

ANNUAL REPORT 2022

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

MANAGEMENT REPORT



NT



THE PREVAILING CONTEXT

THE MACROECONOMIC CONTEXT¹

The global struggle against inflation, the invasion of Ukraine and the resurgence of COVID-19 in China weighed on global economic activities in 2022 and with the first two factors forecast to continue doing so in 2023.

GLOBAL

Estimated global growth for 2022 stands at 3.4% and with growth of 2.9% forecast for 2023 (3.1% for 2024). The low growth forecast for 2023 not only reflects central banks hiking interest rate to combat inflation, especially in advanced economies as well as the war in Ukraine. The drop in growth in 2023 stems from the situation faced by advanced economies with growth expected to recover in China following its complete full reopening in 2023. The expected 2024 recovery arises from the gradual recovery from the effects of the conflict in Ukraine and lower inflation.

Oil prices are expected to fall around 16% by 2023 while non-fuel commodity prices are forecast to decline by an average of 6.3%.

Furthermore, interest rates will be revised upwards in keeping with the policy of pulling down the inflation rate.

THE EUROZONE

Real GDP growth in the EU surprised for the positive in the first half of 2022 as consumers made a strong return to spending, especially on services, following the relaxation of the COVID-19 containment measures. This expansion continued into the third quarter, albeit at a considerably weaker pace. Heightened uncertainty, high energy price pressures, eroding household purchasing power, a weaker external environment and tighter financing conditions are forecast to push the European Union (EU), the Eurozone and most member states into recession in the final quarter of the year. 2022 GDP is expected to register growth of 3.3% in the EU (3.2% in the Eurozone).

After falling to 4.6% of GDP in 2021 (5.1% in the Eurozone), the EU budget deficit is due to contract further, shrinking to 3.4% of GDP this year (3.5% in the eurozone). By 2023, however, the aggregate government deficit is expected to again increase slightly (to 3.6% in the EU and 3.7% in the Eurozone) as economic activity weakens, interest expenditure rises and governments extend and/or introduce new discretionary measures to mitigate the impact of high energy prices. As a result, the deficit is projected at 3.2% of GDP in the EU and 3.3% in the Eurozone in 2024. Over the forecast horizon, the debt-to-GDP ratio is projected to decline further in the EU, from 89.4% of GDP in 2021 to 84.1% of GDP in 2024 (and from 97.1% to 91.4% in the Eurozone).

Rising price pressures are likely to have shifted the peak in inflation towards the end of the year and correspondingly raised the forecast annual inflation rate to 9.3% in the EU and 8.5% in the Eurozone. Additionally, inflation is expected to ease in 2023 while remaining high at 7.0% in the EU and 6.1% in the Eurozone, before moderating in 2024 to 3.0% and 2.6% respectively. The revisions mainly reflect the significantly higher wholesale gas and electricity prices, which put pressure on retail energy prices as well as on most goods and services in the consumer basket.

The labour market continued to perform strongly, with employment and participation at their highest rates while unemployment stood at the lowest level in decades. Strong economic growth attracted a net additional two million people into employment in the first half of 2022, bringing the number of people in employment in the EU to an all-time high of 213.4 million. The unemployment rate also remained at an all-time low of 6.0% in September. Labour markets are expected to react with a lag to the slowdown in economic activity but to still remain resilient. EU employment growth is forecast at 1.8% in 2022, before stagnating in 2023 and rising moderately to 0.4% in 2024. In turn, EU unemployment rates are projected to stand at 6.2% in 2022, 6.5% in 2023 and 6.4% in 2024.

After several years of zero or negative key interest rates, since mid-2022, the Governing Council of the ECB has been raising the three key ECB interest rates to control inflation. In an early 2023 announcement, the rates were again hiked by 50 basis points. Therefore, the interest rates on the main refinancing operations and on the marginal lending facility and the deposit facility will be raised to 3.00%, 3.25% and 2.50% respectively, taking effect from 8 February 2023.

¹ Sources: IMF World Economic Outlook; European Commission Economic Outlook; the Bank of Portugal Economic Bulletin; the Macroeconomic Forecasts of the European Central Bank; Eurostat and the INE.

PORTUGAL

According to the forecasts from the INE – the National Statistics Institute and the Bank of Portugal, the main economic indicators for 2022 were as follows:

| | YEAR 2022 | YEAR 2021 |
|--|-----------|-----------|
| Gross Domestic Product growth rate | 6.7% | 5.5% |
| Private Consumption growth rate | 5.9% | 4.7% |
| Harmonised Index of Consumer Prices | 8.1% | 0.9% |
| Unemployment rate | 6.0% | 6.6% |
| Euribor 6 months (end of year) | 2.693% | (0.546%) |
| 10 Year Treasury Interest Rate (average of the year) | 2.17% | 0.30% |

Within this framework, GDP growth came in at 6.7% in 2022 but is now expected to fall back to just 1.5% in 2023, followed by a more moderate pace of expansion in 2024 and 2025, 2% and 1.9%, respectively. Growth will be restrained in the first half of 2023 with forecast moderation in household expenditure, some postponement of corporate investment plans alongside a slowdown in exports. These developments are taking place against a backdrop of heightened global uncertainty, continued high energy prices eroding purchasing power alongside tightening financial conditions and weakening external demand. The factors that have hitherto supported private consumption are expected to fade. Not only is the adjustment margin resulting from wealth accumulated during the pandemic forecast to shrink but the increased risk perception of changes in the labour market conditions, albeit not contained in these projections, is likely to constrain consumption decisions. Activity should accelerate as from the second half of 2023 reflecting the expected easing of tensions in energy markets, the gradual recovery of the real income of households, improving external demand and the normalisation of global supply chains. The greater absorption of European funding also provides a support for activity in this period.

Inflation surged to 8.1% in 2022 and with forecasts pointing to 5.8% and 3.3% in the following two years. High inflation impacts negatively on activity and income, especially for lower-income households. The sharp rise in inflation in the Eurozone and its persistence led the Governing Council of the European Central Bank (ECB) to begin a process of normalising monetary policy. The resulting policy of raising interest rates has impacted on the financing costs for companies and families, which is helping to contain inflationary pressures. Lower inflation is essential to recovering the purchasing power of families and supporting a recovery in activities in a less uncertain context.

In 2022, the budget deficit decreased and came in below the Eurozone average. Public debt as a percentage of GDP, although high, maintained its downward trajectory. This favourable evolution is projected to continue in the forthcoming years, with this ratio returning to levels of below 100%.

THE WATER SECTOR IN GLOBAL TERMS²

In global terms, water has always been a scarce resource and the trend is for to worsen in forthcoming decades. This results not only from the continued rise in the world's population, with particular emphasis on emerging economies, but also of the progressive decline in water availability deriving from the effects of climate change.

Simultaneously, and beyond the basic need for access to drinking water, water is essential to socioeconomic development, particularly for energy and food production, and also for the conservation of healthy ecosystems.

For all these reasons, water is at the heart of sustainable development, underpinning several of the Sustainable Development Goals (SDGs) on the 2030 Agenda, and the specific subject of SDG6, which aims at universal and equitable access to safe drinking water and sanitation.

In the particular case of water supply and sanitation services, in addition to the balance between supply and demand, there is also the need to ensure system resilience so that they can withstand increasingly common and extreme weather events as well as other events of non-climatic origins. Over the last two decades, especially in more developed countries, we have also witnessed new trends in water management, driven by technological advances that contribute to addressing the above-mentioned challenges. In fact, the following issues now feature high on the agenda: the deployment of new types of water sources, such as desalination or treated wastewaters; system operation via renewable energy sources in order to mitigate greenhouse gas emissions and, consequently, slow climate change; encouraging innovation for the better management of water systems; and the implementation of the Circular Economy Water paradigm, maintaining resources in circulation for as long as possible and valuing by-products instead of treating them as waste.

² Sources: <http://www.worldbank.org>; <http://oecdobserver.org>; <https://iwa-network.org/>; <https://unric.org/pt/>

Despite all these advances, in this new millennium, we still face facts before which we cannot remain indifferent:

- three out of ten people lack access to clean water;
- over 2 billion live in countries with high levels of water stress;
- around 4 billion people experience a severe shortage of clean water for at least one month a year;
- only a quarter of the population in countries considered poor have access to adequate sanitation services.

and, from a business perspective, in more developed areas, we would note that:

- despite accessibility, there are still water management services turning in poor performance levels in terms of efficiency and resilience;
- inadequate financing capacity for operations remains, resulting in low levels of investment;
- water companies do not cover their operating costs and few are able to service their debts.

All these challenges are accompanied and sometimes leveraged by uncertainties in the economic policies adopted in various geographies of the world coupled with the emergence of international crises of which the war resulting from the invasion of Ukraine is but one example.

resources, accessibility and resilience of systems, has taken measures that include: **(i)** transforming political agreements into binding rules; **(ii)** ensuring the equitable distribution of water and sanitation services; **(iii)** implementing government developed international labour standards by employers and workers; and **(iv)** establishing soft-law instruments (resolutions, general comments, principles, guidelines and codes of conduct) susceptible to influencing the development of international law and encouraging non-governmental organisations (NGOs) to promote active public participation in these matters - as they are perceived as becoming increasingly influential over policy-making.

GEOPOLITICAL AND ENERGY CRISIS³

In response to the difficulties and turbulence triggered in global energy markets by the Geopolitical Crisis resulting from Russia's invasion of Ukraine, the European Commission approved the European REPowerEU Plan on 18 May 2022.

The Plan sets out a series of measures to rapidly reduce dependence on Russian fossil fuels and make rapid progress with the ecological transition, while increasing the resilience of the EU-wide energy system. In parallel the Plan seeks: energy savings; clean energy production and the diversification of our energy supply, including establishing financial and legal measures able to produce the new energy infrastructures and systems that Europe needs.

In the context of this European plan, several measures for diversification, savings and acceleration of clean energy targets have been established, including new national plans under the Recovery and Resilience Plan (RRP) to support investments and reforms worth €300 billion and with the stimulus for industrial decarbonisation attributed to planned projects worth €3 billion under the Innovation Fund (as per RCM No. 136/2022).

In response to the geopolitical crisis, the Energy Saving Plan 2022-2023 was published in the Official Gazette on 27 September 2022. The document, drafted by ADENE at the request of the Government, contains energy reduction measures, water efficiency and mobility, and covers the Public Administration, central and local government, private sectors such as industry, commerce and services, and also citizens. It should be noted that the mandatory measures only apply to central government. However, recommendations for energy saving measures are handed down to local government, companies and citizens.

Among the measures foreseen in the Plan, the following particularly stand out: reduce the energy consumption of indoor and outdoor lighting and the air conditioning of spaces; promote human resource management practices that enable the reduction of energy consumption (remote working); local production of electricity from renewable energy sources; train state technical staff in implementing, boosting and monitoring the resource efficiency of these measures.

The 2022-2023 Energy Saving Plan is a response to the geopolitical crisis Europe is currently experiencing, with serious consequences for the energy sector and represents one instrument for responding to the European Union challenge of voluntarily reducing energy consumption by 15%. In the case of Portugal, there are derogations that allow for the mandatory reduction to be reduced to 7%.

³ Source: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_pt

WATER SUPPLY AND SANITATION IN PORTUGAL⁴

In Portugal, the sector is characterised by a large number of participants: in terms of administration, the regulatory entity and alongside the respective central government authorities and, for system management including the municipalities, municipal associations, municipal and inter-municipal companies, public companies (especially concessionary companies), the private concessionary companies and the private management service providing entities.

The management and organisation models for water supply and wastewater sanitation services are set out in laws establishing the legal framework for the management and operation of municipal, multi-municipal and partnership systems between the state and local government authorities.

In Portugal, the level of maturity of the sector guarantees the increasing availability of these services throughout the entire country accompanied by improvements to quality at prices accessible to the populations.

NATIONAL PANORAMA

| WATER SUPPLY | WASTEWATER SANITATION |
|---|--|
| • 9.8 million inhabitants served | • 8.7 million inhabitants connected to drainage systems |
| • 97% of households served | • 86% of households served |
| • 184 litres: average daily consumption of water per inhabitant | • 8.7 million inhabitants with sanitation services |
| • Average weighted tariff: 0.5581 EUR/m ³ | • 86% of households served with sanitation services |
| • Indicator of safe water standards on Mainland Portugal (bulk): 99.59% | • 1.8 million m ³ of wastewater treated daily |
| | • Average weighted tariff: 0.5351 EUR/m |

Data: RASARP 2022

The water sector is not only capital intensive but also returns only long term payback periods. In fact, the high investment required at an initial stage only allows for the respective return, through levelling out the tariffs charged, over the course of the life span of the infrastructures. Thus, this conveys how any reduction in the return on investment periods would imply increases in annual costs, which would cause significant impacts on the tariffs charged to end users.

As the PENSAAR 2020 plan terminated in 2020, a working group was set up to draft up a new strategic plan for the 2021-2030 period, which, in addition to water supply and wastewater management, also extends to rainwater management – the Strategic Plan for Water Supply, Wastewater Sanitation and Rainwater Management 2030 (PENSAARP 2030)).

The draft legislative approving PENSAARP-2030, which was under public consultation through to May 2022, has now been submitted. Its ultimate goal is to achieve water services of excellence for all and at the right price through achieving four global strategic objectives, specifically **i)** effectiveness, **ii)** efficiency; **iii)** sustainability and **iv)** the economic, environmental and societal valuation of services.

THE AdP GROUP IN 2022

The AdP Group represents the corporate instrument designed for implementing public policies and achieving national objectives in the environment sector, correspondingly striving to promote universality, continuity and quality of service, sector sustainability and the protection of environmental values.

In this context, the Group works closely with municipalities not only as clients and, in some cases, as shareholders, but also in constructing solutions for aggregating retail operations through applying its know-how, advancing with more efficient solutions and fairer prices for the supply of water and sanitation services to the population.

Climate change features prominently in the set of challenges addressed by the AdP Group's Strategic Commitment Framework, considering both levels of climate action, specific **i)** adaptation, with the emphasis on system resilience, the circular economy and water efficiency, water recycling and the recovery of other by-products of high ecological value and raising awareness of the value of water and its efficient utilisation, and **ii)** mitigation, aiming to achieve energy neutrality in 2030 and advancing with the decarbonisation of the water cycle, through programs involving every Group company and activity and integrating reductions in energy consumption, sharp increases in the Group's own production of 100% renewable energy and cuts to greenhouse gas emissions.

⁴ Sources: <http://www.ersar.pt/pt>; <https://www.apambiente.pt>; Diário da República, I.ª série

The AdP Group's Innovation Agenda, in line with its sustainability ambitions, identifies strategic areas for innovation: energy and carbon neutrality, the efficiency and resilience of operations and systems, the circular economy and digitalisation in harmony with the community and the prevailing knowledge.

In 2022, the AdP Group undertook a set of initiatives to guarantee system resilience, complementing the development of climate change adaptation plans by each company, specifically involving the launch of a Group task force featuring every water supply company and in order to manage, following the declaration of a contingency situation, the meteorological and hydrological drought that occurred in 2022, the third most serious since 1931.

In the circular economy field, we would highlight the early phases in developing the AdP Group circularity strategy, which aims to bring together the various dimensions of the circular economy in which the Group participates and seeks to expand its scope of action. This features the Water for Reutilisation strategy, the action plan for integrating recycled materials into new AdP Group operating areas, actions in terms of recovering biogas and eco-reagents.

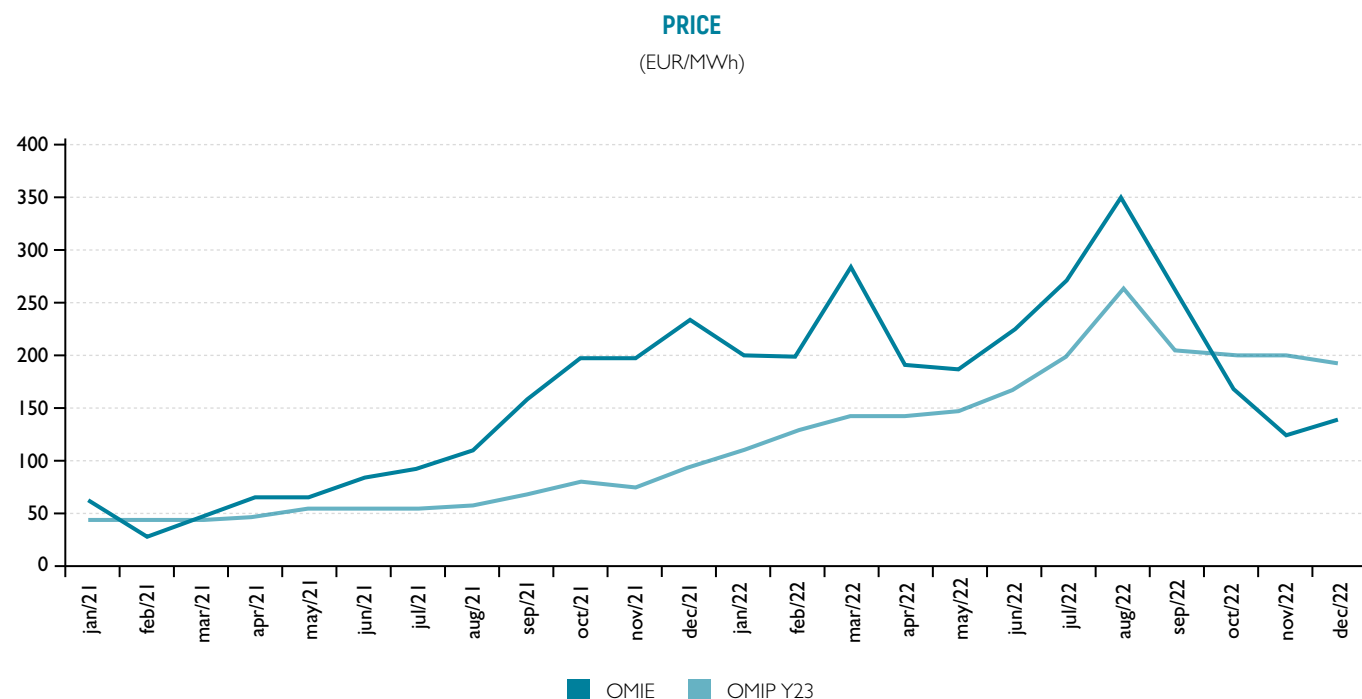
Within the scope of the environmental and economic sustainability of its water supply and wastewater sanitation operations, energy management reflects a strategic AdP Group priority, for example through the ZERO Energy Neutrality Program with implementation enabling the Group to be among the first internationally to achieve energy neutrality throughout all its national and international activities.

At the international level, in 2022, the AdP Group advanced with several partnership and cooperation projects, especially with the World Bank following the signing of a protocol to expand its partnership activities, specifically under the auspices of "Utilities of the Future".

ENERGY WITHIN THE AdP GROUP

THE ELECTRICITY PRICE IN PORTUGAL

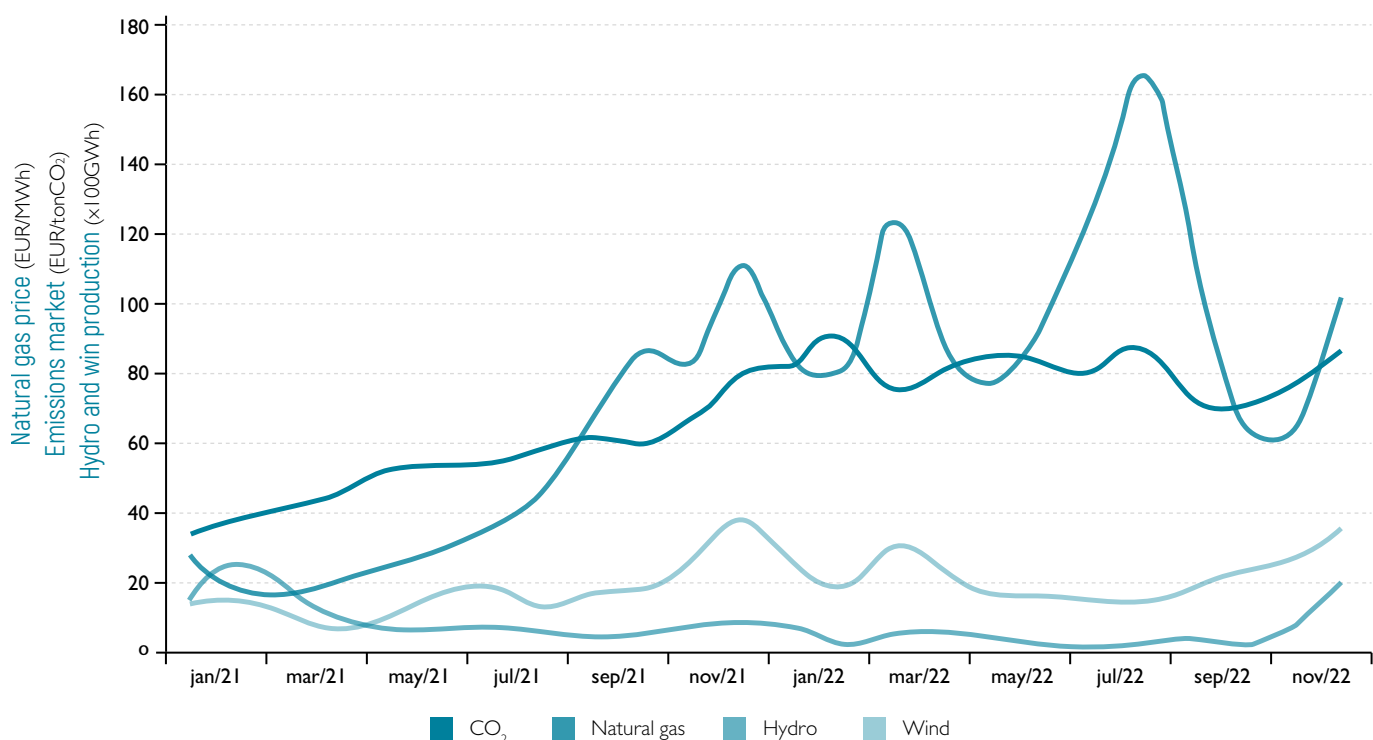
The year of 2022 experienced great volatility in the electricity markets, strongly influenced by the invasion of Ukraine, which began in February 2022, as reflected in the following figure.



The average electricity price in Portugal on the Iberian wholesale market⁵ (OMIE) closed 2022 at 217.90 €/MWh (compared to 111.81 €/MWh in 2021). The average price in 2022 of Iberian energy futures for delivery in 2023 was 176.28 €/MWh, up +196% on the previous year. Market prices hit all-time highs.

⁵ From 15 June 2022 onwards, the level of the natural gas adjustment mechanism was published by REN..

Due to the instability of the energy markets and with the objective of controlling the rise in energy production prices, the Portuguese and Spanish governments established an exceptional and temporary mechanism for adjusting the production costs of electricity reflected in the formation of the wholesale reference electricity market price in the Iberian Electricity Market (MIBEL). This mechanism sets the reference price for natural gas and came into effect in Portugal through Decree-Law no. 33/2022 of 14 May.



Analysing the components that influence energy prices, it is worth highlighting the increase in the average price of natural gas (+110%), accompanied by great volatility, reaching a maximum value of 240.00 EUR/MWh. The average price of CO₂ also increased in relation to the previous year (+51.5%), once again reaching historic highs of 97.77 EUR/ton CO₂. Wind generation in 2022 was higher than the previous year (+29%), while hydro generation was significantly lower (-45%), the result of a year in which the country went through a period of extreme drought (see figure above).

This increase in the Iberian market electricity price was accompanied by the European daily markets, with the following table displaying the variations experienced in Portugal, Germany and France.

| VARIATION IN THE AVERAGE ELECTRICITY PRICE (DAILY MARKET) | AVERAGE PRICE IN 2022 (EUR/MWH) | AVERAGE PRICE IN 2021 (EUR/MWH) | 2022/ 2021 |
|---|---------------------------------|---------------------------------|------------|
| Portugal | 217.90 | 111.81 | 94.9% |
| Alemanha | 235.46 | 96.85 | 143.1% |
| França | 275.89 | 109.00 | 153.1% |

The variation in electricity prices on the futures market (OMIP), for supply in 2023, display a similar pattern, with the following table featuring the fluctuations occurring in Portugal, Germany and France.

| VARIATION OF THE AVERAGE ELECTRICITY PRICE (DAILY MARKET) | AVERAGE PRICE IN 2022 (EUR/MWH) | AVERAGE PRICE IN 2021 (EUR/MWH) | 2022/ 2021 |
|---|---------------------------------|---------------------------------|------------|
| Portugal | 176.28 | 59.46 | 196.5% |
| Alemanha | 298.65 | 70.86 | 321.5% |
| França | 368.00 | 69.49 | 429.6% |

In 2022, national consumption totalled 50.363 GWh, +1.8% higher than in 2021.

50% of consumption was generated by renewable sources, slightly lower than the 59.7% verified in 2021. Compared to the previous year, hydroelectric production was -45.2% and the hydroelectric productivity index dropped to 0.63 (-32.2% compared to 2021) while wind energy production rose +0.4%.

Thermal production, between 2022 and 2021, saw an increase of +13.1% in natural gas and a decrease of -29.4% in cogeneration. We should recall how all coal-fired power stations in Portugal ceased produce in 2022, hopefully definitively.

The international energy balance reflects the importing 18.4% of the energy consumed, much higher than in 2021 (+94.7%). In meteorological terms, the average temperature in 2022 was 16.6° C, 1.4° C higher than the normal value for the period 1971-2000.

As regards the consumer electricity price for (the case for AdP Group companies), the Tariffs for Access to Networks (TAR), set by ERSE, as the regulator, produce a relevant impact which includes, alongside the network operation costs incurred by the respective operators, the Costs of General Economic Interest (CIEG), specifically, the recovery of the tariff deficit and the regional tariff convergence mechanism.

2022 represented an odd year in the case of TAR with a review of the level taking place in the 2nd semester. In the first half of 2022, TAR was reduced for all voltage levels in comparison with 2021 (-94.0% in HV and MV, -65.6% in SLV and -52.2% in NLV). In the second half of the year and applying the 2021 tariffs as a reference, TAR was again significantly reduced (-126.5% in HV, -113.0% in MV, -75.1% in SLV and -68.4% in NLV).

In 2023, TAR will experience the sharpest reduction seen thus far: -636.5% in HV, -663.2% in MV, -228.4% in SLV and -419.8% in NLV in comparison with the average 2022 price. This TAR decrease, for all voltage levels, stems from a sharp decrease in the Global Use of the System tariff, generated by the decrease in the CIEG, which translates into a benefit for the National Electricity System in 2023.

Hence, 2022 was marked by instability and market complexity and, due to the need for new energy supply contracts across all voltage levels, the strategy adopted by the Group incorporated 2 axes:

- Launching a tender for 2 HV, MV and SLV lots, without any base price, in closing months of the year and for a short period (6 months), reducing exposure in this period of great uncertainty in energy prices coupled with major market volatility;
- In NLV, migration to the transitory or regulated tariff regime, through the signing of contracts with the supplier of last resort - SU ELECTRICITY - without terms, i.e., until the markets are stabilised and regain their previous attractiveness.

Thus, as a result of highly significant changes in market energy costs (which increased across all voltage levels although less severely in the case of LVN), counterbalancing the 2023 reduction in TAR, we forecast that the Group's electricity bill will increase by over 100 million euros compared to 2022. We would also point out that the prices paid for HV, MV and SLV energy in 2022 (and also in 2021) represented an extraordinary price resulting from the sharp fall in electricity market prices that took place in March 2020 following the launch of this contractual procedure.

AdP GROUP ELECTRICITY CONSUMPTION

As electricity consumption is inseparable from the activities of Águas de Portugal Group companies, this constitutes a substantial proportion of the costs of water supply and/or wastewater sanitation management entities, with a very significant weighting in the FSE and with a direct impact on the tariffs charged for water and sanitation services and/or the economic and financial equilibrium in the established concessions and partnerships.

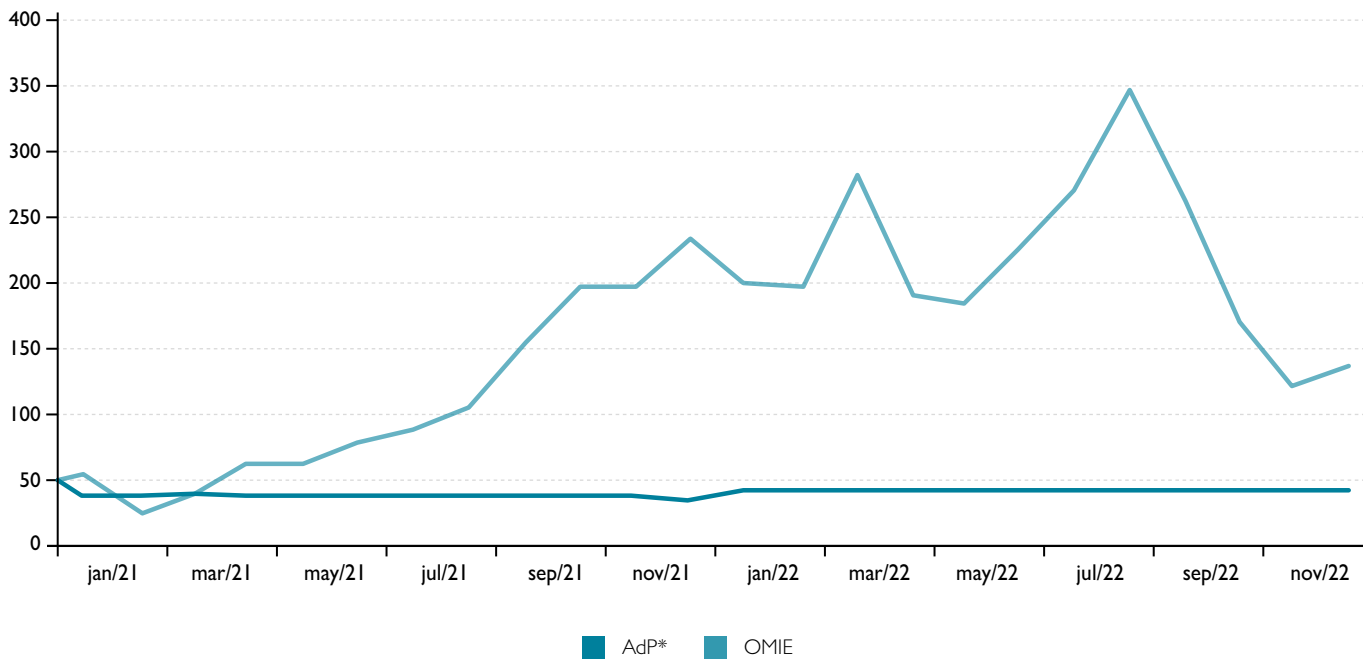
2022 was characterised by inflationary pressures, associated with increased consumption as a result of the reopening of the economy following the COVID-19 pandemic cycle, which resulted in a sharp rise in raw material and energy prices, a situation thereafter worsening following the outbreak of war in Europe resulting from the invasion of Ukraine by the Russian Federation, factors that led to severe constraints in the supply chains for raw materials and energy, among others.

Throughout the entire year, the average price of natural gas registered a year-on-year increase of +109.6%. This increase primarily stemmed from restrictions, in a first phase, and later the total shutdown of gas imports from Russia, accompanied by the low natural gas reserves Europe registered at the end of winter. Prices on the emissions market also rose significantly in the second half of the year.

The following figure portrays the evolution of energy prices in the Iberian OMIE markets, the price of energy futures for 2022 (OMIP Y22) and the curve of the energy supply contracts signed by AdP Group over the years of 2021 and 2022.

ELECTRICITY

(EUR/MWh)



* Contractual average value, discounted from network losses.

As a result, the average 2022 electricity price in Portugal, on the Iberian wholesale market (OMIE), stood at 217.90 €/MWh (against 111.81 €/MWh in 2021).

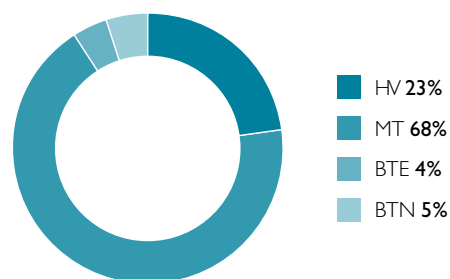
Furthermore, based on consumption data (currently under calculation and estimated as at 31 January 2023), the AdP Group's electricity consumption rose to 747.85 GWh (+0.8% compared to 2021) in 2022.

Of these, 720.54 GWh were consumed from the electricity grid (RESP), which corresponds to a year-on-year rise of +0.7% and 27.31 GWh from self-consumption generated from endogenous and renewable sources (+3.9% on 2021). This 720.54 GWh total reflects general suppliers providing 726.01 GWh, supplying an additional +0.14 GWh and offset by a reduction of -5.62 GWh resulting from participation in the Regulatory Reserve pilot project developed by the national grid operator REN.

These details do not include outsourced consumption, which the AdP Group handles separately in accordance with the contracts signed.

The following figure displays the AdP Group RESP consumption in 2022 by voltage level: 22.8% is high voltage (HV), with 68.1% of medium voltage (MV), 3.9% of special low voltage (SLV) and 5.2% normal low voltage (NLV).

AdP GROUP RESP CONSUMPTION IN 2022 BY VOLTAGE LEVEL



In 2022, it is also worth highlighting the Group's own energy production - 100% renewable -, whether for self-consumption or for injecting into the national grid. The 2022 data point to output of 38.51 GWh/year (+5.2% compared to 2021). Self-consumption accounted for 27.31 GWh (+3.8% than in 2021) and with a total of 11.20 GWh (+8.6% than in 2021) sold to the national grid.

Overall, the AdP Group's 2022 balance with the national grid RESP came in at 709.34 GWh, which reflects a +0.6% variation on 2021, when this balance closed on 705.43 GWh. The AdP Group's energy self-sufficiency attained 5.1% of its total energy consumption (4.9% in 2021).

In terms of CO₂ emissions, internal energy production enabled a reduction of 8.319 tons, which stems from a year-on-year decrease of 359 tons (-4.1%). It should be noted that the 2021 emission factor was revised from 0.218 kg CO₂/kWh to 0.237 kg CO₂/kWh, based on the usually applied methodology.

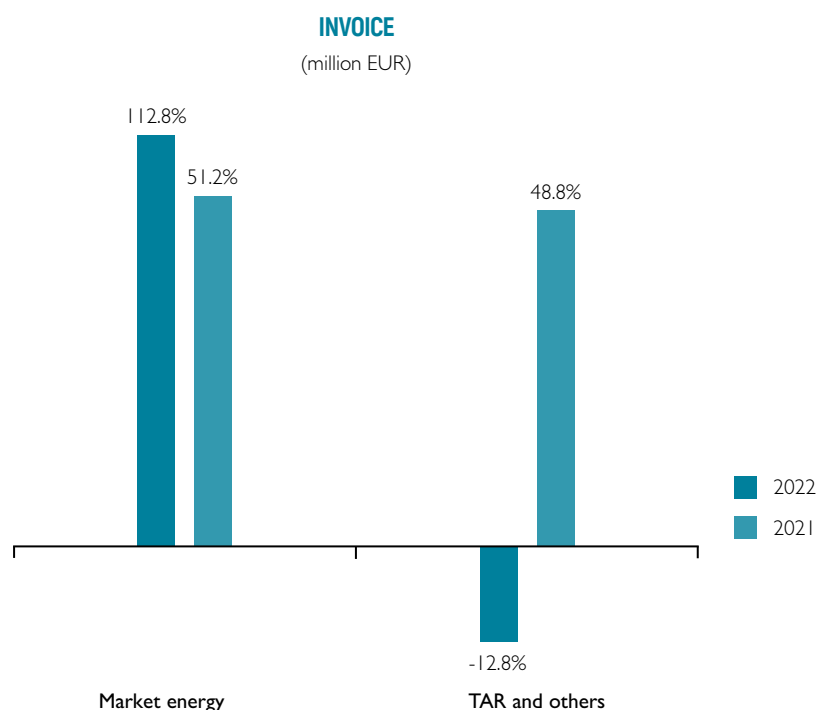
In national terms and regarding 2022, the AdP Group stands out as one of the largest energy consumers in the country (representing 1.5% of total RESP grid electricity consumption), and the largest in terms of national grid points of connection.

As at 31 December 2022, the AdP Group had 6 679 connection points to the RESP (9 high voltage, 1.041 medium voltage, 398 special low voltage and 5.231 standard low voltage), which represents growth of +2.5% compared to 2021 (+166 new connection points). We would note that of these grid connection points, 6.470 registered consumption during 2022, representing a 96.9% active rate (+1.1% on 2021).

In terms of the state sector, the AdP Group is the largest national public consumer, in terms of both connection points and electricity consumption.

The electricity bill, including all the respective costs, (calculated and estimated on 31 January 2023) should reach about 32 million euros in 2022 (-48.8% on 2021), which corresponds to a decrease of about -30.3 million euros compared to the cost recorded for the previous year due to the sharp fall in TAR.

AdP Groups electricity costs by voltage level are distributed as follows: 16.2% in HV, 54.2% in MV, 6.3% in SLV and 23.3% in NLV.



In terms of the unit cost of energy for AdP Group companies (energy + TAR + taxes + others), the overall average value in 2022 amounted to around 44.07 €/MWh (86.72 €/MWh in 2021). Furthermore, the average market values for acquiring energy were 49.32 and 44.36 €/MWh in 2022 and 2021 respectively.

For 2023, AdP Group has contracted energy supplies until June 30th 2023 for HV, MV, SLV supplies under the liberalized regime while the LV supplies migrated to the regulated regime as from 1 January 2023.

The average cost is forecast to be around 202.2 €/MWh (against 57.38 €/MWh in 2022 and 86.60 €/MWh in 2021), representing a year-on-year increase of +252%, mostly influenced by the increase in the market price for energy even while counterbalanced by the sharp decrease in TAR. Overall, the estimates point to an increase of +134% in the average AdP Group cost of energy between 2023 and 2021.

The values estimated for 2023 were based on the current consumption structure of the AdP Group companies. Therefore, any changes in the load/consumption profile will produce effects in one direction or the other on the average price of energy per company and for the Group.

A further note on the energy consumption of electric mobility: in 2022, the 131 100% electric vehicles (+3 than in 2021) in the AdP Group's service fleet travelled more than 2.0 million km, having avoided the consumption of more than 172.000 litres of fossil fuels and representing a reduction of 582 barrels of oil equivalent. In terms of primary energy, the reduction was -57.5% (-84.75 tep), and with electricity consumption of 291 MWh.

In terms of CO₂ emissions, the reduction achieved compared to combustion powered vehicles was -394 tons (-86.2%).

In 2022, the AdP Group's vehicle fleet (1.436 vehicles) consumed about 2.92 million litres of fuel (diesel and petrol), which represents an upwards variation of +4.4% compared to 2021 – when 2.80 million were consumed – and a variation of +17.4% compared to 2020, the first year of the COVID-19 pandemic (with fuel consumption at 2.5 million litres), which represents a total daily average consumption rate of 8.01 l/day (against 7.676 l/day in 2021 and 6.803 l/day in 2020).

Fuel consumption in 2022 corresponded to total expenditure of around EUR 3.9 million (excluding VAT) which represents a variation of +27.1% compared to 2021 (3.0 million euros, excluding VAT) and up +62.4% compared to 2020 (2.4 million euros, excluding VAT). This increase in the fuel bill stems from two factors: increase in the number of kilometres travelled and the increase in the average price of fuel.

It should be noted that, according to ENSE – the National Entity for the Energy Sector - the entity responsible for the constitution, management and maintenance of the national strategic reserves of oil and oil products - and comparing the December 2022 figures with the position in December 2021, there was an average increase in the retail price of 11.5 cents/l (+7.3%) for diesel and a reduction of 4.5 cents/l (-2.6%) for petrol.

Across the AdP Group, the average fuel purchase price rose compared with the previous year: +35.4% for diesel and 21.4% for petrol.

In terms of distances, the AdP Group's vehicle fleet travelled about 38.3 million km in 2022 (which is about 955 times the earth's circumference).

Despite the already current significance of the AdP Group's electric fleet, we would note that this shall be greatly expanded over forthcoming years in keeping with ENES the provisions of Council of Ministers Resolution no. No. 136/2022, of 22 December, which determines an Environmental Support Fund with a total amount of 7.52 million euros allocated to the process of replacing and decarbonising the AdP Group vehicle fleet - a process integrated into the Energy Neutrality Program - with the objective of operating a Green Fleet consisting entirely of non-polluting vehicles, including zero-emission vehicles.

Although there will be an increase in electricity consumption through the operating of electric vehicles, in keeping with the increasing numbers acquired over the next few years, the effects are always far more relevant in reducing greenhouse gas emissions and fossil fuel consumption than in increasing electricity consumption.

THE AdP GROUP STRATEGY

The AdP Group - Águas de Portugal is the largest public consumer of electricity. Therefore, this correspondingly conveys the significance - economically, socially and environmentally - that electricity plays in the normal development of its activities, without overlooking the significant impacts produced by the risks arising from the volatility and unpredictable trends in the European and world energy markets on the balance sheets of its companies.

Due to the factors and adjustments to which the market is subject and which condition it - the effects of the market prices both of other energies and CO₂, as well as national and community legislative changes - and given the impossibility of estimating their effects on the market price of electricity, added to the experience acquired by the AdP Group in the continuous monitoring of the markets, the most sustainable strategy must necessarily involve the implementation of measures and actions that lead to:

- Reductions in consumption, resulting from the implementation of operational, structural and other management measures, promoting energy efficiency in infrastructures.
- Reduction of costs, by further improving the purchase process, optimising voltage levels, reducing contracted power, eliminating reactive energy, adjusting the network's energy consumption profile according to tariff periods and operating cycles, through efficient energy management.
- Increase own energy production for self-consumption, by taking advantage of the endogenous potential (in particular boosting the production of biogas and the corresponding cogeneration and taking advantage of existing piezometric falls for the installation of micro-hydroelectric plants) and renewable sources (solar photovoltaic and wind power), leading to reductions in grid supplied levels of consumption and, consequently, reducing dependence on markets, and
- Setting up CER - the AdP Group's Renewable Energy Community, in order to leverage the usage of the 100% renewable energy produced in preference to its sale to the national grid.

Any strategy must take into account the international commitments that Portugal has assumed, in particular that of achieving carbon neutrality by 2050, as a contribution to the global and European targets signed up to in the Paris Agreement.

These commitments have led the country to define demanding national objectives within the scope of different public policies, which are embodied in the following documents:

- The Path towards Carbon Neutrality 2050 (RNC 2050), and
- The National Energy and Climate Plan 2030 (PNEC 2030).

The Government, through Decree-Law no. 84/2022, of 9 December, approved more ambitious targets for incorporating renewables into final energy consumption. Thus, the overall national renewables target is 49% in 2030, i.e., 2 percentage points above the commitment inscribed in the National Plan for Energy and Climate (PNEC) with the same timeframe. This legislation also stipulates intermediate objectives, which include incorporating 34% of renewables into final energy consumption in 2024 (40% in 2026 and 44% in 2028).

It should be recalled that the goal of incorporating 80% of renewables into electricity production is set down for 2030 in the PNEC while it is in the public domain that the government intends to bring this goal forward to 2026.

Correspondingly, the AdP Group - as a public group in the environmental area - is required to develop policies that contribute decisively to fulfilling the obligations that Portugal has committed to internationally, particularly in terms of energy and carbon neutrality.

Furthermore, as the largest public consumer of electricity, this conveys the dimension and impacts that a well-designed and feasible strategy will have for national goals and objectives.

Despite the efforts to reduce electricity consumption through the implementation of energy efficiency measures/actions and the increase in internal energy production in recent years, the AdP Group would not be able to surpass the energy self-sufficiency levels registered in 2020 and 2022 (5%) without a program of strong and decisive investment in energy efficiency and renewable energy production.

The ZERO Program provides for an integrated production mix, considering systems based on solar photovoltaic, wind, hydro (water and wastewater pipes, inlets from reservoirs, dams) and cogeneration using biogas for electricity and thermal outputs and extracting the maximum efficiency from self-consumption.

The fact there is unanimous agreement that, in order to comply with the strategies defined in the aforementioned public policies, the greatest efforts to reduce GHG emissions should take place in the 2021 to 2030 decade led the AdP Group to consider this period critical to its development and, consequently, to align its business model with Portugal's path towards carbon neutrality.

The ZERO Program will be implemented over two investment periods (by 2025 and by 2030), differentiated as follows:

- Period 1 - Energy efficiency and energy production installations in infrastructures with higher self-consumption, and
- Period 2 - Other energy production installations, taking advantage of the endogenous resource potentials present in the territory.

The planned AdP Group investment in the ZERO Program amounts to EUR 370 million, spanning not only the implementation of energy efficiency and renewable energy production measures but also involving investments in digitalisation designed to bring about integrated consumption management.

Considering the impact of the AdP Group's Energy Neutrality Program on the targets set by the various national instruments approved within the framework of combating climate change and decarbonisation, the ZERO Program investments received authorisation under Order no. 77/SEAENE/2022, of 9 November, signed by the Deputy Secretary of State for the Environment and Energy.

In parallel with developing the ZERO Program, the Águas de Portugal Group has the NEUTRO Program underway, aimed at quantifying and reducing the Águas de Portugal Group's GHG emissions. One of the goals of this program is to develop a tool to guide and support the periodic preparation of an inventory that will be the physical basis for the annual Greenhouse Gas (GHG) inventories of the AdP Group and its companies.

Once this tool has been developed, and due for completion by the end of the first quarter of 2023, a set of measures will be implemented at each company within the scope of reducing emissions over forthcoming years and in line with the reduction target set by and for the AdP Group.

REGULATORY FRAMEWORK

In 2022, the management entities belonging to the AdP Group provided services in the water sector through activities involving the public supply of water and the sanitation of wastewaters, which may include, in addition to household discharges, industrial effluents and rainwater runoff.

The sector in which these entities operate is regulated and is subject to the intervention of ERSAR – the Water and Waste Services Regulatory Entity under the terms defined in Law 10/2014 of 6 March as regards the regulation of its financial policies, quality of service and the user interface with ERSAR also the competent authority for awarding the coordination and monitoring of the water quality regime for human consumption.

In addition to ERSAR, the managing entities are also subject to environmental regulation by APA – the Portuguese Environment Agency.

The services provided are based on the principles of the pursuit of the public interest, the integrated nature of the systems, efficient production and the prevalence of business management aligned with the public policies and strategic national plans for the sector.

During 2022, AdP Group water management entities operated various management models (concessionary and delegated) and in the bulk (EPAL; multi-municipal systems (SMM), AdSA and state-authority partnerships) and retail (EPAL, AdSA and state-authority partnerships) segments of the water sector value chain.

ECONOMIC REGULATION

The Management Companies belonging to the AdP Group universe are subject to economic regulation by ERSAR, and are also governed by the respective constituent and statutory diplomas and in accordance with the related concession, partnership and management contracts. These contracts provide for the minimum public service obligations, the investment plan and contractual remuneration.

Law no. 75-B/2020, of 31 December, brought about changes to the statutes of ERSAR in terms of the tariffs applicable. In fact, the aforementioned legislation restored the power to approve tariffs and tariff revenues, whenever applicable, to the Grantor in the case of state-owned systems (EPAL, MMS and AdSA) managed by entities with exclusive or majority public capital ownership.

The ERSAR intervention in the systems under municipal ownership (State-Municipal partnerships), consists of verifying the compliance of tariffs both with the contractual provisions and with the tariff regulations, whenever applicable. ERSAR also supervises the other economic and financial dimensions of this sector.

For 2022, ERSAR defined production efficiency scenarios for the MMS in support the analysis and approval of the level of cost recovery deviations (CRD).

Throughout 2022, the AdP Group maintained its representation to the two specific consultation bodies of this regulator (the Advisory and Tariff Boards) established in accordance with Law no. 10/2014, of March 6.

Additionally, in 2022, the AdP Group continued with its contributions towards public and sector consultations held by ERSAR as well as engaging in several projects undertaken by this entity with material impacts on the development of activities and the definition of tariffs and operational and financial efficiency scenarios. Of particular note is participation in the sector consultation on the proposed Tariff Recommendation for Water Services and the public consultation on the proposed Recommendation on Water for Reutilisation.

The Group also carried out work leading to the MMS tariff review in a project due for completion by 31 December 2023, as stipulated by Decree-Law No. 87-C/2022 of 29 December.

MULTI-MUNICIPAL SYSTEMS (MMS)

(AdNorte, AdDP, SIMDOURO, AdCL, AdVT, AdTA, SIMARSUL and AdA)

The management companies belonging to the AdP Group, Águas do Norte, S.A. (AdNorte), Águas do Douro e Paiva, S.A. (AdDP), SIMDOURO, S.A. (SIMDOURO), Águas do Centro Litoral, S.A. (AdCL), Águas do Vale do Tejo, S.A. (AdVT), Águas do Tejo Atlântico, S.A. (AdTA), SIMARSUL, S.A. (SIMARSUL) and Águas do Algarve, S.A. (AdA) are multi-municipal systems (MMSs) that undertake, through concession contracts entered into with the State, the activities of bulk public water supply and wastewater management.

The bulk tariff rates and revenues, when applicable, charged by these multi-municipal systems are set by ERSAR and calculated based on the efficiency costs accepted by this entity.

For the MMSs, tariffs and tariff revenues, when applicable, are established for the first tariff period in the decrees and respective concession agreements established. In this period, ERSAR validates the tariffs and updates tariff revenue, when applicable, based on the rate of inflation (HICP – Portuguese acronym).

Within the process of system aggregation, in 2015 a tariff corridor mechanism was set with an increased tariff component (CTA – Portuguese acronym), which was reinforced in the spin-off processes that took place in 2017. These mechanisms are currently established between the coastal and inland systems for both services. The CTA of the first tariff period was established through the constitutive diplomas of the beneficiary systems and with its updating monitored by ERSAR.

Under the terms of the concession agreements, costs to be recovered through tariffs include efficient operating expenses, including investment amortisations net of subsidies, financial expenses, net of financial income, taxes on income and shareholder remuneration. Also considered as tariff charges are the recoverable proportion of the cost recovery deviations (CRDs), when applicable.

Throughout 2022, the tariffs, and the tariff earnings whenever applicable, and the CTA applied to the turnover of the management entities belonging to the AdP Group were subject to analysis and the opinion issued by ERSAR. In accordance with the legislation, the Grantor approved the tariffs to be applied by the MMS during 2022.

The concession agreements determine that the return on equity, to be recovered by tariffs, results from the remuneration of the share capital and the legal reserve at a rate equivalent to ten-year Treasury bills (OTs) plus a margin of 3% and the outstanding shareholder remuneration, at a rate equivalent to these ten-year bills.

In 2022, the average daily interest rate for ten-year Treasury bills stood at 2.18%.

The constitutive diplomas of MMS mergers and spin offs consecrated the methodology for the registration and recovery of CRDs. The publication of Decree-Law no. 16/2021 of 24 February established that CRD can be generated through to the end of the third five-year period of the concession, and that these balances (assets or liabilities) must be settled by the end of the concession term.

In accordance with the concession contract, ERSAR holds the power to approve the level of the CRD registered in the accounts of companies based on the productive efficiency scenario established according to the previously defined criteria. This endows ERSAR with the power to establish the costs that may be recovered by means of the tariff and correspondingly potentially differing from those actually incurred.

Based on the gross CRDs, the value under validation by ERSAR may be consulted in note 12.3 of this management report.

As at 31 December 2022, the AdP Group accounted for approximately EUR 573.98 million in CRDs of a loss-making nature and about EUR 115.32 million in surplus CRDs, arising from the activities of the various different MMS.

STATE-MUNICIPALITY PARTNERSHIPS

(AdAM, AdRA e AdNorte – retail and AgdA – bulk)

The management companies, Águas do Alto Minho, S.A. (AdAM), Águas do Norte (AdNorte), AdRA - Águas da Região de Aveiro, S. A., (AdRA) and AgdA - Águas Públicas do Alentejo, S. A., (AgdA), which are municipal systems, carry out, through management contracts, the bulk and/or retail public water supply and wastewater management services in the context of partnerships between the state and local authorities.

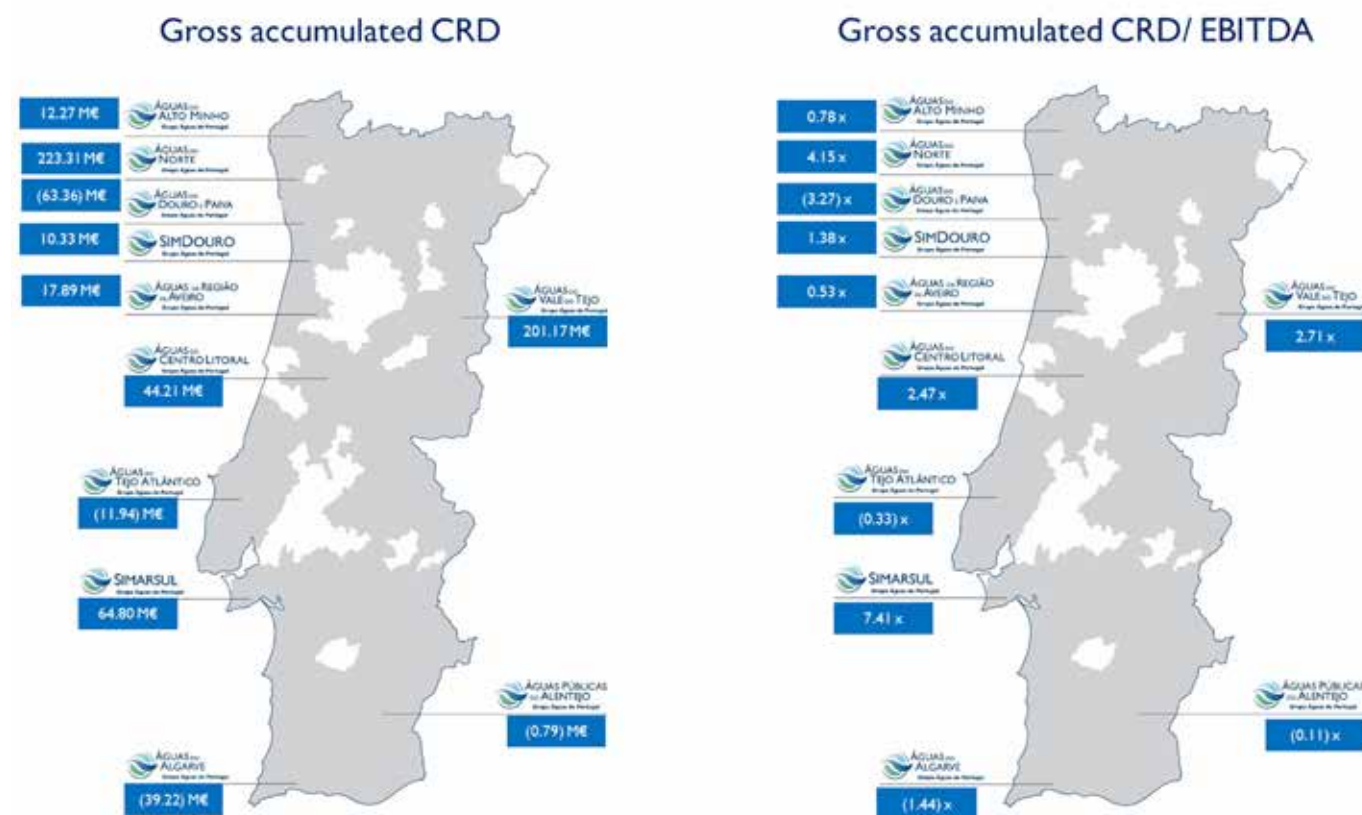
These partnerships are governed by the provisions of Decree-Laws 90/2009 of 9 April and 194/2009 of 20 August, for the partnership and management contracts awarded as well as by further legislation and regulations.

These Management Companies are subject to the regulation of ERSAR, pursuant to Law No. 10/2014, of 6 March, and to the supervision of the Partnership Commission - an entity established under the partnership agreements signed, consisting of representatives of the state and of the municipalities, whose mission is to exercise the powers of direction, supervision and monitoring of municipalities over the municipal systems managed under this regime.

The bulk and retail tariffs under the terms of the management contracts, which comprise a fixed component and a variable component, are set at constant prices and for five-year periods. The tariffs are updated annually in accordance with the respective contracts. The Partnership Commission is responsible for approving these tariffs and ERSAR is responsible for issuing a non-binding opinion.

These Management Companies are regulated according to accepted efficient costs, which include the operating and maintenance operating costs of their systems, investment amortisations net of subsidies, financial expenses net of financial income, taxes on income and adequate own capital remuneration.

Throughout 2022, the tariffs applied in the billing issued by the management entities in the AdP Group were subject to the analysis and issuing of an opinion by ERSAR and approved by the Partnership Commission.



Partnership contracts generate the same remuneration as the MMS concession contracts.

The contracts of these Management Companies establish that they are entitled to register and recover the CRDs generated by tariffs, calculated by the difference between the net results generated and the contractual remuneration of shareholder own capital for the year.

As at 31 December 2022, some EUR 73.8 million of loss-making CRDs were recorded in the accounts of the AdP Group as a result of the activities of municipal systems operated in partnerships between the state and local authorities

OTHER STATE OWNED SYSTEMS

AdSA

Through the concession contract entered into with the state, Águas de Santo André, SA (AdSA) carries out public bulk and retail water supply and wastewater treatment activities as well as solid waste treatment in the industrial zone of Sines and in the parish of Santo André, in the municipality of Santiago do Cacém.

While not a multi-municipal system, as a state-owned system, AdSA is subject to the same ERSAR intervention as those systems.

The tariffs practiced by this management entity related to "human consumption" are approved by ERSAR, thus considering the costs of recovering, via the tariff, operating expenses, including investment amortisations, net of subsidies, financial expenses, net of financial income, taxes on income, and shareholder remuneration.

The concession agreement establishes that the shareholder remuneration to be recovered by means of tariffs is estimated based on the value of shareholder own capital at a rate equivalent to those of the 10-year Treasury Bills (OTs), plus a minimum margin of 3%. For this management entity, in the case of a minimum remuneration rate, no CRD is accounted for.

EPAL

The operating model of EPAL is based on state-delegated management and covers the activity of bulk public water supply to 34 councils (excluding Lisbon) and retail supply in the municipality of Lisbon.

EPAL is governed by the provisions of Decree-Law no. 230/91 of 21 June, as amended by Decree-Law no. 94/2015 of 29 May and Decree-Law no. 34/2017, of 24 March.

These regulations stipulate that water tariffs, as well as fees for the ancillary services provided by EPAL, must, in any case, ensure revenues to cover their operating expenses, as well as adequate levels of self-financing, risk and return on invested capital.

In 2015, EPAL was allocated the management of the Water Supply and Sanitation Multi-Municipal System, granted to AdVT.

Without prejudice to the tariff uniformity regime created by Decree-Law no. 94/2015, of 29 May, EPAL is subject to ERSAR's intervention, with regard to the establishment of tariffs to be charged, in compliance with the criteria set forth in Law no. 58/2005, of 29 December (Water Law), amended by Decree-Law no. 245/2009, of 22 September, no. 60/2012, of 14 March, and no. 130/2012 of 22 June, and other complementary legislation and regulations, taking into account the specificities and the risk associated with the system managed by EPAL as well as the contracts entered into.

Under the terms of EPAL activities, it is understood that the adequate remuneration of invested capital is ensured by applying a weighted average cost of reference capital to the value of property, plant and equipment and intangible assets, directly related to the public service rendered, net of amortisations and investment grants. This rate should: **(i)** reflect the specific increased risks associated with the management of the delegated management system; **(ii)** reference the financing of equivalent projects under market conditions; and **(iii)** take into account the Company's financing capacity in the capital market.

The rate is levied on all assets and resources and the capacity of existing infrastructures that are part of EPAL's public service activities, for security and reliability reasons, are part of the relevant and necessary asset base of EPAL and are valued at the book value recorded in the last approved accounts.

According to Decree-Law no. 94/2015, of 29 May, as amended by Decree-Law no. 34/2017, of 24 March, a system of tariff uniformity was defined between the AdVT and EPAL managed systems, which determines the uniformity of the tariff to be applied in the bulk market between the two Management Companies for each five-year period. From this scheme, a CTA is delivered by EPAL to the system managed by AdVT.

With the publication of Decree-Law no. 94/2015, of 29 May, the tariffs EPAL charges for the 2015-2020 period, at constant prices, as well as the CTA, at constant prices, are added to the rates charged by EPAL pertaining to the bulk service and passed on to the retail customers of the Company. The updating of these tariffs is subject to ERSAR validation.

Throughout 2022 the tariffs and CTA applied in the billing issued by EPAL were subject to the analysis and the opinion of ERSAR and approval by the grantor.

REGULATION OF SERVICE QUALITY

The management companies belonging to the AdP Group are subject to ERSAR's quality of service intervention, which results from an annual evaluation based on indicators in which the results of this evaluation are an integral part of the Annual Report of the Portuguese Water and Waste Services (RASARP).

The individual service quality information resulting from the ERSAR evaluation are available on the Internet sites of the managing entities.

REGULATION OF WATER QUALITY FOR HUMAN CONSUMPTION

The management companies belonging to the AdP group that provide public water supply activities are essentially responsible for ensuring, under the supervision of the competent entities, the quality control of water for human consumption in accordance with the legal and regulatory parameters applicable.

Pursuant to Decree-Law no. 306/2007 of 27 August, the management companies must annually prepare the Water Quality Control Program (PCQA), and submit it for approval by ERSAR, and this entity is responsible for carrying out enforcement actions on its implementation.

In compliance with the legislation, the Management Companies implement the PCQA, with non-compliance with the parametric values communicated to the competent entities.

The results of the water quality control test at delivery points and consumer faucets conducted by Management Companies are also included in RASARP.

RASARP volume 2, with the results of the water quality for human consumption evaluation, with the reference date of 31 December 2021, was made available by ERSAR in September 2022.

REGULATION OF THE USER INTERFACE

The management entities belonging to the AdP Group universe are subject to the intervention of ERSAR as regards their user interfaces.

Requests for information and the complaints submitted by water service users are analysed by the regulator. To this end, the managing entities provide a physical book of complaints. This also extends to their respective Internet sites that provide an e-book of complaints.

STRATEGIC GUIDELINES

AdP - Águas de Portugal, SGPS, S.A. is the holding Company of the main Portuguese business group dedicated to the management of the urban water cycle, which aims to promote universality, continuity and quality of service as well as the sustainability of the sector and environmental protection.

For this purpose, as a holding company, the Company manages a portfolio of holdings in companies operating in Portugal with the mission to design, build, operate and manage water supply and wastewater sanitation systems within a framework of economic, financial, technical, social and environmental sustainability.

The preservation of water as a strategic resource essential to life and equity of access to the associated basic services, along with the promotion of well-being by improving people's quality of life and environmental balance, represent the fundamental values assumed by the companies that make up the Águas de Portugal Group.

The activities pursued by the AdP Group as a State corporate instrument for the implementation of public policies and national objectives in the environmental field, respects the framework established by Article 24 of Decree no. 133/2013, of 3 October, which establishes the Legal Framework of the Public Business Sector, and the guidelines issued through ministerial orders and shareholder resolutions, which must be translated into the strategic plans of the respective companies.

Thus, it is the responsibility of the Ministry of Finance, through the Directorate General of Treasury and Finance, to define the guidelines for the preparation of the respective activity plans and annual budgets as well as exercising control over the evolution of debt levels and conditions in accordance with the terms defined in Article 29 of Decree no. 133/2013, of 3 October.

As also results from the aforementioned regime, the Ministry of Environment and Climate Action, as the sectoral authority, holds responsibility for the following:

- a) Define and communicate the sector policy to be pursued and according to which AdP Group companies carry out their activities;
- b) Issue sector-specific guidelines applicable to each company;
- c) Define the goals to be achieved by AdP Group companies in their respective operational activities;
- d) Define the level of public service to be provided by AdP Group companies and promote the necessary diligences for the respective contracting.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The carrying out of the functions of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A. takes into account that stipulated by the legislation in effect, specifically Decree-Law no. 133/2013, of 3 October and the Public Manager Statute approved by Decree-Law no. 71/2007, of 27 March, which, as regards the undertaking of executive functions, hands down the following obligations:

- a) Comply with the objectives set by the General Assembly as detailed in the management contracts;
- b) Ensure the implementation of not only the guidelines defined in accordance with the applicable legislation and the management contract but also the company's strategy;
- c) Accompany, verify and control the evolution of activities and businesses of the Company across all their components;
- d) Evaluate and manage the risks inherent to company activities;
- e) Ensure the sufficiency, veracity and reliability of the information involving the Company as well as its respective confidentiality;
- f) Maintain professional secrecy over the facts and documents containing knowledge that results from the holding of functions and neither to release nor to utilise for whatever the purpose, whether for personal or third-party gain, directly or through intermediate means, the knowledge stemming from those facts and documents;
- g) Ensure the equitable treatment of shareholders.

Within the course of their duties, the members of the Board of Directors must also promote initiatives and draw up proposals for actions that prove to be appropriate for the development of the sector, and specifically with impacts for the AdP Group.

The public managers that are part of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A. are also subject to the provisions of the Public Manager Statute and compliance with the best practices of corporate governance and business management, specifically in terms of transparency, the prevention of corruption, standards of ethics and behaviours, corporate social responsibility, human resource policies, fostering equality, the prevention of conflicts of interest and respect both for the competition and for market actors.

GENERAL STRATEGIC GUIDELINES

The Board of Directors ensures that AdP SGPS and its holding companies, without infringing on their own management autonomy:

- a) Fulfil their mission and exercise their activities in articulation with strategic sector policies defined by the Government, within a framework of business rationality and the permanent optimisation of efficiency, quality and safety of the services provided;
- b) Are socially responsible, pursuing social and environmental goals and promoting competitiveness in the market, consumer protection, investment in professional and personal enhancement, promotion of equality, protection of the environment and respect for ethical principles;
- c) Develop environmental awareness actions, promoting the efficient use and protection of water resources;
- d) Promote the appropriate balance between the quantitative and qualitative levels of public service to be provided, with a view to user satisfaction and economic, financial and environmental sustainability and behaviour;
- e) Adopt methodologies that enable the continuous improvement of the quality of the service provided and the satisfaction of clients;
- f) Design and implement human resource policies aimed at enhancing individual motivation and boosting productivity and employee satisfaction, within a framework of balance and strict control over the associated costs, compatible with the respective dimension;
- g) Implement action plans aimed at promoting equal treatment and gender opportunities, eliminating discrimination and reconciling personal, family and professional life;
- h) Implement policies for scientific and technological innovation, promoting and stimulating research into new ideas, new products, new processes and new market approaches, to the benefit of the fulfilment of its mission and the satisfaction of the collective needs and oriented towards the economic, financial, social and environmental sustainability objectives;
- i) Adopt information and internal control systems appropriate to their size and complexity, covering all the relevant risks that may be permanently audited by entities competent for this purpose.

SPECIFIC STRATEGIC GUIDELINES

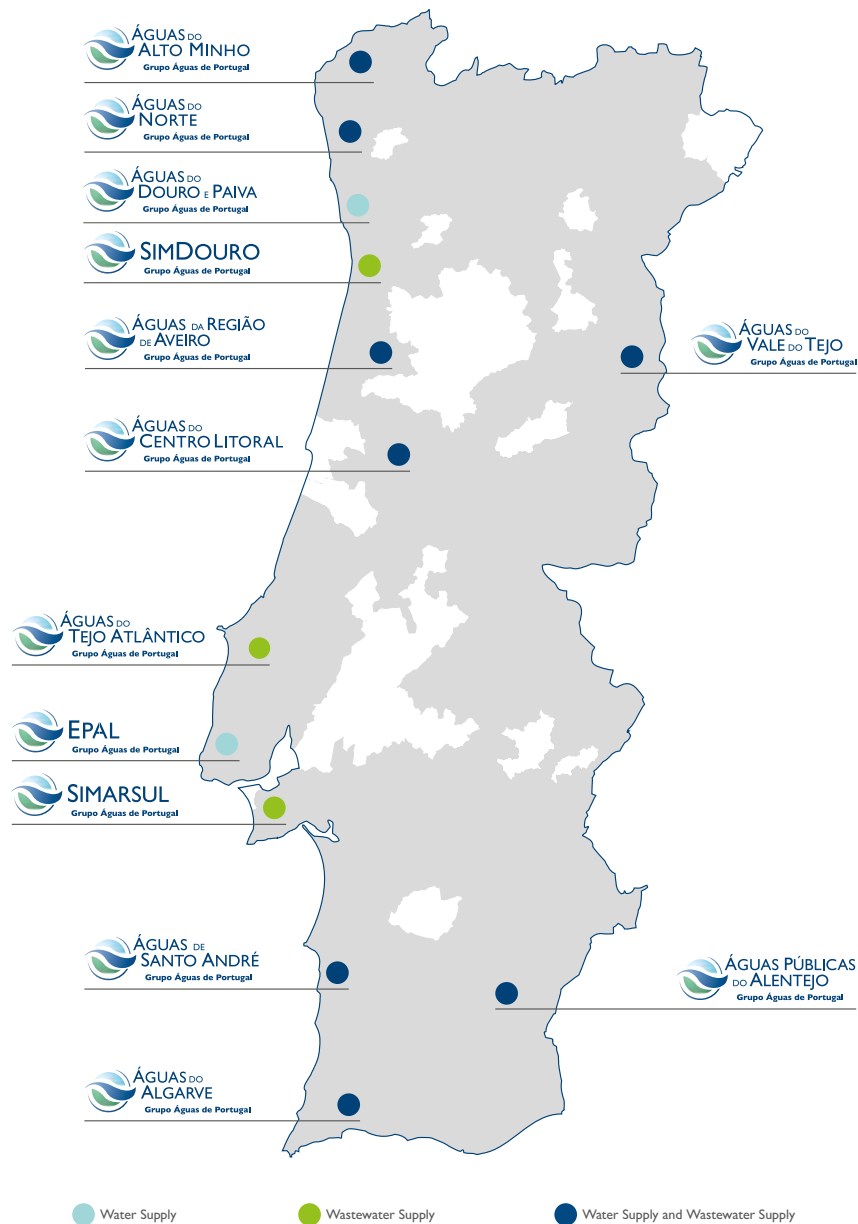
The Board of Directors must ensure an appropriate governance and organisational model for AdP - Águas de Portugal, SGPS, S.A. and its subsidiaries to implement an agenda of measures that includes those listed below.

- I. Strengthening the capacity to respond to major environmental challenges, in particular:
 - I.1 Increased efficiency in the use of primary resources, resilience and security of systems;

- 1.2 Moving towards a circular and carbon-neutral economy, in particular regarding wastewater reuse, sludge recovery and energy neutrality;
 - 1.3 Deepening the relationship with communities and the territory in the diversification of sources, in the flexibility of services and in compliance with the limit values for the discharge of effluents from networks.
2. Contributing to the sector's consolidation and sustainability in line with the sector's strategic plan, in particular:
 - 2.1 Contributing to territorial cohesion and equity in the access to services with deepened concerns over the economic and environmental sustainability of activities;
 - 2.2 Providing alternative models for articulated action with municipal systems;
 - 2.3 Facilitating the integration of rainwater drainage systems;
 - 2.4 Maximising the integration potential of hydraulic projects.
3. Raising awareness of all the costs incurred in providing the service, including environmental costs, with a view to:
 - 3.1 Greater recognition by stakeholders in the sector of all the costs effectively incurred in order to ensure the valuation not only of water as a resource but above all of the essential services water provides to a set of entities;
 - 3.2 The adoption of responsible behaviour and more rational consumption by municipal users, economic actors and individual consumers;
 - 3.3 In the case of some non-domestic users, the reduction of the pollutant load draining into urban wastewater treatment facilities, requiring additional investments to ensure the minimum quality of the discharged wastewaters so as not to unduly impact on the receiving environment.
4. Promoting regional development, making it compatible with increased efficiency and its entrepreneurial nature, specifically:
 - 4.1 In the organisation of the corporate areas, based on a participative model through the operation of functional committees and the incorporation of experiences lived in the territorial realities;
 - 4.2 In running dynamic, networks of competence in a decentralised and collaborative environment;
 - 4.3 In goods and services procurement policies that, without harm to economic rationality, promote the development of regional economic activities.
5. Raising the levels of efficiency and consistency, enhancing entrepreneurial and technical capacities, in particular:
 - 5.1 Regarding the attraction, retention, development and succession of staff, aligning them with the sector's challenges and regulation standards;
 - 5.2 Strengthening the focus on digital, including cyber security, pursuing goals of resilience, efficiency and connection to communities.
6. Ensuring good asset management practices, with reference to the ISO 55001 standard, reconciling optimisation efforts with the challenges of preserving and responding to major environmental challenges, by:
 - 6.1 Defining the infrastructure management policy;
 - 6.2 Consolidating information and evaluation systems;
 - 6.3 Integrating risk management and climate change response practices;
 - 6.4 Consistently and coherently integrating economic and financial planning exercises.
7. Capitalising on the skills and capacities available for the internationalisation of the AdP group through projects in the national interest, favouring long-term value-added operations with limited financial risk, in addition to cooperation with international, benchmark reference entities.

MAIN ACTIVITY

At the end of 2022, the geographical distribution of the AdP Group's management bodies was as follows:



POPULATION AND MUNICIPALITIES

At the end of 2022, the AdP Group integrated 13 management entities that provided public water supply services to 214 municipalities and wastewater sanitation services to 217 municipalities. This duly considers both the bulk and the retail services rendered. The supply services provided by the AdP Group cover a population of over 8 million inhabitants.

SUPPLY. SANITATION AND REUTILISATION

OUR INFRASTRUCTURES

| | 2020 | 2021 | 2022 |
|--|---------|---------|---------|
| No. of water catchments | 1 365 | 1 356 | 1 337 |
| Pipelines and Distribution Network (Km) | 21 581 | 21 637 | 22 097 |
| Collector Network Extension (Km) | 11 972 | 11 622 | 12 257 |
| No. of WTPs | 113 | 110 | 113 |
| No. de WWTPs | 1 004 | 1 029 | 1 029 |
| No. of Water Supply Pumping Stations | 808 | 826 | 870 |
| No. of Wastewater Pumping Stations | 2 359 | 2 408 | 2 452 |
| No. of Reservoirs | 1 952 | 1 971 | 2 019 |
| No. of branches of water supply and wastewater | 605 398 | 627 738 | 628 548 |
| No. of underwater emissaries | 19 | 19 | 20 |

OUR INVESTMENTS

The water sector in Portugal is obviously not oblivious to the respective national and international contexts and the now ending five-year period 2018-2022 was a clear reflection of that fact. The significant increase in the pace of the AdP Group's annual investment in the construction or renovation of infrastructures in the first two years of the five-year period, continuing the evolution recorded since 2016, experienced a clear drop in the third year before the subsequent recovery and acceleration in the fourth and fifth years.

The outbreak of the Covid-19 pandemic in early 2020 substantially changed the global context and, although the construction sector in Portugal was not among the most severely affected by the pandemic, as is public knowledge, the effects were far from negligible on the ongoing investments of AdP Group companies. Delays in third party authorisation procedures, construction tenders with no bidders, construction projects either requiring suspension for long periods or, while not halted, experiencing very significant delays reflect some of the constraints leading to an overall reduction in activities reflected in a 15% drop in 2020 investment when compared with the previous year. Although the pandemic lasted throughout 2021, it was in the meanwhile possible for all the actors involved to better adapt to the constraints, which reflected in the significant recovery in the pace of investment and bringing this back to approximately the 2019 level.

However, these unfavourable investment conditions extended beyond the public health crisis. There was another factor of considerable weighting that coexisted over time before not only surviving the pandemic but subsequently worsening and causing particular public alarm post-2021 following the outbreak of war in Europe. In fact, the rise in prices on the public works market, and for construction in general, well above overall inflation, constitutes a trend reaching back in time that has become progressively more established before more recently worsening. The volatility and unpredictability of this growth in costs have caused significant instability for all actors involved, making cost estimates unreliable, in particular the budgeting for engineering projects that establish the framework for launching construction tenders. According to the public procurement rules, developers must publish, on launching each tender, the maximum value it is prepared to accept for the completion of the respective work, which, in terms of best practices and management procedures, should be realistic but value-for-money. The search for a fair balance, in this unstable context, becomes a particularly difficult exercise and ending up in a large number of works tender procedures attracting no valid bids in the last three years, forcing the re-launch of tenders, with corresponding and significant delays.

It is undeniable that the last three years of the five-year period in question presented very particular and deep-reaching challenges for the investment field and, against which AdP Group companies displayed great resilience and responsiveness.

This duly notes the relevant steps taken within the framework of developing projects in the field of energy neutrality, the recovery of sludge resulting from treatment processes and the reutilisation of treated wastewaters. These represent complex processes, with technical, institutional, legal and contractual implications, involving the respective authorisation procedures that are currently ongoing.

In 2022, the AdP Group accounted for investments totalling EUR 237.8 million of which EUR 170.6 million went into the construction or renovation of water supply or sanitation infrastructures.

(million EUR)

| INVESTMENT | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------|-------|------|------|-------|-------|-------|-------|-------|
| Annual investment | 193.6 | 69.7 | 94.7 | 133.8 | 161.2 | 130.7 | 155.8 | 237.8 |

Note: The 2019 investment includes the accounting reclassification of the Odelouca dam for the amount of EUR 14.7 million (Águas do Algarve). In 2021, this includes the integration of assets for the amount of EUR 14.2 million, especially including the Enxoé dam (AgdA - Águas Públicas do Alentejo) and the Morgavel dam (Águas de Santo André). The 2022 investment includes the integration of the Odeleite and Beliche dams into Águas do Algarve, amounting to EUR 54 million.

Of this amount of EUR 170.6 million, EUR 0.5 million corresponded to the holding and instrumental companies and with the remainder attributed to companies managing water supply or wastewater sanitation systems, with Águas do Norte, Águas do Algarve, Águas da Região de Aveiro and EPAL making the most significant contributions.

The large difference between the two amounts in 2022 is due very substantially to the asset integration component. In fact, in 2022, Águas do Algarve integrated two dams in Eastern Algarve, Odeleite for approximately EUR 37 million and Beliche for approximately EUR 17 million, totalling EUR 54 million. SIMARSUL also integrated infrastructures in Setúbal Municipality for the significant sum of approximately EUR 8 million. There were also some smaller-scale integrations in the northern Portugal.

The breakdown of "new investment" versus "replacement investment" in the following table portrays the continued decrease in the new works component, in percentage terms, with the corresponding increase in the rehabilitation /refurbishment component.

(million EUR)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| New | 109.8 | 34.8 | 54.4 | 81.2 | 84.2 | 65.9 | 71.0 | 76.9 |
| Rehabilitation/replacement | 43.0 | 33.4 | 37.6 | 47.3 | 58.4 | 55.4 | 68.5 | 93.7 |
| Total | 152.8 | 68.2 | 92.0 | 128.5 | 142.6 | 121.3 | 139.5 | 170.6 |

As investment in new works prevails in the early years companies operating water supply and/or sanitation systems, with intense investment in the construction or expansion of systems and with minor renovation components for adapting the municipal infrastructures thereby integrated, the maturity of operations inverts this situation, with a growing number of maintenance and replacement investment procedures.

Notwithstanding the increasing relevance of rehabilitation investments to the AdP Group, accompanied by a progressive reduction in the average size of individual investments due to the nature of the renovation and refurbishment interventions, often dispersed and fragmented, the new works investment component took on significant proportions in several companies in 2022, especially Águas da Região de Aveiro, Águas do Norte and Águas do Centro Litoral within the scope of completing or expanding the systems.

As Group companies hold responsibility for maintaining infrastructures in good operating conditions over the course time in what is perhaps the noblest, but also most discrete aspect of their activities, another increase in new works can come about only in two ways, thus, eventual new supply or sanitation systems or new investments, under preparation, in the areas of decarbonisation and the circular economy.

Among the new works investment contracts of particular significant in 2022, we may highlight the wastewater construction contracts in Pessegueiro do Vouga and Beduído and Salreu, under the supervision of Águas da Região de Aveiro, the infrastructure contracts for pumping and supplying Water for Reutilisation (ApR) from the Vila Real de Santo António Wastewater Treatment Plant - Phase I and the phases to reinforce supply to Loulé – the Intermediate Reservoir Connection, for Águas do Algarve, the construction of the Elvas - Monforte adductor, the Vila Boim reservoir, and the Boa Fé, Amoreira and Calçadinha pumping stations for Águas do Vale do Tejo. As regards rehabilitation investment contracts, the leading projects include the renovation of the Lagos Wastewater Treatment Plant, for Águas do Algarve, the restructuring and expansion of the Enxoé Water Treatment Plant, for Águas Públicas do Alentejo, the rehabilitation of the Bertiandos pipeline, for Águas do Norte, and the supply and installation of replacement electromechanical equipment for the North Zone, for Águas do Tejo Atlântico.

The table below breaks down the investments in water supply and wastewater sanitation activities and correspondingly conveys a reasonable percentage balance between the two components.

| AREA OF ACTIVITY | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Water Supply | 50.2 | 32.4 | 44.4 | 55.4 | 68.0 | 62.0 | 70.2 | 88.9 |
| Sanitation | 102.6 | 35.9 | 47.6 | 73.1 | 74.6 | 59.3 | 69.3 | 81.7 |
| Total | 152.8 | 68.2 | 92.0 | 128.5 | 142.6 | 121.3 | 139.5 | 170.6 |

There is a balance in the distribution of the investment between water supply and sanitation services and in accordance with executing the activity plans underlying the respective company concession contracts.

In a necessarily very global view, in the AdP Group, there are two companies focusing only on the supply side (Águas do Douro e Paiva and EPAL) and with three providing only sanitation services (SIMDOURO, Águas do Tejo Atlântico and SIMARSUL).

In 2022, among those companies operating both supply and sanitation systems, there was a strong weighting towards supply in Águas do Alto Minho and Águas Públicas do Alentejo and with the opposite situation prevailing in Águas da Região de Aveiro, Águas do Centro Litoral and Águas do Algarve, and with smaller asymmetries in the remaining companies.

COMMUNITY FUNDS

PORTUGAL 2020

By the end of 2022, approval had been received for 151 applications within the scope of the urban water cycle of POSEUR (Operational Program for Resource Sustainability and Efficiency) 2014—20 / PORTUGAL 2020, with a total of 50 operations already completed accounting for global investment in the region of EUR 313.3 million, with a forecast level of community funding amounting to EUR 211.9 million.

The non-repayable subsidies, approved within the framework of community funding, continue to prioritise investments in multi-municipal systems and more recent partnerships with the need for non-repayable funding stemming from the objective of ensuring tariff cohesion between the different systems.

APPLICATIONS TO POSEUR 2014-2020 (URBAN WATER CYCLE)

APPROVED PRIOR TO 31/12/2022

| COMMUNITY FUNDING | NO. APPLICATIONS | | TOTAL INVESTMENT (1) | FORESEEN SUBSIDY (2) | IMPLICIT CO-FINANCING (3)=(2)/(1) | SUBSIDY ALREADY RECEIVED | SUBSIDY RECEIVED DURING 2022 |
|-------------------|------------------|-----------|-------------------------|-------------------------|--------------------------------------|--------------------------|------------------------------|
| | APPROVED | COMPLETED | | | | | |
| AdNorte (*) | 64 | 14 | 44.8 | 29.3 | 94% | 24.4 | 5.6 |
| AdAM | 19 | | 34.0 | 18.6 | 99% | 16.1 | 5.4 |
| AdDP | 2 | 1 | 3.2 | 1.5 | 86% | 0.8 | 0.4 |
| SIMDOURO | 1 | | 0.3 | 0.2 | 67% | 0.2 | 0.0 |
| AdCL | 5 | 1 | 22.0 | 12.1 | 83% | 1.8 | 1.1 |
| AdRA | 21 | 19 | 28.7 | 16.8 | 30% | 15.8 | 0.0 |
| EPAL | 1 | 1 | 13.8 | 6.4 | 96% | 5.4 | 0.0 |
| AdVT | 6 | 4 | 9.5 | 6.0 | 94% | 4.5 | 1.7 |
| AdTA | 3 | 1 | 1.8 | 1.6 | 89% | 1.4 | 0.4 |
| SIMARSUL | 2 | 1 | 2.4 | 1.3 | 65% | 0.7 | 0.0 |
| AdSA | 1 | | 1.0 | 0.8 | 78% | 0.8 | 0.0 |
| AgdA | 17 | 6 | 90.7 | 73.0 | 100% | 66.6 | 3.5 |
| AdAlgarve | 9 | 2 | 61.1 | 44.5 | 85% | 29.8 | 0.6 |
| | 151 | 50 | 313.3 | 211.9 | 88% | 168.2 | 18.75 |

(*) - The 64 applications by AdNorte include two joint applications with other AdP Group companies (AdDP and SIMDOURO)

During 2022, the investments implemented by Águas de Portugal Group companies under the auspices of these 151 applications totalled around EUR 53.8 million and requests for payment of EUR 44.8 million of expenditure were submitted. In the same period,

the community funding received amounted to EUR 18.75 million. thus the amount absorbed under POSEUR 2014-20/ PORTUGAL 2020 rose to EUR 168.22 million (around 80% of the total of grants planned for under the applications approved).

We would here highlight that of these 151 POSEUR Applications. 15 were approved between September and October 2022 under the "Overbooking" regime. with payment requests already submitted for a total of EUR 17.5 million.

REACT-EU

The AdP Group has submitted four applications to REACT-EU/COMPETE for total investment of EUR 31.4 million and with associated co-financing of EUR 25.5 million.

During 2022, the investments made by Águas de Portugal Group companies under these 4 applications amounted to around EUR 6.4 million. with the submission of payment requests for about EUR 6 million. In the same period, the Group received EU grants totalling around EUR 4.98 million.

RECOVERY AND RESILIENCE PLAN

The AdP Group, through Águas do Algarve, is developing three measures under the "RE-C09-i0 Investment" item in the RRP, interrelated with concerning the Algarve Regional Water Efficiency Plan and for implementation under the general coordination of APA – the Portuguese Environment Agency, and with a total cost initially estimated at EUR 143 million. These actions divide into:

- C09-i01.04-m01 - SM4 - Promoting recourse to Treated Wastewater (specifically through the implementation of ApR production systems in 5 sub-systems: Vila Real de Santo António, Quinta do Lago, Vilamoura, Albufeira Poente and Boavista) – with an estimated cost of EUR 23 million;
- C09-i01.04-m02 - SM5 - Increasing the available capacity and resilience of existing reservoirs/bulk systems and reinforcing them with new water sources (including strengthening the interconnection in the Sotavento/Barlavento Algarvio "bulk" supply system and the Pomarão intake) - estimated at EUR 75 million; and
- C09-i01.04-m03 - SM6 – Launching seawater desalination - estimated at EUR 45 million.

At the end of 2022, Águas do Algarve received a first advance corresponding to EUR 13.4 million.

OUR ACTIVITIES

| | 2020 | 2021 | 2022 |
|--|-----------|-----------|-----------|
| Water Produced/Treated (Mm ³) | 597.2 | 599.4 | 611.5 |
| Water Sourced(1) (Mm ³) | 25.8 | 15.5 | 28.9 |
| Water Supplied (Mm ³) | 622.4 | 626.7 | 627.5 |
| Water Distributed(2) (Mm ³) | 74.6 | 79.3 | 83.7 |
| Water Invoiced (Mm ³) | 618.6 | 620.3 | 623.0 |
| Bulk Losses (Mm ³) | 21.7 | 22.7 | 20.9 |
| Retail Losses (Mm ³) | 15.9 | 16.7 | 14.5 |
| Treated Wastewaters (Mm ³) | 510.7 | 501.5 | 489.7 |
| Invoiced Wastewaters(3) (Mm ³) | 495.5 | 500.0 | 491.3 |
| Energy Produced(4) (MWh) | 35.7 | 36.6 | 38.5 |
| Sludges processed (supply) (Ton) | 18 388.4 | 22 250.4 | 18 076.1 |
| Sludges processed (sanitation) (Ton) | 333 950.8 | 360 387.5 | 378 254.3 |

(1) Water acquired outside of the Group. Includes 10.5 Mm³ of water procured from EDIA- Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A. by AdSA to replace source reservoir levels.

(2) Includes water distributed by EPAL, AdRA, AdN and AdAM

(3) Includes the effect of tariff earning invoices

(4) Biogas, Hydric and Solar

SUPPLY

Regarding the supply of water for human consumption, the figures include the distribution segment ("retail") and allows for estimating an average supply of about 223 litres per day per inhabitant in the Municipalities already served, which exceeds the 199 litres per day per inhabitant recorded in 2021.

The average wastewater supply to the municipalities already served is about 248 litres per day per inhabitant, which is higher than the 221 litres per day per inhabitant recorded in 2021.

AVERAGE EARNINGS

The average earnings for the bulk and retail supply and sanitation activities, calculated by the ratio of the turnover invoiced for the respective activities and the flow rates applied in the respective invoicing, were as follows:

AVERAGE "BULK" WATER SUPPLY EARNINGS

(€/m³)

0.5521 0.5556 0.5635

2020 2021 2022

AVERAGE "BULK" SANITATION EARNINGS

(€/m³)

0.6079 0.6110 0.6227

2020 2021 2022

AVERAGE "RETAIL" WATER SUPPLY EARNINGS

(€/m³)

1.7881 1.7947 1.7399

2020 2021 2022

AVERAGE "RETAIL" SANITATION EARNINGS

(€/m³)

1.9093 1.8633 2.0524

2020 2021 2022

The Group's organisational restructuring, which began in 2016 and took effect on 1 January 2017, maintains tariff harmonisation between systems through: (i) recourse to regional solidarity mechanisms (the CTA) and the Environmental Fund (financed by a component of the water resources charge), (ii) maintenance of the operating synergies identified in the aggregated multi-municipal systems, and (iii) rationalisation of investments.

MANAGEMENT ENTITIES

The AdP Group's management entities are presented individually and grouped according to management model and the segments in which they operate (bulk / retail).

| ENTITY | ACTIVITY | SEGMENT | ABBREVIATION |
|---|---|------------------------------------|--------------|
| Águas do Norte. S.A. – bulk activities | Bulk water supply and sanitation | Multi-Municipal Systems | AdN Alta |
| Águas do Douro e Paiva. S.A. | Bulk water supply | Multi-Municipal Systems | AdDP |
| SIMDOURO – Saneamento do Grande Porto. S.A. | Bulk sanitation | Multi-Municipal Systems | SIMDOURO |
| Águas do Centro Litoral. S.A. | Bulk water supply and sanitation | Multi-Municipal Systems | AdCL |
| Águas do Vale do Tejo. S.A. | Bulk water supply and sanitation | Multi-Municipal Systems | AdVT |
| Águas do Tejo Atlântico. S.A. | Bulk sanitation | Multi-Municipal Systems | AdTA |
| SIMARSUL – Saneamento da Península de Setúbal. S.A. | Bulk sanitation | Multi-Municipal Systems | SIMARSUL |
| Águas do Algarve. S.A. | Bulk water supply and sanitation | Multi-Municipal Systems | AdA |
| AdRA – Águas da Região de Aveiro. S.A. | Retail water supply and sanitation | State-Local Government Partnership | AdRA |
| AgdA – Águas Públicas do Alentejo. S.A. | Bulk water supply and sanitation | State-Local Government Partnership | AgdA |
| Águas do Norte. S.A. retail activity | Retail water supply and sanitation | State-Local Government Partnership | AdN Baixa |
| Águas do Alto Minho. S.A. | Retail water supply and sanitation | State-Local Government Partnership | AdAM |
| EPAL – Empresa Portuguesa das Águas Livres. S.A. | Bulk and retail water supply | Other type of state-owned company | EPAL |
| Águas de Santo André. S.A. | Bulk and retail water supply, sanitation and waste services | Other type of state-owned company | AdSA |

The data trends per company and per segment are presented below:

MULTI-MUNICIPAL SYSTEMS (MMS)

| | MUNICIPALITIES COVERED | | | MUNICIPALITIES COVERED | | | POPULATION COVERED | | | POPULATION COVERED | | |
|--------------|------------------------|------|-----------|------------------------|------|-----------|--------------------|-----------|------------------|--------------------|-----------|------------------|
| | AA (1) | | | AR(1) | | | AA(1) | | | AR(1) | | |
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdNorte Bulk | 54 | 54 | 54 | 61 | 61 | 61 | 1 656 766 | 1 655 899 | 1 655 899 | 830 442 | 842 301 | 842 301 |
| AdDP | 22 | 22 | 22 | 0 | 0 | 0 | 1 817 063 | 1 813 553 | 1 812 707 | 0 | 0 | 0 |
| SIMDOURO | 0 | 0 | 0 | 7 | 7 | 7 | 0 | 0 | 0 | 377 254 | 502 529 | 504 569 |
| AdCL | 12 | 12 | 12 | 30 | 30 | 30 | 380 181 | 378 705 | 377 305 | 712 999 | 925 868 | 957 554 |
| AdVT | 70 | 70 | 70 | 55 | 55 | 55 | 1 116 217 | 1 114 938 | 1 114 938 | 539 079 | 633 991 | 633 991 |
| AdTA | 0 | 0 | 0 | 23 | 23 | 23 | 0 | 0 | 0 | 2 296 972 | 2 490 515 | 2 287 905 |
| SIMARSUL | 0 | 0 | 0 | 8 | 8 | 8 | 0 | 0 | 0 | 423 619 | 598 758 | 597 048 |
| AdA | 16 | 16 | 16 | 16 | 16 | 16 | 402 806 | 427 232 | 427 232 | 384 209 | 427 232 | 427 232 |

Captions: AA- Bulk water supply; AR- Wastewaters

(1) Aggregate amount

| | BUSINESS TURNOVER (1) | | | COST RECOVERY DEVIATION (CRD) | | | EBITDA(2) | | | NET RESULT | | |
|--------------|-----------------------|-------|--------------|-------------------------------|-------|--------------|-----------|------|-------------|------------|------|------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdNorte Bulk | 116.9 | 119.0 | 114.8 | -15.6 | -22.3 | -12.5 | 62.0 | 63.0 | 58.6 | 3.9 | 3.7 | 8.5 |
| AdDP | 36.6 | 34.7 | 35.5 | -9.7 | -9.1 | -13.3 | 18.7 | 18.2 | 21.8 | 0.8 | 0.8 | 1.2 |
| SIMDOURO | 14.8 | 15.2 | 15.5 | -2.4 | -2.4 | -1.9 | 7.9 | 7.6 | 8.0 | 0.7 | 0.7 | 1.3 |
| AdCL | 52.4 | 53.1 | 52.3 | -3.4 | -4.0 | -4.1 | 29.0 | 28.7 | 29.2 | 1.6 | 1.5 | 3.5 |
| AdVT | 99.9 | 101.5 | 101.8 | -8.0 | -12.0 | -2.6 | 46.0 | 47.6 | 44.9 | 3.3 | 3.1 | 7.7 |
| AdTA | 83.5 | 82.7 | 83.4 | -10.6 | -9.8 | -4.6 | 38.2 | 34.4 | 34.2 | 3.7 | 3.8 | 5.6 |
| SIMARSUL | 17.3 | 18.4 | 18.1 | 0.2 | -0.2 | 0.5 | 7.6 | 8.5 | 8.2 | 1.0 | 0.9 | 2.2 |
| AdA | 59.0 | 59.8 | 60.4 | 6.5 | 9.9 | 4.4 | 26.9 | 29.3 | 26.1 | 0.7 | 0.4 | 1.7 |

(1) Does not include any construction earnings (IFRIC 12)

(2) RO + Amortisations + Provisions + Losses for Impairities and Reversions – Investment Subsidies – Construction Earnings/costs (IFRIC 12)

| | INVESTMENT (INCREMENTAL) | | | CLIENT DEBTS (1) | | | FINANCIAL DEBT /EBITDA (2) | | | ACCUMULATED CRDS | | |
|--------------|--------------------------|------|-------------|------------------|-------|--------------|----------------------------|------------|------|------------------|-------|--------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdNorte Bulk | 15.5 | 20.2 | 21.3 | 85.0 | 86.1 | 92.1 | 8.0 | 7.5 | 7.9 | 214.5 | 192.1 | 179.6 |
| AdDP | 3.6 | 4.0 | 8.2 | 9.8 | 5.6 | 5.4 | 1.5 | 0.8 | 0.1 | -40.8 | -49.9 | -63.2 |
| SIMDOURO | 2.7 | 1.0 | 3.7 | 2.7 | 3.9 | 3.0 | 6.4 | 6.4 | 5.7 | 14.8 | 12.4 | 10.4 |
| AdCL | 8.8 | 10.3 | 15.2 | 36.4 | 13.5 | 29.8 | 7.0 | 6.0 | 5.6 | 52.3 | 48.3 | 44.2 |
| AdVT | 11.8 | 16.2 | 14.6 | 104.3 | 109.5 | 113.3 | 8.3 | 7.7 | 7.9 | 215.8 | 203.8 | 201.2 |
| AdTA | 17.4 | 21.7 | 13.8 | 11.9 | 10.9 | 12.2 | 3.0 | 3.5 | 3.3 | 2.9 | -6.9 | -11.9 |
| SIMARSUL | 0.9 | 2.1 | 11.5 | 6.6 | 7.0 | 7.1 | 8.7 | 7.4 | 7.6 | 64.4 | 64.3 | 64.8 |
| AdA | 7.5 | 7.3 | 20.5 | 34.7 | 19.2 | 18.0 | 6.9 | 6.0 | 6.1 | -24.9 | -34.8 | -39.2 |

(1) Refers only to water supply and sanitation. | (2) Total Financial Debt – Available Cash - IFRIC

| | NON-CURRENT ASSET | | | CURRENT ASSET | | | NON-CURRENT LIABILITY | | | CURRENT LIABILITY | | |
|--------------|-------------------|--------|---------------|---------------|-------|--------------|-----------------------|--------|---------------|-------------------|------|-------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdNorte Bulk | 1293.6 | 1241.1 | 1200.8 | 119.3 | 120.1 | 127.1 | 1121.1 | 1068.3 | 1021.5 | 38.0 | 35.4 | 40.5 |
| AdDP | 188.2 | 183.6 | 182.7 | 13.6 | 10.9 | 9.7 | 159.1 | 152.2 | 147.3 | 12.1 | 11.7 | 14.1 |
| SIMDOURO | 152.3 | 149.5 | 148.8 | 4.8 | 6.1 | 5.8 | 121.5 | 119.6 | 115.9 | 3.6 | 3.3 | 4.7 |
| AdCL | 502.5 | 490.2 | 478.8 | 41.9 | 17.1 | 24.5 | 417.8 | 386.1 | 375.7 | 25.8 | 18.8 | 21.8 |
| AdVT | 848.4 | 827.2 | 806.4 | 175.7 | 182.7 | 191.0 | 745.1 | 725.0 | 699.7 | 71.0 | 73.8 | 78.9 |
| AdTA | 498.6 | 499.9 | 486.1 | 111.9 | 96.0 | 92.8 | 463.6 | 451.0 | 428.5 | 31.3 | 29.2 | 32.6 |
| SIMARSUL | 220.0 | 217.9 | 224.7 | 16.6 | 15.1 | 11.8 | 162.2 | 156.2 | 157.5 | 7.5 | 8.9 | 8.9 |
| AdA | 438.0 | 433.5 | 491.7 | 52.7 | 50.3 | 62.4 | 408.1 | 398.9 | 453.6 | 52.4 | 54.4 | 68.2 |

STATE-LOCAL GOVERNMENT PARTNERSHIPS

| STATE-LOCAL GOVERNMENT PARTNERSHIP | MUNICIPALITIES COVERED AA(1) | | | MUNICIPALITIES COVERED AR(1) | | | POPULATION COVERED AA(1) | | | POPULATION COVERED AR(1) | | |
|------------------------------------|------------------------------|------|-----------|------------------------------|------|-----------|--------------------------|---------|----------------|--------------------------|---------|----------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdRA | 10 | 10 | 10 | 10 | 10 | 10 | 341 244 | 341 244 | 339 871 | 241 710 | 341 244 | 339 871 |
| AgdA | 20 | 20 | 20 | 20 | 20 | 20 | 200 964 | 200 964 | 204 484 | 174 028 | 175 063 | 176 641 |
| AdNorte Retail | 8 | 5 | 6 | 8 | 8 | 8 | 150 247 | 150 247 | 152 706 | 127 014 | 300 832 | 300 832 |
| AdAM | 7 | 7 | 7 | 7 | 7 | 7 | 204 332 | 204 332 | 194 633 | 131 529 | 204 332 | 194 633 |

Captions: AA- Bulk water supply; AR- Wastewater | (1) Aggregate values

| | BUSINESS TURNOVER (1) | | | COST RECOVERY DEVIATION (CRD) | | | EBITDA(2) | | | NET RESULT | | |
|----------------|-----------------------|------|-------------|-------------------------------|------|-------------|-----------|------|-------------|------------|------|------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdRA | 55.0 | 55.4 | 58.0 | -5.1 | -2.8 | -3.3 | 15.7 | 13.9 | 14.6 | 0.6 | 0.6 | 0.9 |
| AgdA | 16.1 | 18.1 | 19.3 | -0.4 | -0.7 | -0.7 | 3.6 | 6.4 | 6.1 | 0.6 | 0.6 | 0.6 |
| AdNorte Retail | 18.2 | 17.7 | 18.6 | 2.6 | 3.0 | 4.0 | 2.9 | 1.6 | 0.8 | 0.5 | 0.5 | 0.5 |
| AdAM | 23.3 | 23.3 | 24.3 | 1.9 | 8.0 | 2.1 | 2.5 | -1.5 | 2.8 | 0.1 | 0.2 | 0.2 |

(1) Does not include any construction earnings (IFRIC 12)

(2) RO + Amortisations + Provisions + Losses for Impairities and Reversions – Investment Subsidies – Construction Earnings/costs (IFRIC 12)

| | INVESTMENT (INCREMENTAL) | | | CLIENT DEBTS (1) | | | FINANCIAL DEBT /EBITDA (2) | | | ACCUMULATED CRDS | | |
|----------------|--------------------------|------|------|------------------|------|------|----------------------------|------|------|------------------|-------|-------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdRA | 13.9 | 14.4 | 20.6 | 7.1 | 6.7 | 6.7 | 4.0 | 4.6 | 4.5 | -19.2 | -22.0 | -25.4 |
| AgdA | 17.3 | 20.5 | 8.8 | 5.6 | 6.0 | 6.1 | 14.8 | 8.6 | 9.1 | 0.7 | -0.1 | 0.8 |
| AdNorte Retail | 6.3 | 7.2 | 11.0 | 5.7 | 6.2 | 6.2 | 16.7 | 31.8 | 63.7 | 36.6 | 39.6 | 43.7 |
| AdAM | 5.2 | 5.5 | 9.5 | 11.1 | 6.5 | 5.5 | 0.7 | -2.2 | 2.3 | 2.2 | 10.1 | 12.3 |

(1) Refers only to water supply and sanitation.

(2) Total Financial Debt – Available Cash - IFRIC

| | NON-CURRENT ASSET | | | CURRENT ASSET | | | NON-CURRENT LIABILITY | | | CURRENT LIABILITY | | |
|----------------|-------------------|-------|--------------|---------------|------|-------------|-----------------------|-------|--------------|-------------------|------|-------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| AdRA | 291.2 | 298.6 | 312.5 | 12.0 | 11.0 | 12.7 | 269.4 | 276.1 | 289.9 | 15.0 | 14.7 | 16.2 |
| AgdA | 148.7 | 162.3 | 166.1 | 12.3 | 13.8 | 17.9 | 134.9 | 155.1 | 160.4 | 15.9 | 10.2 | 10.9 |
| AdNorte Retail | 109.9 | 118.2 | 131.2 | 6.3 | 7.5 | 8.6 | 78.4 | 85.0 | 92.8 | 22.3 | 24.7 | 30.2 |
| AdAM | 12.2 | 26.1 | 36.3 | 13.7 | 16.0 | 8.9 | 13.2 | 22.9 | 29.6 | 10.8 | 15.3 | 11.5 |

OTHER STATE OWNED COMPANIES

| | MUNICIPALITIES COVERED | | | MUNICIPALITIES COVERED | | | POPULATION COVERED | | | POPULATION COVERED | | |
|------|------------------------|------|-----------|------------------------|------|----------|--------------------|-----------|------------------|--------------------|--------|---------------|
| | AA | | | AR | | | AA | | | AR | | |
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| EPAL | 35 | 35 | 35 | 0 | 0 | 0 | 2 887 434 | 2 876 464 | 2 875 941 | 0 | 0 | 0 |
| AdSA | 3 | 3 | 4 | 2 | 2 | 2 | 31 515 | 46 181 | 46 181 | 31 450 | 31 450 | 31 308 |

Captions: AA- Bulk water supply; AR- Wastewater

| | BUSINESS TURNOVER (1) | | | COST RECOVERY DEVIATION (CRD) | | | EBITDA(2) | | | NET RESULT | | |
|------|-----------------------|-------|--------------|-------------------------------|------|------------|-----------|------|--------------|------------|------|-------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| EPAL | 161.2 | 160.5 | 170.0 | 0.0 | 0.0 | 0.0 | 94.1 | 98.4 | 110.4 | 47.0 | 49.7 | 58.0 |
| AdSA | 14.4 | 16.3 | 16.1 | 0.0 | 0.0 | 0.0 | 7.3 | 9.4 | 8.4 | 3.9 | 5.2 | 4.5 |

(1) Does not include any construction earnings (IFRIC 12)

(2) RO + Amortisations + Provisions + Losses for Impairities and Reversions – Investment Subsidies – Construction Earnings/costs (IFRIC 12)

| | INVESTMENT (INCREMENTAL) | | | CLIENT DEBTS (1) | | | FINANCIAL DEBT/EBITDA (2) | | | ACCUMULATED CRDS | | |
|------|--------------------------|------|------|------------------|------|------|---------------------------|------|------|------------------|------|------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| EPAL | 9.6 | 13.4 | 18.4 | 27.4 | 28.5 | 27.5 | -0.2 | -0.4 | -0.6 | 0.0 | 0.0 | 0.0 |
| AdSA | 0.4 | 7.7 | 1.8 | 3.4 | 2.3 | 2.8 | -2.7 | -2.1 | -2.4 | 0.0 | 0.0 | 0.0 |

(1) Refers only to water supply and sanitation.

(2) Total Financial Debt – Available Cash - IFRIC

| | NON-CURRENT ASSET | | | CURRENT ASSET | | | NON-CURRENT LIABILITY | | | CURRENT LIABILITY | | |
|------|-------------------|-------|-------|---------------|-------|-------|-----------------------|-------|-------|-------------------|------|------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| EPAL | 687.4 | 675.4 | 665.3 | 152.4 | 171.7 | 190.8 | 144.6 | 132.3 | 119.4 | 55.1 | 60.6 | 64.7 |
| AdSA | 45.8 | 48.9 | 43.8 | 24.9 | 30.0 | 32.9 | 40.0 | 43.0 | 37.4 | 6.1 | 6.2 | 5.1 |

ASSOCIATED ACTIVITIES

AdP VALOR

In 2020, the AdP Group incorporated Innovation, the Circular Economy and Infrastructure Resilience into its strategy, which simultaneously constitute its pillars of action and necessarily included in its Framework of Strategic Commitment.

Within this framework, and following the issuing of specific guidelines to AdP Valor, this company holds responsibility for promoting, boosting and stimulating the AdP Group strategic pillars.

INNOVATE TO IMPACT

FOSTERING OPEN, COLLABORATIVE INNOVATION THAT CREATES VALUE FOR THE AdP GROUP AND ITS COMPANIES.

The reference framework for the necessary actions is set out in the Strategy and Action Plan for innovation (2021-2022) document, which contributes to the AdP Group's 360° Innovation Strategy, first presented in March 2021 and under implementation across three complementary dimensions: proactive innovation, reactive or collaborative innovation and operational or organic innovation.

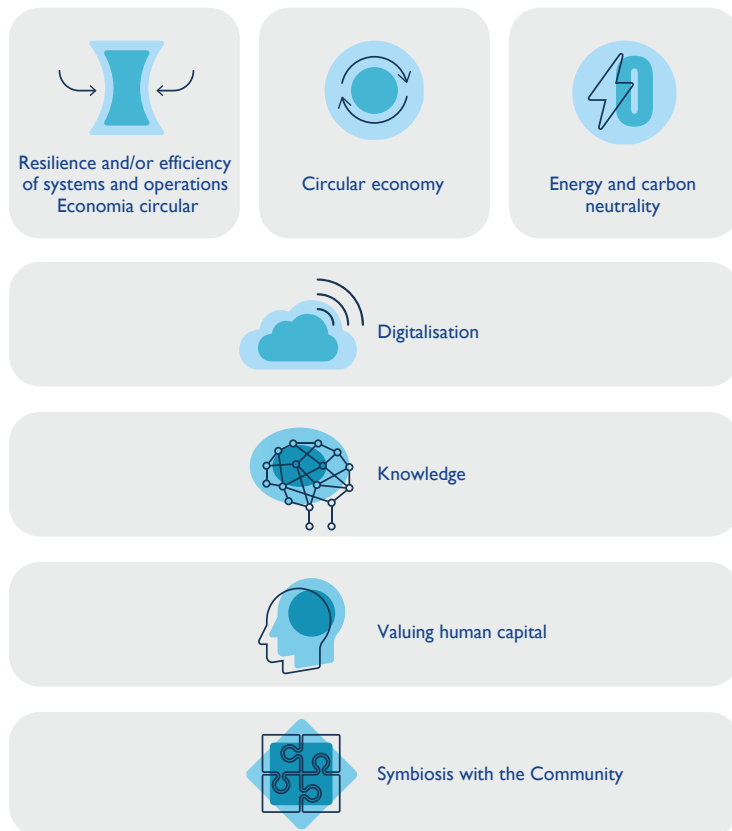


Summary table of the 360° Innovation strategy

In 2022, AdP Valor continued to implement a series of strategic actions, including:

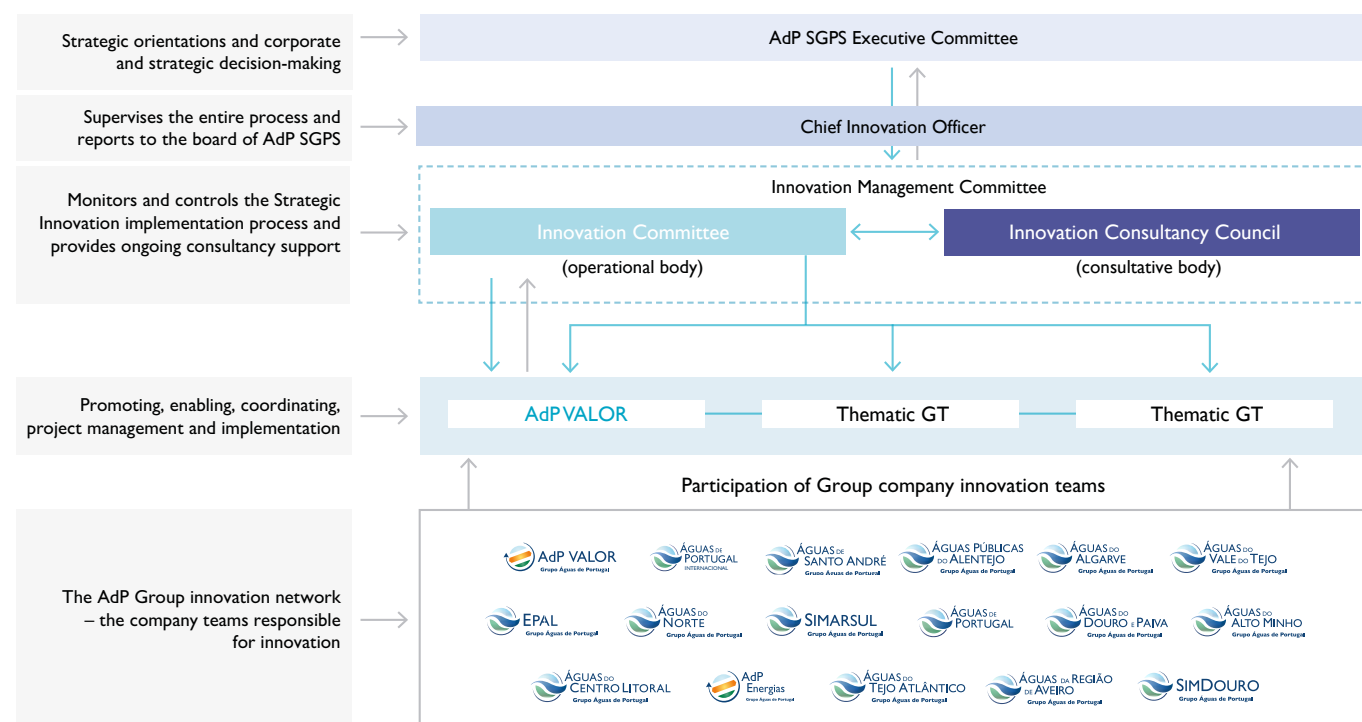
- Conclusion and presentation of the AdP Group's Innovation Agenda, which identifies strategic areas for innovation and the AdP Group's Innovation governance model and the pillars for monitoring the level of agenda implementation.

The Innovation Agenda identifies 7 strategic areas which are priority and structure the actions in terms of the reactive and proactive innovation of the AdP Group.



- In full alignment with the Innovation Agenda, AdP SGPS set up the AdP Group's Innovation Fund annually allocated the amount of EUR 1 million to support innovative projects in areas of strategic innovation selected through a competitive tender process;
- Launch of the first call for applications to the proactive innovation tender financing innovative projects in the areas of specific and infrastructure efficiency and resilience, the circular economy and energy and carbon neutrality;
- Actions by Innovation Committee that encourages the articulation of efforts among the Group's innovation teams, promotes knowledge sharing and is an essential inducer for the operationalisation of the Group's multi-polar network of skills;
- Promotion of various knowledge-sharing events such as workshops, Engineering Conferences and digital sharing of content that enrich the AdP Group's innovative ecosystem;
- Active search for funding instruments for innovation projects aligned with the strategic areas of innovation and their dissemination by the various AdP Group companies;

The innovation management structure involves a series of key functions.



AdP Group Innovation Governance Model

Furthermore, within the scope of reactive innovation, AdP Valor has continued to strengthen its project portfolio, focusing on initiatives that respond to the challenges and needs of the Group and the company itself, having closed the year with a total portfolio of 14 projects, with funding allocated by different national and Community instruments and across a broad network of partners.

| NAME OF PROJECT | FINANCING | DURATION | STATUS | ROLE OF ADP VALOR |
|---|--|------------|-----------|---------------------|
| PYROLIFE | H2020 Marie-Curie Innovative Training Networks | 2019-2023 | ongoing | secondment |
| FRISCO | FCT | 2020-2023 | ongoing | partner |
| CRISI ADAPT II | EIT Climate KIC | 2019-2022 | ongoing | case study provider |
| COVIDTECT | COMPETE2020 | 2020-2021 | completed | coordinator |
| LIFE PHOENIX | LIFE | 2020-2024 | ongoing | partner |
| LIFE RENATURWAT | LIFE | 2020-2024 | ongoing | partner |
| SARS CONTROL | Compete 2020 | 2020-2021 | ongoing | coordinator |
| REUSE II | Fundo Ambiental | 2021 | completed | partner |
| AQUA VINI | Fundo Ambiental | 2021 | completed | partner |
| Smart Fire Prevention | Fundo Ambiental | 2021 -2022 | completed | coordinator |
| SILVANUS | Fundo Ambiental | 2021 -2022 | ongoing | coordinator |
| JRC SERPIC | FCT | 2021-2024 | ongoing | partner |
| OZONE4WATER | FCT | 2021-2024 | ongoing | partner |
| Flo(RES)ta | COMPETE2020 | 2022-2023 | ongoing | coordinator |
| VINE&WINE | PRR | 2022-2025 | ongoing | partner |
| Implementation of Recommendation 472/2021 | EU | 2021-2023 | ongoing | coordinator |

The participation of more than one Group company in the vast majority of these projects represents a shared factor: enabling the AdP Group's multi-polar network of skills to be put into practice.

Further information on these projects may be found at: <https://www.adp.pt/pt/atividade/inovacao/?id=217>

ACCELERATING THE CIRCULAR ECONOMY OF WATER

MANAGING THE URBAN WATER CYCLE IN BALANCE WITH NATURE. ENSURING THE TRANSITION TO A CIRCULAR ECONOMY.

By its very nature, water is a circular resource and with its usage having to be managed to ensure a sustainable water resource model that maximises efficient usage, minimises waste and avoids pollution and environmental degradation.

As the Circular Economy constitutes one of the pillars defined in the AdP Group's Framework of Strategic Commitment, a set of initiatives has been designed and implemented within the scope of bringing about a paradigm shift from linear to circular economic systems:

1. Integrated water management, including aspects of:
 - Usage; through the reutilisation of treated wastewater (ApR - Water for Reutilisation) at various AdP Group company facilities as well as for irrigating agricultural crops, watering public gardens, cleaning in urban contexts and of industrial and service facilities.
 - Conservation; through incentive programs for the reduction of consumption in conjunction with interventions capable of leading to the reduction of losses and control of excesses.
2. Nutrient Recycling and the Production of Organic Fertilizers through the transformation of WWTP sludge into value-added products for agricultural fertilization.
3. Materials, taking advantage of by-product flows generated in water and wastewater treatment processes and transforming them into circular raw materials for other sectors of activity, such as recycling inert materials for application in the ceramics and construction sectors.
4. Production of green reagents through harnessing renewable material flows and gases for usage in water and wastewater treatment processes.
5. Training and capacity-building for Group members of staff and alongside other stakeholders on the opportunities for incorporating circularity into each of their activities and areas of activity.

In order to both achieve this ambition and to implement the various initiatives, AdP SGPS decided to endow AdP Valor with a new business area for circular products and services, thus contributing to the desideratum of compliance with European and national targets in this area.

ACTING FOR THE CLIMATE

ADAPTING OPERATIONS TO CLIMATE CHANGE

Portugal is one of the most vulnerable EU countries to the effects resulting from systemic climate change, and it is now clear that its impacts - the pace and severity of extreme weather events - is already affecting us in the present.

As these events intensify, there is an unquestionable need for preventive and rapid response approaches able to help reduce vulnerabilities and raise resilience to natural disasters as well as mitigating their damage.

In the current era, in which the rates of change and uncertainty attain very high levels, resilience takes on strategic importance and reflects an unavoidable topic on international agendas. The AdP Group's Framework of Strategic Commitment 2020-2022 identifies Infrastructure Resilience as one of the 12 strategic challenges, associated with a set of priority actions.

In general terms, resilience conveys not only the ability to recover and/or adapt to change caused by threats but also, and from a preventive perspective, the anticipation of events and the prior assessment of the respective vulnerability, so that, whenever feasible, actions may be taken to reduce such vulnerabilities to acceptable limits. In this sense, AdP Valor, in coordination with AdP SGPS and the operating companies, developed a set of initiatives in 2022 that ensure system resilience and, consequently, guarantee the continuity of the business, among which we would highlight here:

- Coordination of the AdP Group water supply company taskforce set up to deal with contingency situations, such as the meteorological and hydrological drought that occurred in 2022 - the third most serious since 1931, with severe consequences for the quality and quantity of naturally available water;
- Support for the development of company climate change adaptation plans - reflecting the continuation of work carried out in recent years that greatly contributed to dealing with the 2022 drought;
- The production of studies and proposals for solutions aimed at anticipating changes in the relevant Group company contexts, for example, the dimensioning of systems to meet newly arising requests for supply;
- Assessing the impact of legislative changes on the AdP Group, such as those associated with revisions of the Directives on Water for Human Consumption or on Urban Wastewater.

ACTING FOR THE CLIMATE

REDUCING GHG EMISSIONS. MITIGATING OUR IMPACTS

The AdP Group, within its strategic framework, established acting for the climate as a sustainability ambition. especially within the scope of mitigating climate change, with the intervention program spanning energy self-sufficiency and carbon neutrality, the inventory and design of a greenhouse gas emission (GHG) reduction/mitigation program and incorporating a green fleet into the production process.

Through AdP Energias, this mission includes rationalising energy consumption, maximising the usage of assets and endogenous and renewable resources of energy and reducing or offsetting greenhouse gas emissions in accordance with ZERO – the Energy Neutrality Program and NEUTRO - the Carbon Neutrality Program.

ZERO - AdP GROUP ENERGY NEUTRALITY PROGRAM

The ZERO Program, as referenced above, aims to achieve energy neutrality across the AdP Group's national and international operations, with 100% renewable energy production by 2030.

The implementation of the ZERO Program is to enable a reduction of 185.070 tons/year in CO₂ emissions (in 2031), totalling around 2.776 million tons in the 15 subsequent project years (from 2031 to 2045).

Order no. 77/SEAENE/2022, of 9 November, issued by the Deputy Secretary of State for the Environment and Energy, which authorises the ZERO Program investments, highlights the impact of the AdP Group's Neutrality Program for the targets set by the various national instruments to combat climate change and decarbonisation and also refers to the importance of setting up of Renewable Energy Communities (RECs) within the AdP Group and its stakeholders. This shall allow "energy transactions between consumption points of the community members, providing support mechanisms for the most disadvantaged populations, combating energy asymmetries and embodying how the Group's energy production constitutes a factor of cohesion and valorisation of the national territory".

In 2022, the ZERO Program investments began, including:

- Contract work for the design/construction of photovoltaic plants for self-consumption at Águas do Norte
- Contract for the design/construction of photovoltaic plants for self-consumption II at Águas do Norte
- Contract for the design/construction of photovoltaic plants for the Alcântara and Beirolas water factories at Águas do Tejo Atlântico
- Contract for the design/construction of the photovoltaic energy production unit and load regulation system for self-consumption of EE Amadora and of the photovoltaic energy production unit for self-consumption of EE Olivais at EPAL
- Contract for the design/construction for the installation of telemetry infrastructure and the setting up of the Energy and Emission Control Centre (CCEE) at EPAL
- Contract for the design/construction of the water production facility integrating the Vila Franca de Xira Pumping Station (UPAC) at EPAL.

As regards the founding of an AdP Group REC, with a national scope to enable the consumption of surplus energy by other infrastructures at the producing company or by other Group companies or partner entities, this was enacted by Decree-Law no. 15/2022, of January 14th - that establishes the organization and the functioning of the National Electric System, transposing (EU) Directive 2019/944 and (EU) Directive 2018/2001.

In this context, in April 2022, AdP Energias submitted the proposed REC-AdP concept to the General Directorate for Energy and Geology and are now awaiting a final opinion from this entity.

NEUTRO - AdP GROUP'S CARBON NEUTRALITY PROGRAM

The AdP Group was one of the first Portuguese entities to sign up to the United Nations Global Compact's "Business Ambition for 1.5°C" commitment to reduce greenhouse gas emissions and contribute to the sustainability of the planet, an initiative that further strengthens its commitment to the transition to a low-carbon economy.

NEUTRO – the AdP Group's Carbon Neutrality Program aims to implement the measures necessary to reducing greenhouse gas emissions.

With a view to continuous improvement and precisely inventorying the AdP Group's carbon footprint, a project was launched to develop a tool capable of monitoring the emissions of all Group companies (scope 1, 2 and 3), which will enable the NEUTRO

Program to subsequently go operational - and facilitate the creation of a multi-year budget for carbon neutrality with a view to implementing a set of measures at each company and reduce emissions over the next few years.

Furthermore, a mobility survey was carried out of AdP Group employees in 2022 to estimate the emissions that result from employees commuting (category 7 of scope 3 of the Greenhouse Gas Emissions Inventory).

INFRASTRUCTURE ENERGY AUDITS

The methodology for compliance with Decree-Law no. 68-A/2015, of 30 April, allows for a reduction in the number of energy audits that AdP Group companies are to perform, resulting in a cost saving of over one million euros.

In 2022, the Group updated both the consumption and the existing infrastructures verified in 2020, concluding with the coverage of 1,122 Group infrastructures, which make up 90% of total consumption – as stipulated by the aforementioned decree-law.

In 2022, the Group's companies carried out 35 energy audits, with the number of audits required for full compliance with the respective decree-law reduced to 36.

INFRASTRUCTURES CERTIFICATION UNDER ISO 50001

The AdP Group companies continued deeply engaged in the infrastructure certification process under ISO 50001, specifically relating to their Energy Management Systems and with constant support from AdP Energias.

In 2022, 14 audits were carried out under this standard, totalling 126 certified infrastructures in 11 Group companies, 47 of which are included in the internal mandatory criteria.

GREEN FLEET

Taking into account how sustainable mobility constitutes also one of the decisive factors in the fight against climate change, the implementation of a green fleet allows AdP Group companies to be especially active in the energy transition through the renewal and decarbonisation of their vehicle fleets which, in turn, are indispensable to undertaking the support, maintenance and operation of our infrastructures, located across mainland Portugal, ensuring the provision of essential services 24 hours a day and every day of the year.

The AdP Group company Green Fleet implementation process involves the renewal and decarbonisation of the operational vehicle fleets, through the leasing of hybrid, plug-in and electric vehicles, ensuring the fleets consist entirely of "non-polluting vehicles", including zero-emission vehicles, within the meaning of paragraph c) of Article 2(1) of Law No. 7/2009 of 19 June 2009. The only exemption applies to those vehicle segments that are essential to the operation and maintenance activities carried out by the AdP Group's operating companies for which there are still no alternatives.

The focus on introducing electric vehicles in the fleet of AdP Group companies dates back to 2018 within the aim of contributing to the pursuit of the decarbonisation goal that has led to the integration of 127 100% electric vehicles into the operational fleet.

Given that in 2021 approximately 2.802 million litres of fuel (diesel and petrol) were consumed by AdP Group vehicle fleets, with the burning of these fuels inherently generating CO₂ emissions, it is undeniable that the replacement of combustion engine vehicles by low emission hybrid, plug-in and electric vehicles in the AdP Group vehicle fleets shall bring about a significant reduction in pollutant emissions, contributing to the fulfilment of the RNC 2050 targets.

Therefore, in order to meet the targets set in the various national instruments approved under the auspices of the plan to combat climate change and decarbonisation, the Council of Ministers Resolution no. 136/2022, of 26 March, determined that the Environmental Fund would support the process of renewing and decarbonising the operational vehicle fleets of AdP Group companies with a view to implementing a Green Fleet.

ENERGY CERTIFICATION OF THE SERVICE FLEET

According to the latest emission inventories for Portugal, the mobility and transport sector represents about 37% of final energy consumption and about 28% of CO₂ emissions, a situation to which AdP Group companies contribute with their fleets totalling over 1,500 vehicles.

As part of its Energy Management System, the AdP Group signed a protocol with ADENE providing for the Energy Certification of the Group's operational fleet under the Move+ program. This certification, which reflects the Group's commitment to being at the forefront of the energy transition to a more sustainable and decarbonised economy, provides information on the energy and environmental efficiency of the fleet while identifying opportunities to save energy, reduce costs and minimise environmental impacts. The protocol established also extends to the training of 16 internal auditors.

In 2022, the 13 AdP Group companies, including AdP Energias, together operated a total fleet of 1.526 vehicles - of which 131 are electric, 16 hybrid and/or plug-in and 1.379 are combustion. 379 combustion engine vehicles provide for the Energy Certification of their respective service fleets, and including vehicles running on conventional fuels and 100% electric vehicles, thus achieving energy efficiency classes of between B and C on a scale from "F" (least efficient) to "A+" (most efficient).

After three years of this certification process, there has been a significant contributions towards:

- Demonstrating, simply and clearly, the commitment to reduce the fleet's ecological footprint;
- Actively contributing to cutting the fleet's CO₂ emissions;
- Seizing opportunities for optimising costs (fuel, etcetera) and reducing CO₂ emissions;
- Improving the fleet procurement process and attributing greater relevance to the energy and environmental efficiency of vehicles;
- Motivation of employees, customers, suppliers and partners for more sustainable mobility.

The Group's decarbonisation strategy foresees obtaining an energy classification of "A" in 2030.

OTHER HOLDINGS

TREVO OESTE - TRATAMENTO E VALORIZAÇÃO DE RESÍDUOS PECUÁRIOS. S.A.

Trevo Oeste - Tratamento e Valorização de Resíduos Pecuários, S.A. (Trevo Oeste) was set up in 2005. Its business is the construction and management of infrastructures and systems for the collection, treatment and discharge of pig farming effluent, the collection, treatment and discharge of effluent and leveraging the potential for recycling wastewaters, deposits and sludges from effluent treatment, the sale of the by-products resulting from its operations, consultancy and services in these and similar or complementary areas in the western region.

INTERNATIONAL ACTIVITIES

AdP INTERNACIONAL

The mission of AdP Internacional involves managing AdP Group business affairs outside of the national market while acting as a showcase and leveraging the competitive advantages that Portugal has established in the environmental sector: supporting the implementation of the international development cooperation agenda on water supply and sanitation systems and contributing towards the provision of qualified and efficient services that enable the achievement of the SDG6 targets of Agenda 2030 across borders.

In the last twelve years, the Águas de Portugal Group has managed more than 30 contracts in 24 countries on four continents. This internationalisation process began with the CPLP countries, with a special focus on Angola and East Timor before activities were progressively expanded to North and West Africa, to French-speaking countries such as Morocco, Tunisia and the Ivory Coast, and also to India (Goa). AdP Group activities have directly impacted on the quality of life of more than 12 million inhabitants of the countries that received support through the technical assistance contracts managed by AdP International teams.

At the international level, there were various partnerships and cooperation projects ongoing in 2022, in particular with the World Bank, and with a protocol signed between the AdP Group and the latter in November 2022 to extend these partnership activities.

Under the World Bank financed "Utilities of the Future" program, we would highlight the support rendered to SEDAPAL - Servicio de Agua Potable y Alcantarillado de Lima in Peru, with work focusing on the development of the terms of reference for the areas of asset management, water / energy efficiency and resilience and the circular economy. In addition, as part of the support provided to OTASS - Organismo Técnico de la Administración de los Servicios de Saneamiento (Peru), the terms of reference were reviewed with the aim of optimising cross-subsidies, the methodology and estimation of cost functions and the design and implementation of a sanitation service tariff calculation system for Peru.

Also noteworthy was the launching of the following projects in 2022:

- Technical Assistance to the PWD - Public Works Department for the Operational Efficiency of the Water Systems in Goa, with a multidisciplinary team led by AdP Internacional undertaking the survey and diagnosis of the current situation and correspondingly analysing the gaps and priorities for improving operating procedures at the Salaulim WTP and OPA in Goa.
- In Lebanon, through a contract with the US consulting firm DAI, as part of the "Lebanon - Water, Sanitation and Conservation (WSC)" project, which is funded by USAID (U.S. Agency for International Development), AdP Internacional provided support to

four regional water and sanitation companies in order to define and support the implementation of operational strategies capable of making them more resilient in the face of the challenges currently experienced in the country. Specifically, we would highlight the operational identification of the most critical technical aspects (production/distribution and financial) as well as drafting a medium-term emergency strategy for each of the four regional companies.

- In Cape Verde, AdP Internacional participated in a consortium led by AqualnSilico, a Portuguese start-up launched by the research team at the NOVA University School of Science and Technology, which has developed innovative technologies that deploy digital tools to design sustainable solutions for recovering nutrients from effluents treated in wastewater treatment plants.
- In Grenada, in support of the German firm GFA - Consulting Group GmbH, within the framework of managing water resources and water services with a view to ensuring greater resilience against climate change in a project funded by GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit.

AQUATEC. LDA.

Aquatec's objective is to provide technical assistance services related to water supply systems, wastewater sanitation and urban waste treatment, acting as the AdP Group's platform for attracting business to the Mozambican market, with a special focus on commercial and maintenance management systems (see chapter on international activities).

AdP TIMOR-LESTE. LDA.

AdP Timor-Leste provides assistance in the development of water and sanitation infrastructures alongside services in water supply and sanitation and waste collection and also serves as a partner for the future development of East Timor (see international activities).

ÁGUAS DO BRASIL. S.A.

Águas do Brasil, S.A., is non-operating and in the process of dissolution.

RISK AND CONTROL

THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The AdP Group, and the AdP SGPS Board of Directors in particular, devote close attention to the issues of internal control, risk management, fraud, transparency and the reliability of financial reporting.

As these concerns are transversal to the AdP Group, and in order to ensure the systematic and appropriate visibility to the internal control (IC) systems existing in companies, 2022 saw the continuity of development of the Internal Control System (ICS) implementation project, based on the internationally accepted COSO methodology (Treadway Commission Committee of Sponsoring Organizations) in keeping with how this model is adaptable to the specific structures of companies, its flexibility for spanning the entire corporate structure and any of its units or business activities and reliable in terms of the responses produced to the challenges existing.

This model allows for directly correlating the organisation's objectives at the category level (Operation, Reporting and Compliance) and the five components (Control Environment, Risk Management, Control Activities, Information and Communication and Monitoring Activities) necessary for their achievement.

• CONTROL ENVIRONMENT

This should convey the importance of ICs and establish the discipline and structure for the respective ICS components. This thus encapsulates the set of rules, processes and structures that provide the basis for undertaking IC in the organisation.

This furthermore defines the spirit of the organisation and correspondingly influencing the risk awareness of employees.

This also establishes the foundations for all of the other ICS components.

• RISK EVALUATION

This sets out to identify, evaluate, monitor and control all of the risks that may influence the strategy and objectives defined by the institution and thereby both ensuring their fulfilment and the taking of any actions necessary to respond appropriately to undesired deviations.



Risk is defined as the scope for an event occurring and affecting (positively or negatively) the achievement of the organisationally defined objectives.

This involves dynamic and interactive processes capable of identifying and analysing the risks affecting the achievement of the objectives of organisations, establishing a basis for understanding just how they should be best managed.

Objectives should be set at different organisational levels, consistently and by category, for operations, reporting and compliance and with a level of clarity sufficient to identifying and analysing the risks to those objectives.

• CONTROL ACTIVITIES

These are activities designed to prevent or reduce the adverse impacts of risks in accordance with recurring control activity processes.

Thus, control activities represent actions stipulated by policies and procedures that help ensure management instructions on the mitigation of risks in order to achieve objectives are duly applied.

Control activities take place across every level of the organisation and at various stages of the business process and throughout the technological environment.

Control activities may be either preventive or detective in nature and encompass a range of different manual and automated activities, such as authorisations and approvals, verifications, reconciliations and business performance reviews.

The segregation of duties is typically incorporated into the selection and development of control activities. Whenever this is not possible, the Management should develop and implement alternative control activities.

• INFORMATION AND COMMUNICATION

These established procedures ensure the capture, processing and exchange of relevant, comprehensive and consistent data, within a timeframe and in a manner that enables the effective and timely performance of decision-making by the management and control over the institution's activities and risks.

Such information is necessary for the organisation to exercise its IC responsibilities in support of its objectives. The management obtains or generates and applies relevant and quality information from internal and external sources to support the functioning of the ICS.

Communication constitutes the ongoing processes that enable staff to understand their IC responsibilities and their importance to achieving the objectives set. This may occur both internally and externally and provides the organisation with the information necessary to execute controls on a daily basis. Internal communication reflects the means by which this information is disseminated throughout the company, flowing in all directions and throughout the organisation. This enables all employees to receive the clear message from management that control responsibilities represent a clear priority. External communications serve a dual purpose: they allow for relevant external inputs and provide information to third parties in response to requests, requirements and expectations.

• MONITORING OF ACTIVITIES

These actions are performed within the scope of ensuring the adequacy and effectiveness of the ICS itself over time, which ensures, inter alia, the timely identification of any deficiencies or scope for improvement.

Ongoing and/or one-off/independent assessments, or a combination of both, serve to determine whether each of the five IC components, including the controls applying the principles within each component, are present and functioning.

Ongoing assessments, embedded in business processes at different levels of the organisation, return timely information.

The one-off/independent assessments, carried out periodically, will vary in scope and frequency, depending on risk assessment, the effectiveness of ongoing assessments and other management considerations.

Assessment of the results takes place according to the criteria established by regulators, recognised regulatory bodies or the Management and with shortcomings reported in a timely manner to the Management, with the most relevant occurrences also reported to the Board.

Within the framework implementing the AdP Group's ICS project, the following activities were ongoing through 2022:

- i. Completion of the still outstanding PHASE I mapping processes by the remaining companies;
- ii. Launching of Project Phase 2 with pilot companies mapping the remaining processes identified as critical and which comprises, among other activities, the drafting of i) flowcharts, which enable the quick understanding of the activities developed, and ii) Risk and Control Matrices (RCMs) identifying the potential and existing risk events and the controls necessary to their mitigation;
- iii. Phase 2 kick-off meetings took place in the remaining Group companies, which included defining the schedule for mapping out their respective processes in accordance with the information based on the experiences of pilot companies and due for completion by the end of 2023;
- iv. Adaptation and approval, by most companies, of the AdP Group's core Internal Control Manual, incorporating the RCMs already produced in conjunction with their approved metrics
- v. Tests at pilot companies of the indicators and metrics defined for evaluating the internal control system made it possible to ascertain the scope for their evaluation and returning appropriate information on the functioning of the five internal control components;
- vi. Continuity of the joint review of the pilot RCMs in effect at companies so as to ensure consolidation of the systematised information and improve the content presented;
- vii. Conclusion of the audit tests and evaluation of the effectiveness of the controls addressing Group company accounts payable processes based on the aforementioned company prepared Matrices;
- viii. Initiation of the audit tests and evaluation of the effectiveness of the controls in effect for Group company salary processing process based on the aforementioned company prepared Matrices.

Furthermore, the following activities are planned for 2023:

- i. Mapping, by the remaining companies, of the processes identified in Project Phase 2 and which comprises, among other activities, the drafting of i) flowcharts, which enable the quick understanding of the activities developed, and ii) Risk and Control Matrices (RCMs) identifying the potential and existing risk events and the controls necessary to their mitigation. This work is to advance in accordance with the information collected in the pilot company mapping of CRMs;
- ii. Continuation of the joint review at companies that mapped their CRM processes during the first phase in order to identify any inconsistencies or unidentified situations, consolidate the systematised information, improve the contents and ensure they adhere to the mapped process realities;
- iii. Carrying out a non-binding exercise to verify compliance with the internal control system evaluation metrics, thus enabling companies to obtain a preliminary awareness of both their level of compliance and the functioning of the components incorporated into the internal control system.

Within the scope of the model undergoing implementation, through evaluating the established metrics, combined with the results of testing the key controls, undertaken during the annual audits, this will produce information to enable the identification of whether the internal control components operate in an integrated approach and are thereby capable of providing the Board of Directors with a reasonable level of assurance as regards the performance of the ICS.

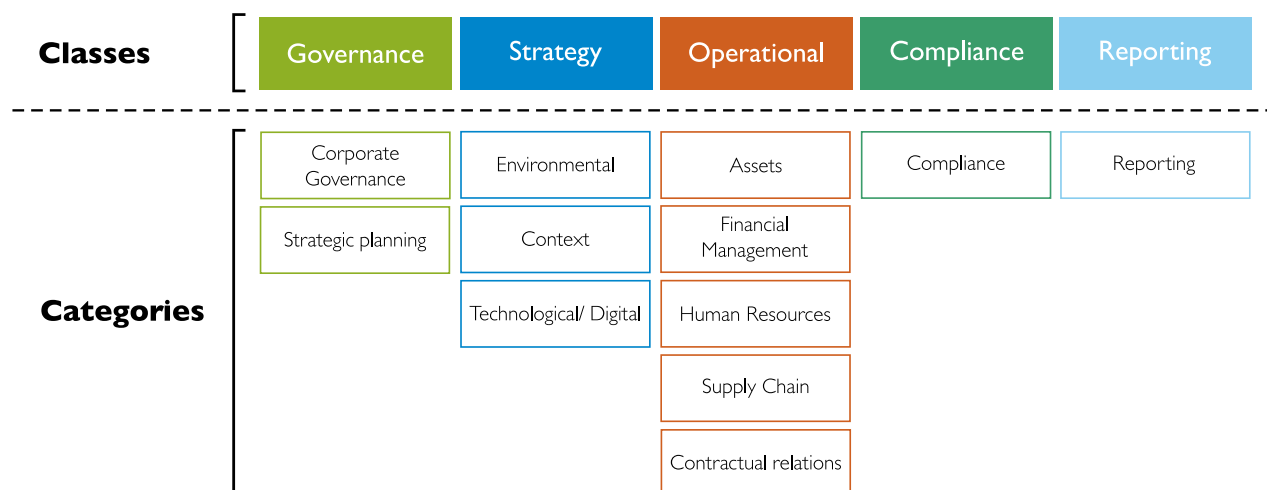
Awareness-raising and training on internal controls will be undertaken with a view to ensuring the constant monitoring of the controls implemented by companies and particularly by those responsible for business processes.

The aforementioned changes, in conjunction with a functional Risk Management Model, will allow the AdP SGPS Board of Directors to focus more on monitoring and analysing the critical risks identified, inherent to the activities and resulting from daily operations.

The existence of a Business Risk Management Model enables integrated risk assessments within the Group and a maturing of its risk culture, furthermore establishing a common language through the definition and concept of each risk along with aligning the objectives set with the risks and respective controls in place across the Group not only to reduce the risk of investment and asset losses but also to assist in ensuring the reliability of financial statements and compliance with laws and regulations.

The suitability of the ICS interrelates with the risk management model and is corresponding adjusted whenever risk assessments either identify risks that fall into a category considered unacceptable or they detect weaknesses or failures when analysing the underlying controls.

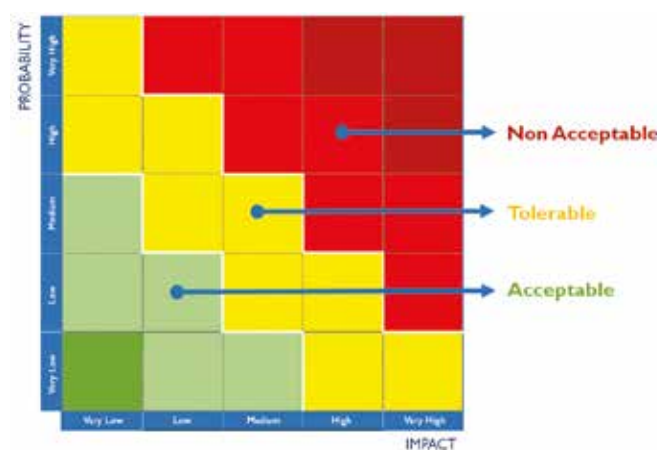
The Business Risk Management Model currently implemented in the AdP Group, also defined according to the COSO methodology, presents the risks organised according to a structure of defined classes and categories, as set out below:



Risk assessment is carried out from the perspective of the probability of occurrence and the respective impacts, considering both the respective inherent and residual risks. In this way, the effectiveness of the ICS deployed reflects in the maintenance of levels of risk deemed acceptable in accordance with the following matrix:

Risk assessment from the impact perspective includes the following analytical dimensions:

- Financial;
- Reputational;
- Legal or regulatory; and
- Level of alignment with business objectives.



The probability of risk occurrence perspective also assesses a wide range of factors, including:

- Existence and effectiveness of controls;
- Previous occurrence of the risk;
- Complexity of the risk; and
- Capacities prevailing to manage the risk (people, processes, systems).

The AdP SGPS AICR Risk Management Department holds the mission of identifying the risks inherent to AdP Group businesses, the characteristics of the key factors for the controls necessary to minimising or eliminating their impacts and undertaking compliance tests to evaluate the results as well as internal audits of majority owned subsidiaries.

Reporting directly to the Board of Directors of AdP SGPS, AICR has reinforced its independence as regards the management structures of the audited companies and is fully endowed with the degree of autonomy appropriate to carrying out its work, optimising the resources available and avoiding any duplication of structures.

Within the scope of corporate risk management processes, the classes of risks related to Governance, Strategy and Planning, Compliance and Reporting are established and monitored by AdP SGPS, as the majority shareholder. The approach to the Operational and Infrastructure risks, in addition to the role played by the Group's companies and their respective management bodies, is complemented by the centralised monitoring and control structures and with the majority shareholder responsible for identifying and managing the core risks.

Whenever risk assessment falls within a tolerable or non-acceptable level, Risk Treatment Plans (RTPs) are drawn up, approved and applied as mitigation measures following the identification of the corrective actions to be taken, the treatment strategy they stem from (avoid, accept, reduce or share risks), the respective frequency of control and those responsible for each action.

Similarly, the risk assessment exercise results in the identification of potential opportunities for AdP Group companies, then subject to the Opportunities Implementation Plans (OIPs) that, as in the RTPs, also define actions for development, implementation deadlines and those responsible for these actions.

Considering the operational maturity already attained by the companies, the age of the Risk Management Model in effect at the AdP Group and the continuous improvement needed in order to respond to the increasing demands around risk related matters, 2022 saw the beginning of the revision project for the aforementioned model, which comprises the following activities:

- To revise and/or update the existing AdP Group risk matrix
- To revise and/or update the AdP Group risk assessment methodology
- To revise the Business Risk Management Manual
- To integrate the Enterprise Risk Management Model into the Internal Control Model

In order to ensure its credibility and appropriateness to the AdP Group reality, this project advances with the contributions from 8 pilot companies in the AdP universe supported by the collaboration of an external consulting team with the conclusion of its works forecast for 2023.

Due to the aforementioned review of the risk management model, no risk assessment process took place in 2022.

At the end of 2022, as foreseen in the risk management model, the monitoring of the Group approved formally defined company RTPs took place within the scope of the risk assessment exercises relative to 2021. This analysis returned verification that the company has followed up on the implementation of the aforementioned RTPs.

We detail below some of the key risks faced by the AdP Group in accordance with the risk assessment performed in 2021:

- **Extreme weather events** - Loss of human life, damage to ecosystems, extinction of species, destruction of property and/or financial loss on a global scale as a result of extreme weather events: cold fronts, fires, floods, heat waves, extreme drought, storms, tornadoes, etcetera.
- **Information security** - Risk of loss of confidentiality, integrity and availability of information systems, resulting from the non-existent or inadequate definition of information security policies.
- **Foreign exchange and commodities** - Risk of the Organisation's financial position being affected by its exposure to changes in commodity costs, especially energy and reagent costs.
- **Losses in retail supply** - Risk of loss of water resources along the retail supply chain, with consequent reductions in the supply capacity and financial losses, due to malfunctions and failures not detected in time or ageing infrastructure.
- **Bulk sewerage leakage** - Risk of leakage along the bulk sewerage chain, reduced treatment capacities and financial losses, due to malfunctions and failures not detected in time, ageing infrastructure and the absence of separate networks.

FINANCIAL RISK MANAGEMENT

RISK FACTORS

AdP Group business operations are exposed to a number of financial risk factors: credit risk, liquidity risk and the interest rate associated cash flow risk. The AdP Group has correspondingly developed and implemented a financial risk management program, which, in addition to constantly monitoring the financial markets, seeks to minimise potentially adverse effects on the financial performance of AdP and its subsidiaries. This risk management is the responsibility of the central treasury department acting in accordance with the policies approved by the Board of Directors. The treasury department identifies, assesses and undertakes operations designed to minimise financial risks in close cooperation with the AdP Group operational units. The Board of Directors drafts the principles for risk management as a whole in addition to policies that cover specific areas such as currency conversion risks, interest rate risks, credit risks, recourse to derivatives, other non-structured instruments and the investment of surplus liquidity. The Board of Directors is responsible for establishing the general risk management principles as well as the exposure limits. All transactions undertaken involving derivatives require the prior approval of the Board of Directors and the ministry, which set the parameters for each transaction and approve the formal documents describing the specific objectives.

MARKET RISK

INTEREST RATE RISK

The interest rate risk of the AdP Group broadly stems from long-and short-term loans. Such loans, with their variable interest rates, expose the AdP Group to cash flow risks whereas loans with fixed interest rates expose the Group to fair value risks linked to the interest rate. The table below provides approximate sensitivity analysis of the AdP Group financial costs.

| | 31.12.2022 | AVERAGE RATE +1% | AVERAGE RATE -1% |
|---|------------|------------------|------------------|
| Interest rate incurred at a variable rate | 2 382 472 | 2 283 235 | (1 866 964) |
| | 2 382 472 | 2 283 235 | (1 866 964) |

Impact of the rate change measured over a period of twelve months.

EXCHANGE RATE RISK

Exposure to the exchange rate risk is negligible in the AdP Group. This risk basically encompasses future commercial transactions, recognised assets and liabilities as well as net investments in foreign operations not incurred or expressed in the AdP Group operating currency. The AdP Group's central treasury manages the net exposure of the Group in each currency, contracting swaps centrally so as to minimise commercial risks to recognised assets and liabilities when applicable. AdP Group has investments denominated in foreign currencies, whose net assets are exposed to exchange rate risk by translation. The exchange rate exposure inherent to net assets in foreign currency is residual. In 2022 and 2021, no currency swaps or financing in foreign currency were contracted.

RAW MATERIALS PRICE RISK (ENERGY AND FUEL)

Águas de Portugal Group's annual expenditure on energy and fuel represents approximately, 30% to 35% of total supplies and services. The Group, through AdP Serviços, centrally negotiates and contracts the acquisition of these raw materials for the whole Group. In the case of electricity, the price is fixed for the contract horizon.

LIQUIDITY AND CAPITAL RISKS

The management of liquidity risk requires both the holding of a reasonable level of availabilities, equivalents and the consolidation of floating debt through an adequate level of credit facilities and the ability to liquidate market positions. The AdP Group treasury department, given the dynamics of the underlying businesses, strives to secure the flexibility of the floating debt through maintaining credit lines available for this purpose. The Group manages its liquidity risk by contracting and maintaining credit lines and financing facilities with a solid underwriting commitment from domestic and international financial institutions providing immediate access to funds. The table below details the AdP Group liabilities by their contracted residual maturity intervals. The amounts listed in the table are the non-discounted contractual cash flows for future payment including interest.

| | NOTE | < 1 YEAR | 1 TO 5 YEARS | > 5 YEARS |
|------------------|------|--------------------|--------------------|--------------------|
| Liabilities | | | | |
| EIB Financing | | 109 275 591 | 490 087 981 | 921 695 685 |
| Bond Financing | | 213 283 150 | 199 527 385 | 3 481 357 |
| Bank Overdrafts | | 2 806 | | |
| Net total | | 322 561 547 | 689 615 366 | 925 177 042 |

The EIB loans contractually allow the AdP Group to choose the type of interest rate for application: variable interest rate, fixed rate for the loan maturity or fixed rate revisable for a determined period of time. In this sense, the purposes of determining future EIB loan interest considers the known and formally contracted interest for the respective period of time after which the no interest fixed rate enters into effect, as detailed in the table above, given the inability to reliably determine the future interest incurred beyond these timeframes.

As at 31 December 2022, the outstanding principal EIB loan amounts display the following stratification by years of rate re-fixing/revision:

('000 EUR)

| YEAR THE PERIOD FOR THE CURRENT INTEREST RATE IN EFFECT IS TO END | CAPITAL OUTSTANDING AT 31.12.2022 (NOTE 23) | CAPITAL VALUE IN THE YEAR OF RATE RE-FIXING |
|---|---|---|
| 2023 | 36 493 | 6 541 |
| 2024 | - | - |
| 2025 | 640 985 | 497 131 |
| 2026 | 68 908 | 40 366 |
| 2027 | 63 678 | 30 274 |
| 2028 | 6 000 | - |
| 2029 | 164 489 | 73 062 |
| 2030 | 70 795 | - |
| 2040 | 30 000 | - |
| 2042 | 250 000 | - |
| | 1 331 348 | 647 374 |

For the purposes of determining future variable rate interest (shareholder loans), this considered (i) the known interest coupon on 31 December 2022 and for subsequent settlement; and (ii) the following coupons took into account the Euribor indexer on 31 December 2022 plus the contractually formalised spread.

In September 2017, AdP SGPS entered into a 25-year, EUR 220 million financing agreement (tranche A) with the European Investment Bank under a EUR 420 million credit facility. In addition, in July 2019, the AdP Group formally took up the remaining EUR 200 million that may serve as funding for the termination of debt regularising agreements reached between the AdP Group and its municipal clients under the auspices of Decree Law no. 5/2019, of 14 January. In November 2022, an addendum to the two tranches was signed: (i) transferring the ceiling for the amount of EUR 100.612 million from tranche B to tranche A; (ii) extension of the final date of financing availability until 14 September 2023; (iii) waiver of the "Net debt/EBITDA" covenant for the year 2023. As at 31 December 2022, AdP Group has drawn down EUR 280 million from tranche A and EUR 49.3 million from tranche B.

In view of the above, as well as recurring operating assets, AdP does not foresee difficulties in fulfilling its financial commitments. Particularly for short term bank loans, AdP has immediate liquidity to cover the entire cost of debt servicing forecast for the next twelve months.

CONTRACTED SHORT TERM LINES OF CREDIT

| LIQUIDITY RISK (MILLION EUR) | LINE OF CREDIT AVAILABLE | LINE OF CREDIT USED | LINE OF CREDIT UNUSED |
|------------------------------|--------------------------|---------------------|-----------------------|
| Bank overdrafts (AdP Group) | 125 | 0 | 125 |

The objective of the AdP Group in relation to capital management, which is a broader concept than the capital shown on the face of the balance sheet, is to maintain an optimal capital structure through the prudent use of debt that allows it to reduce the cost of capital. The purpose of capital risk management is to safeguard the continuity of the Group's operations, with adequate compensation to shareholders and generating benefits for all interested third parties.

The AdP Group's policy is to contract loans with financial entities, at the level of the parent company, AdP (except for investment loans), which in turn makes loans to its subsidiaries. This policy aims at optimising the capital structure with a view to greater efficiency and reducing the average cost of capital.

| | NOTE | 31.12.2022 | 31.12.2021 |
|--|------|----------------------|----------------------|
| Non-current loans | 23.2 | 1 424 784 162 | 1 468 847 965 |
| Current loans | 23.2 | 295 188 284 | 236 937 980 |
| Capital reconstitution fund | 11.2 | (21 263 297) | (21 222 798) |
| Cash available | 17.2 | (460 705 684) | (323 290 474) |
| Leasing liabilities (*) | | 888 177 | 2 123 610 |
| Net debt | | 1 238 891 642 | 1 363 396 283 |
| Investment subsidies | 22.2 | 1 467 857 118 | 1 445 287 330 |
| Total own capital (without minority interests) | | 1 515 038 885 | 1 442 840 097 |
| Capital and subsidies | | 2 982 896 003 | 2 888 127 427 |
| Debt /total capital | | 0.42 | 0.47 |

(*) Only concerning leases with financial entities

The AdP Group's financing model fundamentally incorporates three major facets to ensure the balance of its capital structure. bank financing, with particular emphasis on financing contracted from the EIB and bondholders, equity and non-repayable investment subsidies.

CREDIT RISK

Credit risk is essentially related to the risk of a counterparty defaulting on their contractual obligations resulting in financial losses to the Group. The AdP Group is exposed to the credit risk over the course of its operational, investment and cash management activities.

OPERATING COUNTERPARTY

Credit risk in operations basically derives from receivables for services rendered to customers (water and sanitation services).

The composition of the AdP Group's customer portfolio is threefold: **(i)** local authorities, municipal or intermunicipal services and municipal or intermunicipal companies; **(ii)** private, institutions and companies supplied by the retail distribution network; and **(iii)** large industrial customers in the sphere of wastewater treatment and raw water supply.

i. Local authorities, municipal or intermunicipal services and municipal or intermunicipal companies ("Municipalities")

The credit risk associated to these customers is considered low or close to sovereign risk, noting historically that the non-payment of the services rendered results essentially from divergences on invoices reflected in lawsuits. Under the terms of the legislation and regulations in force, applicable to multi-municipal and partnership systems, the change in the amounts owed, by voluntary or extrajudicial agreement between the managing entities and these entities or by judicial sentence, is relevant for the purpose of recalculating the Cost Recovery Deviation to be recovered via the tariffs or tariff income charged for future services rendered.

Notwithstanding the above, the administrative procedure associated to the collection or regularisation through agreements and imputation to the deviation of cost recovery is lengthy, which explains the high value of the amount of overdue debts (see note 13) as well as the financial income (see note 36).

AdP's Board of Directors continues to understand that on those balances there are no indicators that lead to the recognition of prospective impairment losses (except in very specific situations and that result from the agreements signed and already incorporated into the calculations of the Cost of Recovery Deviation).

ii. State and public sector, households, institutions and companies supplied by the retail distribution network:

The credit risk associated to these customers is considered medium insofar as the supply through the retail distribution network allows for the supply to be cut off in case of non-compliance with timely invoice payments by customers. Nevertheless, for customers supplied by the retail distribution network, there are two segments: **(i)** supply by the retail network under Partnerships, in which losses due to customer credit risks are offset by the Cost Recovery Deviation mechanism; and **(ii)** other supplies by the retail network in which failure to pay invoices on time results in an asset loss. For this second segment, expected impairment losses are recognised according to the expected loss. For debts resulting from supply through the retail distribution network, the expected losses are determined as follows: **i)** for invoices that are liable for over six months, 100% impairment is applied (the legal prescription for invoices due for over six months); **ii)** for invoices issued but not yet due or liable for less than six months, the percentage of the historical loss is applied and raised to include the "forward looking" effect.

iii. Large Industrial Clients and other entities:

The credit risk associated to these customers is considered medium as they are private sector customers. However, the expected losses due to impairment by credit risk are assessed annually, on an individual basis, taking into consideration the following factors: i) the average collection period; ii) the customer's financial condition; and iii) the macroeconomic situation.

31 December 2022:

| BUSINESS SECTOR | BULK BUSINESS (*) | | | RETAIL BUSINESS(**) | | | | MAJOR INDUSTRIAL CLIENTS AND OTHER ENTITIES | TOTAL (NOTE 13.3) |
|---------------------|-------------------|------------|--------------|---------------------|-------------------------|--------------|--------------|---|-------------------|
| TYPOLOGY OF CLIENTS | MUNICIPALITIES | OTHERS | TOTAL | MUNICIPALITIES | STATE AND PUBLIC SECTOR | OTHERS | TOTAL | | |
| RISK | LOW | MEDIUM | | LOW | LOW | MEDIUM | | MEDIUM | |
| Gross exposure | 276 999 134 | 16 151 857 | 293 150 991 | 2 940 283 | 1 071 001 | 50 537 075 | 54 548 359 | 24 421 691 | 372 121 041 |
| Imparity | (26 325 948) | (479 396) | (26 805 344) | - | - | (20 350 381) | (20 350 381) | (14 994 096) | (62 149 821) |
| Net exposure | 250 673 186 | 15 672 461 | 266 345 647 | 2 940 283 | 1 071 001 | 30 186 694 | 34 197 978 | 9 427 595 | 309 971 220 |

31 December 2021:

| BUSINESS SECTOR | BULK BUSINESS (*) | | | RETAIL BUSINESS (**) | | | | MAJOR INDUSTRIAL CLIENTS AND OTHER ENTITIES | TOTAL (NOTE 13.3) |
|---------------------|-------------------|------------|--------------|----------------------|-------------------------|--------------|--------------|---|-------------------|
| TYPOLOGY OF CLIENTS | MUNICIPALITIES | OTHERS | TOTAL | MUNICIPALITIES | STATE AND PUBLIC SECTOR | OTHERS | TOTAL | | |
| RISK | LOW | MEDIUM | | LOW | LOW | MEDIUM | | MEDIUM | |
| Gross exposure | 265 801 911 | 17 692 942 | 283 494 853 | 2 903 704 | 2 206 845 | 49 078 782 | 54 189 331 | 23 498 878 | 361 183 062 |
| Imparity | (26 277 906) | (477 839) | (26 755 745) | - | - | (19 127 337) | (19 127 337) | (14 962 362) | (60 845 444) |
| Net exposure | 239 524 005 | 17 215 103 | 256 739 108 | 2 903 704 | 2 206 845 | 29 951 445 | 35 061 994 | 8 536 516 | 300 337 618 |

(*) Local authorities, municipal or intermunicipal services, and municipal or intermunicipal companies.

(**) Households, institutions and companies supplied by the retail distribution network.

As of 31 December 2022 and 2021, the ageing of trade receivables (except municipalities) and the respective impairment losses are as follows:

| 31.12.2022 | INSTITUTIONS, COMPANIES SUPPLIED BY THE BULK NETWORK | | | | HOUSEHOLDS, INSTITUTIONS, STATE AND PUBLIC SECTOR, AND COMPANIES SUPPLIED BY THE RETAIL DISTRIBUTION NETWORK | | | | LARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES | | | |
|-----------------------------|--|------------|---------|-------------------|--|--------------|---------|-------------------|---|--------------|---------|-------------------|
| LENGTH OF DEBT | EXPOSIÇÃO BRUTA | IMPARIDADE | % PERDA | EXPOSIÇÃO LÍQUIDA | EXPOSIÇÃO BRUTA | IMPARIDADE | % PERDA | EXPOSIÇÃO LÍQUIDA | EXPOSIÇÃO BRUTA | IMPARIDADE | % PERDA | EXPOSIÇÃO LÍQUIDA |
| Não vencida | 11 492 327 | - | 0% | 11 492 327 | 21 538 722 | (287 921) | -1% | 21 250 801 | 7 611 794 | - | 0% | 7 611 794 |
| Vencida até 180 dias | 211 354 | (183) | 0% | 211 171 | 6 748 379 | (180 514) | -3% | 6 567 865 | 1 236 090 | - | 0% | 1 236 090 |
| Vencida há mais de 180 dias | 4 448 176 | (479 213) | -11% | 3 968 963 | 23 320 975 | (19 881 946) | -85% | 3 439 029 | 15 573 807 | (14 994 096) | -96% | 579 711 |
| | 16 151 857 | (479 396) | -3% | 15 672 461 | 51 608 076 | (20 350 381) | -37% | 31 257 695 | 24 421 691 | (14 994 096) | -64% | 9 427 595 |

| 31.12.2021 | INSTITUTIONS, COMPANIES SUPPLIED BY THE BULK NETWORK | | | | HOUSEHOLDS, INSTITUTIONS, STATE AND PUBLIC SECTOR, AND COMPANIES SUPPLIED BY THE RETAIL DISTRIBUTION NETWORK | | | | LARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES | | | |
|------------------------|--|-----------|--------|--------------|--|--------------|--------|--------------|---|--------------|--------|--------------|
| LENGTH OF DEBT | GROSS EXPOSURE | IMPARITY | % LOSS | NET EXPOSURE | GROSS EXPOSURE | IMPARITY | % LOSS | NET EXPOSURE | GROSS EXPOSURE | IMPARITY | % LOSS | NET EXPOSURE |
| Not yet due | 13 669 276 | - | 0% | 13 669 276 | 20 308 495 | (259 296) | -1% | 20 049 199 | 6 540 942 | - | 0% | 6 540 942 |
| Due for up to 180 days | 650 841 | - | 0% | 650 841 | 8 916 717 | (251 017) | -3% | 8 665 700 | 1 452 908 | - | 0% | 1 452 908 |
| Due for over 180 days | 3 372 825 | (477 839) | -14% | 2 894 986 | 22 060 415 | (18 617 024) | -84% | 3 443 391 | 15 505 028 | (14 962 362) | -97% | 542 666 |
| | 17 692 942 | (477 839) | -3% | 17 215 103 | 51 285 627 | (19 127 337) | -37% | 32 158 290 | 23 498 878 | (14 962 362) | -64% | 8 536 516 |

DEPOSIT COUNTERPARTY

The following table details the maximum exposure of the Group to credit risk (not including customer and other debtor balances) as at 31 December 2022 and 2021 while excluding any collateral held or other credit enhancements. The defined exposure for assets on the balance sheet reflects their carried over value as reported on the main balance sheet.

| FINANCIAL BANKING ASSETS | NOTE | 31.12.2022 | 31.12.2021 |
|-----------------------------|------|--------------------|--------------------|
| Demand deposits | 17.2 | 57 127 404 | 80 210 044 |
| Term deposits | 17.2 | 403 500 000 | 243 000 000 |
| Capital reconstitution fund | 11.2 | 21 263 297 | 21 222 798 |
| Others | | 163 615 | 267 402 |
| | | 482 054 316 | 344 700 244 |

| RATING | | 31.12.2022 | 31.12.2021 |
|-------------|-----|--------------------|--------------------|
| A- | | 377 454 | |
| A2 | | | 190 539 |
| A3 | | | 329 683 |
| B1 | | | 748 146 |
| B3 | | | 348 721 |
| Ba2 | | 149 136 | |
| Ba3 | | | 45 166 |
| BB | | 276 879 | |
| BBB | | 408 899 | 1 664 879 |
| BBB+ | (a) | 480 107 157 | 341 160 696 |
| Unavailable | | 734 791 | 212 414 |
| | | 482 054 316 | 344 700 244 |

Note: The Fitch ratings were sourced from financial institution websites in January 2023.

(a) As at 31 December 2022, this includes 478,206,000 euros deposited with the Treasury and Public Debt Management Agency - IGCP E.P.E. (326,041,000 euros at 31 December 2021)

OPERATING RISK

DISASTER RISK

The Águas de Portugal Group companies are exposed to the risks of disasters and natural phenomena, which may put at risk the operability of the infrastructures and the consequent loss of revenue. To offset these risks, Group companies have contracted insurance for their transfer.

REGULATORY RISK

Regulation is the most significant restriction on the profitability of economic activities developed by the Group. The regulator can adopt measures with a negative impact on cash flow, resulting from the contractually defined possibility of defining a scenario of productive efficiency that establishes costs to be recovered through tariffs which may differ from the expenses actually incurred. These costs include financial expenses.

ECONOMIC AND FINANCIAL PERFORMANCE

CONSOLIDATED ANALYSIS

INVESTMENT

237.8

MILLION EUROS

Up over EUR 82 million (+52.7%)

This increase includes EUR 63 million relating to Integrated Assets of which EUR 54 million stem from the integration of the Odeleite and Beliche dams into Águas do Algarve.

GROSS DEBT

1,720.9

MILLION EUROS

A rise of EUR 13 million (+0.8%)

GO/VN | GO = CMVMC
+ FSE + HR COSTS | VN
= SALES + P. SERV

44.6%

Decrease compared to 2021 (down from 46.0%). Improvement in the ratio for energy cost reductions.

(EUR -27.8 million compared to 2021).

EBITDA (adjusted)

386.5

MILLION EUROS

An improvement of EUR 7.6 million (+2%)

NET DEBT

1,238.9

MILLION EUROS

A reduction of 124.5 million (-9.1%)

CRD (results)

40.2

MILLION EUROS

A surplus, up EUR 18.7 million (the fifth consecutive year in which the Group has turned in a consolidated surplus)

NET RESULT

100.3

MILLION EUROS

Up 17.1 million euros (+20.5%)

BUSINESS TURNOVER

742.7

MILLION EUROS

An improvement of EUR 17.5 million (+2.4%)

OPEX

528

MILLION EUROS

An increase of EUR 3.5 million (+0.7%).

Of note was the significant increase in the of Conservation and Repair items (+7.6 million euros) and Personnel Costs (+9.3 million euros) and the generalised increase in operating expenses resulting from the effects of both the drought and the geopolitical crisis, combined with the reduction in electricity expenses (-27.8 million euros), resulting from the reduction in network access tariffs.

THE YEAR OF 2022

The invasion of Ukraine drove a surge in inflation rates, and therefore in interest rates as a result of the attempt to contain these inflationary pressures. The resurgence of COVID-19 also weighed on global economic activity, which contributed to the generalised increase in the prices of services and raw materials.

THE RESULTS

AdP Group closed 2022 with a net profit of about EUR 100.3 million, representing growth of 20.5% on 2021, when the result came in at EUR 83.3 million.

Taking into account the operating segments and the Group's management models, this year-on-year growth stemmed from:

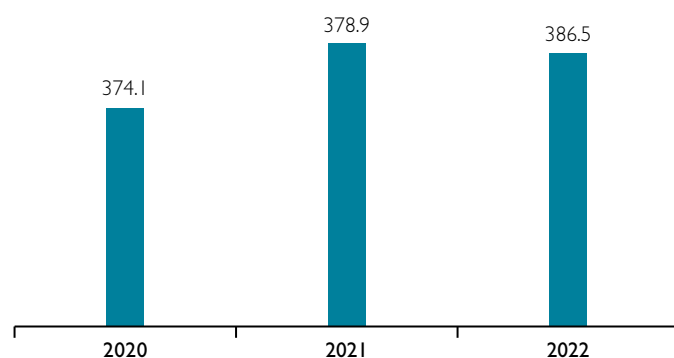
- Increase in the results of the regulated activity (EUR +17.9 million), explained by:
 - i. Growth in the rate of return (10-year Treasury Bond), which rose from 0.3% in 2021 to 2.18% in 2022. Concession activities and partnerships are included in this segment.
We would note how the consolidated CRD remained in surplus (as in 2021) due to the good operating performance.
In a scenario of maintaining the 10-year Treasury Bond at the 2021 rate, the results of the regulated activities would only materially grow by the equivalent to the variation in the result of EPAL.
 - ii. The rise in the EPAL results (EUR +8.2 million) stems from the recovery in turnover in 2022 against the restrictive pandemic context that impacted on 2021, particularly in sales to direct customers, especially in the retail and industry segments.
Operationally, we would highlight how the decrease in year-on-year costs was brought about by a significant reduction in electricity costs (EUR -5.2 million), resulting from the impact of the grid access tariff variations. This effect was observed across the universe of Group companies but did not impact on the results returned by multi-municipal systems and partnerships in accordance with their respective contracts.
- Reductions in profits from non-regulated activities (EUR -0.8 million), of which the following should be highlighted:
 - i. Reduction in the AdP SGPS contribution, which derived from the one-off effect of the EUR 1.9 million VAT recovery in 2021, following a change in methodology that allowed for the recovery of VAT paid in the years between 2016 and 2019;
 - ii. The increased input made contribution to the Group's results by AdP International (EUR +0.9 million) primarily due to the signing and beginning of implement of two contracts in Angola, financed by the African Development Bank and the World Bank;

In succinct terms, the trend in activities and results throughout the year of 2022 arises from: i) the effect of the increase in the Portuguese State 10-year Treasury Bonds rate, an index that serves to determine the net results of the Multi-municipal Systems and State-Municipal Partnerships; ii) the effect of the reduction in electricity costs resulting from the 2022 reduction in grid access tariffs, which turned negative for some consumption brackets; iii) effect of price increases due to the geopolitical crisis on fuel prices, the transportation of goods and cost of wastewater and waste treatment; and iv) the impact of the recognition of legal staffing requirements, particularly those resulting from applying the Collective Labour Agreement (CLA).

EBITDA, which is an indicator adjusted for the cost recovery surplus, attained EUR 386.5 million, a 2% year-on-year rise (against EUR 378.9 million in 2021). This figure confirms and consolidates the trajectory observed since 2015. This growth derives from improvements to the turnover in both sectors of activity (EUR +17.5 million) with a particular emphasis on supply (EUR +15.7 million), which enabled the Group to cope with the global increase in operating costs.

The same trend carried over to the EBIT recorded, here adjusted for the cost recovery surplus, which outstripped the 2021 result by EUR 14 million.

ADJUSTED EBITDA (million EUR)



Every year, reporting on an individual company basis, the Group is obliged to comply with a set of financial principles. Among these, one indicator particularly stands out for depicting the operational efficiency ratio (GO/VN). Even though this is not susceptible to evaluation in consolidated terms, in 2022, this ratio registered a year-on-year improvement. This ratio translates the coverage of operating costs by turnover and stood at 46% (1.4 p.p. below 2021), which reflects a gain in efficiency on the previous year.

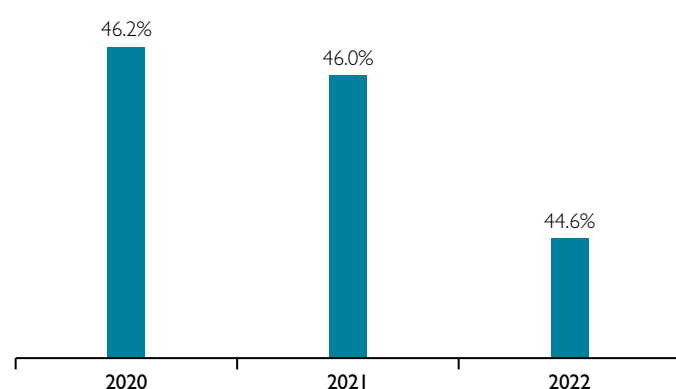
Although 2022 was marked by the geopolitical crisis, as well as by the receding effects of the pandemic that afflicted society over the last two years, the trend in this indicator results from the consolidation of supply and sanitation operations within a context of continuous demands for further production efficiencies.

Under the terms of the legal diploma (Decree-Law no. 53/2022, of 12 August - DLEO2022) that stipulates the financial principle in question, the calculation of this ratio (GO/VN) can be purged of exceptional factors (specifically those resulting from the geopolitical crisis and others with significant budgetary consequences) or other impacts resulting from legal impositions. In the 2022 financial year, the exceptional factors taken into consideration are:

- An adjustment to the Turnover item (at EPAL due to the decrease in retail activities), totalling EUR 3.3 million (down by EUR 10 million on the 2021 result);
- Adjustments to the operating costs registered among the operating companies, with an approximate value of EUR 19.5 million (EUR 4.6 million in 2021), of which we would highlight:
 - Increased personnel costs resulting from the Collective Labour Agreement, specifically the 1.2% rise in salaries, updating career lengths of service and the application of the Collective Labour Agreement Clause 21. These impacts and adjustments were considered in the annual budget proposals of Group companies insofar as they constitute legal obligations to which companies are bound;
 - The effects of the increase in supply and service costs, especially fuel and reagent prices due to the geopolitical crisis
 - The effects of costs incurred due to the COVID-19 pandemic;
 - The effects of applying IFRS 16 to the prolonged lifespan and replacement of vehicles;
 - Impact Actions for directly strengthening Environmental and Public Health Safety and the Security of People, Equipment and Infrastructure

Without these effects, the ratio of cost coverage by turnover amounts to 47.4% (identical to 2021).

OPERATION COSTS/ TURNOVER

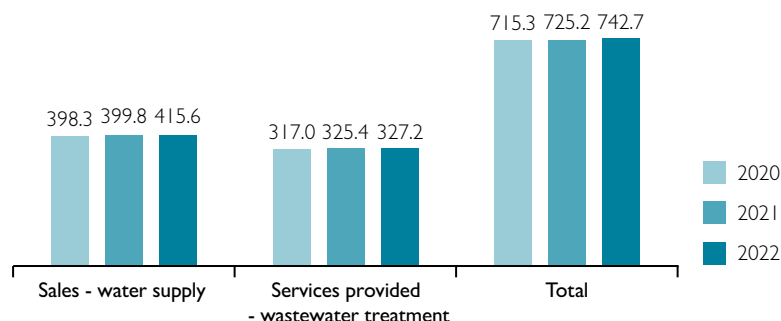


TURNOVER

The Group's consolidated business turnover (excluding the income from the construction of concession assets under IFRIC 12 and the deviation in cost recovery) amounted to EUR 742.7, up approximately +2.4% on the previous year due to both the supply and sanitation activities.

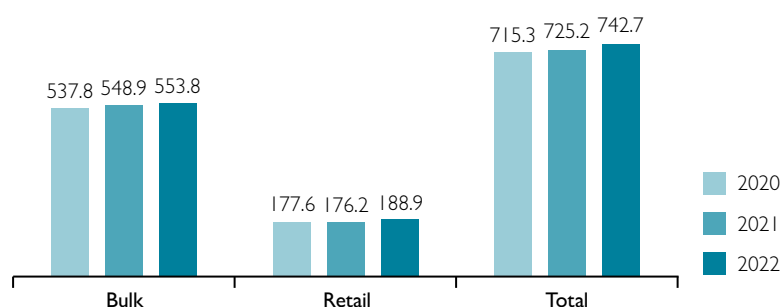
TURNOVER BY BUSINESS AREA

(million EUR)



TURNOVER BY SEGMENT

(million EUR)



This variation in business turnover (2.4%) stems from the following:

- In the water supply sector: the rise in the tariff and the slight increase in the volume of billed water compared to 2021 (+2.7 million m³).
- In the case of sanitation, there was also an increase in service provision (+0.6%).

OPERATING COSTS

Operating and maintenance costs increased by EUR 8.7 million compared to 2021, following the year-on-year rise of EUR 4.8 million compared to 2020. This upwards trend is strongly shaped by the effects of the geopolitical crisis and the pandemic.

Despite continued efforts to leveraged energy efficiency gains under the Energy Production and Efficiency Plan, 2022 saw a very substantial reduction in energy costs but only due to the contractual terms (reduction in the network access tariffs, which went negative on some scales of consumption). This drove a 47% year-on-year decline in 2022.

The Group has been focusing on the rehabilitation and/or refurbishment of its infrastructures. Hence, 2022 saw a significant increase in expenses investment in the maintenance and conservation of infrastructures (EUR +7.6 million), which has enabled a recovery from the situation built up over preceding years. This total reflects the efforts put into the management of productive assets, which the Regulator has recognised within the AdP Group strategy to resume preventive maintenance. We would point out that this value reported a EUR 4.4 million year-on-year already in 2021. In 2022, this value, plus investment for the replacement of production capacity, represents 1.8% of the total value of gross investment (not including assets under right of use). This underlines how this ratio constitutes a recovery both in efforts to maintain assets and in relation to the longer track record, which reflects ratios below that of 2022.

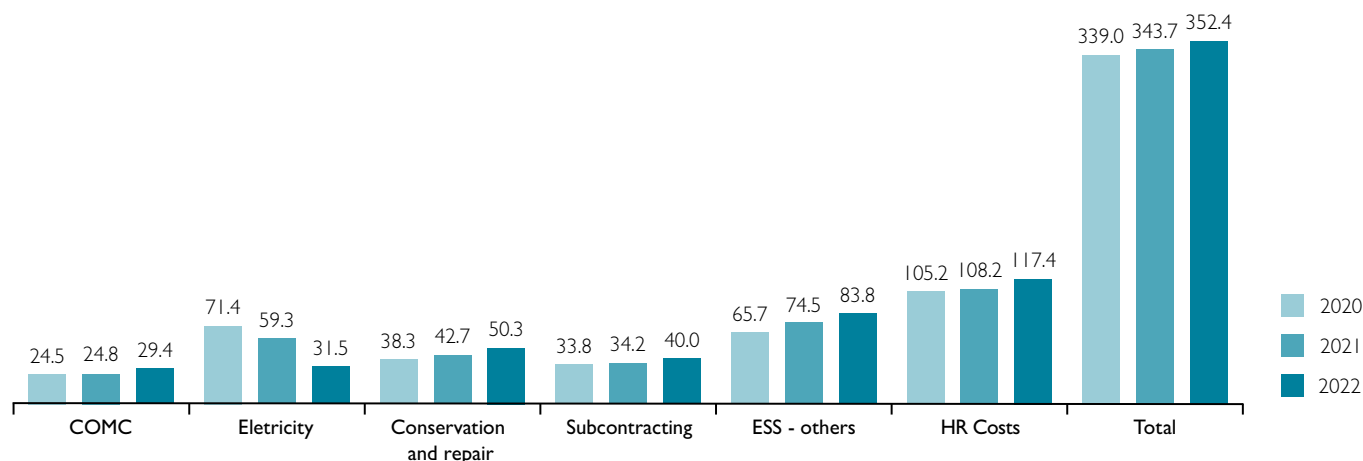
In 2022, personnel costs amounted to EUR 117.4 million, up from the EUR 108.2 million registered in 2021. This upwards movement stemmed from the salary rise of 1.2% (authorised under Order no. 110/2022-SET of 28/01/2022), updating the length of service and applying Collective Labour Agreement clause 21.

Operating and maintenance costs reported an increase over the three-year period. Compared with 2021, they were up 2.5% while this advanced by 4% when compared to 2020. This upwards trend directly stemmed from the impact of higher energy costs (with this item accounting for over 15% of the ESF costs) and which dropped substantially in 2022, for the reasons already explained above. Since the 2022 cost of energy constitutes an extraordinary event, should we consider the average for the last 5 years, the growth in spending on operation and maintenance would be 15% over this three-year period.

We would note that the cost amounts recorded in 2022, with the exception of energy, represent values that shall tend remain into the future, especially as regards personnel and maintenance to the extent that these reflect recovery or replacement costs necessary for the appropriate provision of Group services.

CASH-COST STRUCTURE

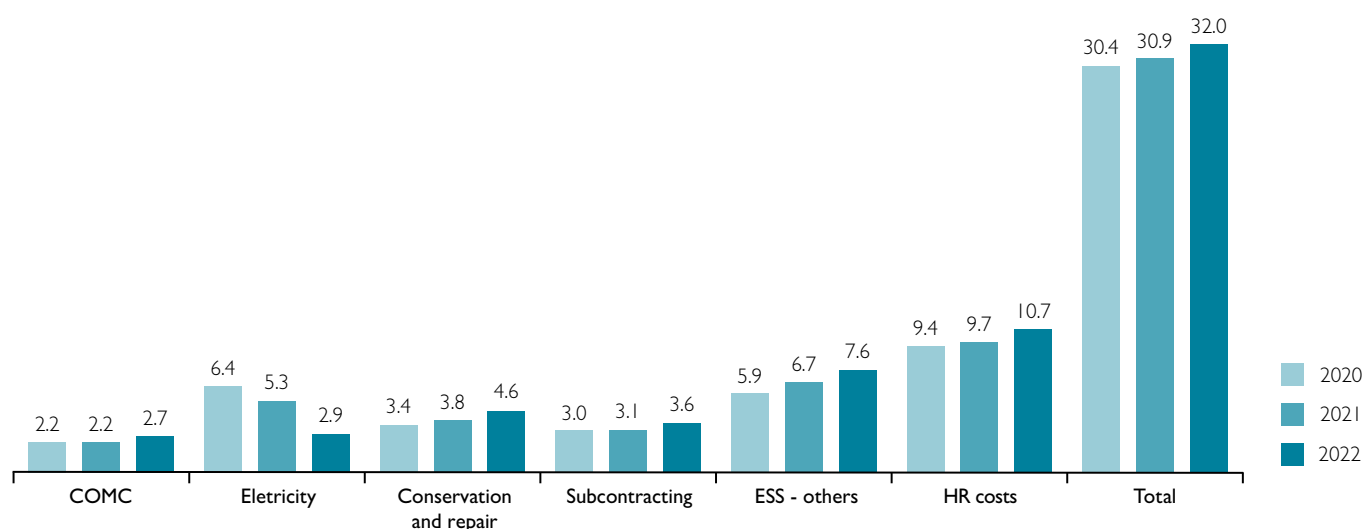
(million EUR)



In unit terms, the cash-cost, which reflects expenditure on operations and maintenance per average unit of water supplied and effluent treated increased by 11.3% in 2022, rising from EUR 28.3 cents per m³ in 2021 to EUR 31.5 cents per m³ in 2022.

CASH-COST

(ct€/m³)

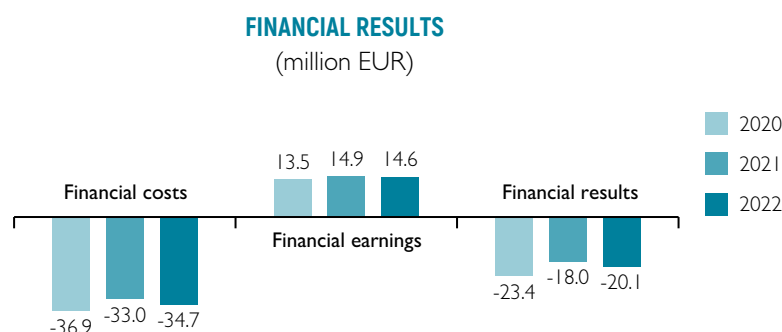


THE FINANCIAL RESULTS

The year of 2022 experienced a rise in financing costs. The trend in these costs primarily resulted from the effect of the increases in reference rates (Euribor), especially in the second half of the year, a period when they again turned positive with the consequent increase in bond yields. While generating a lesser impact, but directly related to these variations in costs, there was increase in the level of gross debt (up approximately EUR 13 million compared to 2021) recorded in December 2022 but which only stemmed from the last four months of the year following the entry of the latest tranche of EIB V. In these terms, we would however note that 2022 experienced a reduction in EIB financing charges in keeping with the reduction in the average level of indebtedness when compared

to 2021. Another contribution to the higher levels of interest recognised in the year arose from remeasuring future interest, due to the increase in inflation, incorporated into the recognition of integrated assets.

As for financial income, this item observed a decrease of EUR 0.3 million, which essentially arises from the reduction in interest on arrears.



STATEMENT OF FINANCIAL POSITION

ASSETS

The total net assets of the AdP Group amounted to EUR 6 291 million, which represents a year-on-year increase of about EUR 170.9 million. Essentially, this variation results from the growth in cash and cash equivalents (+EUR 137 million), with variations also observed both in other current assets (+EUR 43.2 million) and in non-current assets (-EUR 9.4 million).

NON-CURRENT OPERATING ASSETS

These assets consist of i) intangible assets (essentially corresponding to accounting for the right of use of infrastructures); ii) tangible fixed assets and investment properties; iii) assets under right of use; and iv) the accumulated tariff deficit.

The reduction of tangible and intangible assets results from their continued amortisation over the term of the concessions. In 2022, the amortised value amounted to EUR 236 million, which compares with the value of the investment made, which amounted to EUR 237.8 million. The contractual obligation of the multi-municipal system managing entities to present fully depreciated assets at the end of the respective concessions will lead to a downwards trend in the AdP Group's net fixed assets, despite the rehabilitation and refurbishment investments made to replenish the production capacity, with the movements offset in the investment subsidies item representing a non-current liability.

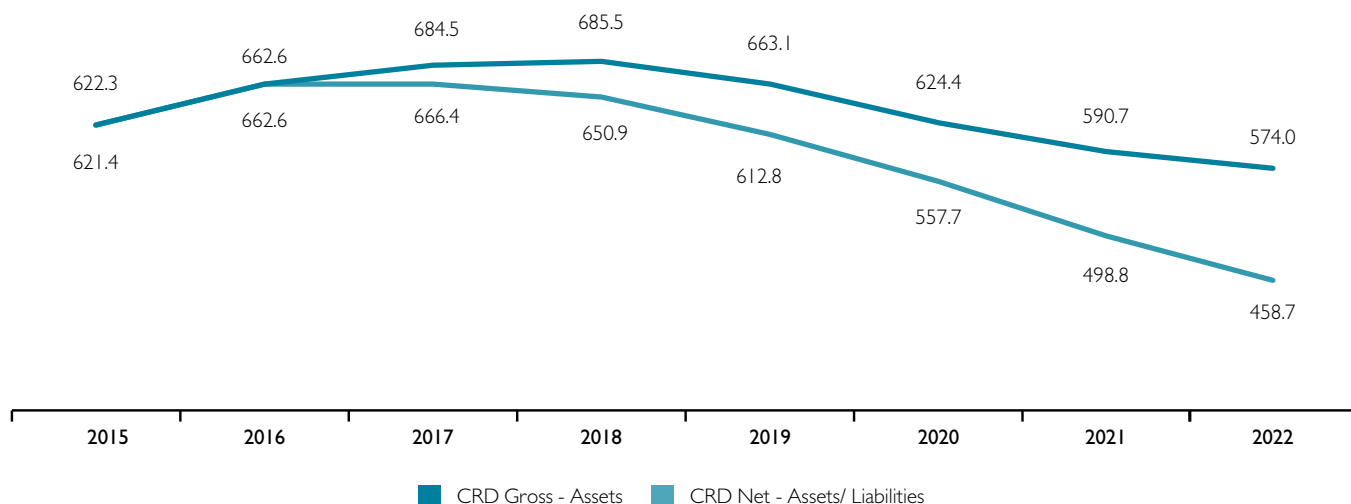
COST RECOVERY DEVIATION

The CRD asset closed 2022 with a value of EUR 574 million, thus, turning in a reduction for the fifth consecutive year as measured by achieving a surplus in the operating result for the 2018, 2019, 2020 and 2021 financial years. This value is significantly below that expected existing at the start-date of implementing the tariff consolidation measures in 2015 when, according to the forecast recovery trajectory of this balance, this would only begin in 2026. The consolidation of operational efficiencies by the managing entities has been determinant for this evolution while also accompanied by favourable developments in the national macroeconomic scenario, which maintained a downward trend in the yield on 10-year Treasury Bonds. This index serves to determine the results of the Multi-municipal Systems and the State-Municipal Partnerships.

The CRD results from the annually verified difference between the net company profit and the net profit that would result from applying the rules for determining the tariffs necessary for criteria based on the full recovery of operating costs, investment and remuneration of equity and legal reserves corresponding to the average daily return on 10-year treasury bonds + 3% as well as the shareholder remuneration owed also calculated in accordance with the average daily yield on 10-year treasury bonds. In addition, this incorporates the differences between the costs incurred and those admissible costs in a productive efficiency scenario according to the criteria previously defined by ERSAR – the Water and Waste Services Regulatory Entity.

COST RECOVERY DEVIATION

(million EUR)



CLIENTS

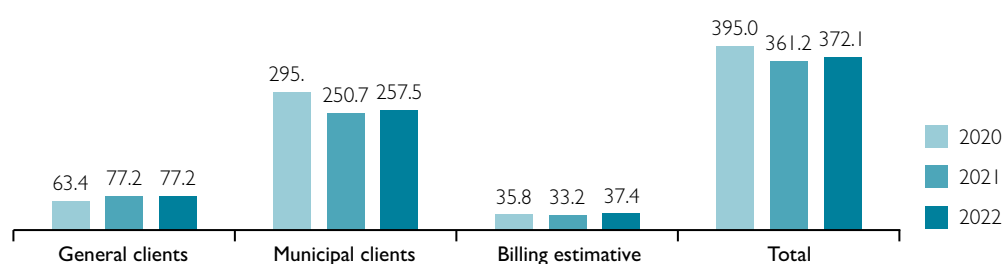
At the close of 2022, gross customer debt totalled EUR 372.1 million, an increase of 3% compared to 2021. This increase derives particularly from debts owed by municipal customers with injunctions (+7% compared to 2021).

The Group has made and continues to make an effort to recover outstanding debts. This nevertheless takes into consideration the impacts resulting from the effects of the pandemic, particularly in terms of municipal customers, in terms of compliance both with current invoicing and with the agreements already entered into.

This hereby notes that the Debt Settlement Agreements (DRA's), signed and formalised with the EIB and amounting to EUR 23.2 million, are recorded under financial assets at fair value through other comprehensive income, which represents a decrease of 16% compared to 2021, when the Group received approximately EUR 27.6 million.

GROSS CLIENT DEBT

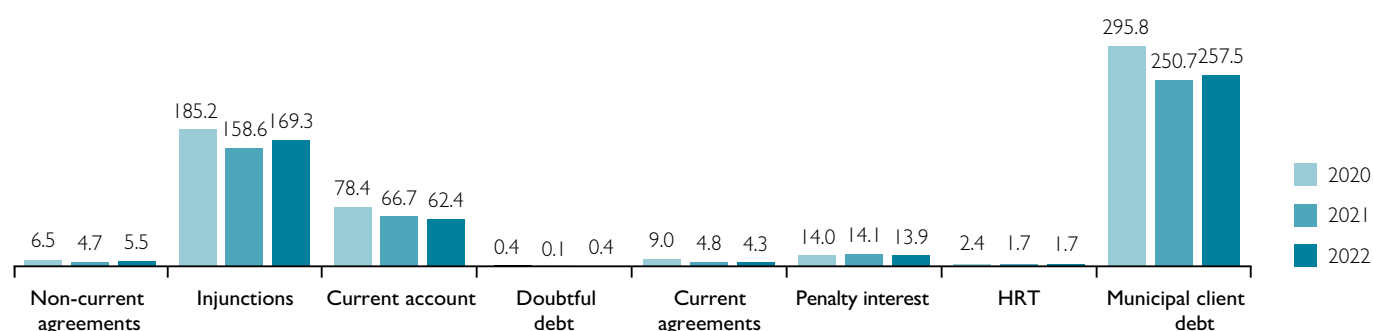
(million EUR)



Municipal client debts break down as follows:

MUNICIPAL CLIENT DEBT*

(million EUR)

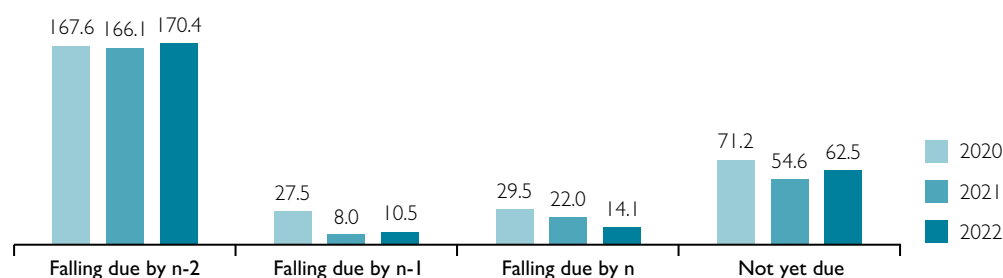


*Does not include figures related to specialisation/estimated invoicing

The highlight here falls on the (secured) amounts subject to injunction - EUR 169.3 million in 2022, relating to legal actions for recovery brought by the management entities based on the value of debts overdue for more than 90 days. This reflects an increase of 7% compared to 2021.

MUNICIPAL CLIENT DEBT BY AGE

(million EUR)



EQUITY

The share capital, consisting of 86 900 000 shares with a unit value of EUR 5, is fully paid up and amounts to EUR 434.5 million.

LIABILITIES

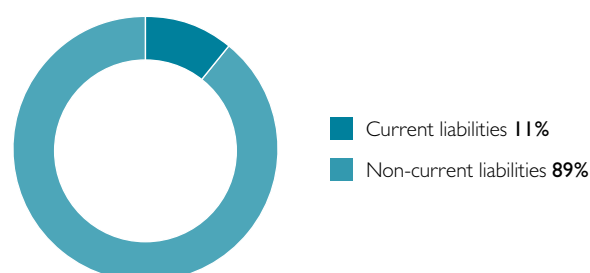
The Group's total liabilities increased by 2%, from EUR 4 349.4m in 2021 to EUR 4 436.7m in 2022, mainly due to the increase in current liabilities.

Non-current liabilities of EUR 3.932.6 million, representing 89% of total liabilities are mainly composed of: **(i)** bond loans (totalling EUR 387.5 million) and investment loans contracted from the European Investment Bank (totalling EUR 1.331.3 million); **(ii)** investment grants (totalling EUR 1.467.9 million); and **(iii)** accrued contractual investment expenses (totalling EUR 558.9 million).

Current liabilities, rising by an annualised 17.6%, registered a total of EUR 504.2 million and essentially consist of: **(i)** loans obtained, corresponding to amortisations of the medium and long-term loans obtained and scheduled for 2023, (amounting to EUR 295 million); **(ii)** suppliers (amounting to EUR 67.3 million), **(iii)** lease debt (EUR 1.7 million), **(iv)** income tax and debts to the state (EUR 30.1 million) and other current liabilities, accruals and deferrals (amounting to EUR 109.9 million).

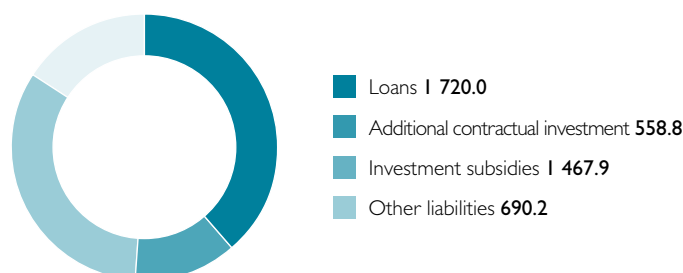
DISTRIBUTION OF THE LIABILITIES

(2022)



COMPOSITION OF THE LIABILITIES

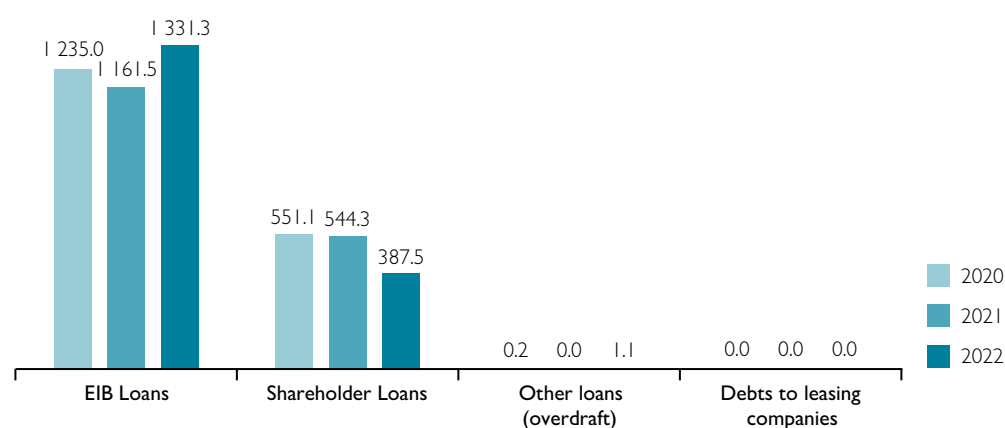
(2022)



The value of loans ascends to EUR 1.720 million and was subject to a year-on-year increase of EUR 14 million countering the previously continuously downwards trend (declining almost 27% in the period between 2016 and 2021). In fact, post-2015, the AdP Group advanced with the reduction of its indebtedness by applying the cash flow freed by operations and reducing cash and cash equivalents.

COMPOSITION OF THE LIABILITIES

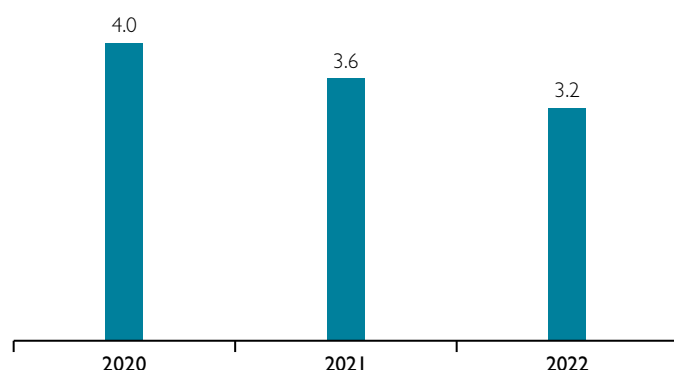
(million EUR)



The Net Financial Debt indicator reflects the Group's continued efforts in this direction. This indicator includes cash and cash equivalents and financial investments which, in 2022, attained an overall value of EUR 481.9 million, of which EUR 403.5 million are held as term deposits with the IGCP.

Centralised financial management has focused on financially consolidating the Group and correspondingly driving a continuous and sustained reduction in the ratio of net debt adjusted to EBITDA in consolidated terms. The trend in this indicator conveys the Group's growing capacity to generate the operating liquidity necessary to meeting existing financial commitments.

NET DEBT/ ADJUSTED EBITDA



The accrued income relative to the investment subsidies item highlights the amount of subsidies already received but not yet recognised in the income statement in identical proportion to the recognition of the amortisation of subsidised investments. At the end of 2022, this value amounts to EUR 1.467.9 million. As in assets, at the end of the concessions, the balance of this item will be null.

During 2022, the Group received around EUR 37 million of non-refundable subsidies. This decline in comparison with previous years reflects the finalisation of AdP Group works eligible for co-financing. The AdP Group will continue to pursue all the efforts necessary to ensure its investment operations can benefit from non-refundable co-financing.

INDIVIDUAL ANALYSIS

As in previous years, 2022 was marked by unforeseen events that decisively affected the country's economic, social and financial activities.

In fact, the invasion of Ukraine drove increases in the inflation rate and consequently in interest rates as a result of attempts to contain the inflationary pressures that produced a generalised increase in the costs of services and raw materials.

In this sense, and within the scope of its mission and obligations, AdP SGPS, although more indirectly as a holding company, experienced impacts to its activities as its profit structure reflects the activities ongoing at its operating companies and subsidiaries.

Due to the worsening market conditions, as a result of the geopolitical context experienced in 2022, the AdP SGPS results generated by its financial function suffered declines, especially due to the increase in financing costs.

It is important to underline how, from an operational perspective, the year of 2022 was conditioned by the non-approval of its proposed budget. This fact implied the ongoing exercising of cost containment measures according to historical patterns of implementation and, consequently, preventing executing of a level of spending adequate and consistent to the commitments and obligations assumed by the company and its management, both during the year and the mandate.

This becomes particularly relevant and clear when taking into account how the pandemic experienced in recent years, objectively and directly drove a lower capacity to execute expenses.

It should also be noted that the increase in personnel costs results from recognising legal requirements, particularly those deriving from the company agreement, and which are not susceptible to non-compliance.

CORE INDICATORS

(million €)

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 | |
|--------------------------|-------|-------|-------|---------------------|------|
| | | | | AMOUNT | % |
| Turnover | 13.9 | 16.5 | 17.8 | 1.3 | 8% |
| EBITDA | 5.7 | 7.2 | 5.6 | (1.6) | -23% |
| Financial Results | 60.4 | 55.1 | 57.8 | 2.6 | 5% |
| Net Result | 60.6 | 56.0 | 57.7 | 1.7 | 3% |
| Loans to Group Companies | 708.6 | 687.5 | 438.4 | (249.1) | -36% |
| Gross Debt | 573.1 | 544.3 | 419.5 | (124.8) | -23% |
| Net Debt | 561.6 | 510.9 | 230.6 | (280.3) | -55% |

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 |
|--------------------|-------|-------|-------|---------------------|
| Net Debt to EBITDA | 98 | 71 | 41 | -41.5% |
| PRC | 62.9% | 67.9% | 65.6% | -2.3p.p. |

Despite the constraints detailed above, AdP SGPS still managed to comply with the financial and budgetary principles to which the company is bound.

THE 2022 RESULTS

AdP SGPS closed 2022 with a net profit of EUR 57.7 million, which reflects an increase of 3% compared to the 2021 result of EUR 56.0 million. Thus, earnings per share rose from EUR 0.64 in 2021 to EUR 0.66 in 2022.

TOTAL INCOME

The annualised growth in net profit, up EUR 1.7 million on 2021, derives from the income generated by its equity portfolio - dividends, its financial function as a holding - financing, and operationally from its turnover - management fees paid by subsidiaries.

(million €)

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 | |
|------------------------------------|-------------|-------------|-------------|---------------------|-----------|
| | | | | AMOUNT | % |
| Turnover | 13.9 | 16.5 | 17.8 | 1.3 | 8% |
| Other income and operational gains | 0.7 | 2.0 | 0.1 | (1.9) | -94% |
| Financial income | 64.9 | 58.0 | 62.4 | 4.4 | 8% |
| Total income | 79.5 | 76.5 | 80.3 | 3.8 | 5% |

As regards income from shareholdings, these increased by about EUR 2.6 million, mainly due to greater income from dividends paid out by subsidiaries, especially EPAL. In a less material but still relevant impact, we may point to the reversal of impairments in financial holdings (AdP Internacional and AdP Energias), which correspondingly turned in a positive impact in this financial year.

In its financial capacity, the AdP SGPS activities reflect an increase in financial income of EUR 1.1 million, primarily resulting from the increased interest paid on loans and treasury support granted to subsidiaries (EUR 1.4 million).

The 2022 turnover (EUR 17.8 million) is up 8% year-on-year. Generated by management fees, these are contracted with subsidiaries based on a turnover rate for each subsidiary generated outside the Group. We would note here that, despite a year of drought, the climate conditions experienced in the last two months of 2022 allowed for recovery in the overall AdP Group company activities.

In 2021, there was an extraordinary recovery of VAT (related to the 2016 to 2019 period) due to changing from the Pro-Rata to the actual allocation methodology, which returned a favourable but unrepeatable impact of about EUR +1.9 million in this financial year. The recognition of this rebate in 2021 explains the reduction in the operating result in 2022.

TOTAL EXPENDITURE

The AdP SGPS operating cost structure primarily derives from Personnel and External Supplies and Services (FSE). 2022 saw an increase of over EUR 1 million in the total of these items although for different reasons.

As regards External Supplies and Services, which register an increase of around EUR 0.7 million, and due to the aforementioned non-approval of the 2022 PAO, no other development/strategic actions were carried out. Nevertheless, the 17% increase in FSE (EUR 0.7 million) stems from the rising expenditure under the Specialist Works (EUR 0.6 million) item, particularly under: **i)** Technical Assistance (EUR 0.3 million), which records the expenses related to the shared services debited and including the costs related to establishing the AdP Innovation Pro-active tender model in 2022; and **ii)** Studies / Consulting (EUR 0.3 million).

Regarding staff costs, the EUR 0.3 million growth relates almost exclusively to the legal obligations/impositions to which the company was subject, specifically: **i)** Reclassifications (EUR 0.18 million); **ii)** Annuities (EUR 0.14 million); and **iii)** Salary Rises of 1.2% (EUR 0.07 million).

As a result, the operating efficiency indicator represented by the weighting of operating expenses over turnover (GO/VN) came in at 66% in 2022, down 2% year-on-year (68% in 2021). This decline reflects a year in which the annual budget was not approved thereby forcing, as already mentioned, greater control/containment of operating expenses, especially supplies and external services.

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 | |
|---|-------------|-------------|-------------|---------------------|------------|
| | | | | VALUE | % |
| | | | | | |
| Operating Expenses | 9.0 | 11.6 | 12.7 | 1.1 | 10% |
| Supplies and External Services | 2.8 | 4.1 | 4.8 | 0.7 | 17% |
| Personnel costs | 5.9 | 7.2 | 7.4 | 0.3 | 4% |
| Amortisation, depreciation and reversals | 0.2 | 0.3 | 0.2 | (0.1) | -22% |
| Impairment losses and reversals of the year | 0.0 | 0.0 | 0.1 | 0.1 | - |
| Other operating costs and losses | 0.1 | 0.1 | 0.1 | 0.1 | 83% |
| Financial Expenses | 4.5 | 2.9 | 4.7 | 1.8 | 62% |
| Taxes | 5.4 | 6.0 | 5.3 | (0.8) | -13% |
| Total Expenditure | 18.9 | 20.5 | 22.6 | 2.1 | 10% |

(million €)

The EUR 1.8 million increase in financial expenses mainly arose due to the increase in the interest costs on bond loans generated by the series of rises made to the market reference rates (Euribor), which had remained negative until June 2022.

THE FINANCIAL POSITION

The company's financial position reflects its structure as a holding company, specifically in its investment (shareholdings) and financing activities and responsible for the Group's financial management function.

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 | |
|--|----------------|----------------|----------------|---------------------|-------------|
| | | | | VALUE | % |
| Investments in subsidiaries and associated companies | 712.7 | 713.4 | 715.1 | 2 | 0% |
| Loans to Group Companies | 708.6 | 688.5 | 439.8 | (249) | -36% |
| Clients | 5.9 | 3.1 | 3.3 | 0 | 4% |
| Cash and Cash Equivalents | 11.5 | 33.5 | 188.9 | 155 | 465% |
| Total Assets | 1 440.3 | 1 439.6 | 1 348.1 | (91) | -6% |
| Equity Capital | 857.3 | 885.8 | 916.0 | 30 | 3% |
| Loans – Medium and Long Term | 544.3 | 387.5 | 180.7 | (207) | -53% |
| Loans – Short Term | 28.8 | 156.9 | 208.7 | 52 | 33% |
| Total Liabilities | 583.0 | 553.8 | 432.1 | (122) | -22% |

ASSETS

Total net assets registered a fall of about EUR 91 million in the 2022 financial year, a variation that mainly stemmed from:

- A year-on-year decline of EUR 249 million resulting from subsidiary financing operations. At the close of the financial year, the value of the shareholder loans was EUR 264 million lower while the level of Treasury Support in effect was EUR 15 million higher. Through the use of the 250 million EUR EIB V - tranche A facility, the subsidiaries repaid the loans granted.
- The increase of EUR 2 million in the Investments in subsidiaries and associates item reflects: i) the share capital increase in Águas Públicas do Alentejo (EUR 0.7 million); and ii) the reversal of the impairment of the financial investments in the subsidiaries AdP Internacional (EUR 0.9 million) and AdP Energias (EUR 0.4 million) resulting from the results generated.
- The increase in EUR 155 million under the Cash and cash equivalents item corresponds mostly to the reimbursement of the shareholder loans mentioned above and the constitution of term deposits with the IGCP (Treasury and Public Debt Management Agency - IGCP, E.P.E.) in December 2022 maturing on 2 January 2023.

LOANS TO SUBSIDIARIES - NON-CURRENT

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 |
|----------------------------|--------------|--------------|--------------|---------------------|
| Águas do Norte | 298.1 | 290.0 | 196.4 | (93.6) |
| Águas do Vale do Tejo | 90.9 | 97.5 | 61.1 | (36.4) |
| Águas do Centro Litoral | 72.9 | 58.0 | 29.5 | (28.5) |
| Águas Públicas do Alentejo | 28.2 | 35.3 | 17.0 | (18.3) |
| Águas da Região de Aveiro | 57.4 | 58.5 | 16.1 | (42.4) |
| Águas do Douro e Paiva | 23.0 | 12.0 | 0.0 | (12.0) |
| Águas do Algarve | 20.0 | 15.0 | 15.0 | 0.0 |
| SIMDOURO | 48.0 | 47.0 | 14.0 | (33.0) |
| Águas do Alto Minho | 0.0 | 0.0 | 5.0 | 5.0 |
| AdP Valor | 0.0 | 2.0 | 2.0 | 0.0 |
| AdP Internacional | 1.7 | 3.6 | 3.3 | (0.3) |
| AdP Energias | 0.0 | 0.0 | 0.0 | 0.0 |
| Águas do Brasil | 0.1 | 0.1 | 0.1 | 0.0 |
| Trevo Oeste | 0.1 | 0.1 | 0.1 | 0.0 |
| Total | 640.4 | 619.1 | 359.6 | (259.5) |

The Current Assets item also recognises the value of loans (with a maturity of less than 1 year), totalling EUR 6.8 million, highlighting the EUR 3.6 million loaned to Águas do Norte. This amount is incorporated in the table below.

LOANS TO SUBSIDIARIES - CURRENT

(million EUR)

| | 2020 | 2021 | 2022 | VARIATION 2022/2021 |
|----------------------------|-------------|-------------|-------------|---------------------|
| Águas do Norte | 6.5 | 11.0 | 17.2 | 6.3 |
| Águas do Vale do Tejo | 30.9 | 30.9 | 30.9 | 0.0 |
| Águas do Centro Litoral | 6.9 | 0.9 | 0.9 | 0.0 |
| Águas Públicas do Alentejo | 5.5 | 0.5 | 0.8 | 0.3 |
| Águas da Região de Aveiro | 5.4 | 5.9 | 5.1 | -0.8 |
| Águas do Douro e Paiva | 0.0 | 0.0 | 0.0 | 0.0 |
| Águas do Algarve | 8.5 | 13.5 | 21.0 | 7.5 |
| SIMDOURO | 0.0 | 0.0 | 0.0 | 0.0 |
| Águas do Alto Minho | 2.0 | 3.9 | 1.9 | -2.1 |
| AdP Valor | 0.0 | 1.5 | 0.0 | -1.5 |
| AdP Internacional | 2.5 | 0.4 | 1.0 | 0.6 |
| AdP Energias | 0.0 | 0.0 | 0.0 | 0.0 |
| Águas do Brasil | 0.0 | 0.0 | 0.0 | 0.0 |
| Trevo Oeste | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 68.2 | 68.4 | 78.8 | 10.4 |

EQUITY

AdP SGPS equity increased by EUR 30.2 million on the previous year to total EUR 916 million.

LIABILITIES

The company's liabilities decreased by EUR 121.7 million year-on-year to stand at EUR 432.1 million. This variation mainly arises due to the amortisation of bond loan capital for the amount of EUR 156.8 million.

Medium and Long Term loans amount to EUR 180.7 million with the bulk maturing in 2027 (EUR 150 million).

Interest-bearing Short-term loans include those contracted, under centralised cash management, with Group companies generating cash surpluses for periods of less than 12 months. At the end of December 2022, these loans amount to EUR 238.8 million, and include a bond related tranche of EUR 206.8 million, to be settled in 2023 alongside treasury support contracted from the EPAL subsidiary for the amount of EUR 32 million.

The accounts also detail the short term debenture amounts, paid in constant capital instalments of EUR 6.8 million per year until 2027 before a final payment of EUR 3.4 million in 2028.

The AdP SGPS net debt at the close of the year stood at around EUR 230.6 million, which is down EUR 280 million on 2021. The cash and cash equivalents item contributed for this indicator with an annualised increase of EUR 155 million.

RELEVANT EVENTS OF THE YEAR

In March, in keeping with the worsening drought situation, several communication campaigns were made in the most critical regions to complement the operational work and encourage reductions in water consumption. In view of the general worsening of the contingency situation over the summer months, the Group promoted, in partnership with APA – the Portuguese Environment Agency and sector regulator ERSAR, the campaign "Let's turn tap on drought". Nationwide, this campaign aimed to convey messages warning about drought and raising awareness of the need to reduce consumption and efficiently use water on mainland Portugal.

The bulk sanitation service in Setúbal Municipality is now managed by SIMARSUL, the Águas de Portugal Group company responsible for the management and operation of the multi-municipal wastewater sanitation system of the Setúbal Peninsula, enabling the consolidation of actions able to contribute decisively to preserving water resources and ecosystems, particularly focusing on an important national estuary and nature reserve - the Sado estuary.

In the context of the targets set by the various national instruments approved in terms of combating climate change and decarbonisation, investments in the AdP Group's Energy Neutrality (ZERO) Program were authorised by Order no. 77/SEAENE/2022, of 9 November, signed by the Deputy Secretary of State for the Environment and Energy.

In 2022, investment began under the ZERO Program, including contracts for the design and construction of photovoltaic plants for Águas do Norte, Águas do Tejo Atlântico and EPAL and telemetry infrastructures coupled with the Energy and Emissions Control Centre and Water Production Centre, both at EPAL.

In order to implement the Green Fleet (an integral facet of the ZERO Program), the approval of the Council of Ministers Resolution no. 136/2022, of 26 March, authorising the Environmental Fund to support AdP Group companies, particularly stands out. In terms of the AdP Group advancing with its own energy community, national in scope, to enable the consumption of surplus energy by other infrastructures either at the producing company or other Group companies or partner entities, this opportunity was enacted by Decree-Law no. 15/2022, of 14 January - which establishes the organisation and functioning of the National Electricity System, transposing Directive (EU) 2019/944 and Directive (EU) 2018/2001.

The Innovation Agenda was presented, fulfilling the 360° innovation strategy and, simultaneously, launching the AdP Group's Innovation Fund with a value of one million euros in order to finance, through a competitive tender process, innovation projects at the AdP Group.

In terms of digitalisation, the AdP Group advanced with several initiatives, especially seeking to digitalise operations - automation and tele-management components, through the Working Group that produced a diagnosis of the digitalisation level of the different operations located throughout the national terrain alongside the action plan designed to achieve a transition in line with the demands of service quality.

The year of 2022 also saw the beginnings of the AdP Group's circularity strategy, which is intended to interconnect the various dimensions of the circular economy in which the Group participates. Of note in this component is the AdR - Water for Reutilisation strategy, the action plan for the integration of recycled materials into the Group's new construction projects, and measures designed to enhancing both biogas recovery and eco-reagents.

With a view to improving the Collective Labour Agreements, the Group initiated a new cycle of negotiation with the trade unions. In 2022, there was a general 1.2% salary increase in the AdP Group (authorised by Order no. 110/2022-SET of 28/01/2022) and the updating of career lengths of service.

SUBSEQUENT RELEVANT EVENTS

In March 2023, the agreements over the revision of the Águas de Portugal Group salary table were signed with the respective trade unions, including the Collective Labour Agreement (CLA) and the EPAL Company Agreement, resulting in a wage increase for all workers, effective from 1 January 2023.

On April 17, 2023, the members of the AdP SGPS Board of Directors were elected for the 2023-2025 mandate.

FUTURE PROSPECTS

The Águas de Portugal Group Strategic Framework of Commitment, established in 2020, provides the reference framework guiding the positioning and planning the future within our goal of "making a difference in the lives of people."

Within this framework, the priorities defined to raise the supply standards and add social utility throughout the management of the urban water cycle hold particular relevance, especially across the following vectors of action:

- To reinforce the resilience of infrastructures to climate change and other adverse phenomena, to exceed the standards of service quality, safety and efficiency and to undertake investments compatible with tariff balance and equity;
- Prioritise the application of circular economy principles in the usage and reuse of finite resources, especially through the reutilisation of treated wastewater and the recovery of sludge by-products as well as through in-house energy production via the assets and by-products of operations while striving to achieve carbon neutrality within the decade;
- Support for, within the scope of our municipality partnership models, the maximisation of economies of scale and scope, combating water losses, the sustainable recovery of costs and improving the operational framework for management and service provision.

To substantiate the renewed ambitions of our commitment to sustainability, Águas de Portugal Group companies are committed to implementing an investment program that is extremely demanding both in terms of size and complexity and designed to respond to the challenges of climate change, across not only adaptation and mitigation but also promoting the circular economy in the urban water cycle coupled with the innovation and digitalisation that generate high potential for positive results.

In terms of corporate governance, the governance model will continue to undergo strengthening and alignment with best management principles and practices, safeguarding the commitment to integrity, valuing people, knowledge and innovation and focusing attentions across organisations and their operations.

2023 sees the launching of a new cycle of governance in the Águas de Portugal Group. We shall maintain our strategic path, seeking to continually foster the committed involvement of all stakeholders, with a particular emphasis on employees, the collective mobilisation of society and its different productive sectors and public actors.

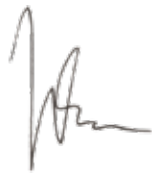
FINAL CONSIDERATIONS

The Board of Directors would like to congratulate everybody who contributed to the AdP Group's operational and financial performance during 2022, especially highlighting:

- members of staff for all of their dedication, effort, competence and professionalism repeatedly demonstrated alongside their willingness to respond and engage with the management challenges of the 2022 drought contingency plans;
- Group's company managers who daily pursue and implement our common mission in the field and always with the maximum commitment to providing services with annually rising quality standards;
- Trade union and worker representatives for the cordial, positive and collaborative stance they adopted, collectively enabling us to take effective steps towards solutions resolving the challenges we face;
- Members of the management bodies, for their collaboration and assistance in meeting the various challenges posed by the deepened legal obligations;
- Shareholders, for their guidance, commitment, trust and support, as well as their ever-ready availability;
- Customers, private partners and financial institutions, for their renewed confidence;
- The Technical Support and Monitoring Unit, for its follow-up and guidance as well as its permanent availability for the clarification of doubts and finding solutions;
- The Regulatory Authority, for its availability and collaboration, as well as its readiness to build balanced and lasting solutions;
- National and international official environmental sector entities for all of their encouragement;
- Ministers and other government members responsible for the sectorial and financial supervision of the AdP Group.

Lisbon, 10 May 2023

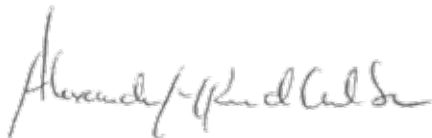
The Board of Directors



José Carlos Athaíde dos Remédios Furtado
(Executive Chair)



José Manuel Leitão Sardinha
(Executive Vice-Chair)



Alexandra Maria Martins Ramos da Cunha Serra
(Executive Director)



Catarina Isabel Clímaco Monteiro d'Oliveira
(Executive Director)



Pedro Manuel Amaro Martins Vaz
(Executive Director)



Jaime Serrão Andrez
(Non-executive Director)

PROPOSED APPLICATION OF RESULTS

AdP SGPS's net profit in 2022 amounted to EUR 57,719,061.85 (fifty-seven million, seven hundred and nineteen thousand, sixty-one euros and eighty-five cents).

The Board of Directors, under the terms of the Articles of Association article 19 and articles 31 to 33 and 66 of the Companies Code, proposes that the net profit for the year of 2022, as detailed in the separate financial statements, be applied as follows:

To the legal reserve - EUR 2 885 953.09 (two million, eight hundred and eighty-five thousand, nine hundred and fifty-three euros and nine cents);

For retained earnings - EUR 27,333,108.76 (twenty-seven million, three hundred and thirty-three thousand, one hundred and eight euros and seventy-six cents);

For distribution as dividends - EUR 27,500,000.00 (twenty-seven million and five hundred thousand euros).

Lisbon, 10 May 2023

REPORT OF THE NON-EXECUTIVE DIRECTOR
JAIME SERRÃO ANDREZ
ON THE PERFORMANCE OF THE EXECUTIVE DIRECTORS
OF THE COMPANY ÁGUAS DE PORTUGAL, SGPS, SA
CONCERNING THE YEAR 2022

I. INTRODUCTION

The current Report is produced in compliance with the practices of Águas de Portugal, SGPS, S.A., as a 'Non-executive Director', as regards the submission of an opinion on the actions undertaken by the Executive Directors under the terms of article 7² of the Public Manager Statutes.

2. ACTIVITIES

Pursuant to the law and the performance of the powers established by the Public Manager Statutes and the company's Articles of Association, I monitored, within the scope of the limitations deriving from the powers of a non-executive director, the management of the company over the 2022 financial year. I am therefore in a position to report on the performance of the company's Executive Directors and on any relevant facts worth mentioning.

Having attended every meeting of the Board of Directors, I may convey the willingness, transparency and competence in the sharing and explaining of all information considered necessary for decision-making on the agenda's different points, with nothing left for clarification or future approaches. I may also report the good environment and professional nature of the meetings all Board members, which extends to individual contacts whenever so justified.

I may also report the alteration in the Board of Directors while maintaining the relational quality and effectiveness referred to above.

The accounts reporting to 31 December 2021 adequately comply, to the best of my knowledge and in general terms, with the specific legal framework for businesses integrated into the state-owned corporate sector and they provide a correct picture of the economic and financial situation of the company.

Similarly, to the best of my knowledge, the Group complied and respected — throughout the 2022 financial year — with the legal stipulations alongside the rules and principles of Good Governance Practices established by Decree-Law 133/2013 of 3 October and the regulations issued on the matter by the General Directorate of Treasury and Finance as well as the strategic guidelines on the role of shareholders having also been duly met.

The non-financial reporting components include the Sustainability Report which, insofar as I could witness, was prepared according to the best practices in force and according

to the United Nations guidelines and is, to the best of my knowledge, a clear picture of the activities performed by the company in this particular field.

I would also emphasise the initiative to produce a strategic reference document for the entire mandate — including and involving the internal stakeholders, the diverse hierarchical levels —, which have leveraged management in keeping with the respective objectives not only of the Holding but also Group companies.

3. OPINION

Within the terms and the scope of the activities undertaken and the monitoring performed, to the present date nothing has come to my attention that prevents me from expressing an overall positive assessment of the performance of the Executive Directors. I can also herein report their extensive commitment and diligence in conducting the business, always bearing in mind compliance with the law and the strategic guidelines received from the relevant Sector and Financial Authorities as well as the efficiency and specific objectives defined, particularly as regards the containment of expenditure and the financial and economic valuations of the different business areas, and an excellent capacity for relations with the various stakeholders, in particular the PARPUBLICA shareholder, in the performance of their public service.

Lisbon, 8 April 2022

The Non-executive Director

(one illegible signature)

Jaime S. Andrez



RELATÓRIO DO ADMINISTRADOR NÃO EXECUTIVO
JAIME SERRÃO ANDREZ
SOBRE O DESEMPENHO DOS ADMINISTRADORES EXECUTIVOS
DA EMPRESA ÁGUAS DE PORTUGAL, SGPS, S.A.
RELATIVO AO ANO DE 2022

I. INTRODUÇÃO

O presente Relatório é exercido no cumprimento da prática nas Águas de Portugal, SGPS, S.S.A., enquanto 'Administrador não executivo', de apresentação de pronúncia sobre a atuação dos Administradores Executivos, nos termos do artigo 7º do Estatuto do Gestor Público.

2. ATIVIDADE

Nos termos da Lei, e no exercício das competências que o Estatuto do Gestor Público e os Estatutos da Sociedade determinam, acompanhei, com as condicionantes decorrentes da qualidade não executiva, a gestão da empresa ao longo do exercício do ano de 2022, podendo, por isso, dar nota da minha apreciação do desempenho dos Administradores Executivos, bem como de eventuais factos relevantes que importe destacar.

Tendo estado presente em todas as reuniões do Conselho de Administração, relevo a disponibilidade, transparência e competência na partilha e explicação de toda a informação considerada necessária para as decisões do Pontos agendados, nada ficando por esclarecer ou abordar. Relato, a propósito o bom ambiente e natureza profissional das reuniões, e de todos os membros do Conselho, que trespassaram para os contatos individuais, sempre que se justificaram.

Reporto, também, a alteração da composição do Conselho de Administração, mantendo a qualidade relacional e a eficácia atrás referida.

Assim, tanto quanto é do meu conhecimento, as Contas reportadas a 31 de dezembro de 2022, cumprem, em termos gerais, o quadro normativo específico vigente para as empresas que integram o Setor Público Empresarial, constituindo um retrato adequado da situação económica e patrimonial da empresa.

Da mesma forma, também quanto me foi informado, foram cumpridas e respeitadas pela Sociedade – no exercício de 2022 –, as disposições legais, a par das normas e princípios do bom governo, definidas no Decreto-Lei nº 133/2013, de 3 de outubro, e nos regulamentos emitidos sobre a matéria, pela Direção Geral do Tesouro e Finanças, bem ainda as orientações estratégicas emanadas no âmbito da função acionista.

Entre os elementos de reporte não financeiro relevo o Relatório de Sustentabilidade que, tanto quanto me foi possível acompanhar, foi preparado com as Melhores Práticas existentes, incluindo os referenciais das Nações Unidas, constituindo, assim, um retrato adequado da atividade desenvolvida pela empresa neste âmbito.

Relevo, ainda, a iniciativa de produção de um documento estratégico de referência para todo o mandato – inclusivo e envolvendo todos os stakeholder internos, aos diversos níveis hierárquicos –, que tem alavancado uma gestão orientada para o cumprimento dos seus objetivos, não só da Holding, mas também de todas as participadas.

3. PARECER

Nestes termos, e no âmbito da atividade desenvolvida e do acompanhamento efetuado, nada chegou ao meu conhecimento, até à presente data, que impeça de manifestar uma apreciação globalmente positiva sobre o desempenho dos Administradores Executivos, podendo dar testemunho do seu empenho, rigor e diligência na condução dos negócios da Sociedade, tendo sempre em vista o cumprimento da Lei, das orientações estratégicas emanadas das respetivas Tutelas – Setorial e Financeira –, bem como a eficiência na gestão e nos objetivos específicos definidos para a mesma, designadamente a contenção da despesa e a valorização económico-financeira das diferentes áreas de atividade, para além de uma excelente capacidade de relacionamento com os diferentes *stakeholders*, nomeadamente o acionista PARPÚBLICA, que represento, na concretização do serviço público.

Lisboa, 8 de abril de 2022

O Administrador não Executivo



Jaime Serrão Andrez

ANNEX I - COMPLIANCE WITH LEGAL GUIDELINES

For the purposes of demonstrating Compliance with the Legal Orientation of AdP SGPS, this followed the structure and the instructions on the accounts rendering process for 2022 (circular letter SAI_DGTF/2023/630–10/02/2023).

1. MANAGEMENT OBJECTIVES (ARTICLE 38 OF RJSPE) AND ACTIVITY AND BUDGET PLAN

a) MANAGEMENT OBJECTIVES

The objectives of the AdP Group are determined by government policies for the sector, through guidelines set out in the strategic plans applicable to its areas of activity, by general guidelines issued by ministerial order and by specific guidelines of the shareholders. Under the terms of the legal regime of the business sector of the State and the Public Manager Statute, the State, as an indirect shareholder, defines the strategic guidelines.

At the General Assembly dated 10 May 2021, the following strategic guidelines, objectives and management indicators and respective quantifiable targets were approved for the 2020-2022 mandate, in the light of the Program of the 22nd Constitutional Government.

Following the entry into force of Ministerial Order no. 317-A/2021, of December 23, the Board of Directors of AdP SGPS submitted a proposal to adjust its objectives to the provisions of this law on November 30, which did not receive confirmation. Hence, the assessment presented below stems from the objectives approved by the General Shareholders Meeting of 10 May 2021.

| | Indicator | Calculation | Scale | Value reached | Evaluation | Weighting | Weighting (adjusted) | Evaluation | |
|----------------------------|--------------------------------------|--|---|---------------|------------|-----------|----------------------|------------|------|
| FINANCIAL | Management Efficiency | CRP = [(VC+ECS+PC)/ Turnover] Variation compared to the proposed ABP | 1. var > +0.10pp 2. -0.10pp <= var <= +0.10pp 3. var < -0.10 pp | -2.40p.p. | 3 | Overcome | 10.0% | 12.5% | 0.38 |
| | Commercial debt of municipal debtors | CDMD = [Balance of overdue debt of municipalities (Year N)] / [Balance of overdue debt of municipalities (Year N-1)] | 1. CDMD>110% 2. 90% <= CDMD <=110% 3. CDMD <90% *consolidated values | 99.4% | 2 | Achieved | 10.0% | 12.5% | 0.25 |
| | Limit on indebtedness | Debt = I - Debt Stock (Year N) / Debt Stock (Year N-1) | 1: X > 2% 2: 1,5%<= X <= 2% 3: X < 1.50% *materially relevant investments are excluded from the calculation, the percentage adopted corresponds to that defined in the legislation, evaluated based on consolidated values | 0.8% | 3 | Overcome | 10.0% | 12.5% | 0.38 |
| | Respect for Payment Terms | Variation in the APT compared to the previous year | 1: Nr days _n > Nr days _{n-1} + 1 2: Nr days _{n-1} - 1 <= Nr days _n <= Nr days _{n-1} + 1 3: Nr days _n < Nr days _{n-1} - 1 | -10 | 3 | Overcome | 10.0% | 12.5% | 0.38 |
| | Profitability | Change in net income compared to ABP assignable or SGPS | 1. Var<-5% 2. -5% <= Var <=5% 3. Var>5% | 4.3% | 2 | Achieved | 10.0% | 12.5% | 0.25 |
| ENVIRONMENTAL AND BUSINESS | Maintenance plan | Compliance with the Preventive Maintenance Plan | 1. No. of Actions performed against the forecast < 80.00% 2. No. of Actions performed against the expected <= 80.00% <90.00% 3. No. of Actions performed against the forecast >=90.00% | 90.6% | 3 | Overcome | 5.0% | 6.3% | 0.19 |
| | Quality of water provided | WQE | 1. WQE <97.00% 2. 97,00% <= WQE <99.00% 3. WQE>=99.00% | 99.7% | 3 | Overcome | 5.0% | 6.3% | 0.19 |
| | Quality of wastewater | WWQE | 1. WWQE <90.00% 2. 90,00% <= WWQE <=95,00% 3. WWQE > 95.00% | 98.2% | 3 | Overcome | 5.0% | 6.3% | 0.19 |

| | Indicator | Calculation | Scale | Value reached | Evaluation | Weighting | Weighting (adjusted) | Evaluation | |
|----------------------------|--|--|--|---------------|------------|-----------|----------------------|------------|------|
| ENVIRONMENTAL AND BUSINESS | Energy neutrality | Implementation of the Energy Neutrality Plan | 1. Launch, each year, of tenders for facilities with a production capacity equal to or greater than 50% compared to that provided for in the ABP 2. Launch, each year, of tenders for facilities with a production capacity equal to or greater than 75% compared to that provided for in the ABP 3. Launch, each year, of tenders for facilities with a production capacity equal to or greater than 90% compared to that provided for in the ABP | n.a. | - | - | 5.0% | 0.00 | |
| | Sludge Plan | Implementation of the Sludge Plan | 1. Launch, each year, of tenders for 20% of the sludge production foreseen in the ABP 2. Launch, each year, of tenders for 40% of the sludge production foreseen in the ABP 3. Launch, each year, of tenders for 60% of the sludge production foreseen in the ABP | n.a. | - | - | 5.0% | 0.00 | |
| | Water for Reuse | Implementation of Water for Reuse as a core activity | 1. Delivery of FEVE of reuse main activity after 31.03.2022 2. Delivery of FEVE of main reuse activity until 31.03.2022 3. Delivery of FEVE of main reuse activity until 12.31.2021 | n.a. | - | - | 5.0% | 0.00 | |
| | Agro-industrial and agricultural effluents | Implementation of accessory and complementary activity in the Bulk Wastewater Sanitation Systems and Implementation of the integrated digital platform for management of last resort operator activity in the national territory | 1. Delivery of accessory and complementary activity authorization request after 03.31.2022 2. Delivery of accessory and complementary activity authorization application until 03.31.2022 3. Delivery of accessory and complementary activity authorization application until 12.31.2021 | n.a. | - | - | 5.0% | 0.00 | |
| | Corporate Center Reorganization | Reorganization of the corporate center, optimizing centralized processes and developing new businesses | 1. Restructuring completed by 12.31.2021 2. Restructuring completed by 09.30.2021 3. Restructuring completed by 06.30.2021 | 01/12/2020 | 3 | Overcome | 5.0% | 6.3% | 0.19 |
| CORPORATIVE | Innovation | Implementation of a financing and management model to promote the AdP Group's Strategic Innovation | 1. Launch of the first internal Strategic Innovation Call, for the participation of AdP Group companies, after 12.31.2021 2. Launch of the first internal Strategic Innovation Call, for the participation of AdP Group companies, until 12.31.2021 3. Launch of the first internal Strategic Innovation Call, for the participation of AdP Group companies, until 09.30.2021 | 29/06/2022 | 3 | Overcome | 5.0% | 6.3% | 0.19 |
| | Internationalization | Increase in the international activity of the AdP Group | 1. Presentation to the Grantor of a project for a new international operation (business plan), long-term (>=3 years), until 06.30.2023 2. Presentation to the Grantor of a project for a new international operation (business plan), long-term (>=3 years), until 12.31.2022 3. Presentation to the Grantor of a project for a new international operation (business plan), long-term (>=3 years), until 06.30.2022 | 25/01/2022 | - | Overcome | 5.0% | 6.3% | 0.19 |
| Glogal evaluation | | | | | | | 100.0% | 2.8 | |

1) Scale to be considered: 1 = Not Achieved; 2 = Achieved; and 3 = Exceeded.

2) Global evaluation method to be considered: $GC < 1.8$ Goals Not Achieved / $1.8 \leq GC < 2.5$ Goals Achieved / $GC \geq 2.5$ Goals Exceeded

3) In the event that any indicator is not applicable in the year of evaluation, the respective weighting distribution shall be proportional to the remaining indicators.

4) Results are expressed to one decimal place (when applicable)

5) Identifies the unit used in each indicator (e.g. %, €, days or units).

In 2022, the Board of Directors acted in accordance with the legal determinations in force and with the guidelines transmitted to it by the holder of the shareholder position and by the Sectoral and Financial Guidance.

In 2022, the Group was unable to assess the following indicators:

- "Energy Neutrality" as the Grantor's order (Energy Neutrality Project under Order No. 77/SEAENE/2022 with letter No. 8778 of 9/11/2022) restricted the launch of tenders for production capacity facilities according to the terms defined in the management objectives;
- "Sludge Plan", as the date on which the Grantor's order for Plan C Value (Order No. 76/SEAENE/2022 with letter No. 8775 of 9/11/2022) took place, limited the launching of tenders for works relating to sludge production according to the terms defined in the management objectives;
- "Water for Reutilisation", although the EVEFs have been completed, legal advice determined this activity still lacks an appropriate legal framework and may still require revisions;
- "Agro-industrial and agricultural effluents", the delay in approving the AdP Valor operating budget for 2021 led to a delay of about one year in the development of its activities so this indicator has yet to be ascertained. In parallel, the National Strategy for Farming and Agro-Industrial Effluents 2030 only received approval in January 2022 and the Monitoring Structure has not yet been established leading to delays as the implementation of the Strategy's measures make a decisive contribution to launching this area of activity.

b) IMPLEMENTATION OF THE ACTIVITY PLAN AND BUDGET FOR 2022

Under article 39, para. 6, of Decree-Law no. 133/2013, of 3 October, AdP SGPS made, presented and submitted the Activity Plan and Budget (PAO) proposal for 2021, in November 2021.

The reformulation of this proposal was requested and correspondingly submitted in November 2022.

As of December 2022, no feedback or decision on the proposal had been received.

AdP SGPS based its budget exercise and monitored its execution, especially as regards the financial principles contained in the State Budget Law. Exceptional circumstances, the absence of any ruling or decision on the proposed operating budgetary plan by the supervising entities, determined the adoption of containment measures focusing on the assumption of any responsibilities beyond the pre-established limits. Correspondingly, as regards budgetary execution, the limits assumed for implementation in 2022 duly took into account the legal obligations the company is subject to.

The main financial execution indicators are displayed in the following table:

| INDICATORS | UNIT. | PAO 2022 | IMPLEMENTED 2022 | DEVIA. (+/-) | OBSERVATIONS/MEASURES |
|--|-------|-------------|------------------|--------------|--|
| Net Result | € | 55 356 099 | 57 719 062 | 2 362 963 | Net profit shows a favourable deviation compared to PAO 2022, this deviation is the combination of several factors: (i) higher than expected turnover; (ii) lower than expected operating expenses; and (iii) the reversal of impairments in the financial investments in the subsidiaries AdP Internacional and AdP Energias. |
| EBITDA | € | 3 889 574 | 5 581 329 | 1 691 755 | The deviation is positive to the extent that it reflects the effort to contain spending and meet the limits imposed during the 2022 financial year by the non-approval of the PAO 2022. |
| Operating result ¹⁾ (EBIT) | € | 3 741 979 | 5 211 586 | 1 469 607 | The deviation is positive to the extent that it reflects the effort to contain spending and meet the limits imposed during the 2022 financial year by the non-approval of the PAO 2022. |
| Turnover ²⁾ | € | 17 455 152 | 17 790 324 | 335 172 | Turnover is composed essentially by Management Fees, through the application of a fee on the turnover of the Group companies excluding the intra-Group relation. Despite the long dry period in 2022, most of the companies recovered their turnover during the year, which allowed for an improvement in the turnover in comparison with that forecast. |
| Indebtedness | € | 407 500 000 | 419 500 000 | 12 000 000 | The deviation corresponds to the intra-Group relationships with the Group's treasury management. Without this impact, the deviation is zero |
| Net Financial Debt ³⁾ /EBITDA | % | 5212,18% | 4131,67% | -11 p.p. | The financing activity of AdP SGPS (financial function) results mainly from the management of the debt contracted to finance the investment plans of the subsidiary companies. |

1) Operating profit net of provisions, impairments and fair value adjustments.

2) Detailing and quantifying the remarks whenever earnings other than sales and services rendered are considered in calculating turnover.

3) Net financial debt is defined as debt minus cash and equivalents.

Complementary to that above, the following table presents the Budgetary Principles highlighted:

| BUDGETARY PRINCIPLES | UN. | PAO 22 | 2022 EXEC. | DEVIA. (+/-) | OBSERVATIONS |
|-------------------------|-----|------------|------------|--------------|---|
| GO (CMVMC+ FSE + HR) | EUR | 11 863 034 | 11 664 448 | -198 586 | Calculated according to article 144, paragraphs 1 and 4 of DL no. 53/2022, of 12 August. This execution reflects the effort of restraint and limits imposed in 2022 by the lack of any opinion and decision on the proposed budget, PAO 22, and does not reflect the true need to carry out strategic actions. |
| GO / VN | % | 68% | 66% | -2 p.p. | Calculated according to article 144, paragraphs 1 and 4 of DL no. 53/2022, of 12 August. Execution was limited by the aforementioned effort to contain costs due to the non-approval of PAO 22 and by an unexpected increase in turnover (recovery in the invoicing of participated companies) |
| Operating Items | EUR | 676 581 | 672 545 | -4 036 | Calculated according to article 144, paragraph 5, subparagraph b) of DL no. 53/2022 of 12 August. Deduced from fuel expenses, due to the geopolitical crisis and the extension of AOV contracts not foreseen in the reformulated PAO 2022. This indicator includes expenses for travel, accommodation, daily allowances, vehicles and studies, opinions and consultancy projects. |
| Financial Investments | EUR | 5 000 000 | 1 715 600 | -3 284 400 | In terms of financial investment, the following investments were made: i) a capital increase in AgdA; and ii) reversal of impairments on financial investments in the subsidiaries AdP Internacional and AdP Energias. Without the approved PAO 22, it was not possible to carry out all the planned investments. |
| HR Costs | EUR | 6 486 038 | 6 404 096 | -81 942 | Calculated according to article 144, paragraph 5, subparagraph a) of DL no. 53/2022, of 12 August. The favourable deviation is due to: i) non-materialisation of expenses related to prevention (security scope); ii) non-realization of promotions; iii) reduction in training expenses; and iv) non-realization of foreseen indemnities. This was also due to the lack of formal approval of the PAO 22 proposal. |
| No. of Employees * | N.º | 120 | 120 | 0 | |
| No. of vehicles | n.º | 48 | 48 | 0 | |

* The number of employees in 2022 requires the addition of 16 employees on suspended contracts.

The favourable performance reflected in the EBITDA and Net Profit indicators, reflects and results from 2022 activities including the following:

- - In terms of Turnover:

- Invoicing of subsidiaries recovered after a long period of drought which allowed for an improvement in turnover compared with that previously estimated by AdP SGPS.

- In terms of Operating Expenses:

- Reflects the effort to ensure restraint and respect the limitations imposed by the lack of decision on the 2022 operating budget proposal, which restricted the capacity to carry out some proposed actions;
- The impacts arising from exceptional factors (the geopolitical crisis) and due to legal impositions were adjusted to this indicator in accordance with that proposed in the 2022 budget plan, corresponding to: **(i)** annuities; **(ii)** reclassifications of CLA clause 21;

(iii) (cyber)security; (iv) returns; (v) updating holiday pay and holiday allowance in keeping with the 2023 salary rise (in accordance with the order issued by the Secretary of State for Finance and the Secretary of State for the Treasury); and (vi) fuels

- Personnel costs incorporate the effects of the 1.2% salary rise (approved by the aforementioned order), as well as all the (already mentioned) legal impositions which the company and the Group are subject to.

2. FINANCIAL RISK MANAGEMENT

The AdP Group activities are exposed to a variety of financial risks, specifically financial market risk, credit risk, counterparty risk and liquidity risk.

The financial risk management policy of the Group seeks to minimize any adverse effects resulting from the unpredictability of financial markets, with this management process performed centrally by the holding company (AdP SGPS).

Adopting a conservative position, and taking into consideration the nature of the assets, the Group has opted to contract very long term loans, having particularly opted for loans obtained from the EIB, a partner entity specialised in financing investments with significant maturities. Additionally, AdP SGPS has long term external financing, through three private bond issues in 2007 and one private bond issue in 2016, between 10 and 20 years.

The Group's interest rate risk management policy is oriented to reduce the exposure of debt cash-flows to interest rate market fluctuations, through the choice of fixed rate modality for EIB loans.

In the investment financing, the interest rate risk hedging is sustained by obtaining long term loans with a strong preference for fixed rate regimes, which is naturally obtained by including its value in the final tariff calculation.

In short-term financing, and bearing in mind that this is essentially to finance customer debt, the risk coverage is sustained by the rates serving to calculate the interest charged to customers.

Most of AdP Group's long term financing lines were negotiated before 2008 under conditions that, while favourable at the time, currently present significant capital gains in terms of debt servicing.

Liquidity risk has been minimised by adjusting the type of funding to the asset for financing, with long-term funding intended to support investment and the permanent component of working capital and short-term funding to meet volatile working capital needs. Through short-term investments and/or non-used lines of credit, the Group maintains amounts readily available that allow it to deal with unexpected situations without causing any impact to its daily activities.

The credit risk associated to the supply of credit products and services depends on the type of customers to which the Group's products are supplied. Therefore, regarding retail clients (retail), as the product provided is an essential good, we can consider the risks of collection to be reduced. In the case of the product made available wholesale (bulk) the risk assumed relates to the rating of municipal clients, thus, considering these are public administrative entities, the existing risk is more associated with the extension of the term than with its collectability. Considering the issue of maturity extension, AdP SGPS is trying to solve the issue through sale without recourse to, or through, financial entities.

The financial surpluses resulting from company activities firstly serve to finance group companies within a logic of centralised group management and the remaining, along with the contractual investments resulting from the concession contracts, are held by the Public Debt and Treasury Management Agency (IGCP), with the risk associated to IGCP as holder of the group's surpluses being reduced when taking into account that this bank is responsible for the treasury management of the State, the ultimate AdP Group shareholder.

INTEREST RATE RISK

The risk of the Company's interest rate comes essentially from loan taking, both long term and short term. In this context, loans obtained with interest calculated at variable rates expose the AdP Group to cash flow risk and loans obtained with fixed interest rates expose the Group to the fair value risk associated with the interest rate. Águas de Portugal, SGPS manages the cash flows risk associated with the interest rate. The table below presents the sensitivity analysis of AdP Group financial charges.

SENSITIVITY ANALYSIS TO INTEREST RATE VARIATION

| | 31.12.2022 | IMPACT OF A 1% RATE RISE | IMPACT OF A 1% RATE REDUCTION |
|--|-------------------|--------------------------|-------------------------------|
| Interest (costs) at the variable rate | (2 266 060) | (1 840 909) | 1 840 909 |
| Interest (earnings) at the variable rate | 12 777 617 | 5 633 547 | (5 633 547) |
| Net impact | 10 511 557 | 3 792 638 | (3 792 638) |

Rate variation impact measured for a twelve month period.

EXCHANGE RATE RISK

Exposure to currency risk in AdP is residual. This risk is embodied in future business transactions, recognised under assets and liabilities, as well as net investments in foreign operations that were not incurred or expressed in the functional currency of AdP. The AdP Group's Central Treasury is responsible for the management of the AdP Group's net exposure in each currency, contracting swaps centrally, in order to minimise the commercial risks and recognised assets and liabilities, when so justified.

LIQUIDITY AND CAPITAL RISK

Liquidity risk management requires maintaining available funds at a reasonable level, consolidating floating debt through an adequate amount of credit facilities and the ability to settle market positions. Due to the dynamics of the underlying business, AdP's treasury strives to secure the flexibility of floating debt, while maintaining available credit lines. AdP manages liquidity risk by contracting and maintaining credit financing facilities with underwriting commitments with national and international financial institutions with a high credit rating allowing immediate access to funds.

The table below shows the liabilities of AdP by contractual residual maturity intervals. The amounts presented in the table are the contractual cash flows, not discounted, receivable and payable in the future.

| 2022 | < 1 YEAR | 1 TO 5 YEARS | > 5 YEARS |
|----------------------------|--------------------|--------------------|------------------|
| Shareholders loans | 213 283 150 | 199 527 385 | 3 481 357 |
| Loans from Group companies | 32 025 647 | - | - |
| | 245 308 797 | 199 527 385 | 3 481 357 |

For the purposes of determining future variable interest rates, it was considered (i) the coupon of the interest known on 31 December 2022 and to be settled in 2023; and (ii) the following coupons considered the Euribor indexing on 31 December 2022 plus the contractually formalised spread.

In September 2017, AdP signed a 25-year financing contract of EUR 220 million (tranche A) with the European Investment Bank, under a credit line of EUR 420 million approved in July 2017 by the Board of Directors of this financial institution. Additionally, on 31 July 2019 AdP Group formalised the remaining EUR 200 million (tranche B) that can be used against the assignment without recourse of debt settlement agreements entered into between AdP Group and municipal customers as provided for in Decree-Law no. 5/2019, of 14 January. On 22 November 2022, an addendum to the two tranches was signed: (i) transferring the ceiling amount of 100,612 thousand euros from tranche B to tranche A; (ii) extending the final date of financing availability to 14 September 2023; (iii) waiver of the covenant "Net debt/EBITDA" for the year of 2023. As at 31 December 2022, the AdP Group has drawn down EUR 280 million of tranche A and EUR 49.3 million of tranche B.

Considering the above, as well as the recurrent operating free cash flow, AdP does not foresee any difficulties in meeting its financial responsibilities. Particularly regarding the Short-Term Bank Loans, AdP has the immediate liquidity to satisfy all foreseen debt servicing for the next twelve months.

CONTRACTED SHORT TERM CREDIT LINES

| LIQUIDITY RISKS (MILLION EUROS) | TOTAL AMOUNT AVAILABLE | TOTAL AMOUNT DRAWN DOWN | TOTAL AMOUNT REMAINING |
|---|------------------------|-------------------------|------------------------|
| Bank overdrafts (Attributable only to AdP SGPS) | 57.5 | - | 57.5 |
| Loans from Group companies | 180.0 | (32.0) | 148.0 |
| Loans to Group companies | (104.9) | (71.9) | (176.8) |
| Lines of credit available attributable to AdP SGPS | 132.7 | (103.9) | 28.7 |
| Bank overdrafts (AdP Group) | 125.0 | - | 125.0 |

The objective of the AdP Group in relation to capital management, which is a broader concept than the capital disclosed on the balance sheet, is to maintain an optimal capital structure through the prudent use of debt allowing a reduction in the cost of capital. The purpose of capital risk management is to safeguard the continuity of the Group's operations, with adequate compensation to shareholders and generating benefits for all relevant third parties.

The Group's policy is to contract loans with financial entities under the aegis of the parent company, AdP, SGPS, SA (with the exception of investment-related loans), which in turn grants loans to its subsidiaries. This policy aims at optimising the capital structure with a view to greater efficiency and reductions in the average cost of capital.

| | NOTES | 31.12.2022 | 31.12.2021 |
|--|-------|----------------------|----------------------|
| Non-current loans (bond loans) | 15 | 180 681 818 | 387 500 000 |
| Current loans (bond and Group Company loans) | 15 | 238 818 182 | 156 818 182 |
| Availabilities | 12 | (188 898 042) | (33 465 441) |
| Net debt | | 230 601 958 | 510 852 741 |
| Total of equity capital | | 916 037 162 | 885 818 100 |
| Capital | | 1 146 639 120 | 1 396 670 841 |
| Net debt /total capital | | 0.20 | 0.37 |

The financing model of AdP SGPS is fundamentally based on two broad categories that ensure the balance between the capital structure, shareholder financing and short-term equity capital.

CREDIT RISK

The credit risk related to operations essentially stems from the risk of a counterparty failing to meet their obligations resulting in a financial loss to AdP. The AdP Group is subject to credit risk through its operating, investment and treasury activities.

OPERATING COUNTERPARTY

The operations related credit risk essentially encapsulates the credits for services provided to subsidiaries and the treasury supplements / support granted to subsidiaries.

The credit risk of subsidiaries is low when considering their respective financial positions and the prevailing legal and regulatory frameworks. In effect, in the state-owned systems, there are high levels of financial autonomy and in the multi-municipal systems and partnership regime, the concession or partnership contracts provide for mechanisms for restoring economic-financial balance through means of ensuring compliance with all third-party liabilities, especially as regards liabilities resulting from debt servicing.

Furthermore, in the case of the multi-municipal systems and partnerships, there was consolidation of the regulatory and legislative provision underpinning the recovery of the debts of municipalities from these systems within the scope of calculating the cost recovery deviation which, in turn, has its debt recovery durations stipulated by Decree Law.

As at 31 December 2022, the exposure to credit risk was as follows:

| BUSINESS SEGMENT CLIENT TYPE RISK | LARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES | GROUP COMPANIES | TOTAL (NOTE 10) |
|---|--|-----------------|--------------------|
| | MEDIUM | LOW | |
| Gross exposure | 33 542 | 3 256 170 | 3 289 712 |
| Imparity | (31 361) | - | (31 361) |
| Net exposure | 2 181 | 3 256 170 | 3 258 351 |

DEPOSIT COUNTERPARTY

The following table represents AdP's maximum exposure to credit risk (not including the balance of customers and other debtors) as of 31 December 2022 and 2021, without regard to any collateral held or other credit enhancements. For assets in the Statement of Financial Position, the defined exposure is based on its carrying amount as reported in the Financial Position Statement.

| FINANCIAL BANK ASSETS | 31.12.2022 | 31.12.2021 |
|----------------------------------|-------------|------------|
| Current accounts (Note 12) | 10 397 792 | 3 464 941 |
| Term deposits accounts (Note 12) | 178 500 000 | 30 000 000 |
| | 188 897 792 | 33 464 941 |

| RATING | 31.12.2022 | 31.12.2021 |
|----------|-------------|------------|
| A- | 7 941 | 13 686 |
| BBB+ (a) | 188 883 002 | 33 228 213 |
| BBB | 6 849 | 223 042 |
| | 188 897 792 | 33 464 941 |

Note: Fitch's ratings obtained from the websites of financial institutions in January 2023.

(a) As at 31 December 2022, this includes bank deposits with the Public Debt and Treasury Management Agency - IGCP, E.P.E. amounting to 188 251 385 euros (33 225 350 euros as at 31 December 2021).

The table below reports the trend in the average AdP SGPS financing rate, including interest effectively paid annually with interest-bearing liabilities and other associated charges in the last five years.

SEPARATE ACCOUNTS

| YEARS | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------|-----------|---------|-----------|-----------|-----------|
| Financial Costs (€) | 2 501 665 | 568 318 | 1 897 602 | 2 835 322 | 3 034 860 |
| Average Financing Rate (%) | 0.60% | 0.10% | 0.33% | 0.43% | 0.44% |

CONSOLIDATED ACCOUNTS

| YEARS | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------|------------|------------|------------|------------|------------|
| Financial Costs (€) | 33 716 105 | 31 681 192 | 34 160 885 | 40 816 262 | 43 702 846 |
| Average Financing Rate (%) | 1.96% | 1.85% | 1.91% | 2.21% | 2.27% |

3. DEBT GROWTH LIMIT, under the auspices of the terms stipulated by article 53.1 of Law no. 12/2022, of 27 June (State Budget Law for 2022), calculated in accordance with the formula provided for in article 145.4 of Decree Law no. 53/2022, of 12 August (DLEO 2022):

SEPARATE ACCOUNTS

| REMUNERATED LIABILITIES | 2022 | 2021 | | |
|---|----------------|----------------|--------|--|
| | AMOUNTS (€) | | | |
| Remunerated Financing (Current and Non-current) | 419 500 000.00 | 544 318 182.00 | | |
| Equity Capital / Statutory Capital | 434 500 000.00 | 434 500 000.00 | | |
| New Investments in 2020 (with material relevance) | | | | |
| VARIATION IN DEBT | | | -12.8% | |

| | 2022 | 2021 | VARIATION 22/21 | |
|--|-------------|-------------|-----------------|---------|
| | | | AMOUNT | % |
| Gross Debt (1) | 419 500 000 | 544 318 182 | -124 818 182 | -22.93% |
| Intra-Group Loans (2) | 32 000 000 | 0 | 32 000 000 | n.a. |
| Gross Debt without Intra-Group Loans (1)-(2) | 387 500 000 | 544 318 182 | -156 818 182 | -28.81% |

CONSOLIDATED ACCOUNTS

| REMUNERATED LIABILITIES | 2022 | 2021 |
|---|---------------|---------------|
| | AMOUNTS (€) | |
| Remunerated Financing (Current and Non-current) | 1 720 860 623 | 1 707 909 555 |
| Equity Capital / Statutory Capital | | |
| New Investments in 2020 (with material relevance) | | |
| VARIATION IN DEBT | | |

| | 2022 | 2021 | VARIATION 22/21 | |
|---------------------|---------------|---------------|-----------------|--------|
| | | | AMOUNT | % |
| Gross Debt | 1 720 860 623 | 1 707 909 555 | 12 951 068 | 0.76% |
| Cash Available | 460 705 684 | 323 290 474 | 137 415 210 | 42.51% |
| Reconstitution Fund | 21 263 297 | 21 222 798 | 40 499 | 0.19% |
| Net Debt | 1 238 891 642 | 1 363 396 283 | -124 504 641 | -9.13% |

4. EVOLUTION IN AVERAGE PAYMENT TIMES

In accordance with Council of Ministers Resolution no. 34/2008, of 22 February, as amended by Order no. 9870/2009, of 13 April, disclosure covers both the payment delays ("arrears") themselves, according to Decree-Law no. 65-A/2011, of 17 May, as well as the strategy adopted to reduce them.

According to Order no. 9870/2009, the AdP SGPS average payment period on 31 December 2022 stood at 28 days, down 26.3% (10 days) on 2021.

| AVERAGE PAYMENT PERIOD | 2022 | 2021 | VARIATION 22/21 | |
|------------------------|------|------|-----------------|--------|
| | | | AMOUNT | % |
| Duration (days) | 28 | 38 | -10 | -26.3% |

MAP OF THE OVERDUE DEBTS POSITION ON 31/12/2022 IN ACCORDANCE WITH DL 65-A/2011, OF 17/MAY:

| DEBTS DUE | AMOUNT (€) | AMOUNTS OF OUTSTANDING DEBT ACCORDING TO ART. 1. DL 65-A/2011 (€) | | | |
|----------------------------|----------------|---|--------------|--------------|---------------------------|
| | 0-90 DAYS | 90-120 DAYS | 120-240 DAYS | 240-360 DAYS | > 360 DAYS ^(*) |
| Acq. of Goods and Services | 454 353 | 4 138 | 1 029 | -32 | -11 811 |
| Acq. of Capital | | | | | |
| Total | 454 353 | 4 138 | 1 029 | -32 | -11 811 |

(*) Corresponds to amounts of invoices not yet settled.

In 2022, AdP SGPS complied with the provisions of article 26(2) of Decree-Law no. 53/2022, of 12 August.

5. DUE DILIGENCE UNDERTAKEN AND THE RESULTS OBTAINED WITHIN THE SCOPE OF COMPLIANCE WITH THE RECOMMENDATIONS MADE BY SHAREHOLDERS AT THE TIME OF THE FINAL APPROVAL OF THE REPORTING AND ACCOUNTING DOCUMENTS

No recommendations were issued by the shareholders when the financial statements were approved. Full compliance was given to the instructions received in the context of the monitoring made to the management and activity of the company.

6. REMUNERATIONS/FEES

Appendix I to this Report details the remuneration of the Governing Bodies and External Auditor.

7. APPLICATION OF THE PROVISIONS OF ARTICLES 32 AND 33 OF THE PUBLIC MANAGER STATUTE

As regards:

a) The non-use of credit cards and other payment instruments by public managers to make expense payments in the service of the company;

The provisions of Article 32 of the Statute of the Public Manager, as republished by Decree-Law no. 8/2012, of 18 January, have been complied with in full, in particular regarding the usage of credit cards and other payment instruments by public managers, with the purpose of incurring expenses in the service of the company.

b) The non-reimbursement of public managers for any expenses that fall under the concept of personal representation expenses;

The provisions of article 32 of the Statute of the Public Manager, as republished by Decree-Law no. 8/2012, of 18 January, have been fully complied with, specifically, the non-reimbursement to public managers of any expenses that fall within the concept of personal representation expenses.

c) Expenditure incurred with communications, that includes mobile phones, household phones and the Internet;

| BOARD MEMBER (NAME) | COMMUNICATIONS EXPENDITURE (€) | | |
|---|--------------------------------|-------------------|--------------|
| | DEFINED MONTHLY ALLOWANCE | ANNUAL AMOUNT | OBSERVATIONS |
| José Carlos Athaide dos Remédios Furtado | 80.00 | 524.23 € | |
| José Manuel Leitão Sardinha (*) | --- | --- | |
| Catarina Isabel Clímaco Monteiro d'Oliveira | 80.00 | 408.18 € | |
| Carla da Conceição Afonso Correia | 80.00 | 487.42 € | |
| João Pedro Moura Castro Neves (**) | 80.00 | 373.30 € | |
| Pedro Manuel Amaro Martins Vaz (***) | 80.00 | 57.00 € | |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A. (****) | --- | | |
| | | 1 850.13 € | |

(*) Remuneration incurred by EPAL. | (**) Ceased functions on 23 August 2022.

(***) Began functions on 23 August 2022. | (****) The manager does not earn any direct remuneration. Remuneration invoiced by Parpública.

d) Expenses incurred with fuel and tolls and monthly service vehicle allowances;

| NAME | MONTHLY FUEL AND TOLL ALLOWANCE | ANNUAL VEHICLE COSTS (€) | | | OBSERVATIONS |
|---|---------------------------------------|--------------------------|----------|------------------|--------------|
| | | FUELS | TOLLS | TOTAL | |
| José Carlos Athaíde dos Remédios Furtado | 572.28 | 3 977.17 | 1 491.91 | 5 469.08 | |
| José Manuel Leitão Sardinha(*) | --- | 0.00 | 0.00 | 0.00 | |
| Catarina Isabel Clímaco Monteiro d'Oliveira | 457.82 | 1 191.02 | 477.20 | 1 668.22 | |
| Carla da Conceição Afonso Correia | 457.82 | 661.38 | 111.80 | 773.18 | |
| João Pedro Moura Castro Neves (**) | 457.82 | 4 379.57 | 1 372.81 | 5 752.38 | |
| Pedro Manuel Amaro Martins Vaz (***) | 457.82 | 1 363.60 | 689.65 | 2 053.25 | |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A. (****) | --- | 0.00 | 0.00 | 0.00 | |
| | | | | 15 716.11 | |

(*) The manager is remunerated by EPAL.

(**) Ceased functions on 23 August 2022. The annual expenditure in excess of the established limit was exclusively for professional use.

(***) Started working on 23 August 2022. The annual expenditure in excess of the established limit was exclusively for professional use.

(****) The manager does not earn any remuneration. Remuneration invoiced by Parpública

8. APPLICATION OF THE PROVISIONS OF ARTICLE 16(2) OF THE RJSPE AND ARTICLE 11 OF THE EGP THAT PROHIBIT THE UNDERTAKING OF UNDOCUMENTED OR CONFIDENTIAL EXPENSES

AdP SGPS fully complies with the provisions of article 16(2) of Decree-Law no. 133/2013, of 3 October, as well as with the provisions of article 11 of the EGP and/or no undocumented or confidential expenses were made or reported.

9. DRAFTING (EVERY THREE YEARS) AND DISSEMINATING A REPORT ON REMUNERATION PAID TO WOMEN AND MEN AS DETERMINED IN PARAGRAPH 2 OF THE RESOLUTION OF THE COUNCIL OF MINISTERS NO. 18/2014, OF 7 MARCH

The company fully complies with the provisions of paragraph 2 of the Council of Ministers Resolution no. 18/2014, of 7 March, preparing and publishing internally and externally, via the company's website, the triannual report on the remuneration paid to women and men in Group companies.

10. PREPARATION AND DISSEMINATION OF THE MANAGEMENT PLAN FOR RISKS OF CORRUPTION AND RELATED INFRACTIONS AND THE ANNUAL REPORT which discriminates the degree of implementation of the measures listed in the Plan, taking into consideration the recommendations of the Corruption Prevention Council (CPC hereafter), specifically the recommendations handed down by the said Council dated 1st July 2009.

Since 2011, the Group has adopted a Risk Management Plan of Corruption and Related Infringements, also available on the intranet and Internet at https://www.adp.pt/downloads/file475_pt.pdf.

2021 included a review of this Plan, as approved by the Board of Directors of AdP SGPS on 14/12/2021, in order to adapt it to the new recommendations issued by the Corruption Foresight Board and adjust it to developments in the company's reality in terms of corruption and related infractions.

The Corruption Prevention Plan aims to identify those areas potentially subject to a greater occurrence of acts of corruption, as well as the risks arising therefrom and the controls instituted by the company within the scope of their mitigation. also aims to strengthen the culture of the company and its employees with regard to ethical behaviour and best practices in business relationships with customers, suppliers and other stakeholders.

Covering the entire Group, this plan complies with the recommendations of the CPC issued on 1 July 2009 as well as those stipulated by the General Corruption Prevention Regime (RGPC) established by Decree-Law (DL) no. 109-E/2021, of 9 December.

In order to comply with the provisions of paragraph 1 of Article 46 of Decree-Law no. 133/2013, of 3 October, of paragraph 4 of Article 6 of the RGPC enacted by Decree-Law (DL) no. 109-E/2021, of December 9 and following the procedures implemented in AdP Group, AdP SGPS proceeds with the annual evaluation of the PGRIC in force in the company, preparing a report which includes conclusions about the identified occurrences or, risk of occurrences and other facts mentioned in paragraph a) of article 1 of article 2 of Law no. 54/2008 of 4 September, in particular:

“a) ... information relating to the prevention of facts of active or passive corruption, economic and financial crime, money laundering, influence peddling, unlawful appropriation of public property, harmful administration, embezzlement, economic participation in business, abuse of power or breach of the duty of secrecy, as well as acquisitions of real estate or securities as a result of the unlawful obtaining or use of privileged information in the performance of duties in the public administration or in the public business sector.”

In order to ensure compliance with article 46, para. 2 of Decree-Law (DL) no. 133/2013, of 3 October, the annual report is sent to the competent authorities and published on the AdP SGPS website at https://www.adp.pt/downloads/file568_pt.pdf.

On 17 December 2021 the AdP Group presented its Integrity Policy based on a governance model with the highest standards of ethics, transparency, accountability and excellence in public management practices. AdP SGPS is one of the companies that has signed the Integrity Commitment, which represents a commitment to the implementation of that Integrity Policy, in particular all its associated instruments, with a view to continuously ensuring the internal training that fosters a culture of integrity.

AdP SGPS and AdP Group thus reinforce their commitment to fight corruption and to develop and adopt strategies that promote integrity and sustainable development and the creation of a fairer and more balanced society.

At the end of 2022, one year on from the approval of the Integrity Policy, Group companies carried out assessments of the level of implementation achieved which enabled the identification of the constraints and facilitating features while defining the next steps with a view to strengthening the Policy and securing its full implementation.

It should also be noted that in 2019, the company, underwrote the Portuguese Anti-Corruption Campaign that comes in response to the Call to Action on Anti-Corruption, launched by the United Nations Global Compact, which encourages the business sector to promote the taking of transparency, integrity and good governance measures by governments, thus promoting the adoption of its Principle 10, according to which "organisations should combat corruption in all its forms, including, extortion and bribery".

11. PUBLIC PROCUREMENT

a) HOW WERE THE PUBLIC PROCUREMENT RULES IN EFFECT IN 2020 APPLIED, AND IN THE CASE OF PUBLIC GROUP HOLDING COMPANIES OF PUBLIC GROUPS, THIS POINT SHOULD DETAIL ALL COMPANIES IN WHICH THEY MAINTAIN MAJORITY HOLDINGS;

b) THE INTERNAL PROCEDURES INSTITUTED FOR CONTRACTING GOODS AND SERVICES AND WHETHER THEY ARE SUBJECT TO PERIODIC REVIEW, WITH REFERENCE TO THEIR LAST UPDATE.

AdP Group ensured, through AdP Serviços, until 31 July 2020 and through AdP SGPS from August 1st 2020 onwards, the centralisation, optimisation and rationalisation of the acquisition of goods and services, in order to contribute to capturing synergies in the procurement processes of Group companies as well as to disseminating best practices.

The potential to capture value arising from synergies and economies of scale achieved through the centralisation of purchases of certain categories such as energy, communications, insurance, reagents, vehicles, etc., leads to the creation and capture of value, resulting in financial gains and cost reductions.

The evolution of the AdP Group purchasing function towards a more integrated model, with the definition of new centralised categories has led to a greater transversal planning capacity and to the implementation of new transversal processes associated to the planning and management of the purchasing function by categories, based on a deeper knowledge of Group company needs.

Following the corporative centre reorganisation, according to the terms explicitly authorised by Ministerial Dispatch, dated 1 August 2020, the AdP Serviços Purchasing, Legal and Information Systems Departments became part of the AdP SGPS organisational structure.

Therefore, this established a relational model between AdP SGPS and AdP Group companies, in a similar way to that hitherto existing with AdP Services, under the terms of which AdP SGPS assures the availability of contracting for the differentiated set of goods and services, whose contracting for companies is maintained through the Purchasing Department.

The existence of this internal Group structure, as at 31 December, 2021, directly provided by AdP SGPS, allows for the taking advantage of both the scale and synergies generated by the Group's universe and thus to obtain more attractive contractual conditions for this group of companies, while releasing them from the need to engage in autonomous contracting procedures, with their inherent associated administrative and financial burdens, and thus adding value to their activities.

In addition, a fair share of the goods and services required by the invested companies to carry out their activities are of considerable technical complexity, taking into account their specificity, in particular insurance, energy, chemical reagents and laboratory materials used by the water/wastewater segments and a high level of specialisation of the actors in the processes implicit to their respective procurement

Decree-Law no. 78/2022, of 7 November, introduced amendments to Law no. 30/2021, of 21 May, which approved special measures for public procurement, as well as to the Public Contracts Code and to Decree-Law no. 60/2018, of 3 August, which simplified the administrative procedures necessary for the pursuit of research and development activities.

Therefore, within the framework of both standardising AdP Group public procurement practices and procedures, couple with concerted methodologies and understandings guaranteeing the consistency of actions implemented in order to process and execute contracts, while incorporating the innovations introduced by the aforementioned Decree-Law no. 78/2022 of 7 November, explanatory training sessions took place for the various participants in public procurement processes, setting out clarifications, interpretations and understandings of a legal nature.

c) AGREEMENTS OR CONTRACTS SIGNED WITH A VALUE GREATER THAN EUR 5 M, REGARDLESS OF THE TYPE OF AGREEMENT OR CONTRACT IN QUESTION, AND WHETHER OR NOT SUBJECT TO PRIOR APPROVAL BY THE COURT OF AUDITORS, AS DETERMINED BY ARTICLE 47 OF THE COURT OF AUDITORS LAW OF ORGANIZATION AND PROCEDURE (LOPTC)

In 2022, AdP SGPS made no acts or agreements for contractual amounts in excess of EUR 5 million and there consequently did not request prior inspection by the Court of Audit for any process.

12. PARTICIPATION IN THE SNCP – THE NATIONAL PUBLIC PROCUREMENT SYSTEM

The companies that make up the AdP Group joined the SNCP – the National Public Procurement System on 3 March 2014 as voluntary purchasing entities.

Since then, public procurement procedures have been conducted using the SNCP covering different framework agreements, in particular:

- Paper and office materials;
- Surveillance and Security;
- Road fuels;
- Motor vehicles and motorcycles;
- Licensing of software and related services;
- Hygiene and cleaning.

This format was applied whenever there was an alignment between the AdP Group's procurement needs, aggregated by AdP Serviços, and the respective specifications in effect, with a focus on capturing value not only by leveraging the demand resulting from scale but also for the simplification and speed that characterise this modality, thus enabling AdP Services to more efficiently manage its resources.

13. MEASURES TAKEN TO REDUCE THE OPERATING COSTS IDENTIFIED UNDER ARTICLE 158 OF DLEO 2019, JUSTIFYING IN DETAIL ANY NON-COMPLIANCE WITH THE DEFINED ORIENTATIONS AND OBJECTIVES

The table below summarises the measures and the results of the operating cost reduction plan in accordance with the provisions of article 144 Decree-Law on Budget Execution no. 53/2022 and in accordance with the model handed down by the DGTF.

Highlights include:

• **Compliance with GO/ VN (144(I)):**

See point 1b) in COL

• **Compliance with Personnel Expenditure art.144, para. 5, sub-para. a))**

See point 1b) in COL

• **Compliance with all travel, subsistence and accommodation costs, costs associated with the vehicle fleet and costs incurred with the contracting of studies, opinions, projects and consultancy services and personnel costs (art. 144, para. 5, sub-para. b)**

See point 1b) in COL

• **Debt Compliance (art. 144)**

See point 1b) in COL

| PRC | 2022 EXEC. | 2022 ORÇ. | 2021 EXEC. | 2020 EXEC. | 2019 EXEC. | 2022/2021 | | 2022/2019 | |
|---|------------|------------|------------|------------|------------|------------|--------|-----------|---------|
| | | | | | | Δ ABSOL. | VAR. % | Δ ABSOL. | VAR. % |
| (0) EBITDA | 5 581 329 | 3 889 574 | 7 227 103 | 5 742 725 | 2 954 468 | -1 645 774 | -23% | 2 626 861 | 89% |
| (1) CMVMC | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| (2) FSE | 4 772 800 | 4 993 959 | 4 075 972 | 2 817 660 | 3 612 184 | 696 828 | 17% | 1 160 616 | 32% |
| (3) Personnel costs | 7 446 232 | 7 600 426 | 7 161 793 | 5 897 672 | 4 750 935 | 284 439 | 4% | 2 695 297 | 57% |
| i. Relating to management bodies ^{a)} | 566 482 | 542 255 | 553 828 | 566 278 | 580 493 | 12 655 | 2% | -14 010 | -2% |
| ii. Compensation paid for contractual terminations ^{a)} | 0 | 80 000 | 148 126 | 370 862 | 0 | -148 126 | -100% | 0 | 0% |
| iii. Compulsory remuneratory payments ^{a)} | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| iv. Effect of absenteeism on compliance with legal provisions ^{a)} | 475 653 | 492 132 | 48 238 | 74 740 | 9 763 | 420 693 | 872% | 459 168 | 4703% |
| (4) Personnel costs other than i, ii, iii and iv | 6 404 096 | 6 486 038 | 6 411 601 | 4 885 792 | 4 160 679 | -783 | 0% | 2 250 139 | 54% |
| (5) Impact on costs resulting from exceptional factors ^{b)} | 554 584 | 731 351 | 18 086 | 39 927 | 0 | 529 776 | 2929% | 547 862 | 0% |
| (6) Operating costs for the purposes of ascertaining operating efficiency = (1)+(2)+(3)-(5) | 11 664 448 | 11 863 034 | 11 219 679 | 8 675 406 | 8 363 119 | 451 491 | 4% | 3 308 051 | 40% |
| (7) Volume of turnover (VN) | 17 790 324 | 17 455 152 | 16 535 551 | 13 852 682 | 11 317 017 | 1 254 773 | 8% | 6 473 307 | 57% |
| Operating subsidies | | | | | | 0 | 0% | 0 | 0% |
| Compensatory payments | | | | | | 0 | 0% | 0 | 0% |
| (8) Loss of revenues due to exceptional factors ^{a)} | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| (9) Turnover for the purposes of ascertaining operating efficiency (7)+(8) | 17 790 324 | 17 455 152 | 16 535 551 | 13 852 682 | 11 317 017 | 1 254 773 | 8% | 6 473 307 | 57% |
| (10) Weighting of Costs /VN = (6)/(9) | 65.57% | 67.96% | 67.85% | 62.93% | 73.90% | -2.25% | -3.31% | -8.29% | -11.22% |
| i. Travel and accommodation costs (FSE) | 15 588 | 32 200 | 32 347 | 11 709 | 25 019 | -16 759 | -52% | -9 430 | -38% |
| ii. Cost of support payments (Personnel costs) | 6 366 | 5 800 | 6 490 | 1 030 | 5 586 | -124 | -2% | 779 | 14% |
| iii. Vehicle fleet costs ^{b)} | 262 664 | 257 840 | 275 747 | 256 937 | 222 176 | -13 083 | -5% | 40 488 | 18% |
| iv. Expenses on contracting studies, opinions, projects and consultancy | 387 927 | 380 742 | 433 186 | 315 335 | 584 327 | -45 259 | -10% | -196 400 | -34% |
| (11) Total = (i) + (ii) + (iii) + (iv) | 672 545 | 676 581 | 747 770 | 585 010 | 837 108 | -75 226 | -10% | -164 563 | -20% |
| Total Number of Staff (BOD+Manager+Staff) ^{d)} | 120 | 120 | 120 | 106 | 89 | -1 | -1% | 30 | 34% |
| No. of Management Bodies (OS) | 13 | 13 | 13 | 14 | 12 | 0 | 0% | 1 | 8% |
| No. of Board Positions (CD) | 9 | 9 | 9 | 19 | 17 | 0 | 0% | -8 | -47% |
| No. of Employees (without either OS or CD) | 98 | 98 | 98 | 73 | 42 | -1 | -1% | 55 | 131% |
| No. of Staff /No. CD | 11 | 11 | 11 | 4 | 2 | 0 | -1% | 8 | 336% |
| No. Vehicles | 48 | 48 | 48 | 44 | 31 | -1 | -2% | 16 | 52% |

- a) As provided for under article 144.5 a) of DLEO 2022.
- b) Whenever applicable, the exceptional impacts (especially of the geopolitical crisis and COVID-19) and the impacts stemming from legal impositions should be duly justified, in accordance with article 144 of DLEO 2022, as well as quantified and broken down in relation to the different items of expenditure/costs, sales and services rendered.
- c) Vehicle expenditure should include: leasing/amortisations, inspections, insurance, tolls, fuel, maintenance, repairs, tyres, fees and taxes.
- d) In 2022, this includes three workers on replacement processes, two workers seconded to public functions with the costs incurred by AdP SGPS and not including 16 workers on suspended contracts;
In 2019, the total number of employees included 18 employees on suspended contracts.
- e) In 2021, the level of the operating efficiency ratio (GOVN) reflects the adjustment in expenses associated with COVID-19 (EUR 18,000), as published in the 2021 Annual Report.

14. THE STATE TREASURY UNIT PRINCIPLE (ARTICLE 28 OF DECREE LAW NO. 133/2013, OF 3 OCTOBER, ARTICLE 136 OF LOE 2022 AND ARTICLE 102 OF DLEO 2022).

AdP SGPS, as defined in its corporate purpose, has become a flexible and efficient instrument that ensures the centralised and specialised management of the social investments included in its portfolio. Accordingly, in addition to the strategic guidelines issued to the managers representing it and the provision of technical management and administration services, it represents a crucial component in the financial function of subsidiaries held in controlling relationships (total holdings held).

The scope of the Group's companies covers a number of participations in the environmental sector in different phases of maturity, and AdP SGPS has taken on the responsibility of coordinating and obtaining the necessary financing to meet the respective needs of these companies and to balance the financing structure from a consolidated perspective.

In this regard, AdP SGPS:

- accompanied companies in their relationship with the Cohesion Fund in order to facilitate access to this Community support;
- entered into negotiations with the EIB in 1997 to finance the projects associated with the first phase, with a line of financing totalling EUR 167 million;
- in 2000, initiated a new negotiation process with the EIB for investments associated with the second phase which culminated in the granting of three financing lines (implemented between 2005 and 2009) for a total amount of EUR 1,472 million;
- in 2017, signed a line of financing with the EIB for EUR 220 million over 25 years to cover investments to be made in existing companies, ongoing until 2021, without the support of any guarantee, either from the state or the banking System

Given that these EIB and Cohesion Fund lines of support did not prove sufficient to finance the entire project portfolio, AdP SGPS initiated a process of accessing external markets in 2003, with a 10-year private placement of debt in Japan in 2005 and issuing three privately-traded bonds in 2007, for 15 and 20 years and, in 2016, for a 12-year bond issue, for a total of EUR 675 million.

All these funds arising from long-term operations are intended to finance the multi-municipal systems and partnerships in the components relating to investment and working capital for the early years of their operation.

The emphasis placed on water supply and wastewater treatment systems underlies the size and scale of these investments and the respectively associated time requirements.

The centralisation of a significant proportion of funding in AdP SGPS has allowed the Group to manage its financial needs cohesively and coherently, and avoiding liquidity and insolvency problems despite the serious financial problems that the country has recently experienced. Complementing this medium- and long-term framework, AdP SGPS also centralised negotiations with the banking system over obtaining short-term financing, thereby reducing the scope for individual banks to penalise some of the invested companies, whether in terms of costs or in terms of credits.

The fact that AdP SGPS centrally manages the negotiation of lines of financing and periodically checks for the existence of any temporary surpluses has allowed the Group to maintain satisfactory levels of financial health and with reduced impacts on its operating activities.

Following instructions from the Government, the Group applied its cash surpluses, net of the group's needs, to the IGCP, as well as transferring operational activities from the banking system to the IGCP.

The AdP Group constituted term deposits with the IGCP (CEDICs) in December 2022 for the amount of EUR 403.5 million, maturing on 2 January 2023.

The AdP Group received partial exemption from compliance with the State Treasury Unit by the SGC Order No. 131, of 17 August 2022, handed down by the IGCP, for the following services throughout the 2022-2023 biennium:

- Amounts relating to any financing operations carried out (including loans, leasing and factoring operations and recourse to bank overdrafts);
- Bank guarantee amounts that cannot be substituted by escrow deposits;
- Amounts received through the DPG - Digital Payment Gateway from SIBS, which must be transferred fortnightly to AdP Group accounts with the IGCP;
- Bank accounts in jurisdictions outside Portugal held by branches and subsidiaries that are not resident in Portugal, and whenever there are still surpluses from their activities, and with the capacity to transfer them to IGCP held accounts;
- Amounts moved through the credit side of direct debits, which must be transferred fortnightly to AdP Group accounts with the IGCP;
- Amounts strictly necessary for charging meal cards;
- Amounts for the purchase of foreign currency in situations where the external treasury cannot meet the AdP Group's needs;
- Custody of securities other than public debt.

| IGCP | 1ST QUARTER € | 2ND QUARTER € | 3RD QUARTER € | 4TH QUARTER € |
|------------------------|----------------------|---------------------|---------------------|-----------------------|
| Cash Available | 64 723 439.00 | 8 242 806.00 | 7 328 298.00 | 9 751 385.00 |
| Financial Applications | | | | 178 500 000.00 |
| Total | 64 723 439.00 | 8 242 806.00 | 7 328 298.00 | 188 251 385.00 |

| COMMERCIAL BANKS* | 1ST QUARTER € | 2ND QUARTER € | 3RD QUARTER € | 4TH QUARTER € |
|---------------------------------|-------------------|------------------|-------------------|-------------------|
| BANCO BPI | 125 392.63 | 16 058.27 | 137 888.52 | 6 848.68 |
| BANCO SANTANDER TOTTA | 1 868.98 | 1 679.24 | 1 587.76 | 0.00 |
| BANCO BILBAO VIZCAYA ARGENTARIA | 1 984.65 | 1 252.80 | 520.95 | 3 746.05 |
| BANCO COMERCIAL PORTUGUES | 577.86 | 522.51 | 467.16 | 411.81 |
| CAIXA GERAL DE DEPOSITOS | 1 470.06 | 1 366.11 | 1 280.88 | 631 205.01 |
| BANCO BANKINTER | 8 442.03 | 8 360.85 | 8 279.67 | 4 195.37 |
| Total | 139 736.21 | 29 239.78 | 150 024.94 | 646 406.92 |
| CAIXA | 500.00 | 500.00 | 500.00 | 250.00 |
| Interest earned** | | | | |

15. PUBLICATION OF RECOMMENDATIONS MADE TO THE COMPANY RESULTING FROM AUDITS UNDERTAKEN BY THE COURT OF AUDITORS IN THE LAST THREE YEARS

No recommendations have been made by the Court of Auditors to the company in the last three years.

16. EQUALITY PLAN

AdP SGPS, recognises the importance and added value of the balanced participation of men and women in professional activities as well as in family and personal life and aims to make its active contribution to the implementation of best practices to promote equality in society.

In order to solidify its position, Águas de Portugal renewed its commitment to the IGEN – Company Forum for Equality on May 18th 2021, reinforcing its commitment to ensuring gender equality and improving sustainability, organisational justice and employee satisfaction. Through this membership, Águas de Portugal and its subsidiaries undertake to develop actions promoting gender equality, assuming commitments designed to improve dimensions that incorporate principles of equality and non-discrimination between men and women in the workplace and in employment as well as reconciling the balance between professional, personal and family lives and parental protection.

Thus, in accordance with the provisions of Article 7 of Law no. 62/2017, of 1 August, and Article 3 of the Normative Order no. 18/2019, of 21 June, which served to regulate Law no. 62/2017, of 1 August, public business sector entities are to both annually draft

their Gender Equality Plans and publish them on their website as well as submitting them to the Commission for Citizenship and Gender Equality and the Commission for Equality in Labour and Employment by September 15 of the year prior to its respective implementation, under the combined terms of article 3 and paragraph 3 of article 6 of Normative Dispatch no. 18/2019 of June 21.

Given the provision by CITE of a website for Equality at Work and in Companies, in order to facilitate the preparation of annual plans, serving as a guide and orientation in order to meet the requirements and deadlines in force, AdP SGPS made the Gender Equality Diagnosis in 2022, which served as a reference for the preparation of the Gender Equality Plan 2023, which were sent to the competent authorities and are listed in the aforementioned regulatory order, CITE and CIG.

The AdP SGPS Gender Equality Plan 2023 was submitted to the aforementioned entities on 21 October 2022.

The Gender Equality Plan for the year 2023 is published on the AdP SGPS website and accessible through the following link: https://www.adp.pt/downloads/file525_pt.pdf.

17. NON-FINANCIAL REPORTING

AdP SGPS, as of 31 December 2022, does not exceed the number of 500 employees and is thus not covered by the obligation provided for in CSC articles 66-B or 508-G.

However, although the preparation and disclosure of a non-financial statement foreseen in CSC articles 66-B and 508-G is not applicable to the company, this same information is included in the chapters on Sustainability and Human Capital of this Management Report and Accounts, containing, at least, the information indicated in the aforementioned CSC article, specifically enough information for an understanding of the evolution, performance, position and impact of its activities, concerning at least environmental, social and employee-related issues, equality between women and men, non-discrimination, respect for human rights, combating corruption and attempts at bribery.

The provisions of CSC article 508-G - which are aimed at holding companies of large groups that act in the private interest - are not applicable to AdP SGPS.

18. INFORMATION THAT WAS DISCLOSED ON 31 DECEMBER 2022 ON THE ESS WEBSITE (DGTf PORTAL)

| INFORMATION DETAILED ON THE SEE WEBSITE | RELEASE | | COMMENTS |
|---|----------|--------------|------------------|
| | S/N/N.A. | DATE UPDATED | |
| Statutes | N.A. | -- | <i>vide note</i> |
| Company characteristics | N.A. | -- | <i>vide note</i> |
| Governance and shareholder structure | N.A. | -- | <i>vide note</i> |
| Model of Governance / Members of the Governing Bodies | N.A. | -- | <i>vide note</i> |
| - Identification of the management bodies | N.A. | -- | <i>vide note</i> |
| - Fixed remunerations statute | N.A. | -- | <i>vide note</i> |
| - Publication of remunerations paid to the management bodies | N.A. | -- | <i>vide note</i> |
| - Identification of the functions and responsibilities of Board of Director members | N.A. | -- | <i>vide note</i> |
| - Presentation of brief CVs of management body members | N.A. | -- | <i>vide note</i> |
| Public financial investment | N.A. | -- | <i>vide note</i> |
| Summary file | N.A. | -- | <i>vide note</i> |
| Historical and current financial information | N.A. | -- | <i>vide note</i> |
| Principles of Good Governance | N.A. | -- | <i>vide note</i> |
| - Internal and external regulations complied with by the Company | N.A. | -- | <i>vide note</i> |
| - Relevant transactions with related entities | N.A. | -- | <i>vide note</i> |
| - Other transactions | N.A. | -- | <i>vide note</i> |

| INFORMATION DETAILED ON THE SEE WEBSITE | RELEASE | | COMMENTS |
|---|----------|--------------|-----------|
| | S/N/N.A. | DATE UPDATED | |
| - Analysing Company sustainability in terms of: | N.A. | -- | vide note |
| Economic | N.A. | -- | vide note |
| Social | N.A. | -- | vide note |
| Environmental | N.A. | -- | vide note |
| - Evaluation of compliance with the Principles of Good Governance | N.A. | -- | vide note |
| - Code of Ethics | N.A. | -- | vide note |

Note: In accordance with orientations handed down by the DGTf, AdP does not release information on the SEE Internet website in accordance with its statute as a non-direct state holding.

APPENDIX 1

1 – BOARD OF DIRECTORS

| Mandate (Start - End) | Position | Name | Designation | | OPRLO or Option for the average of the last 3 years [2] | | | | Total no. of Mandates |
|--------------------------|------------------------|--|-------------|------------|---|---------------------------|---------------------------------------|------------------------|-----------------------------|
| | | | Form (1) | Date | Yes/No | Entity of Origin (D/D) | Date and means of authorisation | Paying Entity (O/D) | |
| 2020-2022 | Executive Chair | José Carlos Athaide dos Remédios Furtado | DUE | 04/05/2020 | No | | | | 1 |
| 2020-2022 | Executive Vice-Chair | José Manuel Leitão Sardinha | DUE | 04/05/2020 | No | | | | 3 |
| 2020-2022 | Executive Director | Catarina Isabel Clímaco Monteiro d'Oliveira | DUE | 04/05/2020 | No | | | | 1 |
| 2020-2022 | Executive Director | Carla da Conceição Afonso Correia | DUE | 04/05/2020 | No | | | | 2 |
| 2020-2022 | Executive Director | João Pedro Moura Castro Neves | DUE | 04/05/2020 | No | | | | 1 |
| 2020-2022 | Executive Director | Pedro Manuel Amaro Martins Vaz (***) | Co-opted CA | 23/08/2022 | No | --- | --- | I | 1 |
| 2020-2022 | Non-executive Director | Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A.(****) | DUE | 04/05/2020 | No | | | | |

(1) Indicate resolution (R)/GA/DUE/Dispatch (D).

(2) Remunerations option for Entity of Origin - as provided for under para. 8 of article 28 of EGP; indicate paying entity (O-Origin/D-Destiny)

(*) This director is remunerated by EPAL.

(**) Terminated functions on 23 August 2022.

(***) Began functions on 23 August 2022.

(****) The manager does not earn any remuneration. Remuneration invoiced by Parpública.

ACCUMULATED FUNCTIONS

| NAME | ENTITY | FUNCTION | REGIME | DATE AND MEANS OF AUTHORISATION |
|--|---|--|--------|---------------------------------|
| José Carlos Athaide dos Remédios Furtado | n.a | n.a | n.a | n.a |
| José Manuel Leitão Sardinha | EPAL, S.A. | Executive Chair of the Board of Directors | Public | AG |
| | Águas do Vale do Tejo, S.A. | Executive Chair of the Board of Directors | Public | AG |
| | Faculty of Science and Technology, Nova University of Lisbon | Guest Professor at the Department of Environmental Science and Engineering | Public | Dispatch |
| Catarina Isabel Clímaco Monteiro d'Oliveira | n.a | n.a | n.a | n.a |
| Carla da Conceição Afonso Correia | n.a | n.a | n.a | n.a |
| João Pedro Moura Castro Neves | AdAM-Águas do Alto Minho, S.A | Executive Chair of the Board of Directors | Public | DUE |
| Pedro Manuel Amaro Martins Vaz | n.a | n.a | n.a | n.a |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A. | Parpública, SGPS, S.A | Executive President of the Board of Directors | Public | n.a. |
| | Sagesecur, S.A. | President of the Board of Directors | Public | 30/03/2021 (AG) |
| | Estoril Circuit | President of the Board of Directors | Public | 06/08/2020 (DUE) |
| | Águas de Portugal, SGPS, S.A. | Non-Executive Director of the Board of Directors | Public | 04/08/2020 (DUE) |
| | EPS - Efaced Power Solutions, SGPS | Non-Executive Director of the Board of Directors | Public | 02/10/2020 (DUE) |
| | ISEG – Higher Institute of Economics and Management, University of Lisbon | Lecturer | Public | Dispatch no. 495/20 – SET |

| NAME | SET (S/N) | CLASSIFICATION (A/B/C) | EGP GROSS MONTHLY REMUNERATION (€) | |
|---|--------------|---------------------------|---------------------------------------|----------------------|
| | | | MONTHLY EARNINGS | REPRESENTATION COSTS |
| José Carlos Athaide dos Remédios Furtado | S | A | 5 722.75 | 2 289.10 |
| José Manuel Leitão Sardinha (*) | S | A | --- | --- |
| Catarina Isabel Clímaco Monteiro d'Oliveira | S | A | 4 578.20 | 1 831.28 |
| Carla da Conceição Afonso Correia | S | A | 4 578.20 | 1 831.28 |
| João Pedro Moura Castro Neves (**) | S | A | 4 578.20 | 1 831.28 |
| Pedro Manuel Amaro Martins Vaz (***) | S | A | 4 578.20 | 1 831.28 |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A. (****) | S | A | --- | --- |

(*) This manager is remunerated by EPAL.

(**) Took up office on 23 August 2022.

(***) Took up office on 23 August 2022.

(****) The manager does not earn remuneration. Remuneration invoiced by Parpública.

| NAME | ANNUAL REMUNERATION (€) | | | | |
|--|-------------------------|--------------|--------------------------------|------------------------------------|---------------------------------------|
| | SET (1) | VARIABLE (2) | GROSS VALUE (3) = (1) + (2) | REDUCTIONS IN REMUNERATIONS (4) | GROSS ANNUAL TOTAL (5) = (3) - (4) |
| José Carlos Athaide dos Remédios Furtado | 107 587.70 | 0.00 | 107 587.70 | 5 379.40 | 102 208.30 |
| José Manuel Leitão Sardinha (*) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Catarina Isabel Clímaco Monteiro d'Oliveira | 83 292.72 | 0.00 | 83 292.72 | 4 164.90 | 79 127.82 |
| Carla da Conceição Afonso Correia | 86 070.16 | 0.00 | 86 070.16 | 4 303.80 | 81 766.36 |
| João Pedro Moura Castro Neves (**) | 56 774.71 | 0.00 | 56 774.71 | 2 837.40 | 53 907.31 |
| Pedro Manuel Amaro Martins Vaz (***) | 31 198.55 | 0.00 | 31 198.55 | 1 560.10 | 29 638.25 |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A..(****) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 364 893.64 | 0.00 | 364 893.64 | 18 245.60 | 346 648.04 |

(1) The fixed amount of remuneration corresponds to earnings + representation allowances (without any reductions).

(2) Reduction stipulated by article 12 of Law no. 12-A/2010, of 30 June.

(*) The manager is remunerated by EPAL. | (**) Took up office on 23 August 2022. | (***) Took up office on 23 August 2022.

(****) The manager does not earn any remuneration. Remuneration invoiced by Parpública.

| NAME | FRINGE BENEFIT (€) | | | | | | | |
|--|--------------------|-------------------------|-----------------------------|------------------|---|---------------------------------------|-------------|-------------|
| | MEAL ALLOWANCE | | SOCIAL PROTECTION REGIME | | ANNUAL HEALTH INSURANCE POLICY | ANNUAL LIFE INSURANCE POLICY | OTHERS | |
| | AMOUNT / DAY | AMOUNT PAID ANNUALLY | IDEN. | ANNUAL COST | | | IDENTIFY | AMOUNT |
| José Carlos Athaide dos Remédios Furtado | 7.14 | 1 735.02 | Seg. Social | 25 495.46 | 1 150.37 | 1 622.83 | | |
| José Manuel Leitão Sardinha (*) | 0.00 | 0.00 | --- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Catarina Isabel Clímaco Monteiro d'Oliveira | 7.14 | 1 699.32 | Seg. Social | 19 702.80 | 821.71 | 1 298.28 | 0.00 | 0.00 |
| Carla da Conceição Afonso Correia | 7.14 | 1 763.58 | Seg. Social | 20 124.72 | 1 150.37 | 1 298.28 | 0.00 | 0.00 |
| João Pedro Moura Castro Neves (**) | 7.14 | 1 120.98 | Seg. Social | 13 323.11 | 783.16 | 853.09 | 0.00 | 0.00 |
| Pedro Manuel Amaro Martins Vaz (***) | 7.14 | 642.60 | Seg. Social | 7 318.02 | 310.20 | 445.19 | 0.00 | 0.00 |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A..(****) | 0.00 | 0.00 | --- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 6 961.50 | 0.00 | 85 964.11 | 4 215.81 | 5 517.67 | 0.00 | 0.00 |

(*) This manager is remunerated by EPAL. | (**) Took up office on 23 August 2022.

(***) Took up office on 23 August 2022. | (****) The manager does not earn remuneration. Remuneration is invoiced by Parpública.

| NAME | VEHICLE COSTS | | | | | | | | |
|--|-----------------------|---------------------|---------------------------------|--------------|---------------|-------------|-----------------------------|---------------------|--------------------------------------|
| | VEHICLE ATTRIBUTED | TYPE OF CONTRACT | REFERENCE COST OF VEHICLE | TYPE (1) | YEAR START | YEAR END | MONTHLY HIRE COST (2) | ANNUAL HIRE COST | CONTRACTUAL PAYMENTS REMAINING |
| | | | [€] | [IDENTIFIER] | | | [€] | [€] | [NO.] |
| José Carlos Athaide dos Remédios Furtado | S | S | 50 962.61 | AOV | 2020 | 2024 | 613.08 | 7 336.80 | 19 |
| José Manuel Leitão Sardinha (*) | — | — | — | — | — | — | — | — | — |
| Catarina Isabel Clímaco Monteiro d'Oliveira | S | S | 36 498.26 | AOV | 2018 | 2023 | 387.33 | 4 635.23 | 4 |
| Carla da Conceição Afonso Correia | S | S | 32 992.62 | AOV | 2018 | 2023 | 304.16 | 3 639.92 | 6 |
| João Pedro Moura Castro Neves (**) | S | S | 36 498.26 | AOV | 2018 | 2023 | 480.48 | 3 696.41 | 4 |
| Pedro Manuel Amaro Martins Vaz (***) | S | S | 36 498.26 | AOV | 2018 | 2023 | 480.48 | 2 053.56 | 4 |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A. (****) | N | N | n.a | n.a | n.a | n.a | n.a | n.a | n.a |

(1) acquisition; ALD; Leasing or other. | (2) Does not include insurance value.

(*) The manager is remunerated by EPAL. | (**) Took up office on 23 August 2022.

(***) Took up office on 23 August 2022. | (****) The manager does not earn any remuneration. Remuneration invoiced by Parpública.

| NAME | ANNUAL COSTS RESULTING IN FROM COMPANY TRAVEL (€) | | | | | TOTAL COST TRAVEL (€) |
|---|---|---------------------|---------------|----------|-------|-----------------------|
| | COMPANY TRAVEL | ACCOMMODATION COSTS | COST SUPPORTS | OTHERS | | |
| | | | | IDENTIFY | VALUE | |
| José Carlos Athaíde dos Remédios Furtado | 168.60 | 164.92 | 0.00 | | 0.00 | 333.52 |
| José Manuel Leitão Sardinha (*) | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 |
| Catarina Isabel Clímaco Monteiro d'Oliveira | 0.00 | 90.00 | 0.00 | | 0.00 | 90.00 |
| Carla da Conceição Afonso Correia | 663.48 | 604.00 | 0.00 | | 0.00 | 1 267.48 |
| João Pedro Moura Castro Neves (**) | 1 203.22 | 55.00 | 0.00 | | 0.00 | 1 258.22 |
| Pedro Manuel Amaro Martins Vaz (***) | 0.00 | 977.00 | 0.00 | | 0.00 | 977.00 |
| Jaime Serrão Andrez, in rep. of Parpública, SGPS, S.A..(****) | | 0.00 | 0.00 | | 0.00 | 0.00 |
| | | | | | | 3 926.22 |

(*) The manager is remunerated by EPAL.

(**) Took up office on 23 August 2022.

(***) Took up office on 23 August 2022.

(****) The manager does not earn remuneration. Remuneration invoiced by Parpública.

2 - AUDIT

On 29 April 2018, the Supervisory Board was elected for the 2018-2020 mandate with the following composition and remuneration status:

| MANDATE (START - END) | POSITION | NAME | DESIGNATION | | ESTATUTO REMUNERATÓRIO FIXADO MENSAL (€) | N.º DE MANDATOS |
|-----------------------|----------|-------------------------------|-------------|------------|--|-----------------|
| | | | FORM (1) | DATE | | |
| 2018-2020 | Chair | Carla Lamego Ribeiro | AG | 27/04/2018 | 1 602.37 | 3 |
| 2018-2020 | Director | Mário José Alveirinho Carrega | AG | 27/04/2018 | 1 201.78 | 3 |
| 2018-2020 | Director | Rui Manuel Mendes Cabeças | AG | 27/04/2018 | 1 201.78 | 1 |

(1) Indicate GA/DUE/Order.

| NAME | ANNUAL REMUNERATION (€) | | |
|-------------------------------|-------------------------|---------------------------------|--------------------------|
| | GROSS (1) | REDUCTIONS IN REMUNERATIONS (2) | FINAL TOTAL(3) = (1)-(2) |
| Carla Lamego Ribeiro (*) | 0.00 | 0.00 | 0.00 |
| Mário José Alveirinho Carrega | 16 824.92 | 841.40 | 15 983.52 |
| Rui Manuel Mendes Cabeças | 16 824.92 | 841.40 | 15 983.52 |
| | 33 649.84 | 1 682.80 | 31 967.04 |

(*) Receives no remuneration.

(2) Indicate the supporting legislation.

ROC/FU

| MANDATE (START - END) | POSITION | CHARTERED ACCOUNTANT IDENTIFICATION | | | DESIGNATION | | | NO. YEARS IN POSITION AT GROUP | NO. YEARS IN POSITION AT COMPANY |
|-----------------------|----------------|---|--------------------------|----------------------------------|-------------|------------|------------------|--------------------------------|----------------------------------|
| | | NOME | REG. NO. IN ASS. OF C.A. | NO. REG. WITH MARKET AUTHORITIES | FORM (1) | DATE | DATE OF CONTRACT | | |
| 2019-2020 | Appointed C.A. | Grant Thornton & Associados, SROC, Lda. represented by Pedro Miguel Raposo Lisboa Nunes (*) | 67 | 20161403 | DUE | 02/01/2019 | 02/01/2019 | 3 | 3 |
| 2019-2020 | Repl. C.A. | Carlos António Lisboa Nunes | 427 | 20160131 | DUE | 02/01/2019 | 02/01/2019 | 3 | 3 |

(1) Indicate GA/DUE/Order (D).

(*) No. of registration with OROC - the Order of Chartered Accountants 1202 and CMVM (Stock Market Authority) 20160813

| NAME C.A./FU | ANNUAL VALUE OF SERVICE PROVISION CONTRACT - 2022 (€) | | | ANNUAL VALUE OF ADDITIONAL SERVICES - 2022 (€) | | | |
|---|---|---------------|--------------|--|------------|---------------|--------------|
| | AMOUNT (1) | REDUCTION (2) | FINAL AMOUNT | IDEN. OF SERVICE | AMOUNT (1) | REDUCTION (2) | FINAL AMOUNT |
| Grant Thornton & Associados, SROC, Lda. represented by Pedro Miguel Raposo Lisboa Nunes (*) | (3) = (1)-(2) | - € | 35 722.93 € | (3) = (1)-(2) | - € | - € | - € |
| Carlos António Lisboa Nunes | - € | - € | - € | n.a. | - € | - € | - € |

(*) No. of registration with the Order of Chartered Accountants 1202 and with the CMVM 20160813.

3 - EXTERNAL AUDITOR

| IDENTIFICATION OF EXTERNAL AUDITOR | | | DATE OF CONTRACTING | DURATION OF CONTRACT | NO. YEARS IN POSITION AT GROUP | NO. YEARS IN POSITION AT COMPANY |
|---|----------|----------|---------------------|----------------------|--------------------------------|----------------------------------|
| NAME OF EXTERNAL AUDITOR | NO. OROC | NO. CMVM | | | | |
| PricewaterhouseCoopers & Associados, SROC | 183 | 20161485 | 28/Dec/22 | 6 months | 4 | 4 |

| NAME EXTERNAL AUDITOR | ANNUAL VALUE OF SERVICE PROVISION CONTRACT - 2022 (€) | | | ANNUAL VALUE OF ADDITIONAL SERVICES - 2022 (€) | | | |
|---|---|---------------|--------------|--|------------|---------------|--------------|
| | AMOUNT (1) | REDUCTION (2) | FINAL AMOUNT | IDEN. OF SERVICE | AMOUNT (1) | REDUCTION (2) | FINAL AMOUNT |
| PricewaterhouseCoopers & Associados, SROC | (3) = (1)-(2) | - € | 32 200.00 € | (3) = (1)-(2) | - € | - € | - € |

APPENDIX 2

| COMPLIANCE WITH LEGAL ORIENTATIONS - 2020 | COMPLIANCE Y/N/N.A. | QUANTIFICATION / IDENTIFICATION | JUSTIFICATION / REFERENCE TO POINT IN REPORT |
|--|------------------------|---------------------------------|--|
| Management Objectives | | | See point I. a) |
| Management efficiency | Y | -2.40p.p. | |
| Commercial debts of municipalities | Y | 99.4% | |
| Caps on indebtedness | Y | 0.8% | |
| Respect for payment periods | Y | -10 | |
| Profitability | Y | 4.3% | |
| Maintenance plan | Y | 90.6% | |
| Quality of supplied water | Y | 99.7% | |
| Quality of treated wastewaters | Y | 98.2% | |
| Energy neutrality | N.A. | n.a. | |
| Sludge plan | N.A. | n.a. | |
| Water for Reutilisation | N.A. | n.a. | |
| Agro-industrial and livestock breeding effluents | N.A. | n.a. | |
| Reorganisation of the Corporate Centre | Y | 01/12/2020 | |
| Innovation | Y | 29/06/2022 | |
| Internationalisation | Y | 25/01/2022 | |
| Targets to attain set in the 2022 Budget Plan | | | |
| Investment | Y | 34.3% | See point I. b) |

| COMPLIANCE WITH LEGAL ORIENTATIONS - 2020 | COMPLIANCE | QUANTIFICATION / IDENTIFICATION | JUSTIFICATION / REFERENCE TO POINT IN REPORT |
|--|------------|---|--|
| | Y/N/N.A. | | |
| Level of indebtedness | N | 102.9% | See point 1. b) |
| Level of execution of the SIGO/SOE budget | N.A. | - | |
| Financial risk management | Y | 0.60% | See point 2 |
| Cap on growth in debt | Y | -12.75% | See point 3 |
| Trend in supplier payment periods | Y | -10 | See point 4 |
| Publication of payments in arrears | Y | -10 814 | See point 4 |
| Shareholders recommendations on approving the management report and accounts | N.A. | | See point 5 |
| Remunerations /fees | | | |
| CA – remuneratory reductions in effect in 2022 (when applicable) | Y | €18 246 | See Appendix I |
| Supervision (CF/ROC/FU) - remuneratory reductions in effect in 2022 (when applicable) | Y | €1 683 | Ver Apêndice I |
| External Auditor - remuneratory reductions in effect in 2022 (when applicable) | N.A. | - | |
| EGP – article 32 and 33 of EGP | | | |
| Non-utilisation of credit cards | Y | | See point 7 |
| Non-reimbursement of personal expenses | Y | | See point 7 |
| Maximum values set for communications expenses | Y | | See point 7 |
| Maximum monthly value set for fuel and tolls for service vehicles | Y | | See point 7 |
| Undocumented or confidential costs – no. 2 of article 16 of RJSPE and article 11 of EGP | | | |
| Prohibition on undertaking undocumented or confidential expenditure | Y | | See point 8 |
| Promotion of gender salary equality - no. 2 of RCM no. 18/2014 | | | |
| Producing and publishing a report on the remunerations paid to women and men | Y | www.adp.pt | See point 9 |
| Producing and publishing an annual report on the prevention of corruption | Y | https://www.adp.pt/downloads/file475_pt.pdf | See point 10 |
| Public Tenders | | | |
| Application of the public company tendering norms | Y | Identificar | See point 11 |
| Application of the public company tendering norms at group companies | Y | Identificar | See point 11 |
| Contracts submitted to prior evaluation by the Court of Auditors | N.A. | | |
| Adhesion to the National Public Procurement System | | | |
| Operating Costs of Public Companies | Y | -3.37% | See point 13 |
| Treasury Unit Principle (article 28 of DL 133/2013) | | | |
| Cash and financial applications centralised in the IGCP | Y | 93.78% | See point 14 |
| Cash and financial applications in Commercial Banks | Y | 646 406.92 | See point 14 |
| Interest paid out for UTE non-compliance and paid out as state revenues | Y | 0.00 | See point 14 |
| Court of Audit inspections (b) | N.A. | | See point 15 |
| Drafting of the Gender Equality Plan, in accordance with art. 7 of Law 62/2017, of 1 August | Y | https://www.adp.pt/downloads/file525_pt.pdf | See point 16 |
| Presentation of non-financial reporting | N.A. | | See point 17 |

