Financial Costs	(8 639 601)	20 622 726	(436 226)	(11 272)	11 535 627
Depreciation and Amortization	(208 453)	(5 284 365)	(190 090)	(18 078)	(5 700 987)
Impairment Losses	(16 879 178)	-	-	-	(16 879 178)
Operating Income	(25 727 232)	15 338 361	(626 316)	(29 350)	(11 044 537)
Interest and Financial Income Obtained	-	-	-	-	-
Interest and Financial Costs	(2 751 907)	-	-	(13 536)	(2 765 442)
Results by Business Segment	(28 479 139)	15 338 361	(626 316)	(42 886)	(13 809 980)
Income Tax					(45 214)
Net Result of the Year					(13 855 194)

EUR

ITEMS	2020				
	Water	Energy	Special Projects	Not-Assigned	Total
Assets	242 917 574	513 529 283	11 259 223	13 336 475	781 042 555
Liabilities	320 267 002	407 697 904	1 656 889	3 779 088	733 400 883

Table 127 and 128: Segments 2020



EUR

ITEMS	2019				
	Water	Energy	Special Projects	Not-Assigned	Total
External revenues	18 456 836	14 249 364	252 672	88	32 958 960
Operating Costs	(20 108 914)	160 871	(1 075 861)	(5 445 692)	(26 469 595)
Intersegmental revenues/costs	(261 398)	(24 795)	286 194	-	0
Gross Margin	(1 913 475)	14 385 440	(536 996)	(5 445 604)	6 489 365
Other Income and Gains	656 163	8 791 699	225 164	(182 547)	9 490 479
Other operating costs and losses	(6 496 953)	(27 458)	(4 943)	658 502	(5 870 852)
Earnings Before Depreciations and Financial Costs	(7 754 265)	23 149 681	(316 775)	(4 969 650)	10 108 992
Depreciation and Amortization	(164 056)	(5 277 783)	(199 957)	(114 787)	(5 756 583)
Impairment Losses	(3 834 860)	-	-	-	(3 834 860)
Operating Income	(11 753 181)	17 871 898	(516 732)	(5 084 437)	517 548
Interest and Financial Income Obtained	-	-	-	-	-
Interest and Financial Costs	(3 099 539)	-	-	(15 928)	(3 115 466)
Results by Business Segment	(14 852 720)	17 871 898	(516 732)	(5 100 365)	(2 597 918)
				Income Tax	(72 918)
				Net Result of the Year	(2 670 836)

EUR

ITEMS	2019				
	Water	Energy	Special Projects	Not-Assigned	Total
Assets	230 104 018	524 927 601	11 033 546	15 434 737	781 499 902
Liabilities	313 621 534	423 908 276	1 701 028	2 296 838	741 527 676

Table 129 and 130: Segments 2019

32. Other Relevant Information

This note is used to disclose other information not provided for in the previous notes and which is considered necessary to better understand EDIA's financial position and results.

Main Impacts of the COVID-19 Pandemic

During the first half of the year and during the pandemic situation that gripped the country, it is worth mentioning Order No. 4146-A/2020^a, of 3 April (regulation specifically applicable to EDIA/

EFMA), issued by the Office of the Minister of Agriculture, which, in its paragraph 4, establishes the following guidelines for EDIA, during the context of the pandemic:

"4 – In order to ensure the continuity and uninterruptedness of the provision of public water supply services for the exercise of agricultural activity, the Empresa de Desenvolvimento e Infraestruturas do Alqueva, S. A., must continue to guarantee the following essential activities:

- Management and operation of the supply systems, ensuring the functioning of the supply and distribution networks, as well as all the equipment and infrastructure;*
- The immediate assessment and reporting of disturbances in the exercise of the activities provided for in the preceding subparagraph."*

As EDIA is responsible for supplying water for irrigation as well as for strengthening public and industrial supply, these guidelines aimed to ensure and guarantee the regular operation of this essential service for the functioning of our society. Despite this context, the Company thus continued to guarantee the supply of water to its customers as well as the support it has been providing, making Alqueva the example of solidarity-based agriculture.

In this context, the Company took several measures, of which the following are highlighted:

- ◊ Drawing up and approval of a Specific Contingency Plan;
- ◊ Acquisition of hygiene and protection products, namely hand sanitizer, masks, visors, among others;
- ◊ In cases where the nature of the functions allows it, employees have been placed on teleworking;
- ◊ Reduction in the number of employees to 1 in each room/office, with weekly rotation; and
- ◊ Customer service is now provided by telephone and/or email.

Measures to protect against the pandemic were reinforced, in compliance with the Specific Contingency Plan approved in March 2020, as well as the guidelines issued by the Directorate-General for Health.

Standing Interpretations Committee – SIC-29 Interpretation

Disclosures–Service Concession Contracts

As referred in Note 2.1 – Bases of Presentation, the financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, including the standards as well as the respective interpretations.

According to the terms of the Concession Contracts, within the scope of this Interpretation, EDIA acts as a public service provider and operates and maintains that operation service for a specific period, within the scope of the concession contract concluded with the Ministry of the Environment, Land Planning and Regional Development.

EDIA recognises an intangible asset to the extent that it receives a right (a licence) to charge users for the public service.

On 17 October 2007, the Company signed this concession contract, which regulates the use of water resources to capture water for irrigation and power generation in the primary system of the Alqueva Multipurpose Project. In this contract, EDIA was granted the management and operation, as well as the use of the public hydric domain allocated to the Project.

EDIA's activities included in its object are the design, implementation and construction of the infrastructures that make up the secondary network assigned to the undertaking, on behalf of the State and in accordance with the instructions given to it by the Minister for Agriculture, Rural Development and Fisheries.

As assets allocated to the Concession, the following should be considered:

- The infrastructures related to the uses of the public hydric domain under concession and which are part of the primary system of the development, identified under the terms of Article 1 of Decree-Law no. 42/2007, of 22 February;

^a Order No. 4146-A/2020 – Establishes the essential services and the necessary measures to ensure normal conditions in the production, transport, distribution and supply of agricultural and livestock goods and services, and those essential to the agri-food chain, within the scope of the powers of the bodies and services of the Ministry of Agriculture.

- All works, machinery, equipment, devices and respective accessories necessary for the operation, exploitation, maintenance and management of those infrastructures.

The object of the Concession is the exclusive management and operation of EFMA, under the terms of Article 4, paragraph 3 of Decree-Law no. 311/2007 of 17 September, as well as the use of the public hydric domain allocated to the Project.

The management, operation and private use of the public hydric domain allocated to EFMA includes the administration of the public hydric domain assets allocated to the undertaking, the competences for granting titles for the use of water resources and the supervision of the use of such public water resources by third parties, as well as the following private uses of the public hydric domain:

- Abstraction of water for irrigation;
- Abstraction of water for energy production; and
- Laying out and construction of the hydraulic infrastructures intended for the purposes referred to in the previous sub-paragraphs.

Under the terms of the legal regime for hydro-agricultural developments (Decree-Law no. 269/82, of 10 July), the concession of the infrastructures that make up EFMA's secondary network and form part of the hydro-agricultural component of the development involves the obligation to provide the services under concession in an appropriate, effective and continuous manner.

The following activities are included in the scope of the concession:

- The management of water resources associated with the EFMA hydro-agricultural component, as well as the use of those resources from the public domain;
- The operation, conservation and rehabilitation of the secondary network infrastructures;

- Actions to modernise the hydro-agricultural facilities that make up the EFMA hydro-agricultural component; and
- The abstraction and supply of water to agriculture, the agri-food sector and other economic activities that benefit from the infrastructure of hydro-agricultural facilities.

At the end of the concession, the concession operator EDIA must deliver to the grantor the assets which make up the concession, in an adequate state of repair and operation, free of any encumbrances or charges. On that date, all the rights and obligations arising from the concession contract also cease to exist for the concessionaire.

The concession is extinguished by agreement between the parties, by termination, by revocation and by expiry of the respective term. Renewal of the concession is not expressly provided for, but may always occur by agreement between the parties.

Tax Inspection

According to the legislation in force, income declarations for tax purposes are subject to revision and correction by the Tax Administration for a period of four years.

Based on this assumption, the Company's tax returns from 2008 to 2011 were subject to review by the Portuguese Tax Authority (AT).

In October 2012, as part of a tax inspection for corporate income tax, the Tax Authority (AT) proposed a correction for the years 2008 to 2011, to the amount of depreciation made on submerged land, since it considers that not all investments made by EDIA are subject to depreciation under the tax law, so it excludes the possibility of depreciating the value of submerged land for tax purposes, as it believes that they do not suffer any loss.

Most of the assets currently recorded under "Intangible Assets" were, until the date on which the Accounting Standards System entered into force, on 1 January 2010, shown under the item

"Tangible Fixed Assets", and were then reclassified to "Intangible Assets", as provided for in IFRIC 12 - Service Concession Contracts, applicable to the concession contract signed with the Ministry of the Environment, Land Planning and Regional Development, as expressly recognised by the Accounting Standards Committee on 20 January 2011.

The submerged lands in question, which were amortised by EDIA, are included in EFMA and are the subject of the concession contract concluded on 17 October 2007 between EDIA and the Portuguese State, called the "Concession Contract for the use of water resources for the abstraction of water for irrigation and the production of electricity in the primary system of EFMA", with a duration of 75 years.

Under the terms of Clauses 8 and 9 of this contract, all assets included in EFMA, including submerged lands subject to depreciation, shall revert to the Portuguese State at the end of the respective concession contract.

Therefore, under the terms of: (i) article 13 of Regulatory Decree no. 2/90, of 12 January, in force during the period to which the tax inspection refers "The elements of fixed assets acquired or produced by concessionaires and that under the terms of the clauses of the concession contract are reversible at the end of the concession contract may be reintegrated or amortised according to the number of years remaining of the concession period when this is less than its minimum useful life" and (ii) Clauses 8 and 9 of the concession contract, considering that the land amortized, as well as all assets included in EFMA will revert to the State at the end of the Contract, all legal requirements for the acceptance of amortization as a tax cost are met, and therefore no correction should be made with regard to IRC, which is the position defended by the Company.

In May 2013, EDIA lodged a Judicial Appeal against the decision to dismiss the Corporate Income Tax (IRC) Assessment Statement for the financial years 2008, 2009, 2010 and 2011, and thus requested the Judge of the Beja Tax Court to annul in full the IRC and interest assessment statements, as well as the reinstatement of the tax losses affected by this correction made during the tax inspection, for the four years.

In January 2014, as in the case of the Judicial Claims and Court Disputes submitted for previous years (from 2008 to 2011), EDIA submitted a Judicial Claim for the year 2012. In February, the AT communicated its dismissal, arguing, on the same grounds, that the amortisations considered were undue, so the technical correction was necessary, since the cause of action is exactly the same as those of the IRC proceedings of previous years.

Given the above, EDIA lodged a Judicial Appeal against the correction made by the inspection, relating to the year 2012.

In 2015 and the first half of 2016, still within the scope of this tax inspection on corporate income tax, EDIA was notified by the Tax Authorities that made a correction to the taxable income for the years 2013 and 2014, respectively, with which EDIA disagrees. At the end of 2016 and according to the procedure adopted in previous situations, EDIA filed a legal challenge for the year 2014.

EDIA informs that, notwithstanding the respect that the interpretation made by the Tax Authorities deserves, and having been notified through the Statements of Adjustment of Accounts, for the years 2008, 2009 and 2010, to pay the amounts of EUR 15,022, EUR 17,121 and EUR 55.125 respectively, requested the suspensive effect of the assessment of the tax and respective compensatory interest, undertaking to provide guarantee and deposit to the order of the Tax Authority, in the amounts of EUR 20.138 and EUR 90.745 respectively, under the terms and for the purposes of subparagraph f) of Article 69 and Article 199 of the Code of Procedure and Tax Proceedings.

In 2018, EDIA filed with the Beja Tax Court a Judicial Appeal against the corrections to the taxable income made by the Tax and Customs Authority (AT), during the tax inspection for the years 2015 and 2016, as the AT considered that the amortisation of -submerged land is not accepted as a tax cost.

With regard to the cases for the years 2008 to 2014, the decisions of the Central Administrative Court (TCA) were issued, challenging the correction to the taxable income, and the Court ruled in favour of EDIA and considered that the submerged lands cannot be seen as mere land without allocation, but rather as land intended for operation, and therefore considered that the depreciation of

submerged lands is accepted for tax purposes. However, the AT filed an appeal to the Supreme Administrative Court (STJ), and EDIA presented the respective counter-claims and is awaiting the conclusion of the proceedings.

In summary, the cases and the respective procedural phase in which each one is found are presente:

- Case 2008- 171/13.6BEBJA - Favourable decision by the TCA - AT's appeal to the STJ;
- Case 2009- 172/13.4BEBJA - Favourable decision by the TCA - AT's appeal to the STJ;
- Case 2010- 186/13.4BEBJA - Favourable decision by the TCA - AT's appeal to the STJ;
- Case 2011 and 2012 - joined to Case 2010;
- Case 2013- 268/15.8BEBJA - Favourable decision by the TCA - AT's appeal to the STJ;
- Case 2014- 16/17.8BEBJA - Favourable sentence Administrative and Tax Court of Beja; and
- Case 2015 and 2016-194/19.1BEBJA - In progress at the Administrative and Tax Court of Beja.

The delay in the analysis of the various cases by the Courts is also aggravated by the pandemic situation of COVID-19.

At the date of this report, as there has been no tax inspection of the financial year 2017 and following, the AT has not corrected the IRC assessments in order not to accept the amortisation of the submerged land and therefore no judicial claim/judicial challenge has been filed by EDIA.

The value of tax losses declared by EDIA for the years 2014 to 2019, still deductible, amounts to EUR 57,888,429, however, given the facts established and verified in the inspection procedure by the AT, the technical corrections for income tax calculated so far

by direct assessment amount to EUR 14.894,562, which, if the outcome of the Legal Disputes presented by EDIA is not favourable, the Company may only deduct the corrected losses calculated up to the amount of EUR 42,993,867.

At the date of this financial report, EDIA is not aware of further information about these processes, and it is the conviction of the Board of Directors that there will be no additional settlements of a significant value in the context of the financial statements.

Debts to the Tax Administration and the Institute for Solidarity and Social Security

From the information legally required in other legislation, particularly in Articles 66, 324, 397, 447 and 448 of the Companies Code (CSC), the legal provisions arising from Decree-Law no. 534/80 of 7 November issued by the Ministry of Finance and Planning and the provisions referred to in Law No. 110/2009 of September 16 issued by the Ministry of Employment and Social Security, it should be noted that EDIA, through the documents of accountability, hereby discloses that it is not in breach of its obligations, neither with the state sector nor with Social Security.

Environmental Matters

The concession contract for the use of water resources by EFMA, of 17 October 2007, signed between EDIA and the State, set out the terms and conditions which will govern the grantor-concessionaire relationship, specifying the rules for the exercise of the aforementioned rights of private use of water resources within the context of the Project's operation.

EFMA's environmental management is based on its Environmental Management Program and on the results of the environmental impact assessment processes of the irrigation blocks and hydraulic infrastructures. The main objectives of this environmental management are to ensure efficient use of water, to promote the

adoption of good agricultural practices by the users of water for irrigation during the operation phase, and to minimise and compensate the environmental impacts during the construction phase.

In this context, EDIA undertakes to implement, during the construction and operation phase, a set of measures aimed at ensuring that all areas affected by the implementation of the interventions promoted by it are subsequently requalified.

In terms of environmental policy, the Company aims to ensure the continuous improvement of its environmental performance, fulfilling all its obligations regarding the legal compliance of the activities developed. Also noteworthy is the commitment to analyse the environmental impacts of the Company's activity and to train and raise the awareness of its employees and service providers.

Environmental expenses are those identified and incurred to avoid, reduce or repair damage to the environment resulting from the Company's activity.

In this sense, taking into account: (i) the nature and size of the Company's activity and the types of environmental problems associated with its activity, and (ii) information on its environmental performance, there is no liability of an environmental nature that should give rise to the establishment of provisions, since we do not consider it to be materially relevant.

Guarantees provided

- In May 2015 and April 2016, two guarantees were provided in favour of EDP Distribuição-Energia, S.A., for EUR 95,640 and EUR 60,930 respectively, which constitute the security required for provisional acceptance of the interconnection line between EDIA's infrastructures, in which EDIA assumes the obligation to pay compensation due for the repair of any defects in the equipment and/or construction/assembly processes that become apparent during the guarantee period. On 31 December 2020 these guarantees are still in force.

- Within the scope of the execution of the works of the network contracts, primary and secondary, EDIA, for horizontal drilling on the roads, has to request licensing from the company Infraestruturas de Portugal, S.A. which requires that the Company, for each crossing, provides a bank guarantee in its favour, with no time limit and/or for a period of five years. On 31 December 2020 the total amount constituted is EUR 51,072.

- In October 2012, as part of a tax inspection on corporate income tax, the Tax Authority (AT) proposed a correction, in the years 2008 to 2011, to the amount of depreciation made on submerged land, since it considers that not all investments made by EDIA are subject to depreciation under the tax law, and therefore excludes the possibility of depreciating the value of submerged land for tax purposes, as it believes that it does not suffer any loss. EDIA contested and had to provide in favour of the AT, two bank guarantees, without term, in the total amount of EUR 20,138, intended to secure the suspension of the tax execution proceedings underway at the Tax Office. Until 31 December 2020 there was no reinforcement of these guarantees.

- At 31 December 2020, four guarantees in favour of Águas Públicas do Alentejo, S.A. (AgdA) and one in favour of Águas de Santo André, S.A. (AdSA), amounting to EUR 11,727 and EUR 455 respectively, relating to Service Rendering Contracts, within the scope of expropriations and easements.

- Under the contract signed with Galp Energia, Petróleos de Portugal-Petrogal, S.A., EDIA provided a bank guarantee aimed at "guaranteeing the proper payment of consumption relating to the GALP fleet card". On 31 December 2020, the amount pledged totals EUR 1,746.

The total value of the guarantees provided (EUR 241,708), is distributed among the following banks, CCAM de Beja and Mértola and BCP, with the following amounts EUR 179,032 and EUR 62,676, respectively.

Contingent Assets and Liabilities

Commission Regulation (EC) no. 1305/2013 of 27 December

The commitments undertaken by EDIA, which are not shown in the Financial Position Statement as at 31 December 2020, are the guarantees provided under the provisions of Article 63 of Regulation (EC) no. 1305/2013 of the European Parliament and of the Council of 27 December.

Within the scope of the Rural Development Program 2014–2020 (PDR2020), and under the terms and pursuant to the provisions of Article 25, paragraph 4 of Order of Council no. 229/2016 of 26 August, EDIA formulated a request for payment by way of advance, within the amount allowed by these regulations, for project no. PDR2020–341–035424 “2nd phase of the Álamos Pipeline Installation”, amounting to EUR 7,015,000.

In these cases, and as provided for in Article 63 of Commission Regulation (EC) no. 1305/2013 of 27 December, the Board of Directors (through a written guarantee issued to the competent paying agency – Instituto de Financiamento da Agricultura e Pescas, I.P.) has guaranteed repayment in an amount corresponding to 100% of the amount of the advance if entitlement to the advance is not proven.

The competence for the provision of guarantees by the Company lies with the Board of Directors, either under the provisions of Article 15 of EDIA's statutes, in particular, or under paragraph 1, subparagraph c) and, in particular, under the provisions of Article 406, subparagraph f) of the Companies Code, applicable by virtue of the provisions of Article 7 of Decree–Law 558/99, of 17 December.

By the end of 2020, regarding this advance request, EDIA has already presented expenses, amounting to EUR 5,615,218.

Power Reinforcement Investments by EDP at the Alqueva

Plant

Under the provisions of Decree–Law no. 313/2007 of 17 September, which approved the bases of the concession granted by Contract between the State and EDIA on 17 October 2007, the latter was assigned, as concessionaire of the management, operation and private use of the public hydric domain allocated to EFMA, the powers of administration of that public hydric domain within the scope of its activity, the powers to grant titles regarding the abstraction of water for irrigation and power generation and also the powers to supervise its use by third parties, as well as the powers to initiate, investigate and sanction administrative offence proceedings in this area.

In effect, based on the regulations contained in the recent legislative package on water resources, EDIA appears simultaneously as the concessionaire for the management and operation of the Project and as the holder, on an exclusive basis, of the rights to the private use of the public hydric domain allocated to EFMA for the purposes of irrigation and hydroelectric operation.

The Concession Contract thus specified the conditions to which the grantor–concessionaire relationship would be subject, specifying the content of the mission associated with the operation of the Development and defining the rules for the exercise of the aforementioned rights of private use of the public hydric domain.

In this context, Decree–law no. 313/2007 of 17 September framed the concession of the exploitation rights of the Alqueva and Pedrógão Hydroelectric Power Plants, respecting the rights acquired by third parties under previous legislation.

In view of the above, on 24 October 2007 a Contract was signed between EDIA and EDP – Gestão da Produção de Energia, S.A. awarding EDP Produção the operation, for 35 years, of the Alqueva Hydroelectric Power Plants (260 MW), under the market regime, and Pedrógão (10 MW), under the special regime, as well as the rights of private use of the respective waterways domain. This contract boosted the electric value of the Alqueva – Pedrógão system.

Following this contract to operate the plants for a period of 35 years, EDP proceeded to build the power boost at the Alqueva plant. Given the transfer of these assets made by EDP at the end of the concession term (2042) to EDIA and the Company's responsibility to keep updated the inventory of the assets of the concession signed with the State, EDIA consulted the documentation submitted by EDP in the recent litigation process regarding the revisibility of the concession contract, for the investment made in power boosting, which total value was calculated at EUR 175.598,748 (EUR 73,317,730 – Construction Work, EUR 100,281,170 – Equipment and EUR 1,999,848 – Line Panel).

As at 31 December 2020, the situation was unchanged from 31 December 2019.

Investment Incentives

EDP – Gestão da Produção de Energia, S.A. submitted an investment incentive for the Alqueva Hydroelectric Power Plant to the Directorate–General for Energy, which was granted by Order of the Director–General on 1 April 2011, despite EDIA's gracious objections. EDIA did not comply and filed a Special Administrative Action, which was brought before the Court on 28 June 2011.

EDIA requests that: (i) annul the Orders of 5 May and 1 April 2011, which rejected the plaintiff's request for recognition of the right to the incentive to invest in generation capacity provided for in Ordinance no. 765/2010; and (ii) recognise EDIA's right to the incentive to invest in long–term electricity generation capacity, by reference to the investment made in the construction of the Alqueva Hydroelectric Power Plant, granting this right in the terms in which it was granted to EDP, with amounts plus default interest due and falling due.

The Plaintiff assigned the amount of EUR 4,800,000 to the lawsuit and a first instance decision is pending. This process had a conclusion of sentence on 6 June 2016 and another, by a new magistrate, on 19 February 2018, which is still pending.

A favourable decision was issued to EDIA, through notification on 18 June 2020.

EDP appealed to the Southern Administrative Central Court (TCA), the Ministry of the Environment and Climate Action (which succeeded the Ministry of the Economy) followed EDP's appeal.

The case has not yet gone up due to procedural issues raised by EDP, but it is expected to go up very soon.

It is estimated that the TCA Sul will take 3 to 4 years to pass judgment. The decision can be appealed to the Supreme Administrative Court, which, if admitted, can add another 2 to 3 years.

Abstractions on the Left Bank of Alqueva

The use of water resources in the hydrographic basins of rivers shared between Portugal and Spain has been the subject of several agreements between the two countries, dating back to the 1864 Treaty of Limits, where the sections of international rivers were established as a border and the importance of using the water resources in these border sections for mutual benefit and without harming the other party was established.

In this context, of note is the signature of the 1968 Agreement regulating the use and hydraulic exploitation of the international stretches of the rivers Minho, Lima, Tejo, Guadiana, Chança and their tributaries, which in subparagraphs e) and f) of Article 3, divides the hydraulic exploitation between Portugal and Spain, reserving for Portugal the use of the entire stretch of the Guadiana River between its confluence points with the Caia and Cuncos Rivers.

Thus, in accordance with the 1968 Convention, the exploitation of the stretch between the confluence of the Caia with the Guadiana and the confluence of this river with the Cuncos belongs to Portugal, and in 1999 the situation of the abstractions located on the left bank of the Guadiana in this stretch was regularised. This matter was followed up initially by the International Rivers Commission (IRC) and subsequently by the Commission for the

Application and Development of the Convention (CADC), a body for cooperation between the Parties to the Albufeira Convention, which succeeds it. This matter will be followed up by the said Commission, with a view to the future application of the EFMA tariff for these abstractions.

The total volume allocated to these abstractions is over 47 hm³/year, of which 42.9 hm³/year are for irrigation, 4 hm³/year for industrial use and 0.175 hm³/year for public supply. There are also other requests being analysed by CADC, as well as abstractions indicated for use in emergency situations only. Overall, the volume in question could reach 50 hm³/year, 55% of which is associated with abstractions located below height 152 (9% refers to abstractions between heights 147 and 152 and 46% to abstractions below height 147).

In accordance with CADC deliberation II/6 (Annex VI of the Minutes of the 2nd Meeting), the abstractions made in the reservoir will be subject to tariffs whenever they prove to benefit from its exploitation.

However, these abstractions are only possible due to the flow regularisation effect of the hydraulic infrastructures built by Portugal, namely the Alqueva-Pedrogão System, as evidenced by the non-existence of regularisation reservoirs on the farms concerned, so that water abstraction for irrigation will always occur outside the wet season, when the flow in the Guadiana River would not allow it.

In summary, these direct abstractions from the Alqueva reservoir, located on the left bank, in territory under Spanish administration, should be subject to the application of the tariff defined for EFMA, bearing in mind the aforementioned CADC decision, under penalty of market distortions occurring. This matter should be followed up within the scope of the said Commission, with a view to the future application of the tariff applicable to EFMA to these abstractions.

Applying the value of 0.0382 EUR/m³, established, for water intended for irrigation for agricultural use captured directly from the primary system, by the Order establishing the tariff that sets the price of water intended for irrigation for agricultural use supplied by EDIA, under the public water service of EFMA, results in an income between 500,000 EUR/year and 1,000,000 EUR/year.

This matter is pending a decision by the CADC, having been the subject of a communication to the Office of the Minister of Agriculture in the second half of 2020.

On 31 December 2020, EDIA considers that this situation translates into the existence of a contingent asset, not being recognised in the Company's accounts, but disclosed in this note with the description of its nature, potential value and the expectation about its eventual realisation. The gains will not be recorded until the final decision is effectively ensured.

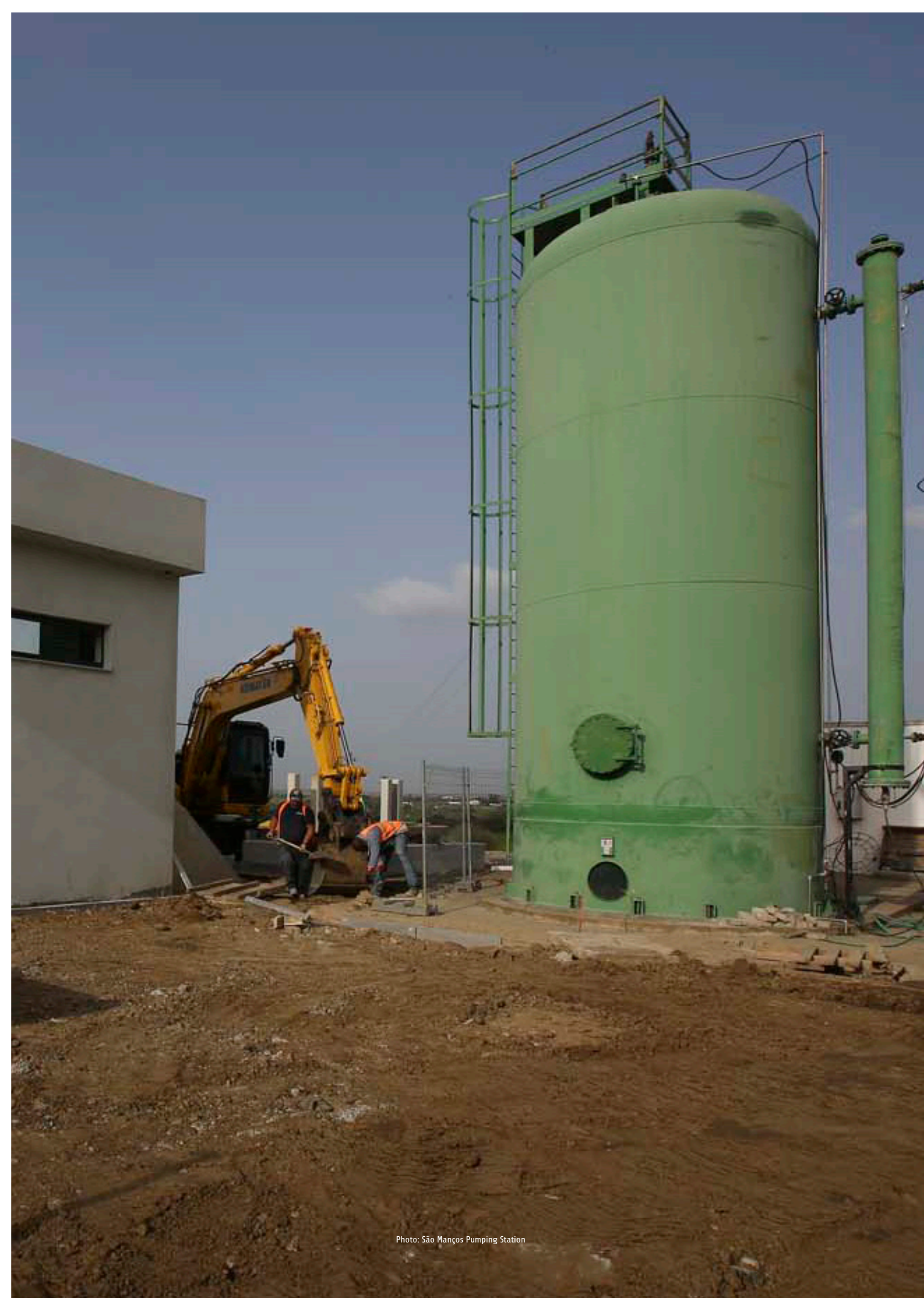


Photo: São Manços Pumping Station

CERTIFICATIONS AND REPORTS OF THE AUDITORS AND SUPERVISORY BOARD

LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT PREPARED BY AN AUDITOR REGISTERED IN CMVM (PORTUGUESE SECURITIES MARKET COMMISSION)



EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.

CERTIFICAÇÃO LEGAL DAS CONTAS

EXERCÍCIO DE 2020



WWW.RCA.AC

LISBOA
AV.ª DUQUE D'ÁVILA, 185, 5º
1050-082 LISBOA
PORTUGAL

PORTO
AV.ª DA BOAVISTA, 1167, 4º, SALA 4.4
4100-130 PORTO
PORTUGAL

T: (+351) 217 520 250
F: (+351) 211 605 254
E: RCA.GERAL@RCA.AC

CERTIFICAÇÃO LEGAL DAS CONTAS

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião com reserva

Auditámos as demonstrações financeiras anexas de EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. que compreendem a demonstração da posição financeira em 31 de dezembro de 2020 (que evidencia um total de 781.042.555 euros e um total de capital próprio de 47.641.672 euros, incluindo um resultado líquido negativo de 13.855.194 euros), a demonstração do rendimento integral, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, exceto quanto aos possíveis efeitos da matéria referida no primeiro parágrafo da secção "Bases para a opinião com reserva", as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. em 31 de dezembro de 2020 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião com reserva

De acordo com o Decreto-Lei n.º 42/2007, de 22 de fevereiro, o objeto social da EDIA compreende a conceção, execução e construção das infraestruturas que integram a rede secundária afeta ao empreendimento de fins múltiplos de Alqueva, em representação do Estado e de acordo com as instruções que lhe sejam dirigidas. As referidas infraestruturas, que não se incluem no âmbito da concessão, conforme Decreto-Lei n.º 313/2007, de 17 de setembro, são propriedade do Estado que assegura o seu financiamento e demais condições relativas à atuação da EDIA. Por tal facto, a rubrica de Outras contas a receber – Direção Geral de Agricultura e Desenvolvimento Rural (DGADR) inclui a quantia de 209,4 milhões de euros (208,8 milhões em 31/12/2019) correspondente ao custo dos investimentos efetuados por conta do Estado, líquido de subsídios recebidos, sendo 70,8 milhões referentes à designada Infraestrutura 12 e 138,6 milhões à referida rede secundária (70,8 milhões e 138 milhões, respetivamente, em 31/12/2019). Também na rubrica de inventários se inclui a quantia de 24,2 milhões de euros (6,6 milhões em 31/12/2019) referente a trabalhos em curso relativos à mesma rede por conta dos quais foram recebidos subsídios de 0,4 milhões de euros integrados nos diferimentos passivos. Os referidos investimentos por conta do Estado não são objeto de faturação nem são objeto de confirmação pela DGADR, existindo como única validação a aprovação do relatório e contas anual. Deste modo, não nos é possível concluir de que forma e em que prazo podem os referidos ativos correntes, no montante total de 233,2 milhões de euros (215 milhões em 31/12/2019) ser objeto de realização.

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

[Handwritten signature]
PRAXITY
Empowering Business Growth

RCA - ROSA, CORREIA & ASSOCIADOS, SROC, S.A. | CAPITAL REALIZADO 50.000 € | NIPC: 503 786 110 | SROC N.º 143 | AUDITOR REGISTRADO NA C. M. V. M. N.º 20161455

Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião com reserva.

Ênfases

Tal como referido na nota 20 do Anexo, das provisões evidenciadas no balanço, no total de 34,2 milhões de euros, 31,9 milhões (26,2 milhões em 31/12/2019) são referentes a obrigações assumidas no âmbito do contrato de concessão, cujo reconhecimento é efetuado nos termos da IFRIC 12. Face à natureza e singularidade das infraestruturas envolvidas e à natural dificuldade em estimar custos de intervenção para as manter em condições de bom funcionamento, foi solicitado pela EDIA ao LNEC, entidade externa com competência para o efeito, estudo sobre as bases para o cálculo da referida provisão, cuja quantificação global foi finalizada no 1º semestre de 2020. A metodologia adotada, os pressupostos utilizados no cálculo e os efeitos no valor da provisão respeitantes à utilização do novo modelo encontram-se explicitados na Nota 20.2. Nesta nova circunstância, alterámos a opinião que expressámos em 30 de março de 2020, sobre as demonstrações financeiras de 2019, sendo que a Certificação legal das contas emitida continha uma reserva por limitação do âmbito, a qual remetia para a impossibilidade de avaliar a razoabilidade do montante da referida provisão.

Conforme divulgado na Nota 18.3 do Anexo às demonstrações financeiras, não obstante os aumentos de capital realizados pelo Acionista em 2020, no valor de 21,5 milhões de euros, o capital próprio da EDIA ascende, por via dos sucessivos prejuízos apurados, a 47,6 milhões de euros, sendo o seu capital social de 860,3 milhões de euros, situação em que se aplica o disposto no artigo 35º do Código das Sociedades Comerciais. Face aos objetivos e relevância do empreendimento, não é expectável que o Estado, enquanto acionista único, deixe de manter o apoio que tem vindo a prestar através dos sucessivos aumentos de capital, cobertura de prejuízos e garantias prestadas no âmbito dos financiamentos obtidos. Salientamos ainda que, tal como divulgado na Nota 32 do Anexo às demonstrações financeiras e no Relatório de gestão, a Administração da EDIA não antecipa impactos significativos decorrentes da situação de pandemia declarada pela Organização Mundial de Saúde e originada pelo "Covid 19".

A nossa opinião não é modificada em relação a estas matérias.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

Considerando o enquadramento referido, elegemos, para além das matérias referidas nas "Bases para a opinião com reserva", os seguintes riscos de distorção material:

Riscos de distorção material mais significativos	Resposta do auditor a esses riscos
1) Teste de imparidade dos ativos intangíveis	
Conforme divulgado nas notas 3.1.c; 8.4 e 19 do Anexo, a EDIA realiza testes de imparidade ao segmento "Água", relativamente ao qual é identificado que ao segmento corresponde apenas uma unidade geradora de Caixa. No âmbito do estudo da imparidade foram admitidos, em exercícios anteriores, um	Os procedimentos que realizámos para mitigação do risco identificado foram os seguintes: - Compreender o modelo utilizado para o teste de imparidade;

[Assinatura]
PRAXITY
Engineering Business Quality

conjunto de pressupostos que têm sido objeto de revisão, incluindo a estimativa dos fluxos de caixa futuros. Em consequência do referido estudo, tem a Empresa concluído que o valor presente dos fluxos de caixa futuros associados ao segmento "Água" é insuficiente para recuperar o investimento global já realizado relativamente aquele segmento. Com base nesta conclusão, a EDIA tem registado nas suas contas uma perda de imparidade de valor igual ao dos ativos líquidos do segmento.	- Validar a razoabilidade dos pressupostos utilizados no que se refere aos fluxos de caixa previstos face ao histórico dos fluxos obtidos e às perspetivas de evolução das quantidades de água a fornecer e da tarifa, bem como validar a aderência do principal gasto de exploração (consumo de eletricidade) considerado no estudo e o gasto efetivo ocorrido nos últimos anos, tendo-se concluído que as estimativas consideradas pela EDIA no estudo são mais otimistas que a informação histórica. Por outro lado, não existe informação disponível que leve a concluir que os pressupostos admitidos para a receita e para os principais gastos possam ser mais favoráveis que os assumidos;
A relevância da área identificada advém, entre outros aspetos, da apreciação dos pressupostos e dos fluxos de caixa estimados, decorrentes da complexidade e nível de julgamento envolvidos.	- Verificar as evidências quanto à revisão de outros pressupostos, nomeadamente taxa de desconto utilizada;
	- Validar cálculos;
	- Verificar a adequação das divulgações apresentadas no Anexo.

Riscos de distorção material mais significativos	Resposta do auditor a esses riscos
2) Subsídios ao investimento	
Conforme divulgado na nota 17.2.2, os subsídios ao investimento relacionados com bens afetos ao segmento "Água" são deduzidos ao custo do investimento para efeito de determinação da respetiva imparidade, enquanto que os subsídios relacionados com bens afetos ao segmento "Energia" são considerados como rendimentos a reconhecer e objeto de imputação a resultados durante o período da respetiva amortização. Por tais motivos, existe risco significativo de inadequada associação ao ativo a que respeitam e, consequentemente, do reconhecimento dos rendimentos do ano.	Para fazer face ao risco referido, foi estabelecida a seguinte estratégia de auditoria: - Obter uma reconciliação entre as quantias evidenciadas na contabilidade referentes aos segmentos Água e Energia com a informação preparada pelos Serviços competentes; - Obter a decomposição do saldo da conta Subsídios ao investimento à data de 31/12/2020 e verificar que apenas inclui subsídios relacionados com investimentos do segmento "Energia"; - Selecionar os principais investimentos obtendo as respetivas fichas, validando que nestas consta informação sobre o montante do respetivo subsídio e que o período de reconhecimento não diverge da vida útil definida para o investimento; - Validar a adequação das divulgações apresentadas no Anexo.

[Assinatura]
PRAXITY
Engineering Business Quality

Riscos de distorção material mais significativos	Resposta do auditor a esses riscos
3) Reconhecimento do rédito	
A EDIA divulga nas notas 3.1.o) e 13.2 do Anexo as bases utilizadas no reconhecimento do rédito. Face aos procedimentos instituídos, poderá existir risco de distorção quanto ao reconhecimento integral do rédito, tendo em conta os fornecimentos de água e as estimativas consideradas pela Entidade.	Os procedimentos desenvolvidos para fazer face ao referido risco foram os seguintes: - Validar o valor do rendimento contabilizado associado ao contrato de concessão com a EDP face às disposições contratuais e aos procedimentos contabilísticos adotados; - Obter os consumos de água referentes ao 4º trimestre de 2020 e concluir sobre se os rendimentos contabilizados estão adequadamente periodificados; - Verificar que as tarifas consideradas para efeito da contabilização do rédito são as que estão aprovadas; - Obter explicações para consumos de água que não se tenham traduzido em faturação; - Confrontar os consumos de água reportados no balanço hídrico com as quantidades de água faturadas; - Efetuar procedimentos de confirmação externa dos saldos referentes às entidades com créditos mais significativos e concluir sobre a adequação dos mesmos a 31/12/2020; - Validar a adequação das divulgações apresentadas no Anexo.
Riscos de distorção material mais significativos	Resposta do auditor a esses riscos
4) Provisão IFRIC 12	
Conforme divulgado na nota 20.2 do Anexo, a EDIA tem reconhecida uma provisão, no âmbito da IFRIC 12, para fazer face às obrigações decorrentes do contrato de concessão celebrado com o Estado em 2007 de manter/conservar, ao longo do período de concessão (75 anos, até 2082), as infraestruturas que fazem parte do Empreendimento de Fins Múltiplos de Alqueva. A EDIA contratou o LNEC, entidade com especiais competências cometidas pelo Regulamento de Segurança de Barragens, para efetuar um estudo de	Os procedimentos de auditoria incluíram: - Acompanhamento das sessões de apresentação do estudo efetuado pelo LNEC; - Análise do referido estudo e dos pressupostos utilizados no mesmo; - Validação dos cálculos efetuados e dos pressupostos utilizados para a quantificação e atualização da provisão;

valorização das infraestruturas em causa, o qual foi complementado pelos Serviços da EDIA com a quantificação da provisão. Considerando que estamos perante uma estimativa de gastos, existe o risco de inadequada valorização do passivo.	- Verificação da adequação das divulgações apresentadas nas demonstrações financeiras.
--	--

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório de gestão e do relatório do governo societário nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;

- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;
- das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública;
- declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percebidas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras e as verificações previstas nos números 4 e 5 do artigo 451.º do Código das Sociedades Comerciais na matéria de governo societário.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, nº 3, al. e) do Código das Sociedades Comerciais, exceto quanto aos possíveis efeitos da matéria referida no primeiro parágrafo da secção "Bases para a opinião com reserva", somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade, não identificámos incorreções materiais.

Sobre o relatório de governo societário

Dando cumprimento ao artigo 451.º, nº 4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245º-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

Paulo Pereira
PRAXITY
Empowering Business Growth

Sobre os elementos adicionais previstos no artigo 10º do regulamento (EU) nº 537/2014

Dando cumprimento ao artigo 10º do Regulamento (EU) nº 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos nomeados revisores oficiais de contas da Entidade pela primeira vez na assembleia geral de acionistas realizada em 19 de dezembro de 2016 para o período final do mandato compreendido entre 2015 e 2017. Em 30 de maio de 2019, através de deliberação social unânime do acionista único da EDIA, fomos eleitos para acompanhar o triénio 2018-2020.
- O órgão de gestão confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras devido a fraude.
- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparámos e entregámos ao órgão de fiscalização da Entidade em 15 de abril de 2021.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77º, número 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face à Entidade durante a realização da auditoria.
- Informamos que, para além da auditoria, não prestámos à Entidade quaisquer outros serviços.

Lisboa, 15 de abril de 2021

Paulo Pereira

RCA – Rosa, Correia & Associados, SROC, S.A.
representada por Paulo Fernando da Silva Pereira, ROC



Tel: +351 217 990 420
Fax: +351 217 990 439
www.bdo.pt

Av. da República, 50 - 10º
1069-211 Lisboa

RELATÓRIO DE AUDITORIA

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião com reserva

Auditámos as demonstrações financeiras anexas da EDIA - Empresa de Desenvolvimento e Infra-estruturas do Alqueva, SA (a Entidade) que compreendem a demonstração da posição financeira em 31 de dezembro de 2020 (que evidencia um total de 781 042 555 euros e um total de capital próprio de 47 641 672 euros, incluindo um resultado líquido negativo de 13 855 194 euros), a demonstração do rendimento integral, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, exceto quanto aos possíveis efeitos da matéria referida na secção “Bases para a opinião com reserva”, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da EDIA - Empresa de Desenvolvimento e Infra-estruturas do Alqueva, SA em 31 de dezembro de 2020 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião com reserva

As “Outras contas a receber” integram 209 357 742 euros a receber da Direção-Geral de Agricultura e Desenvolvimento Rural (DGADR). Este montante inclui: (i) 70 794 862 euros referentes à denominada “Infraestrutura 12”, relativamente à qual a EDIA formalizou com a DGADR, em abril de 2006, um contrato de cessão da gestão, exploração, manutenção e conservação por um prazo de 30 anos; e (ii) 138 562 880 euros correspondentes ao valor dos investimentos efetuados pela EDIA nas infraestruturas da rede secundária do Empreendimento de Fins Múltiplos de Alqueva (EFMA) que já se encontram concluídas, líquidas dos subsídios associados a esses investimentos, na sequência da entrega formal dessas infraestruturas à DGADR e do contrato celebrado em 8 de abril de 2013, que atribui à EDIA a concessão da gestão, exploração, manutenção e conservação destas infraestruturas até 31 de dezembro de 2020. Não está ainda esclarecida qual a forma de ressarcimento da EDIA pela parte do investimento que não foi subsidiada, que está dependente de decisão do Estado Português, subsistindo assim uma importante incerteza quanto à forma e ao valor de realização dos referidos 209 357 743 euros, bem como dos 24 180 649 euros de ativos (“Inventários”) e dos 380 450 euros de passivos (“Diferimentos”) associados às infraestruturas da rede secundária ainda por concluir. Neste contexto, face às incertezas referidas, bem como ao facto da DGADR não reconhecer o referido saldo em dívida, não nos é possível aferir quanto às perspectivas de realização deste ativo, situação que configura uma limitação ao âmbito e profundidade do nosso trabalho.

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção “Responsabilidades

BDO & Associados, SROC, Lda., Sociedade por quotas, Sede Av. da República, 50 - 10º, 1069-211 Lisboa, Registada na Conservatória do Registo Comercial de Lisboa, NIPC 501 340 467, Capital 100 000 euros. Sociedade de Revisores Oficiais de Contas inscrita na OROC sob o número 29 e na CMVA sob o número 20161384. A BDO & Associados, SROC, Lda., sociedade por quotas registada em Portugal, é membro da BDO International Limited, sociedade inglesa limitada por garantia, e faz parte da rede internacional BDO de firmas independentes.



do auditor pela auditoria das demonstrações financeiras” abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião com reserva.

Ênfases

No âmbito do contrato de concessão celebrado entre a EDIA e o Estado Português, contabilizado nos termos da IFRIC 12, o passivo, em 31 de dezembro de 2020, evidencia uma provisão de 31 889 162 euros (31 de dezembro de 2019: 26 242 706 euros) para fazer face à obrigação, presente, de manter em condições de bom funcionamento as infraestruturas afetas à concessão e sob gestão da EDIA. Conforme divulgado detalhadamente na nota 20.2. do Anexo às demonstrações financeiras, foi concluído em 2020 o estudo acerca das bases para o cálculo da referida provisão, efetuado com recurso a um perito externo, cuja metodologia, pressupostos utilizados e respetivas fundamentações permitem concluir acerca da razoabilidade do valor da referida provisão. O reforço da provisão no período em reporte ascendeu a 5 646 456 euros, dos quais 1 937 148 euros referentes à alteração de estimativas e pressupostos, face ao reportado em 31 de dezembro de 2019, e 3 709 308 euros referentes às responsabilidades imputáveis ao ano de 2020. Refere-se ainda que, neste âmbito, a Certificação legal das contas e o Relatório de Auditoria sobre as demonstrações financeiras referentes ao exercício findo em 31 de dezembro de 2019, emitidas por outros auditores/revisores, continham uma reserva por limitação do âmbito, relacionada com a impossibilidade de avaliar e concluir acerca da razoabilidade e suficiência do saldo da referida provisão.

Conforme divulgado na nota 18 do Anexo às demonstrações financeiras, o capital próprio da EDIA ascende, em 31 de dezembro de 2020, a 47 641 672 euros, incluindo o efeito dos aumentos de capital de 21 524 640 euros efetuados em 2020 e um resultado líquido do período negativo de 13 855 194 euros, sendo o capital social de 860 334 960 euros, pelo que, estando perdida metade do capital, a EDIA enquadra-se na situação prevista no artigo 35º do Código das Sociedades Comerciais. Neste contexto, as demonstrações financeiras foram preparadas tendo por base a continuidade das operações, a qual, face às atuais condições da Empresa, depende fundamentalmente da manutenção do apoio e suporte financeiro do Estado Português (Acionista Único), que se tem consubstanciado na realização de sucessivos aumentos de capital, cobertura de prejuízos e prestação de garantias no âmbito de financiamentos obtidos. Salientamos ainda que, conforme divulgado no Relatório de Gestão e na Nota 32 do anexo às demonstrações financeiras, relativamente às circunstâncias excecionais decorrentes da pandemia COVID-19, a Administração não antecipa efeitos e impactos significativos para a atividade de EDIA, sendo sua convicção que essas circunstâncias não colocam em causa a continuidade das operações da Empresa.

A nossa opinião não é modificada em relação a estas matérias.



Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

Para além da matéria mencionada na secção das “Bases para a opinião com reserva”, considerámos na auditoria as seguintes matérias relevantes:

Matérias relevantes de auditoria	Síntese da resposta de auditoria
1. Imparidade dos ativos intangíveis	
Os ativos intangíveis representam 42% do ativo e correspondem essencialmente ao segmento “Energia”, uma vez que, conforme divulgado nas notas 3.1. c), 8.4 e 19 do Anexo, a EDIA tem vindo a concluir, na sequência de estudos de imparidade realizados que os fluxos de caixa futuros associados ao segmento “Água” são insuficientes para recuperar o investimento já realizado naquele segmento, tendo reconhecido desde então perdas por imparidade num valor acumulado (líquido dos subsídios respetivos) de 1 549 milhões de euros. A relevância desta matéria advém da complexidade e do nível de julgamento necessário à apreciação dos pressupostos e dos fluxos de caixa estimados do segmento “Água”, bem como a correta alocação dos investimentos afetos aos subsídios.	A resposta de auditoria envolveu, em síntese, a realização dos seguintes procedimentos: (i) Verificação da correta alocação dos investimentos do Empreendimento de Fins Múltiplos de Alqueva (EFMA) aos vários segmentos e tipos de infraestruturas (rede secundária, segmento “água” ou segmento “energia”); (ii) Validação da razoabilidade dos pressupostos utilizados e dos fluxos de caixa previstos; (iii) Comparação dos valores previstos no teste de imparidade com a performance financeira efetiva das atividades do segmento “água”, e; (iv) Verificação da adequacidade das divulgações apresentadas nas notas anexas às demonstrações financeiras.
2. Reconhecimento e classificação dos subsídios	
Os subsídios ao investimento, conforme explicitado nas notas 3.1. n) e 17.2.2. do Anexo, têm um tratamento contabilístico diferenciado consoante o fim a que os mesmos se destinam (rede secundária, segmento “água” ou segmento “energia”), com impactos significativos nas demonstrações financeiras. Desta forma, a adequada alocação dos subsídios às várias componentes do investimento e consequente cumprimento dos critérios de reconhecimento definidos, constitui uma área significativa de auditoria.	A resposta de auditoria envolveu, essencialmente, os seguintes procedimentos: (i) Revisão da reconciliação entre as quantias de subsídios evidenciados na contabilidade e a informação do departamento de planeamento e controlo de investimentos, para cada um dos segmentos, “Água” e “Energia”; (ii) Para os principais investimentos, análise da adequacidade dos subsídios que lhes estão afetos e período de reconhecimento, em conformidade com o período de vida útil estimado dos bens; (iii) Validação dos mapas de controlo dos subsídios, recebidos e por receber, e da sua concordância com os pedidos de pagamento de subsídios, e; (iv) Verificação da adequacidade das divulgações apresentadas nas notas anexas às demonstrações financeiras.



Matérias relevantes de auditoria	Síntese da resposta de auditoria
3. Mensuração de provisões	
A provisão para fazer face às necessidades futuras com grandes reparações e substituições nas infraestruturas do Empreendimento de Fins Múltiplos de Alqueva (EFMA), no que respeita às barragens do Alqueva e Pedrogão e à rede primária dos três subsistemas Alqueva, Ardila e Pedrogão, relativo ao segmento “Água”, que se prevê que venham a ser efetuadas ao longo do período da concessão, ascende a 31 889 162 euros. As divulgações relacionadas com esta matéria estão incluídas nas notas 3.1.m) e 20.2. do anexo às demonstrações financeiras. A mensuração da provisão, que segue as disposições da IFRIC 12, foi atualizada em 2020 tendo por base os resultados do estudo de previsão de necessidades de investimento em reabilitação nas infraestruturas do EFMA, desenvolvido por um perito contratado pela EDIA, baseando-se num conjunto novo de pressupostos e estimativas de natureza financeira, operacional e técnica. A consideração desta matéria como relevante para a auditoria tem por base o risco associado à utilização de pressupostos, estimativas e julgamentos significativos.	A resposta de auditoria envolveu, essencialmente, os seguintes procedimentos: (i) Avaliação da independência, objetividade e qualificação do perito externo utilizado pelo órgão de gestão; (ii) Compreensão e análise crítica dos pressupostos técnicos e financeiros utilizados na mensuração da provisão; (iii) Indagações junto do órgão de gestão quanto à consistência e validade técnica dos pressupostos e estimativas e quanto à documentação que suporta os pressupostos; (iv) Verificação dos cálculos dos encargos futuros esperados com as grandes reparações e substituições das infraestruturas, e; (v) Conferência detalhada das divulgações efetuadas nas demonstrações financeiras.
4. Reconhecimento do rédito	
A EDIA divulga nas notas 3.1.o) e 13.2. do Anexo às demonstrações financeiras as bases adotadas no reconhecimento do rédito. Os procedimentos de controlo instituídos para garantir, face à dispersão da rede de distribuição de água, a plenitude da faturação dos fornecimentos de água, bem como a necessidade de estimativas do rédito no último trimestre do ano a faturar no ano seguinte, constituem fatores de risco que nos levam a considerar o reconhecimento do rédito como área significativa de auditoria.	A resposta de auditoria envolveu, essencialmente, os seguintes procedimentos: (i) Verificação da adequacidade do registo dos rendimentos que decorrem do contrato de concessão com a EDP, em conformidade com as disposições contratuais estabelecidas, (ii) Análise dos procedimentos de leitura dos contadores e registo dos consumos de água, sua integração na aplicação informática da contabilidade e respetiva faturação; (iii) Validação da concordância da faturação dos primeiros três trimestres do ano e das estimativas de rendimento do último trimestre do ano com a informação dos consumos inserida na aplicação informática de gestão dos regantes; (iv) Verificação de que as tarifas consideradas para efeitos da faturação e, consequentemente, para contabilização do rédito, são as que estão aprovadas, e; (v) Confirmação externa de saldos, para uma amostra de clientes.



Outras matérias

O nosso exame incidiu sobre as demonstrações financeiras reportadas a 31 de dezembro de 2020, após a nossa nomeação em 7 de janeiro de 2020, sendo que as demonstrações financeiras do exercício findo em 31 de dezembro de 2019 foram objeto de exame por outro auditor, cujo Relatório de Auditoria, emitido em 25 de março de 2020, inclui uma opinião modificada (duas reservas) e uma ênfase.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela: (i) preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia; (ii) elaboração do relatório de gestão e do relatório de governo societário nos termos legais e regulamentares aplicáveis; (iii) criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro; (iv) adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e (v) avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- (i) identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;



- (ii) obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;
- (iii) avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão; concluímos sobre a apropriação do uso, pelo órgão de gestão;
- (iv) concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- (v) avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- (vi) comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;
- (vii) das matérias que comunicamos aos encarregados da governação, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras e das verificações previstas nos números 4 e 5 do artigo 451º do Código das Sociedades Comerciais na matéria de governo societário.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade, não identificámos incorreções materiais.



Sobre o relatório de governo societário

Somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245º-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções na informação divulgada do mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

Lisboa, 15 de abril de 2021

Gonçalo Raposo Cruz em representação de
BDO & Associados, SROC, Lda.
(inscrita na Comissão do Mercado de Valores Mobiliários sob nº 20161384)



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.
Conselho Fiscal

Relatório Anual

e

Parecer do Conselho Fiscal Sobre Relatório e Contas do Exercício de 2020 da EDIA, S.A.

1. INTRODUÇÃO

Nos termos das disposições legais e estatutárias, designadamente do previsto na alínea b) do artigo 19.º dos atuais Estatutos da EDIA – Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A., doravante designada abreviadamente como EDIA, e nos artigos 420.º e 452.º do Código das Sociedades Comerciais (CSC), cumpre ao Conselho Fiscal (CF) apresentar o relatório da ação fiscalizadora e emitir parecer sobre o Relatório de Gestão e Contas e a proposta de aplicação de resultados, relativos ao exercício findo em 31 de dezembro de 2020, atenta a Certificação Legal emitida pelo Revisor Oficial de Contas (ROC) e às informações constantes no Relatório Adicional de Auditoria. Acresce ainda as conclusões contidas no Relatório de Auditoria do Auditor Externo sobre as demonstrações financeiras desse exercício, as quais são consistentes com as conclusões da revisão legal efetuada às contas da EDIA.

Refere-se, ainda a título de enquadramento prévio, que o ano de 2020 foi inesperadamente condicionado pela pandemia do COVID-19 (SARS-COV-2) que veio a afetar profundamente o desempenho da atividade económica à escala mundial e Portugal não ficou, naturalmente, imune a esta situação.

Neste contexto, a economia portuguesa registou uma contração sem precedentes de 7,6% decorrente dos efeitos da pandemia sobre a atividade, os quais se revelaram particularmente impactantes para o turismo, para o consumo privado e, em menor grau, para o investimento.

Assim, tendo em conta as referidas circunstâncias excecionais, importa desde já assinalar que, conforme consta do Relatório, a EDIA manteve, no essencial, as atividades vitais para o bom funcionamento da empresa, embora se tenha assistido nas atividades associadas à exploração turística e hoteleira fortes constrangimentos, nomeadamente, com o encerramento temporário das mesmas. Também na componente infraestrutural verificaram-se alguns atrasos na execução de alguns projetos e noutros a necessidade de reprogramação dos respetivos prazos. Ao nível das atividades de manutenção e gestão de equipamentos, destaca-se, igualmente, o atraso na reparação de danos de alguns equipamentos que os mantiverem inoperacionais como foi o caso da central hidroelétrica do Roxo.

Do exposto resulta que, e conforme referido no Relatório, ao nível das despesas executadas verificaram-se gastos não previstos de cerca de € 70,7 milhares, compensados, em parte, pela redução de alguns gastos variáveis em resultado, nomeadamente, da adoção do regime em teletrabalho, tais como, gastos com combustíveis, portagens e estacionamento, deslocações e estadas e despesas de representação.

Ao nível das receitas, tanto ao nível da distribuição de água e como na energia, não se registaram impactos decorrente do COVID-19 dado a especificidade destes dois segmentos de atividade. Já ao nível das receitas decorrentes das atividades turísticas e hoteleiras, e pelos motivos anteriormente referidos, a Empresa identifica uma diminuição das receitas em cerca de € 60,91 milhares.

Em conformidade com as orientações do acionista Estado, nomeadamente as constantes no ofício-circular da Direção-Geral do Tesouro e Finanças (DGTF) n.º 174, de 12 de janeiro de 2021, compete, igualmente, ao CF o seguinte:

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316

1



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.
Conselho Fiscal

- Aferir o cumprimento das orientações legais vigentes para o Setor Empresarial do Estado (SEE), designadamente o cumprimento das orientações relativas às remunerações vigentes em 2020;
- Aferir o cumprimento da apresentação do Relatório anual de Boas Práticas do Governo Societário (RGS), conforme previsto no n.º 2 do artigo 54.º do Regime Jurídico do Sector Público Empresarial (RJSPE), aprovado pelo Decreto-Lei n.º 133/2013, de 3 de outubro, na sua atual redação, do qual deve constar informação atual e completa sobre aquelas matérias nos termos previstos do n.º 1 da citada disposição legal.

2. ENQUADRAMENTO

A EDIA é uma empresa pública, que se rege pelo direito privado, com as especificidades dos seus Estatutos e do RJSPE. O seu capital social, em 31 de dezembro de 2020, é de € 860.334.960,00 (composto por 172.066.992 ações), integralmente detido pelo Estado Português, através da DGTF, encontrando-se totalmente subscrito e realizado.

A Empresa encontra-se ainda sujeita ao Código de Governo das Sociedades definido pela Comissão do Mercado de Valores Mobiliários (CMVM), pelo facto de ser emitente de obrigações cotadas em bolsa.

A Empresa tem por finalidade a utilização do domínio público hídrico afeto ao Empreendimento de Fins Múltiplos de Alqueva (EFMA), para fins de rega e exploração hidroelétrica; a conceção, execução e construção das infraestruturas que integram o sistema primário do EFMA, bem como a sua gestão, exploração, manutenção e conservação, a conceção, execução, e a construção das infraestruturas que integram a rede secundária afeta ao empreendimento, em representação do Estado, mediante contrato de concessão celebrado a 8 de abril de 2013.

Nos termos do referido contrato, podem ser afetas à concessão outras infraestruturas que venham a ser integradas no sistema primário do EFMA, bastando para o efeito a celebração de adendas, pelo que será expectável que o processo iniciado durante o ano de 2020 para aquele efeito, venha a concluir-se a breve prazo atento o arranque da nova fase do alargamento de influência do Empreendimento.

Poderá ainda desenvolver outras atividades económicas cujo aproveitamento contribua para a melhoria das condições de utilização dos recursos afetos ao empreendimento.

O relatório de gestão e as demonstrações financeiras da EDIA relativas ao exercício de 2020, submetidos à apreciação deste CF, foram aprovados pelo Conselho de Administração (CA) e elaborados em conformidade com os artigos 65.º, 66.º e 66.º-A do CSC. O relatório de gestão em apreço inclui a declaração prevista no artigo 245.º do Código dos Valores Mobiliários (CMV).

Conforme é referido no Relatório, em 31 de dezembro de 2020, a EDIA detinha participações financeiras noutras empresas, mais concretamente, no Centro Operativo e de Tecnologia do Regadio (9,82%), na Agência de Desenvolvimento Regional do Alentejo, S.A. (4,11%), na Águas do Vale do Tejo, S.A. (0,30%) e ainda na Lusofuel - Produção de Biocombustíveis e Derivados, S.A. (10%). Nenhuma das mencionadas participações é dominante ou significativa, pelo que se encontram reconhecidas nas demonstrações financeiras pelo custo de aquisição deduzido de perdas por imparidade reconhecidas naquela data.

Refere-se ainda que a EDIA integra o perímetro das Administrações Públicas para efeitos de Contas Nacionais, nos termos dos Regulamentos da União Europeia e do Sistema Europeu de Contas e Regionais (SEC 2010).

3. SÍNTESE DA AÇÃO DESENVOLVIDA PELO CF

No âmbito das suas funções, o CF acompanhou, durante o exercício, os aspetos mais relevantes da atividade da EDIA, a sua evolução, e, com a frequência e extensão consideradas aconselháveis e adequadas, efetuou várias

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316

2



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

reuniões, não tendo tomado conhecimento de qualquer situação que não respeitasse os Estatutos e os preceitos legais aplicáveis.

Neste contexto, destacam-se, em particular, as seguintes atividades:

- Acompanhou a evolução da atividade e gestão da Empresa através dos relatórios trimestrais e semestral do seu CA, de contactos e reuniões efetuadas com o mesmo e com o ROC, e da leitura das atas relevantes, tendo solicitado e obtido os esclarecimentos que foram considerados necessários;
- Analisou o Relatório de Gestão e a informação financeira referente ao exercício de 2019 e emitiu os respetivos pareceres, em cumprimento das obrigações legais, bem como apreciou a Proposta de Plano de Atividades e Orçamento apresentado pelo CA para 2021-2023;
- Analisou e emitiu os respetivos pareceres sobre os relatórios trimestrais e semestral do exercício de 2020, tendo em conta as conclusões e recomendações de auditoria elaborados pelos auditores;
- Tomou conhecimento da resposta da Comissão de Normalização Contabilística relativa ao entendimento sobre o tratamento contabilístico da receita respeitante à TRH cobrada pela EDIA aos seus clientes, assunto que foi suscitado por este CF;
- Esteve presente na apresentação efetuada pela EDIA sobre o trabalho elaborado pelo Laboratório Nacional de Engenharia Civil (LNEC) denominado "Acompanhamento da Aplicação da Metodologia de Previsão de Necessidades de Investimento em Reabilitação nas Infraestruturas do Empreendimento de Fins Múltiplos de Alqueva - Subsistemas de Alqueva e Ardila", e
- Contou com os esclarecimentos prestados pelos serviços da EDIA, sendo mais frequentes com as direções financeira, de planeamento e controlo, indispensáveis para atividade do CF, nomeadamente para a emissão dos seus pareceres ao longo de 2020.

Assim sendo, na prossecução dos trabalhos que veio realizando ao longo do ano de 2020 e nos termos das suas competências, o CF analisou o Relatório de Gestão e Contas referente ao exercício de 2020 (Relatório), tendo sido aferido, igualmente, a apresentação de um Relatório autónomo de Boas Práticas de Governo Societário, como previsto no n.º 1 do artigo 54.º do RJSPE.

Adicionalmente, o CF apreciou os termos da Certificação Legal de Contas e do Relatório Anual e Adicional de Auditoria emitidos pelo ROC, bem como o Relatório de Auditoria do Auditor Externo, ambos sobre as referidas demonstrações financeiras de 2020, com cujas conclusões concorda, e que inclui uma opinião com reserva e duas ênfases.

Tal como em exercícios anteriores, os auditores formularam de novo uma opinião com reserva relativamente à incerteza quanto à data e ao modo como a EDIA irá recuperar os créditos contabilizados na rubrica "Outras contas a receber" decorrente da dívida imputada à Direção-Geral de Agricultura e Desenvolvimento Rural (DGADR), e que corresponde aos investimentos na rede secundária realizados por conta do Estado e excluídos do atual contrato de concessão, no montante de € 138,6 milhões, e a denominada Infraestrutura 12, no montante de € 70,8 milhões, à data de 31 de dezembro de 2020, o que se consubstancia num saldo acumulado líquido (de subsídios recebidos) de € 209,4 milhões.

Os auditores assinalam igualmente o facto da rubrica "Inventários" registar, no final do ano de 2020, um montante de € 23,8 milhões, deduzido dos subsídios entretanto recebidos (€ 0,4 milhões), referentes a novos investimentos em curso na rede secundária que, quando concluídos, serão acrescidos ao referido saldo em dívida da DGADR.

Por último merece ainda destaque, a ênfase relativa a alteração da opinião com reserva (por limitação de âmbito) a última das quais expressa sobre as demonstrações financeiras de 2019, atendendo à conclusão, em 2020, do

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316

3



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

estudo encomendado ao LNEC sobre as bases para o cálculo da provisão ao abrigo da IFRIC 12 para as infraestruturas da rede primária concessionadas à EDIA. Nesta circunstância, é do entendimento dos auditores que o novo modelo utilizado a partir de 2020, e que se encontra descrito na Nota 20.2 do Anexo às demonstrações financeiras, permite a partir de agora avaliar adequadamente a razoabilidade do montante provisionado e reconhecido nas contas de 2020, num total de € 31,89 milhões (€ 26,24 milhões em 31 de dezembro de 2019).

4. ATIVIDADES DESENVOLVIDAS EM 2020 PELA EDIA

Resultante do enquadramento referido, a operação da Empresa envolveu a realização de um conjunto de atividades ao abrigo de garantia contratual das obras, conforme mencionado no Relatório em apreciação, destacando-se, entre outras, as intervenções realizadas na central hidroelétrica de Odivelas e nos circuitos hidráulicos de Pedrogão – Margem Esquerda e Calços-Machados, bem como os trabalhos no âmbito da 2.ª fase do empreendimento.

Na programação dos investimentos e financiamentos do EFMA, a EDIA prossegue os objetivos atribuídos à Empresa pelo acionista Estado, tendo em conta os recursos financeiros disponíveis, designadamente o apoio do acionista, através de dotações para aumento do capital social, empréstimos¹ e o recurso aos fundos comunitários acessíveis nos diversos programas operacionais destinados ao EFMA. É de destacar, neste âmbito, os aumentos de capital social pelo acionista Estado, em 11 de março, 7 de agosto e 6 de outubro de 2020, no montante, respetivamente, de € 3.369.640,00 (emissão de 673.928 novas ações, com o valor nominal de € 5 cada, realizadas em numerário), de € 4.330.000 (emissão de 866.000 novas ações, com o valor nominal de € 5 cada, realizadas em numerário) e de € 13.825.000 (emissão de 2.765.000 novas ações, com o valor nominal de € 5 cada, realizadas em numerário).

Sublinha-se que o EFMA, localizado em pleno Alentejo, representa o maior investimento nacional hidroagrícola realizado em Portugal, cujo investimento, realizado em 2020 (excluindo as capitalizações de encargos de estrutura e financeiros) ascendeu a € 36.771,48 milhares², elevando o total do investimento no EFMA desde 1995 até ao final de 2020 para € 2.400.940,15 milhares não incluindo as capitalizações de encargos de estrutura e financeiros, beneficiando uma área de influência de 10.000km², distribuídos por 20 concelhos daquela região, incluindo 69 barragens, açudes e reservatórios, cerca de 2.000 Km de canais e condutas e, ainda, 46 estações elevatórias, 5 mini hídricas e uma central fotovoltaica.

Como referido, concluída a 1.ª fase dos investimentos do EFMA, coloca-se à EDIA o desafio de atingir, em 2020, a exploração dos cerca de 120.000 ha de área beneficiada, correspondente à totalidade dos perímetros de rega afetos à 1.ª fase do Empreendimento, bem como executar a infraestruturação da 2ª fase, que visa aumentar o perímetro do Alqueva dos atuais 120.000 ha para 170.000 ha. Com efeito, a EDIA estima que o investimento adicional necessário será superior a 235 milhões de euros, num horizonte temporal de 5 anos. Relembre-se que, no final de 2017 foi aprovado, pelo Banco Europeu de Investimento (BEI) e pelo Banco de Desenvolvimento do Conselho da Europa (CEB), empréstimos à República Portuguesa que permitem viabilizar através do PNR o financiamento a fundo perdido da construção da 2.ª fase de infraestruturação do EFMA.

Não obstante, os primeiros dez projetos de investimentos previstos no âmbito do PAO 2020 referentes à 2.ª fase do EFMA, num total de cerca de € 95 milhões, com financiamento aprovado no âmbito do PNR³, viram, por decisão da tutela financeira, alterada a sua fonte de financiamento para dotações de capital o que, inevitavelmente, teve impacto negativo nos resultados do exercício de 2020, pelo consequente reconhecimento de imparidades num

¹ Somente possível junto de instituições financeiras de carácter multilateral, como BEI e CEB, como dispõe o n.º 1 do artigo 29º do RJSPE.

² € 2.016,88 milhares respeitante à 1.ª fase do EFMA e € 34.754,60 milhares no âmbito da 2.ª fase.

³ Refira-se neste contexto que os projetos de investimentos em causa faziam parte do pedido de financiamento submetido por Portugal ao BEI e ao CEB no âmbito do PNR.

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316

4



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

montante de € 16.879,18 milhares, o que poderá aumentar nos próximos anos, caso se mantenha aquela alternativa de financiamento.

Em termos de exploração, o número de adesões (e consumos de água) tem vindo a evoluir positivamente, tendo passado de 94.308 ha de área inscrita em 2019 para 103.232 ha em 2020, representando um aumento nas adesões de praticamente 9,5% (8.925 ha), porém, longe ainda de esgotar a capacidade instalada. Em termos de consumo de água nos perímetros do EFMA, verificou-se em 2020 um total de 282,56 hm³, o que, em termos gerais, representa uma descida face ao período homólogo de 2019 (293,34 hm³).

No entanto, se os abastecimentos a albufeiras existentes e as captações diretas forem considerados, o volume global de água distribuída ascenderá a 394,91 hm³, o que, comparativamente com o ano anterior, regista um aumento de 20,21 hm³, isto é, cerca de 5,39% de acréscimo.

Já no âmbito do contrato de concessão, este mesmo volume de água distribuído em 2020 representa cerca de 63,70% do volume de água afeto aos usos prioritários definidos no contrato de concessão (620 hm³) e cerca de 22,8% do volume útil da albufeira de Alqueva no final de 2020 (1.734 hm³).

Ainda neste âmbito, importa realçar a variação do volume útil da albufeira de Alqueva ocorrida ao longo do ano de 2020, o qual apresentou um decréscimo de 139 hm³, quando comparado entre a cota registada a 1 de janeiro e a cota a 31 de dezembro de 2020, estando esta última fixada na cota 145⁴.

Assim, estando concluída a 1.ª fase do EFMA, encontram-se plenamente operacionais os 120 mil ha de área de regadio associados àquela fase, sendo que 2020 foi o ano de arranque e desenvolvimento das empreitadas de construção da ligação do sistema de adução de Morgavel, do circuito hidráulico e bloco de Viana do Alentejo (rede primária), do bloco de Cuba – Odivelas e do bloco de Évora (rede secundária), prevendo-se que estes últimos dois devam entrar em serviço até ao verão de 2021.

No subsistema Pedrógão, foi concluída a obra da empreitada de construção e de fornecimento de equipamentos para a instalação de três grupos adicionais na estação elevatória de São Pedro e no final do ano foi ainda consignada a empreitada de construção e fornecimento dos equipamentos do sistema elevatório de Pedrógão – Margem Direita do EFMA – 2.ª Fase.

Ao nível da produção de energia com recurso a fontes de energia renováveis, a EDIA, durante 2020, acentuou a aposta na exploração de centrais fotovoltaicas instaladas nos espelhos de água junto às principais estações elevatórias da rede primária do EFMA, com o objetivo de reduzir os custos energéticos das suas infraestruturas e poder produzir a médio prazo energia suficiente para as suas necessidades, estimando assegurar, no longo prazo, a sustentabilidade do projeto Alqueva e a descarbonização da atividade de distribuição de água.

Neste âmbito, destaca-se a entrada em funcionamento em 2020 das duas centrais fotovoltaicas da Lage e Cuba-Este e cuja produção conjunta representou mais de metade (53,6%) do total de energia fotovoltaica produzida em 2020 (3,9 GWh)⁵, e que justificou, igualmente, o crescimento homólogo de 67,7%.

Assinala-se ainda neste âmbito, o atraso⁶ verificado no arranque do projeto do parque fotovoltaico de Alqueva, no montante de € 50 milhões, com financiamento de € 45 milhões já aprovado pelo CEB desde 2019, e cuja capacidade global de 50 MW, permitirá uma produção média anual de 85 GWh.

⁴ O que representa, em volume útil, cerca de 55% da capacidade total.

⁵ A produção da energia fotovoltaica é efetuada através das centrais fotovoltaicas instaladas na central de Alqueva, no edifício sede da EDIA, e das centrais instaladas junto às estações elevatórias da Orada, Pisão, Monte Novo, Loureiro-Alvito, Cuba – Este e Lage.

⁶ Justificado, conforme consta do Relatório, pela falta da publicação de uma portaria de extensão de encargos necessária para o lançamento do concurso público internacional.

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA

CONTRIBUINTE N.º 503 450 189

MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

Paralelamente, a Empresa assegurou, igualmente, a continuidade das ações de manutenção e exploração das várias mini-hídricas do Empreendimento, cuja produção global totalizou os 11,8 GWh, o que representou um crescimento homólogo de 44,9%, justificado, sobretudo, pela entrada em funcionamento da central hidroelétrica de Odivelas desde o final do terceiro trimestre de 2019. A este respeito, refira-se ainda a inoperabilidade da central hidroelétrica do Roxo desde 2019, que se manteve nestas condições em 2020, devido aos constrangimentos provocados pela pandemia conforme assinalado anteriormente.

Por último, importa destacar ainda as seguintes atividades e outros acontecimentos ocorridos em 2020:

- Os 25 anos da criação da EDIA, embora a celebração desta efeméride tivesse sido cancelada face à crise pandémica e à crise económica associada à paragem de muitos setores de atividade necessária para controlo da situação sanitária;
- O início dos trabalhos da empreitada para remodelação da estação elevatória da Lage (intervenção da 1.ª fase);
- A execução dos trabalhos de piquetagem e rede de apoio topográfico do circuito hidráulico e infraestruturas de rega do bloco de Reguengos (sub-bloco do Peral), e sifão Álamos Loureiro, assim como o lançamento do procedimento para a prestação de serviços para a realização do levantamento topográfico do bloco de rega de Reguengos (sub-blocos de Reguengos, Vendinha e Montoito);
- A conclusão dos estudos para o futuro bloco da Cabeça-Gorda/Trindade e para ligação à albufeira do Monte da Rocha;
- Consolidação dos resultados do estudo e da previsão de necessidades de investimento em reabilitação nas infraestruturas do EFMA efetuados pelo LNEC e a consequente adoção deste novo modelo para efeito do cálculo da provisão ao abrigo da IFRIC 12 e cujos ajustamentos já se encontram reconhecidos nas contas de 2020.

Merecem ainda referência as seguintes atividades mencionadas no Relatório:

- Disponibilização do Relatório de Sustentabilidade 2019 no site da EDIA;
- Integração de Alqueva num inovador projeto internacional de deteção de fugas de água em grandes redes de distribuição – Projeto H2020 WADI, o qual constitui um dos desafios identificados no âmbito do Horizonte 2020, e visa contribuir para a criação de uma sociedade eficiente em termos hídricos e energéticos, resiliente aos impactos das alterações climáticas;
- Captação de mais entidades para integrar o projeto URSA, com vista a ampliar a rede de unidades de valorização orgânica no EFMA, pretendendo-se dar seguimento aos objetivos do projeto, mas também antecipar a crescente produção de subprodutos orgânicos associados às culturas de regadio;
- Inauguração, no dia 24 de julho, pela Senhora Ministra da Agricultura, do parque fluvial de Cinco Reis, em Beja, um projeto desenvolvido pela autarquia de Beja com o apoio da EDIA;
- Elaboração e divulgação do Anuário Agrícola de Alqueva 2020, à semelhança do verificado em 2019, que visa sistematizar toda a informação técnico-económica sobre as culturas com potencial na área do EFMA;
- Continuidade da dinamização da Bolsa Nacional de Terras (BNT) junto de todos os beneficiários inquiridos, instituições bancárias, representantes de agrupamentos de agricultores e todos os agentes com papel relevante no meio rural. Em termos acumulados e até ao final do ano, a EDIA disponibilizou na BNT 248 prédios (2.364 ha), dos quais foram cedidos 99 prédios (1.088 ha), mantendo-se na bolsa 135 prédios (1.171 ha);

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA

CONTRIBUINTE N.º 503 450 189

MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

- A continuidade da divulgação das atividades do Museu da Luz, do Parque de Natureza de Noudar e do Sistema de Informação Geográfica e Cartografia, como projetos especiais da EDIA.

5. ANÁLISE FINANCEIRA E PATRIMONIAL

Resultados

No exercício findo em 31 de dezembro de 2020, a EDIA apresentou um prejuízo de € 13,8 milhões, representando uma quebra significativa de 418,7% quando comparado com 2019. Este agravamento é justificado, essencialmente, pelo reconhecimento de imparidades em novos investimentos amortizáveis na rede primária, no montante global de € 16,9 milhões, ou seja, mais € 13 milhões do que no exercício de 2019.

Note-se que as referidas imparidades decorrem do facto da EDIA ter vindo a estimar desde 2009, por aplicação da IFRIC 12, que os ativos do segmento água, com base no valor atual dos respetivos cash-flows futuros⁷, não são suscetíveis de recuperação, pelo que a perda por imparidade corresponderá ao valor bruto daqueles ativos deduzido dos passivos indissociáveis e subsídios recebidos.

Distintamente do espelhado no PAO 2021 e no OE de 2021, a EDIA teve que reconhecer em 2020 um montante de imparidades substancialmente maior face ao previsto – mais de € 16,2 milhões - por ter sido determinado pela tutela financeira a alteração da fonte de financiamento inicialmente aprovada de subsídios a fundo perdido (no âmbito do PNR) por dotações de capital. Decorrente desta alteração, o valor da imparidade reconhecida em 2020 (€16,9 milhões) corresponde, essencialmente, ao investimento realizado na rede primária, cerca de €16,1 milhões.

Reproduzindo o que já tínhamos referido sobre este tema da IFRIC 12 em relatórios e pareceres anteriores, afigura-se-nos que a estrita aplicação do normativo contabilístico em vigor, bem como a utilização de alguns pressupostos de mercado para efeito dos testes de imparidade, aos quais se junta o facto dos preços da venda da água serem determinados pelo Governo no âmbito de objetivos de políticas públicas (princípios estabelecidos na Lei da Água, aprovada pela Lei n.º 58/2005, de 29 de dezembro, na sua atual redação), não permitem traduzir na íntegra as especificidades da natureza e substância destes Ativos, compulsando a Empresa a reconhecer imparidades com materialidade relevante e que tendem a influenciar, com proporcional materialidade, a leitura das respetivas demonstrações financeiras.

Ademais, também parece de referir que se nos afigura admissível ponderar a forma de abordar alguns pressupostos do modelo de testes de imparidade ou, no limite, a eventual derrogação da aplicação da IFRIC 12, tendo presentes a natureza específica das empresas públicas e as condicionantes legais e regulamentares com que se defrontam no exercício da sua atividade, que têm vindo a ser emitidas pelo Estado (apesar de se encontrar dissociada a sua intervenção consoante esteja em causa a função de acionista e de concedente ou contratante) e cujos efeitos, muitos dos quais de natureza proeminentemente social, nem sempre são contidos nos normativos contabilísticos aplicáveis por serem, naturalmente, marcados pelo predomínio da iniciativa privada na economia.

Voltando à análise dos agregados da demonstração de resultados, importa destacar o seguinte:

- Os rendimentos operacionais ascenderem a € 63,6 milhões e, portanto, inferiores em cerca de 21,7% (-€ 17,7 milhões) face ao previsto (€ 81,2 milhões), justificado, essencialmente, pelo desvio negativo da rubrica Variação dos inventários de produção (-€ 15,4 milhões) resultante do atraso no arranque da 2ª fase do EFMA. Assinala-se igualmente o desvio negativo de 5,8% nas vendas e prestações de serviços, ou seja, menos € 2,2 milhões quando comparado com o plano, devido sobretudo pela diminuição das receitas (-15,8%, o que

⁷ Até o ano de 2082, ano em que termina contrato de concessão à EDIA que abrange a gestão, exploração e utilização privativa do domínio público hídrico afeto ao EFMA.



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

corresponde a menos € 3,6 milhões) do segmento água, compensado em parte pelo aumento das receitas de energia em cerca de 11,2% (+€ 1,5 milhões).

Quando comparado com o período homólogo a variação é positiva em 34,1% (+ €16,2 milhões) e resulta, essencialmente, do aumento das Vendas e Prestações de serviços (+€ 2,6 milhões, ou seja mais 7,8%) e da Variação dos inventários de produção (+€13,6 milhões, ou seja, mais 328,9%), sendo, neste caso, decorrente do investimento realizado em novas infraestruturas do EFMA no âmbito da referida 2.ª Fase.

Refira-se também que o mencionado crescimento homólogo das Vendas e Prestações de serviços em mais de € 2,6 milhões, é na verdade apenas de € 600 milhares efetivos depois de descontado o efeito da revisibilidade das rendas de 2008 a 2019, no valor de cerca de € 2 milhões, no âmbito do contrato de exploração das centrais hidroelétricas de Alqueva e Pedrógão.

- Relativamente aos gastos operacionais, importa assinalar um aumento expressivo de 59,1%, ou seja, mais de € 27,7 milhões face igual período de 2019 e um desvio negativo de 2,2% (- € 1,7 milhões) quando comparado com o Plano.

A variação homóloga resulta, sobretudo, do aumento dos Fornecimentos e serviços externos (+13,6 milhões) e do já referido aumento das imparidades de investimentos amortizáveis (+€13 milhões).

Já no que se refere ao desvio face ao plano (- € 1,7 milhões), o mesmo é devido à variação dos Fornecimentos e serviços externos em menos de € 19,5 milhões, compensada pelo aumento das imparidades de investimentos amortizáveis em mais de €16,2 milhões e das provisões em cerca de € 2,2 milhões.

- Em detalhe, o referido aumento expressivo de € 13,6 milhões em gastos com Fornecimentos e serviços externos face ao mesmo período de 2019, deve-se sobretudo, conforme consta do Relatório, ao acréscimo de €13,5 milhões em gastos com subcontratos (+ 406,6%), pelo facto de a atividade construtiva da 2.ª fase do EFMA ter tido um incremento em 2020. Note-se que este aumento de gastos deve ser lido em articulação com o aumento da rubrica da Variação dos inventários de produção (+€ 13,6 milhões) por estarem correlacionados um com o outro e, por isso, anulam-se.

Quando comparado com o Plano, destaca-se, neste caso, uma variação negativa da rubrica de subcontratos (- €15,5 milhões), o que traduz, nada menos, uma taxa real de execução do investimento inferior ao previsto para 2020. Ainda neste âmbito, importa referir que durante o exercício de 2020, assistiu-se a menos intervenções de conservação e reparação, o que se traduziu em menores gastos, na ordem dos € 2,9 milhões, face ao planeado.

- Relativamente às restantes rubricas que compõem os Fornecimentos e serviços externos, verifica-se que, quer em termos homólogos, quer em termos do Plano, não existem desvios materialmente relevantes, a não ser no caso dos gastos com eletricidade que, descontado o efeito da estimativa em excesso reconhecida em dezembro de 2019 em cerca de € 500 milhares, levaria ao apuramento de uma redução de gastos, na ordem dos € 400 milhares e dos € 614 milhares, face ao plano e ao período homólogo, respetivamente.

- Relativamente aos Gastos com pessoal, num total de € 6,602 milhões, regista-se um acréscimo de cerca de 4,4% (+ € 283 milhares) em termos homólogos e, face ao Plano, inferior em cerca de 2,8% (- € 193 milhares), sendo neste caso devido, essencialmente, ao facto de não se ter concretizado a contratação de mais 12 colaboradores.

Conforme consta do Relatório, a variação homóloga deve-se à atribuição de valorizações remuneratórias relativas a 2020, ao aumento generalizado de 0,3% atribuído a todos os colaboradores, nos termos previstos do Decreto-Lei n.º 10-B/2020, de 20.03, bem como a uma menor taxa de absentismo e ainda resultante do efeito da atribuição de isenções de horário de trabalho (IHT), em vez de proceder a contratações a termo certo.



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

- Relativamente às Provisões, o saldo apresentado na Demonstração do Rendimento Integral de € 5,8 milhões, não é comparável nem com o Plano, nem com o período anterior, devido, essencialmente, ao facto daquele montante incluir o reforço extraordinário de € 3,7 milhões decorrente da alteração do modelo e pressupostos utilizados para o cálculo da provisão constituída no âmbito da IFRIC 12.

Conforme mencionado em pareceres anteriores, a adoção do novo modelo resulta do estudo encomendado pela EDIA ao LNEC para determinar uma previsão fundamentada tecnicamente para determinar as intervenções, em tempo e profundidade, a realizar nas várias infraestruturas objeto do contrato de concessão, permitindo, desta forma, confirmar a razoabilidade dos montantes provisionados no âmbito da IFRIC 12.

Com efeito, esta alteração permitiu, igualmente, que a reserva expressa nas certificações legais das contas de exercícios passados relativa a esta matéria fosse sanada nos termos anteriormente referidos.

- No que concerne às Imparidades em investimentos depreciables/amortizáveis, refira-se uma vez mais que o aumento verificado de mais € 16,2 milhões e de mais de € 13 milhões quando comparado, respetivamente, com o Plano e com o período homólogo, decorre da necessidade de ajustar o investimento realizado no segmento "Água", à medida que vai sendo executado em razão do mesmo não ser suscetível de recuperação nos termos do modelo atual para efeitos dos testes de imparidade àqueles ativos.
- Relativamente aos Outros gastos e perdas, o saldo apresentado de € 163 milhares, não é também comparável tanto com o Plano (€1,4 milhões) como com o período homólogo (€1,5 milhões) por se ter verificado a alteração em 2020 da forma de reconhecimento da taxa de recursos hídricos, sendo agora apenas contabilizada a diferença entre o valor da taxa a entregar à ARH/APA e o faturado pela EDIA ao cliente final, em linha com o entendimento manifestado por este CF sobre esta matéria.

EBITDA

Neste contexto, o EBITDA e os resultados operacionais são, respetivamente, de € 11,57 milhões e de € 11,04 milhões negativos, o que representa, no caso do primeiro indicador, numa melhoria de 14,1% (+ € 1,4 milhões) face a igual período de 2019, e no segundo caso, um agravamento de 2 232% (- €11,56 milhões) pelos motivos atrás referidos, designadamente, no que se refere às imparidades de ativos amortizáveis.

Balanço

A 31 de dezembro de 2020, a EDIA apresenta um ativo líquido de € 781,04 milhões, observando-se uma ligeira diminuição homóloga de € 0,46 milhões, justificada, essencialmente, pelas seguintes variações:

- Diminuição dos Ativos Intangíveis em cerca de € 4,5 milhões, devido às depreciações reconhecidas no exercício;
- Diminuição da rubrica "Outras contas a receber" (ativo não corrente e corrente) em cerca de € 6,7 milhões;
- Aumento da rubrica de Inventários, em mais de € 17,3 milhões decorrente do investimento realizado na Rede Secundária;
- A rubrica de Clientes apresenta uma redução de cerca de € 1,7 milhões, justificada, conforme consta do Relatório, da melhoria do prazo médio de recebimento e, por outro, do reconhecimento de imparidades relativa a dívidas de clientes, num total de € 800 milhares, explicado pela alteração dos pressupostos no apuramento dessa mesma imparidade;
- Por último, a rubrica Caixa e depósitos bancários apresenta uma redução de € 4,74 milhões face ao saldo no final de 2019.

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

Importa, em particular, destacar, de novo, que o saldo da rubrica "Outras contas a receber" inclui a dívida imputada à DGADR, no montante de € 209,4 milhões, correspondente aos investimentos, líquidos de subsídios recebidos no âmbito dos mesmos, realizados pela Empresa na Infraestrutura 12 (€ 70,8 milhões) e na rede secundária (€ 138,6 milhões), não se verificando até à data qualquer plano ou acordo estabelecido entre as partes envolvidas para a sua regularização, não obstante o Ministério da Agricultura, que tutela ambas as entidades – a EDIA e a DGADR, ter conhecimento da situação.

De referir ainda que esta dívida constitui um problema crescente em termos de financiamento para a EDIA à medida que vai executando mais investimentos naquela parte da rede, desconhecendo a forma e o modo como vai ser ressarcida.

No que se refere ao Capital próprio e apesar dos resultados líquidos negativos obtidos, o mesmo mantém a trajetória de recuperação verificada nos últimos anos, pelo que se verifica uma melhoria de € 7,67 milhões, passando dos € 39,97 milhões em 2019 para os € 47,64 milhões no final de dezembro de 2020.

Esta melhoria tem justificação, essencialmente, no aumento de capital realizado pelo Estado, no montante total de € 21,53 milhões, o que permitiu compensar os referidos prejuízos de 2020.

Destaca-se que, apesar da melhoria significativa da situação do capital próprio, verifica-se, ainda assim, a perda de metade do capital social, donde esta situação continuará a enquadrar-se nos termos do artigo 35.º do CSC.

Por último, importa destacar que ao nível do Passivo verificou-se uma redução homóloga de € 8,13 milhões, explicado, essencialmente, pelo aumento das Provisões em € 7,35 milhões - dos quais € 5,65 milhões dizem respeito a aplicação da IFRIC 12, enquanto os restantes € 1,7 milhões decorrem do processo judicial intentado pela Tecnasol-FGE à EDIA -, e ainda pela diminuição da rubrica dos Financiamentos obtidos em cerca de € 9,9 milhões, resultante da diminuição do seu passivo remunerado.

Destaca-se ainda, neste âmbito, que o serviço da dívida do empréstimo da DGTF (€ 126,14 milhões) foi adiado por mais um ano e sem custos, tendo o seu vencimento sido fixado agora para o dia 31 de maio de 2021.

6. CUMPRIMENTO DAS ORIENTAÇÕES LEGAIS E TUTELARES VIGENTES

Nos termos das já referidas competências, cabe ao CF proceder à análise, conforme se apresenta seguidamente, do cumprimento pela Empresa das orientações vigentes para o SEE, das orientações constantes do referido ofício circular da DGTF n.º 174, de 12 de janeiro de 2021, designadamente relativas às reduções remunerações e à exigência da apresentação do mencionado RGS que deverá conter informação atual e completa sobre todas as matérias reguladas pelo capítulo II do referido RJSPE.

Relatório de Gestão

Da conformidade com o previsto nos artigos 65.º, 66.º e 66.º-A do CSC, o Relatório de Gestão traduz, na opinião do CF, a observância daquelas disposições e de outras matérias legalmente em vigor, cumprindo, na generalidade, com as orientações aplicáveis ao SEE, nomeadamente as decorrentes do RJSPE.

Adicionalmente, nos termos previstos na alínea c) do n.º 1 do artigo 245.º do Código dos Valores Mobiliários (CVM), a informação constante no referido Relatório expõe, tanto quanto é do conhecimento do CF, a informação prevista na alínea a) do artigo supracitado, incluindo os documentos de prestação de Contas, tendo a mesma sido elaborada em conformidade com as normas contabilísticas aplicáveis, dando uma imagem verdadeira e apropriada do ativo e do passivo, da situação financeira e dos resultados da EDIA, e que o relatório de gestão expõe, ainda, fielmente a evolução dos negócios, do desempenho e da posição da Empresa, contendo ainda uma descrição dos principais riscos e incertezas com que a mesma se defronta.

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.
Conselho Fiscal

Relatório de Boas Práticas de Governo Societário

Em cumprimento do determinado pelo n.º 1 do artigo 54.º do RJSPE, confirma-se que o Conselho de Administração apresentou um Relatório Autónimo de Boas Práticas de Governo Societário referente ao exercício de 2020, obedecendo à estrutura definida para o efeito pela Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial (UTAM), sobre o qual, e ao abrigo do estabelecido no n.º 5 do artigo 420.º do CSC, somos de parecer que o mesmo inclui os elementos exigíveis à entidade nos termos previstos do artigo 245.º-A do CVM, e das demais disposições legais em vigor, incluindo as orientações aplicáveis, não tendo sido identificadas incorreções materialmente relevantes na informação divulgada no mesmo.

Todavia, e sem pôr em causa a opinião acima, salientam-se os seguintes factos:

- Na última Assembleia Geral (AG) da EDIA, de 5 de junho de 2020, o acionista Estado votou favoravelmente o Relatório e Contas e o Relatório do Governo Societário de 2019, recomendando ao CA que diligenciasse no sentido de dar cumprimento i) ao objetivo de prazo de pagamentos a fornecedores em conformidade com os critérios definidos na RCM n.º 34/2008 e ao disposto no artigo 33.º n.º 3 do EGP, ii) quanto às despesas afetas às viaturas de serviço dos membros do CA; iii) incluir a menção à consulta prévia à Parpública, nos termos do disposto no artigo 49.º do DL n.º 84/2019, de 28 de junho, no que concerne à contratação de serviços de estudos, pareceres, projetos e consultoria em futuros Relatórios de Gestão e Contas; iv) dar cumprimento ao preceituado na Lei n.º 2/2020, de 31 de março, e no DL n.º 84/2019, no que concerne à manutenção ou redução do peso dos gastos operacionais sobre o volume de negócios, face a 2019 e v) à manutenção ou redução dos gastos com pessoal, corrigidos dos encargos decorrentes das indemnizações por rescisão, da aplicação do disposto no artigo 21.º da Lei n.º 41/2016 e das valorizações remuneratórias nos termos da Lei n.º 2/2020;
- A atividade da Empresa foi norteadada, por mais um ano, pelo Plano de Atividades e Orçamento para 2020⁸ (PAO 2020), pelas orientações emanadas pela DGTF para elaboração daquela proposta, pelo orçamento carregado no SIGO de acordo com as instruções da Direção-Geral do Orçamento (DGO) para a elaboração da proposta de orçamento de Estado para 2020, a qual veio a ser aprovado pela Lei do Orçamento do Estado para 2020 (Lei n.º 2/2020, de 31 de março) para além das matérias aplicáveis ao SEE nele previsto;
- A atual estrutura de governo societário da EDIA, composta por um CA com três elementos (um Presidente e dois Vogais), um CF⁹, e um ROC¹⁰ (fora do CF), mostra-se adequada à respetiva dimensão e complexidade, cumprindo o disposto na lei, nomeadamente o artigo 30.º e seguintes do RJSPE;
- Em termos estatutários, o mandato dos órgãos sociais tem a duração de 3 anos renováveis, sendo o atual mandato de 2018-2020, conforme eleição ocorrida na referida Assembleia Geral, de 23 de maio de 2018;

⁸ Aguarda, na data da emissão deste parecer, a respetiva aprovação através de deliberação acionista para o efeito, nos termos do RJSPE, pese embora o mesmo tenha merecido concordância do Senhor SET através do Despacho n.º 295/2020-SET, de 22 de junho, exarado sobre o relatório da Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial (UTAM) n.º 153/2020, de 19 de junho, nos termos do qual foram autorizados a proposta anual e plurianual de atividades e respetivo orçamento, os objetivos a atingir, os investimentos a realizar e os recursos a utilizar, bem como as seguintes exceções aos princípios financeiros a observar para 2020:

(i) Contratação de mais 12 trabalhadores;

(ii) Aumento dos Gastos com Pessoal em € 582.165 em 2020; e

(iii) Aumento no conjunto dos gastos com deslocações, ajudas de custo e alojamento, bem como os associados à frota automóvel, em mais € 46.408 face ao estimado para 2019.

9 Um presidente e dois vogais, no entanto, um dos vogais, o Dr. Hugo Lobo renunciou ao cargo no dia 27 de março de 2020, não tendo sido substituído até à presente data.

¹⁰ O ROC foi designado, por DUE, de 30 de maio de 2019, para acompanhar o mandato 2018-2020.



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.
Conselho Fiscal

- A EDIA tem vindo a adotar, há vários anos, um modelo que é também seguido por outras entidades públicas, que contempla para além dos órgãos de fiscalização (CF e ROC) a existência de um auditor externo¹¹, assegurado pela BDO & Associados, para cumprimento do previsto no artigo 45.º do RJSPE e aplicável à EDIA enquanto Empresa Pública do Grupo B; e
- Por fim, existe a referência a um relatório anual através do qual são identificados os factos suscetíveis de constituir infração penal ou disciplinar, encontrando-se disponível no sítio da internet a versão referente ao ano de 2020, bem como um outro relatório sobre remunerações pagas a homens e mulheres reportado ao ano de 2020, em conformidade com determinado pelo n.º 2 da RCM n.º 18/2014, de 7 de março.

Orientações legais e tutelares

Dando cumprimento às orientações do titular da função acionista, vertidas no referido ofício da DGTF de janeiro de 2021, em observância com o artigo 420.º do CSC, e para além das matérias acima indicadas sobre o Relatório de Gestão, foi apreciada a informação específica constante no seu Capítulo 2, denominado “*Divulgação do cumprimento das orientações legais*”, e que visa aferir o cumprimento das orientações legais aplicáveis à Empresa, pelo que importa destacar o seguinte:

- À semelhança do verificado no passado, não existem orientações ou objetivos de gestão para 2020, conforme dispõe o n.º 1 do artigo 38.º do RJSPE, sendo a atividade da Empresa norteadada fundamentalmente, conforme se disse anteriormente, pelo PAO¹² e pelo orçamento da EDIA aprovado em sede do Orçamento de Estado para 2020 e, ainda, pelas orientações do acionista e outra legislação aplicável ao SEE;
- Assim, a Empresa apresenta a informação relativa à execução do PAO 2020 e dos seus orçamentos de receita e despesas aprovados no âmbito do OE 2020, bem como ao cumprimento dos princípios financeiros de referência, aos objetivos operacionais, ao EBITDA, aos gastos com pessoal, à evolução do indicador relativo ao peso dos gastos operacionais no volume de negócio, aos respetivos resultados de performance, ao investimento e ainda ao endividamento;
- No que se refere à gestão de risco financeiro, e em conformidade com o disposto no Despacho n.º 101/2009 – SETF, de 30 de janeiro, salienta-se que a atividade da EDIA se encontra exposta ao risco de taxa de juro e ao risco de liquidez. Quanto ao primeiro, importa salientar que a EDIA não detém, à data de 31 de dezembro de 2020, nenhum instrumento financeiro de cobertura de taxa de juro, apesar dos seus empréstimos estarem indexados a taxas de juro variáveis, com exceção do empréstimo obtido junto da DGTF em 2014. Nesta conformidade, a taxa média dos seus financiamentos situou-se em 2020 próximo de 1%.
- No que se refere às conclusões resultantes da análise de sensibilidade efetuada pela Empresa para uma variação de 1% na taxa de juro, o impacto estimado nos resultados de 2020 seria de (+/-) € 1,5 milhões;
- A EDIA apresenta um investimento realizado acumulado, desde 1995 até ao final de 2020, de aproximadamente € 2.401 milhões, dos quais cerca de € 36,8 milhões (sem capitalizações) foram realizados em 2020 de um total aprovado pelo acionista de € 85,9 milhões, o que corresponderá a uma taxa de execução na ordem dos 42,8%.

11 A EDIA refere o seguinte, sobre esta matéria: “O exercício de funções de auditoria contratual às contas da EDIA é realizado pela empresa BDO & Associados, Sociedade de Revisores Oficiais de Contas, LDA, sendo o auditor extemo da EDIA junto da CMVM a RCA – Rosa, Correia & Associados, SROC, S.A, que exerce quer as funções de ROC estatutário (assegurando assim a revisão legal das contas), quer as funções de auditor registado na CMVM para efeitos do Código dos Vabres Mobiliários.”.

¹² Faltando, na data da emissão deste parecer, a respetiva aprovação através de deliberação do acionista para o efeito, nos termos e ao abrigo do disposto no RJSPE, pese embora o mesmo tenha merecido concordância do Senhor SET através do Despacho n.º 295/2020-SET, de 22 de junho, exarado sobre o relatório da UTAM n.º 153/2020, de 19 de junho.



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

- Como já referido em relatórios anteriores, o financiamento do EFMA subdivide-se entre subsídios de investimento (Fundos Comunitários e PIDDAC), capitais próprios e empréstimos bancários, sendo que os primeiros representam mais de metade do investimento realizado;
- Quanto ao risco de liquidez, sublinha-se que, como referido anteriormente, desde setembro de 2014, a EDIA foi reclassificada para o perímetro das administrações públicas, passando as suas necessidades de financiamento a serem asseguradas pelo Orçamento de Estado, através de empréstimos a conceder pela DGTF ou através de novas dotações de capital. Neste contexto, e seguindo a tendência dos últimos anos mais recentes, as necessidades de financiamento da EDIA em 2020 foram asseguradas, uma vez mais, através de dotações de capital no montante de € 21,5 milhões;
- Esta política ativa de reforço de capitais permanentes por parte do Estado no papel de acionista único, permitiu à Empresa financiar parte do investimento realizado e reduzir o seu passivo remunerado em € 9,9 milhões, ou seja, menos 3,48% quando comparado com o ano de 2019;
- Já no que se refere ao limite de crescimento do endividamento, tendo em conta os termos da fórmula prevista no n.º 4 do artigo 159.º do DL n.º 84/2019, de 28 de junho (DLEO 2019), isto é, tendo em consideração os aumentos de capital realizados pelo Estado e os novos investimentos com expressão material¹³, apura-se uma redução do passivo remunerado em 2,06% face a igual período de 2019, estando, assim, cumprido de modo efetivo o limite máximo de 2% de aumento previsto no artigo 47.º da Lei do Orçamento do Estado para 2020;
- Com base no quadro seguinte, os gastos com pessoal registaram uma subida homóloga de 4,47%, sendo que em detalhe, os gastos com os dirigentes tiveram uma subida expressiva de 8,12%, enquanto os restantes colaboradores registaram uma subida de 3,76%. Já as remunerações com os órgãos sociais apresentaram um aumento de 3,03%.

Conforme consta do Relatório e como já referido anteriormente, estes aumentos são justificados pela Empresa, como o resultado da atribuição de valorizações remuneratórias¹⁴ relativas a 2020, ao aumento generalizado de 0,3% atribuído a todos os colaboradores, nos termos previstos do DL n.º 10-B/2020, de 20.03, bem como a uma menor taxa de absentismo e ainda do efeito da atribuição de isenções de horário de trabalho (IHT) em vez de proceder a contratações a termo certo.

Unid. Euro

Designação	Execução	Execução	Execução	Var. 2019/2020	
	2020	2019	2018	Valor	%
Gastos com Pessoal = (a)+(b)+(c)+(d)+(e)+(f)+(g)	6 601 620,00	6 319 342,00	6 016 909,00	282 278,00	4,47%
(a) Gastos com Órgãos Sociais	334 198,00	324 372,00	294 255,59	9 826,00	3,03%
(b) Gastos com Cargos de Direção	1 417 241,00	1 310 780,00	1 288 939,00	106 461,00	8,12%
(c) Remunerações do Pessoal (i)+(ii)+(iii)+(iv)	4 573 839,00	4 408 000,00	4 166 276,00	165 839,00	3,76%
(i) Vencimento base + Subs. Férias + Subs. Natal	2 985 877,00	2 829 885,00	2 740 306,00	155 992,00	5,51%
(ii) Outros Subsidios	1 450 753,00	1 393 591,00	1 286 970,00	57 162,00	4,10%
(iii) Impacto da reposição dos direitos previstos em IRCT	-	-	-	-	-
(iv) Impacto com valorizações remuneratórias não abrangidas	137 209,00	184 524,00	139 000,00	- 47 315,00	-25,64%

¹³ No montante de € 34,8 milhões.

¹⁴ Recorda-se que em 2019, as valorizações remuneratórias relativas aos anos de 2018 e 2019, foram pagas progressivamente, atingindo os 100% apenas a partir do mês de dezembro daquele ano.

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316

13



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

(d) Benefícios pós-emprego	-	-	-	-	-
(e) Ajudas de Custo	10 177,00	24 566,00	21 870,41	- 14 389,00	-58,57%
(f) Restantes encargos	265 240,00	250 217,00	244 872,00	15 023,00	6,00%
(g) Rescisões/indenizações	925,00	1 407,00	696,00	- 482,00	-34,26%
N.º Total Trabalhadores	179	179	179	-	-
N.º Total RH (OS + Trabalhadores + Cargos de Direção)	184^(*)	184	184	-	-

(*) Não inclui um dos vogais do CF por ter renunciado ao cargo no dia 27 de março de 2020, não tendo sido substituído até à presente data.

- Relativamente aos gastos com Órgãos Sociais, a EDIA demonstra o cumprimento das disposições sobre reduções remuneratórias previstas na Lei n.º 12-A/2010, de 30 de junho, aplicadas aos gestores públicos, ou seja, manteve-se a redução prevista de 5%. Refira-se a este propósito que na AG, de 23 de maio de 2018, foi fixado o novo estatuto remuneratório dos membros dos órgãos sociais para o mandato 2018-2020, incorporando também a Declaração Anual sobre Política de Remuneração dos membros dos Órgãos de Administração e Fiscalização da EDIA. Na AG, de 4 de outubro de 2019, foi votada favoravelmente a Declaração sobre Política de Remuneração dos membros dos órgãos de Administração e de Fiscalização da EDIA, em cumprimento do disposto no artigo 20.º da Lei n.º 28/2009, de 19 de junho.
- Em cumprimento do disposto no artigo 32.º do EGP, a Empresa confirma que nenhum dos membros da Administração utilizou cartões de crédito¹⁵, nem foram reembolsadas despesas incorridas a título de representação pessoal;
- Sublinha-se ainda que em 2020 não foram atribuídos prémios de gestão;
- No âmbito dos procedimentos da contratação pública, a EDIA rege-se pelo Código dos Contratos Públicos. Nessa medida, para a realização de despesas cujo valor estimado seja superior a € 5.000, utiliza o recurso ao procedimento de ajuste direto o que implica, em regra, o convite a pelo menos cinco entidades, contendo a fundamentação da necessidade de recurso àquele procedimento;
- Refira-se, igualmente, que no ano de 2020, não foram adjudicados pela Empresa contratos com valor superior a € 5.000.000,00, nem submetidos a visto do Tribunal de Contas;
- Importa destacar sobre este tema, que a EDIA incorporou no respetivo manual de procedimentos interno melhorias nos procedimentos de contratação, nomeadamente, a obrigação de incluir a fundamentação da necessidade de recurso ao ajuste direto, em especial sobre a impossibilidade de satisfação da necessidade por via dos recursos próprios da Administração Pública, para além de outras alterações que visam corresponder à garantia da legalidade e dos Princípios Normativos da Contratação Pública;
- No que se refere ao Sistema Nacional de Compras Públicas (SNCP), recorda-se que a EDIA aderiu àquele sistema¹⁶, através da Entidade de Serviços Partilhados da Administração Pública, I.P. (ESPAP), utilizando-o para a aquisição de viaturas em regime de aluguer operacional de viaturas (AOV), bem como para bens e serviços necessários à sua atividade. A este propósito, refira-se que em 2020 a Empresa procedeu à

¹⁵ Incluindo outros meios de pagamentos similares.

¹⁶ No entanto, sublinha-se que a EDIA decidiu não aderir ao Sistema de Gestão do Parque de Veículos do Estado (SGPVE), atendendo às especificidades de aquisições desta plataforma não se coadunarem com as necessidades e prazos de contratação da Empresa.

SEDE: Rua Zeca Afonso, 2 - 7800-522 BEJA
CONTRIBUINTE N.º 503 450 189
MATRICULADA NA CONS. REG. COM. DE BEJA SOB O N.º 01084950316

14



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

contratação e adjudicação de 6 viaturas através daquela plataforma de compras centralizadas, bem como à contração do fornecimento de energia e de combustíveis;

- Decorrente do legalmente previsto, cabe às empresas com EBITDA positivo assegurar a redução do peso do conjunto dos gastos com consumos, fornecimentos e serviços externos e pessoal no volume de negócios¹⁷. Nessa medida, o indicador registou uma melhoria de 682 pp face ao registado em 2019, passando dos 84,20% para os 79,23%.
- Ainda no âmbito das medidas de redução de gastos operacionais previstas no artigo 158.º do DLEO 2019, destaca-se que o indicador resultante do somatório dos gastos com deslocações, ajudas de custas e alojamento e com a frota automóvel, regista uma redução considerável de 13,08%, devido, sobretudo, às obrigações de confinamento e de limitação de deslocações impostas em 2020 pelo Governo na resposta à crise pandémica;
- Relativamente ao indicador referente aos gastos com estudos, projetos, pareceres e consultoria, verificou-se também uma redução em cerca de 2,64% quando comparado com 2019;
- No que se refere à frota automóvel, constata-se que o número de viaturas no final de 2020 é superior ao do ano de 2019, passando de 80 para 81 viaturas. A Empresa justifica este aumento em virtude de ter cedido uma viatura ao Ministério da Agricultura.
- No que diz respeito aos gastos com a referida frota, verifica-se uma redução de 9,84% quando comparado com o ano de 2019, mantendo a tendência observadas nos últimos anos mais recentes;
- O indicador relativo ao Prazo Médio de Pagamento (PMP) apurado pela Empresa, apresentou um agravamento significativo de 40 dias, passando de 63 dias para os 103 dias. A Empresa justifica este aumento devido aos atrasos, em particular, no pagamento aos fornecedores referentes aos novos investimentos da 2.ª fase do EFMA, resultantes do atraso e da falta de mais dotações de capital por parte do acionista. Ainda a propósito destes atrasos que são alheios ao órgão de gestão da Empresa, importa assinalar o risco de no futuro os credores em causa solicitarem eventualmente o pagamento de juros de mora, o que se traduzirá naturalmente em gastos adicionais;
- Ainda sobre esta matéria, importa assinalar que, ao abrigo do previsto no n.º 2 do artigo 26.º DLEO 2019, as empresas do SEE que apresentarem um PMP superior a 60 dias, devem divulgar no seu *site* da internet a lista das suas dívidas certas, líquidas e exigíveis há mais de 30 dias. Para o efeito, a Empresa refere no Relatório que *"divulga no site da EDIA, SIRIEF, SIGO uma lista atualizada das suas dívidas certas, líquidas e exigíveis há mais de 30 dias"*;
- A 31 de dezembro de 2020, a Empresa não identificou pagamentos em atraso (*"arrears"*), nos termos definidos pelo DL n.º 65-A/2011, de 17 de maio;
- No que diz respeito ao cumprimento da Unidade de Tesouraria do Estado (UTE) e apesar da Empresa ter solicitado a dispensa do cumprimento integral da UTE, nos termos previstos no n.º 3 do artigo 28.º do RJSPE, o IGCP concedeu para os anos de 2020 e 2021 a dispensa do referido princípio apenas para alguns serviços bancários, mais concretamente, para o carregamento de cartões de refeição e para os valores das garantias bancárias que não possam ser substituídos por depósitos caucionados. Contudo, apesar das referidas dispensas, a Empresa mantém outras contas fora do IGCP que identifica como

¹⁷ O Volume de Negócios considerado para efeito do presente indicador, é corrigido pela Empresa dos subsídios à exploração e das indemnizações compensatórias e engloba o montante de Variação nos Inventários da produção.



Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

Conselho Fiscal

necessárias para o recebimento de clientes até ser possível encerrar as mesmas. De destacar, neste âmbito, que as referidas contas fora do IGCP não foram remuneradas em 2020.

Outras Recomendações do Acionista

Relativamente ao cumprimento das demais orientações, salienta-se as recomendações pelo acionista emanadas na AG Anual da EDIA realizada em 5 de junho de 2020, para as quais a Empresa identifica no Relatório o cumprimento de todas com exceção de duas, uma relativa ao PMP e uma segunda no que se refere aos Gastos com pessoal, apresentando, para o efeito, os fundamentos ou as condicionantes não imputáveis à Empresa que explicam o não cumprimento das recomendações em causa e conforme já detalhado anteriormente.

PARECER

De acordo com o que precede e tendo em consideração os elementos disponibilizados, bem como as conclusões constantes da Certificação Legal de Contas, do Relatório Adicional de Auditoria e do Relatório de Auditoria Externa sobre as Demonstrações Financeiras, o Conselho Fiscal é de parecer que:

- 1 - Seja aprovado o Relatório e Contas de 2020 (bem como o RGS), atento à reserva e às ênfases expressas na Certificação Legal das Contas;
- 2 - Seja aprovada a proposta de aplicação de resultados apresentada pelo Conselho de Administração em conformidade com as disposições legais em vigor, no sentido do Resultado Líquido negativo, no montante de € 13.855.194, seja levado a Resultados transitados.

Por último, o Conselho Fiscal regista com apreço e agradece toda a colaboração que lhe foi prestada ao longo do ano de 2020 pelo Conselho de Administração e pelos colaboradores da EDIA, bem como pelo ROC e pelos Auditores Externos.

Lisboa, 31 de maio de 2021

O Conselho Fiscal,



Assinado por: Sara Alexandra
Ribeiro Pereira Simões Duarte
Ambrósio
Identificação: B109555111
Data: 2021-06-09 às 10:47:00

Sara Simões Duarte Ambrósio
(Presidente)

Assinado por: Nelson Manuel Costa dos Santos
Num. de Identificação: B110467387
Data: 2021.06.09 10:53:59+01'00'

Nelson Costa Santos
(Vogal)

DECLARATION OF CONFORMITY

DECLARATION OF CONFORMITY OF THE BOARD OF DIRECTORS

Dear Shareholders

Under the terms of subparagraph c) of paragraph 1 of Article 245 of the Portuguese Securities Code, we inform you that to the best of our knowledge:

- I. The information contained in the management report faithfully sets out the important events that occurred in 2020 and the impact on the respective financial statements, containing a description of the main risks and uncertainties that they face; and
- II. The information contained in the individual financial statements, as well as their annexes, was prepared in accordance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial situation and the results of EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. and the companies included in the consolidation perimeter.

Beja, 13 April 2021

The Board of Directors

Eng. José Pedro Mendes Barbosa da Costa Salema
(Chairman)

Dr. Augusta Manuel Pereira de Jesus Cachoupo
(Member)

Eng. Jorge Manuel Vazquez Gonzalez
(Member)

STATEMENT ON THE REMUNERATION POLICY OF THE MEMBERS OF THE EDIA, S.A.’S BOARD OF DIRECTORS AND SUPERVISORY BOARD PROVIDED FOR IN LAW 28/200 9

NAt the General Meeting of 4 October 2019 it was resolved not to elect a Remuneration Setting Committee.



ACRONYMS AND ABBREVIATIONS



Photo: Pipeline

Acronyms and Abbreviations

ACB – Cost Benefit Analysis	Alentejo	CADC- Committee on the Application and Development of the Convention	CH – Hydraulic Circuit
ACECA – Control and Elimination of the Water Hyacinth in the River Guadiana Cross-Border Stretch	AT – Tax Authority	CD – Documentation Centre	CHA – Alqueva Hydroelectric Power Plant
ADRAL – Alentejo Regional Development Agency	ATLA – Cross-Border Association of Lake Alqueva Municipalities	CCAM – Mutual Agricultural Credit Bank	CHP – Pedrógão Hydroelectric Power Plant
AdSA – Águas de Santo André	BC – Commercial Banking	CCDR – Regional Coordination and Development Commission	CIAL – Alqueva Information Centre
AEXCID – Extremadura Agency for International Development Cooperation	BCP – Banco Comercial Português	CCDR – Regional Coordination and Development Commission	CIEFMA – Web Application to Consult the EFMA Infrastructure and Irrigation Management Register
AG – General Meeting	BCSD – Business Council for Sustainable Development	CCP – Public Procurement Code	CIMAC – Intermunicipal Community of Central Alentejo
AgdA – Águas Públicas do Alentejo	BE – Economic Bulletin	CCDR – Regional Coordination and Development Commission	CLAS – Social Action Local Council of Beja
AIA – Environmental Impact Assessment	EIB – European Investment Bank	CD – Documentation Centre	CMB – City Council of Beja
AOV – Operational Lease of Vehicles	BES – Novo Banco	EC – European Community	CMVM – Portuguese Securities Market Commission
APA – Portuguese Environment Agency	BNT – National Land Exchange	CEB-Council of Europe Development Bank	CNC – Accounting Standards Committee
AEBR- Association of European Border Regions	BP-Bank of Portugal	C4C-Cloud for Customer	COTR – Operating Centre for Irrigation Technologies
ARH Alentejo – Administration of the Hydrographic Region of	BPI- Banco Português de Investimentos	CGD – Caixa Geral de Depósitos	CP – Public Tender
	CA – Board of Directors		

CRI – International Rivers Commission	EGP – Public Manager Statute	hm ³ – Cubic hectometre	ISO – International Organization for Standardization
CSC – Commercial Companies Code	EIA – Environmental Impact Study	IAS – International Accounting Standard	ISPA – Higher Institute of Applied Psychology
DGADR – Directorate-General for Agriculture and Rural Development	EN – National Road	IASB – International Accounting Standard Board	VAT – Value Added Tax
DGEG – Directorate-General for Energy and Geology	ENCNB – National Strategy for Nature Conservation and Biodiversity	IBERLINX – Cross-Border Territorial Action for the Conservation of the Iberian Lynx	IVI – Infrastructure Value Index
DGS – Directorate-General for Health	EP – Public Enterprises	ICNF – Institute for Nature Conservation and Forests	Km – Kilometre
DGO – Directorate-General for the Budget	EPE– Entreprises pour l’Environnement	IEFP – Institute for the Employment and Vocational Training	Km ² – Square kilometres
DGT – Directorate-General for the Territory	EPR – Reclassified Public Enterprises	IFRIC – International Financial Reporting Interpretations Committee	kWh – Kilo Watt per Hour
DGTF – Directorate-General for the Treasury and Finance	ETA – Water Treatment Plant	IFRS – International Financial Reporting Standards	LCPA – Law of Commitments and Late Payments
DIA – Environmental Impact Statement	ETAR – Wastewater Treatment Plant	IGCP – Portuguese Treasury and Government Debt Management Agency	LGT – General Tax Law
DL – Decree-Law	EUR – Euros	HICP – Harmonised Index of Consumer Prices	LNEC – National Civil Engineering Laboratory
DLEO – Budget Execution Decree-Law	GFCF – Gross Fixed Capital Formation	IHT – Exemption from Working Hours	LOE – State Budget Law
DR – Official Gazette	EAFRD – European Agricultural Fund for Rural Development	INALENTEJO – Regional Operational Program of Alentejo 2007/2013	MA – Ministry of Agriculture
EUSD – Unanimous Written Social Resolution	ERDF – European Regional Development Fund	INVASEP – Fight against invasive species in the Tagus and Guadiana rivers in the Iberian Peninsula	MD – Right Bank
DUP – Public Utility Declaration	EAGGF – European Agricultural Guidance and Guarantee Fund	INE – National Institute of Statistics	MAFDR-Ministry of Agriculture, Forestry and Rural Development
EBIT – Earning Before Interest and Taxes	FF – Source of Financing	IPBeja – Polytechnic Institute of Beja	MAMAOT – Ministry of Agriculture, Sea, Environment and Land Planning
EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization	FitoFarmgest – Sustainable Management of Phytopharmaceuticals in Olive Grove, Vineyards and Field Crops, in the EFMA Area of Influence	CPI – Consumer Price Index	MF – Ministry of Finance
EDIA – Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.	FSE – External Supplies and Services	HICP – Harmonised Index of Consumer Prices	MW/h – MEGA WATT per hour
EDP – Energias de Portugal	GeOp – (Entity) Operational Management	IRC – Corporation Tax	NAVIA– Infrastructures Management Operational Software
EFMA – Alqueva Multipurpose Project	GESAMB – Environmental and Waste Management	IRS – Personal Income Tax	NCRF – Accounting and Financial Reporting Standards
EFV – Surveillance and Monitoring Team	ha – Hectare		NERBE – Business Nucleus of the Beja Region
			NPA – Full Storage Level

OakReGeneration – Project OakRegeneration – Project PDR2020 – Measure 1 Operational Groups (Project studying the natural regeneration of cork oak forests in protected environments for livestock and wildlife)	PNN – Noudar Nature Park	PR – Primary Network	EU – European Union
CSO – Media	PNRegadios– National Irrigated Land Program	RPM – Portuguese Network of Museums	UEP – Project Execution Unit
OE – State Budget	POAAP – Land Management Plan for the Alqueva and Pedrógão Reservoirs	RS – Secondary Network	UIA – Urban Innovative Actions
OROC – Portuguese Statutory Auditors Association	POC – Official Plan of Accounts	S.A. – Public Limited Company	ULSBA – Local Health Unit of Baixo Alentejo
PBG – Principles of Good Governance	POC Alqueva – Observation and Command Post for the Alqueva Dam	SAP – Data Processing Systems, Applications and Products	URSA – Alqueva By-products Recirculation Units
PCCTM – Temporary Pond Conservation Plan	POCTEP – Cross Border Cooperation Program Portugal – Spain	SCADA – Software Supervisory Control and Data Acquisition	AWU – Working Unit Year
PDR 2020 – Rural Development Program for Mainland Portugal 2014–2020	POSEUR – Operational Program for Sustainability and Efficiency in the Use of Resources	SEE – State Enterprise Sector	UTAM–Technical Unit for Monitoring and Control of the Public Enterprise Sector
PDM – Municipal Master Plans	POVT – Thematic Operational Program for Territorial Valorisation	EMS – Environmental Management System	UTE – State Treasury Unit
PEC – Stability and Growth Program	PT – Transformation Station	GIS – Geographic Information System	GVA – Gross Value Added
HDPE – High Density Polyethylene	CRP – Cost Reduction Plan	SIGO – Budget Management Information System	WADI– Water-tightness Detection Implementation
EMP – Environmental Management Program	PPRCIC – Plan for the Prevention of Risks of Corruption and Related Infractions	SHT – Safety and Hygiene at Work	
GDP – Gross Domestic Product	PRODER – Rural Development Program	SIRHAL – Alqueva Water Resources Information System	
PIDDAC – Central Administration Investment and Development Expenses Program	PRO-IBERLINX – Protection and Conservation of the Iberian Lynx	SISAP – Support System for Determining Cultural Aptitude	
PIER – Rural Intervention Plan	PUT – Principle of State Treasury Unit	SNC – Public Administration Accounting Standardisation System	
PlaCarvões – Project which consists in the implementation of a solution that integrates the principles of Circular Economy in the plastics value chain, with the valorisation of plastic waste (agricultural plastics, disposable plastics and CDR) through the production of activated carbons	CSF – Community Support Framework	SNCP – National Public Purchasing System	
PMP – Average Payment Time	RCA – Rosa, Correia & Associados, SROC, S.A.	SOE – State Budget Preparation Information System	
	RCM – Council of Ministers Resolution	SROC – Society of Statutory Auditors	
	RJSPE – Legal Regime of the Public Enterprise Sector	STJ– Supreme Court of Justice	
	ROC – Statutory Auditor	TCAS – Southern Administrative Central Court	
		TRH – Water Resources Charge	
		TURH – Titles of Use of Water Resources	

EDIA

Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A.

SHARE CAPITAL	860.334.960,00 EUR
EQUITY	47.641.672,00 EUR
LEGAL PERSON NUMBER	503 450 189
REGISTRATION	01 084/950316 at the Commercial Registry Office of Beja
REGISTERED OFFICE	Rua Zeca Afonso, N.º 2 - 7800 - 522 - BEJA
LISBON DELEGATION	Espaço Amoreiras - Centro Empresarial. Rua D. João V, N.º 24, 1.03. - 1250-091 LISBON
ALQUEVA DELEGATION	Apartado 126 - 7860 - MOURA
PEDRÓGÃO DELEGATION	Apartado 126 - 7860 - MOURA
NOUDAR NATURE PARK	Apartado 5 - 7230 - BARRANCOS
MUSEU DA LUZ (LUZ MUSEUM)	Largo da Igreja Nossa Sr.ª da Luz - 7240 - 100 - LUZ - MOURÃO
	Website: www.edia.pt
PHOTOGRAPHS	António Cunha/EDIA