

THE ACCOUN





Annual Report 2022 | Águas de Portugal | 150

CONSOLIDATED FINANCIAL STATEMENTS

INDEX

1.2 Economic activities		nsolidated statement of financial position	
Consolidated statement of changes in own capital 155 Consolidated cash flow statement 157 Notes to the consolidated financial statements 158 1. General information 158 1. Company Identification 158 1.2 Economic activities 158 1.2 Economic activities 158 2. Relevant, accounting policies, judgements and estimates 160 2. Relevant, accounting policies, judgements and estimates 161 2. Relevant, accounting policies 167 2. Subsequent events 167 3. Now standards and changes in policies 167 3. Now standards and changes in policies 167 3. Now standards and changes in effect as of I January 2022			
Consolidated cash flow statement 1.57 Notes to the consolidated financial statements 1.58 1. General Information 1.58 1.1. Company Identification 1.58 1.2. Economic activities 1.58 1.3. Approval of financial statements 1.60 2.1. Basis for presentation 1.60 2.2. Relevant accounting policies, judgements and estimates 1.60 2.1. Basis for presentation 1.60 2.2. Consolidation 1.61 2.2. Foreign Exchange 1.63 2.3. Foreign Exchange 1.63 2.4. Exploration of Exchange 1.63 2.5. Exploration of Exchange 1.63 3. New standards and changes in policies 1.67 3. New standards and changes in policies 1.67 3. New standards and interpretations and changes in explosions are activated under review. 1.69 3. Foreign Exchanges in accounting policies 1.67 3. Foreign Exchanges in			
Notes to the consolidated financial statements 158 1. General information 158 1.1. Company Identification 159 1.2. Connomic activities 159 1.2. Economic activities 159 2. Relevant accounting policies, judgements and estimates 160 2. Relevant accounting policies, judgements 160 2. Consolidation 161 2. Foreign Exchange 163 2. Foreign Exchange 163 2. Foreign Exchange 163 2. Foreign Exchange 163 2. Subsequent events 167 3. New standards and activities in policies 167 3. New standards and interpretations already issued but not yet mandatory 168 3.4 Standards under review 169 4.1 Information by business area 169 4.2 Information by business area 179 4.2 Information by accounting policies 179 <th></th> <th></th> <th></th>			
1. General information			
1.1 Company Identification	Not		
1.2 Economic activities	١.	General information	158
1.3 Approval of financial statementss 160 2. Relevant accounting policies, judgements and estimates 160 2. Lossis for presentation 160 2. Lossis for presentation 160 2. Consolidation 161 3. Foreign Exchange 163 4. Rights to Use Infrastructures ("DUI") — Concessions and Partnerships 164 4. Rights to Use Infrastructures ("DUI") — Concessions and Partnerships 164 5. Statuates and judgments 167 6. Subsequent events 167 7. New standards and changes in policies 167 8. New standards and changes in policies 167 8. New standards and interpretations and changes in effect as of I January 2022 167 8. New standards and interpretations already issued but not yet mandatory 168 8. Standards under review 169 9. Information by business area 169 9. Information by business area 169 9. Risk francapement policies 170 9. Risk francapement policies 171 9. Risk francapement policies 172 9. Risk francapement policies 173 9. Risk francapement policies 174 9. Credit risk 174 9. Credit risk 174 9. Poptaling risks 175 176 Poptaling risks 176 177 Tangble fixed assets 176 18. Losses 177 18. Losses 183 18. Accounting policies 180 18. Losses 183 19. Details and movements 188 19. Details and movements 189 11. Accounting policies 189 11. Details and movements 189 12. Details and movements 189 13. Details and movements 189 14. Accounting policies 189 15. Details and movements 189 15. Details and movements 189 16. Losses 180 17. Losses 180	1.1	1 /	
2. Relevant accounting policies, judgements and estimates 160 2. Pass for presentation 160 2. Consolidation 161 2.2 Consolidation 162 2.3 Foreign Exchange 162 2.4 Rights to Use Infrastructures ("DU") – Concessions and Partnerships 164 2.5 Subsequent events 167 2.5 Subsequent events 167 3. New standards and changes in policies 167 3.1 Voluntary changes in accounting policies 167 3.2 New standards and interpretations and changes in effect as of 1 January 2022 167 3.1 New standards and interpretations and changes in effect as of 1 January 2022 167 3.2 New standards and interpretations and changes in effect as of 1 January 2022 167 3.1 New standards and interpretations and changes in effect as of 1 January 2022 167 3.2 New standards and interpretations and changes in effect as of 1 January 2022 167 3.4 Violent standards and interpretations and changes in effect as of 1 January 2022 167 3.4 Violent standards and changes in policies 169 4. Information by business area 169 4. Information by business area 170 <td< td=""><td>1.2</td><td></td><td></td></td<>	1.2		
Basis for presentation	1.3		
161 27 Consolidation 161 27 Consolidation 161 28 Consolidation 161 28 Consistent 162 28 Rights to Use Infrastructures ("DUI") - Concessions and Partnerships 163 164 164 165	2.		
163	2.1	·	
2.44 Rights to Use Infrastructures ("DUI") — Concessions and Partnerships. 164 2.5 Estimates and Judgments. 167 3. New standards and changes in policies. 167 3. New standards and changes in accounting policies. 167 3.1 Voluntary changes in accounting policies. 167 3.3 New standards and interpretations and changes in effect as of 1 January 2022. 167 3.3 New standards and interpretations and changes in effect as of 1 January 2022. 168 3.4 Standards under review. 169 4.1 Information by business area. 169 4.1 Accounting policies. 169 4.1.1 Accounting policies. 170 5.1 Risk management policies. 171 5.2 Market risks. 172 5.2 Market risks. 172 5.2 Credit risk. 172 5.5 Operating risks. 172 6.1 Accounting policies. 176 6.2 Estimates and judgments. 177 7 Tanglible fixed assets. 180 8.1 <	2.2		
Estimates and judgments	2.3		
2.6 Subsequent events 167 3. New standards and changes in policies 167 3.1 Voluntary changes in accounting policies 157 3.2 New standards, interpretations and changes in effect as of I January 2022 167 3.3 New standards and interpretations already issued but not yet mandatory 168 4. Standards under review 169 4. Information by business area. 159 4. Information by area. 159 2. Information by area. 170 5. Risk management policies. 170 5. Risk factors. 171 5. Information by area. 170 5. Risk factors. 171 5. Risk factors. 171 5. Investment risk. 172 6. Investment risk. 172 6. Investment risk. 176 6. Investment graph for seasons. 176 6. Investment graph for seasons. 178 7. <td< td=""><td>2.4</td><td></td><td></td></td<>	2.4		
1, New standards and changes in policies 1,67	2.5	,	
3.1 Voluntary changes in accounting policies 167	2.6	Subsequent events	167
1.52 New standards, interpretations and changes in effect as of I January 2022 1.67	3.		
3.3 New standards and interpretations already issued but not yet mandatory. 168 3.4 Standards under review. 169 4.1 Information by business area. 169 4.1 Accounting policies. 169 4.2 Information by area. 170 5.2 Risk management policies. 171 5.2 Risk factors. 171 5.2 Market risks. 172 5.3 Liquidity and capital risks. 172 5.4 Credit risk. 174 5.5 Operating risks. 176 6.1 Intangible Assets. 176 6.2 Estimates and judgments. 177 6.1 Accounting policies. 180 7.1 Accounting policies. 180 7.2 Estimates and judgments. 181 7.2 Estimates and judgments. 180 7.2 Estimates and judgments. 181 8.0 Leases. 183 8.1 Accounting policies. 183	3.1		
3.4 Standards under review. 169 4. Information by business area. 169 4.1 Accounting policies. 169 4.2 Information by area. 170 5.5 Risk management policies. 171 5.1 Risk factors. 171 5.2 Market risks. 172 5.3 Liquidity and capital risks. 172 5.4 Credit risk. 174 5.5 Operating risks. 176 6. Intangible Assets. 176 6. Intangible policies. 176 6.2 Estimates and judgments. 177 6.3 Details and movement. 178 7.1 Accounting policies. 180 7.2 Estimates and judgments. 181 7.2 Estimates and judgments. 181 8 Leases. 183 8.1 Accounting policies. 183 8.2 Right-of-use assets. 183 8.3 Lease flabilities. 186 9 Investment properties. 187 <td>3.2</td> <td></td> <td></td>	3.2		
4. Information by business area 169 4.1 Accounting policies 169 4.2 Information by area 170 5. Risk management policies 171 5.1 Risk factors 171 5.2 Market risks 172 5.2 Market risks 172 5.4 Credit risk 172 5.5 Operating risks 176 6. Intangible Assets 176 6. Intangible Assets and judgments 176 6.1 Accounting policies 176 6.2 Estimates and judgments 177 7.1 Accounting policies 180 7.2 Intantial investments 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9 Investment properties 187 9 Investment in associated companies 188 10. Accounting policies 188 10. Accounting policies 189 10. Handid investments in associated companies 188 10. Details and movements 189 <td< td=""><td>3.3</td><td>New standards and interpretations already issued but not yet mandatory</td><td>168</td></td<>	3.3	New standards and interpretations already issued but not yet mandatory	168
4.1 Accounting policies 169 4.2 Information by area 170 5. Risk management policies 171 5.1 Risk factors 171 5.2 Market risks 172 5.3 Liquidity and capital risks 172 5.4 Credit risk 174 5.5 Operating risks 176 6. Intangible Assets 176 6. Intangible Assets 176 6.1 Accounting policies 176 6.2 Estimates and judgments 177 6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 7.2 Estimates and judgments 181 8.1 Easse 183 8.1 Accounting policies 183 8.2 Right-of-use assets 183 8.3 Lease liabilities 186 9 Investment properties 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 189 10.2 Details and movements 189 10.3	3.4		
4.2. Information by area. 170 5. Risk management policies. 171 5.1. Risk factors. 171 5.2. Market risks. 172 5.3. Liquidity and capital risks. 172 5.4. Credit risk. 174 5.5. Operating risks. 176 6. Intangible Assets. 176 6. Intangible Assets. 176 6.1. Accounting policies. 176 6.2. Estimates and judgments. 177 6.3. Details and movement. 178 7.1. Accounting policies. 180 7.2. Estimates and judgments. 180 7.2. Estimates and judgments. 180 7.3. Details and movements. 181 8.1. Accounting policies. 183 8.2 Right-of-use assets. 183 8.3. Lease liabilities. 186 9.1 Investment properties. 186 9.2 Details and movements. 187 9.1 Accounting policies. 187 9.2 Details and movements. 188 10.1 Accounting policies. 189 10.2 Details and movements. 189 10.1 Accounting policies. 189 <td>4.</td> <td>Information by business area</td> <td>169</td>	4.	Information by business area	169
5. Risk management policies 171 5.1 Risk factors 172 5.2 Market risks 172 5.2 Liquidity and capital risks 172 5.4 Credit risk 174 5.5 Operating risks 176 6. Intangible Assets 176 6.1 Accounting policies 176 6.2 Estimates and judgments 177 6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 8 Leases 183 8.1 Accounting policies 183 8.2 Leases 183 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.1 Accounting policies 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.	4.1	Accounting policies	169
5.1 Risk factors. 171 5.2 Market risks 172 5.3 Liquidity and capital risks. 172 5.4 Credit risk. 174 5.5 Operating risks. 176 6. Intangible Assets. 176 6. Intangible Assets. 176 6.1 Accounting policies. 177 6.2 Estimates and judgments. 177 6.3 Details and movement. 178 7 Tangible fixed assets. 180 7.1 Accounting policises. 180 7.2 Estimates and judgments. 181 7.3 Details and movements. 181 8 Leases. 183 8.1 Accounting policies. 183 8.2 Right-of-use assets. 186 8.3 Ight-of-use assets. 186 8.4 Result in the second policies. 187 9.1 Accounting policies. 187 9.2 Details and movements. 188 10.2 Details and movements. 188	4.2	Information by area	170
5.2 Market risks 172 5.3 Liquidity and capital risks 172 5.4 Credit risk 174 5.5 Operating risks 176 6. Intangible Assets 176 6. Intangible Assets 176 6.1 Accounting policies 177 6.2 Estimates and judgments 177 6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 8 Leases 183 8.1 Accounting policies 181 8 Leases 183 8.1 Accounting policies 186 8.2 Right-of-use assets 186 8.3 Investment properties 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10.1 Accounting policies 188 10.2 Deta	5.		
5.3 Liquidity and capital risks. 172 5.4 Credit risk. 174 5.5 Operating risks. 176 6.1 Intangible Assets. 176 6.1 Accounting policies. 176 6.2 Estimates and judgments. 177 6.3 Details and movement. 178 7 Tangible fixed assets. 180 7.1 Accounting policies. 180 7.2 Estimates and judgments. 181 8 Leases. 183 8.1 Accounting policies. 183 8.2 Right-of-use assets. 183 8.3 Lease liabilities. 186 9.1 Investment properties. 186 9.1 Investment properties. 187 9.1 Accounting policies. 188 10.2 Leatils and movements. 188 10.3 Lease liabilities. 189 10.4 Accounting policies. 189 10.7 Lease liabilities. 189 10.8 Lease liabilities. 189 <td>5.1</td> <td>Risk factors</td> <td>171</td>	5.1	Risk factors	171
5.4 Credit risk	5.2	Market risks	172
5.5 Operating risks 176 6. Intangible Assets 176 6.1 Accounting policies 176 6.2 Estimates and judgments 177 6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10.1 Details and movements 188 10.2 Details and movements 188 10.3 Details and movements 189 10.4 Details and movements 189 10.2 Details and movements 189 11.1 Other financial assets 189	5.3	Liquidity and capital risks	172
6. Intangible Assets 176 6.1 Accounting policies 176 6.2 Estimates and judgments 177 6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10.1 Financial investments in associated companies 188 10.2 Details and movements 188 10.1 Accounting policies 188 10.2 Details and movements 189 11.1 Accounting policies 189 11.2 Details and movements 189 11.3 Counting policies 189 11.4 Accounting policies 189 11.5 Details 189	5.4	Credit risk	174
6.1 Accounting policies 176 6.2 Estimates and judgments 177 6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10.1 Accounting policies 188 10.2 Details and movements 188 10.1 Accounting policies 188 10.2 Details and movements 189 11.1 Accounting policies 189 11.2 Details 189 11.3 Accounting policies 189 11.4 Accounting policies 189 11.5 Details 189	5.5	Operating risks	176
6.2 Estimates and judgments. 177 6.3 Details and movement. 178 7 Tangible fixed assets. 180 7.1 Accounting policies. 180 7.2 Estimates and judgments. 181 7.3 Details and movements. 181 8 Leases. 183 8.1 Accounting policies. 183 8.2 Right-of-use assets. 186 8.3 Lease liabilities. 186 9 Investment properties. 187 9.1 Accounting policies. 187 9.2 Details and movements. 188 10 Financial investments in associated companies. 188 10.1 Accounting policies. 188 10.2 Details and movements. 189 1 Other financial assets. 189 1 1.1 Accounting policies. 189 1 1.2 Details. 190	6.	Intangible Assets	I76
6.3 Details and movement 178 7 Tangible fixed assets 180 7.1 Accounting policies 180 7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 188 10.1 Accounting policies 189 11.1 Accounting policies 189 11.1 Accounting policies 189 11.2 Details 190	6.1		
7 Tangible fixed assets 180 7.1 Accounting policies 181 7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 189 11.2 Details 190	6.2	Estimates and judgments	177
7.1 Accounting policies 180 7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.1 Accounting policies 189 11.1 Accounting policies 189 11.2 Details 190	6.3	Details and movement	178
7.2 Estimates and judgments 181 7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 189	7	Tangible fixed assets	180
7.3 Details and movements 181 8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.1 Accounting policies 189 11.2 Details 190	7.1	Accounting policies	180
8 Leases 183 8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	7.2	Estimates and judgments	181
8.1 Accounting policies 183 8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	7.3	Details and movements	181
8.2 Right-of-use assets 186 8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	8	Leases	183
8.3 Lease liabilities 186 9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	8.1	Accounting policies	183
9 Investment properties 187 9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	8.2	Right-of-use assets	186
9.1 Accounting policies 187 9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	8.3	Lease liabilities	186
9.2 Details and movements 188 10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	9	Investment properties	187
10 Financial investments in associated companies 188 10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	9.1	Accounting policies	187
10.1 Accounting policies 188 10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	9.2	Details and movements	188
10.2 Details and movements 189 11 Other financial assets 189 11.1 Accounting policies 189 11.2 Details 190	10	Financial investments in associated companies	188
1 Other financial assets. 189 1 I.1 Accounting policies. 189 1 I.2 Details. 190	10.1	Accounting policies	188
11.1 Accounting policies	10.2	2 Details and movements	189
11.2 Details		Other financial assets	189
	11.1	Accounting policies	189
12 Cost recovery deviation (tariff deficit/surplus)	11.2	2 Details	190
	12	Cost recovery deviation (tariff deficit/surplus)	191

12.1	Accounting policies	191
12.2	Estimates and judgments	191
12.3	Details and movements	191
13	Clients	193
13.1	Accounting policies	193
13.2	Estimates and judgments	193
13.3	Details and movements	196
14	Other assets	199
14.1	Accounting policies	199
14.2	Details and movements	200
15	Inventories	202
15.1	Accounting policies	202
15.2	Details and movements	202
16	Financial assets at fair value through other comprehensive income	202
16.1	Accounting policies	202
16.2	Estimates and judgments	203
16.3	Details	203
17	Cash and cash equivalents	204
17.1	Accounting policies	204
17.2	Details	204
18	Own capital	204
18.1	Accounting policies	204
18.2	Share capitall	204
18.3	Net result per share	205
18.4	Reserves and other adjustments	205
18.5	Exchange rate reserve variations	205
18.6	Non-controlling interest	206
19	Provisions, contingent assets and liabilities	206
19.1	Accounting policies	206
19.2	Estimates and judgments	207
19.3	Details and movements	207
20	Employee benefits	208
20.1	Accounting policies	208
20.2	Estimates and judgments	210
20.3	Details and movements	210
21	Accrued expenses for contractual investment	212
21.1	Accounting policies	212
21.2	Details and movements	212
22	Investment subsidies	213
22.1	Accounting policies	213
22.2	Details and movements	213
23	Loans	214
23.1	Accounting policies	214
23.2	Details and movements	214
24	Trade payables and other liabilities	216
24.1	Accounting policies	216
	Details	
	Financial instruments by IFRS 9 category	
	Revenue from contracts with customers	
	Accounting policies	
	Details	
27	Costs of sales	221
28	Supplies and external services	221

28. I	Accounting policies	221
28.2	Details	222
29	Personnel costs	222
29.1	Accounting policies	222
29.2	Details	223
30	Financial year amortisations, depreciations and reversals	223
31	Financial year provisions and reversals	224
32	Financial year impairment losses and reversals	224
33	Other operating expenses and losses	224
34	Other operating income and gains	225
35	Financial costs	225
36	Financial income	226
37	Income tax	227
37.I	Accounting policies	227
37.2	Details and movements	227
38	Balances and transactions with related parties	23 I
38.I	Related parties	231
38.2	Balances and transactions with related parties	231
39	Contractual investment	232
40	Auditor and statutory audit fees	232
Supe	rvisory Board Report and Opinion	234
Lega	l Certification of the Accounts	243
Repo	ort of the External Auditor	249

Annual Report 2022 | Águas de Portugal | 153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	31.12.2022	31.12.2021
Non-current assets			
Intangible assets	6	3 743 100 195	3 723 527 668
Tangible fixed assets	7	652 957 110	661 913 622
Right-of-use assets	8	13 773 678	15 195 724
Investment properties	9	13 095 515	13 163 816
Financial investments in associated companies	10	-	47 107
Other financial assets	- 11	3 333 193	21 617 202
Deferred tax assets	37	299 385 774	279 776 096
Cost recovery deviation (tariff deficit)	12	573 975 165	590 688 411
Trade receivables	13	10 063 987	9 962 825
Other non-current assets	14	23 844 718	27 001 901
Total non-current assets		5 333 529 335	5 342 894 372
Current assets			
Inventories	15	17 248 111	13 968 355
Financial assets at fair value through other comprehensive income	16	23 248 093	27 598 721
Trade receivables	13	299 907 233	290 374 793
Other current assets	14	137 442 657	121 182 203
Other financial assets	11	18 699 403	560 632
Cash and cash equivalents	17	460 705 684	323 290 474
Total current assets		957 251 181	776 975 178
Total assets		6 290 780 516	6 119 869 550
Own capital			
Share capital	18	434 500 000	434 500 000
Reserves and other adjustments	18	48 196 556	45 505 239
Retained earnings		932 003 349	879 550 002
Net annual result	18	100 338 980	83 284 856
		1 515 038 885	I 442 840 097
Non-controlling interest	18	339 039 551	327 632 836
Total own capital		I 854 078 436	1 770 472 933
Non-current liabilities			
Provisions	19	18 899 711	17 883 834
Accrued expenses for contractual investment	21	558 795 159	551 410 275
Investment subsidies	22	1 467 857 118	I 445 287 330
Loans	23	1 424 784 162	I 468 847 965
Lease liabilities	8	8 886 738	8 861 057
Trade payables and other non-current liabilities	24	100 801 960	92 373 597
Deferred tax liabilities	37	237 274 152	244 125 518
Cost recovery deviation (tariff surplus)	12	115 317 442	91 842 426
Total non-current liabilities		3 932 616 442	3 920 632 002
Current liabilities			2 . 23 322 302
Loans	23	300 638 734	240 487 187
Lease liabilities	8	I 722 320	4 372 249
Trade payables and other current liabilities	24	193 062 105	175 207 743
Income tax for the year	37	8 662 479	8 697 436
Total current liabilities	3,	504 085 638	428 764 615
Total liabilities		4 436 702 080	4 349 396 617
Total liabilities and own capital		6 290 780 516	6 119 869 550

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)

The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

CONSOLIDATED INCOME STATEMENT BY TYPE

	NOTE	31.12.2022	31.12.2021
Revenue from contracts with customers	26	742 721 103	725 189 772
Income from concession asset construction	26	158 451 247	122 604 895
Cost recovery deviation (tariff surplus)	12 e 26	(40 188 262)	(58 887 992)
Expenditure on goods and consumables	27	(29 378 243)	(24 800 086)
Costs of construction of concession assets	27	(158 451 247)	(122 604 895)
Supplies and external services	28	(205 619 971)	(210 775 446)
Personnel costs	29	(117 413 139)	(108 153 508)
Financial year amortisations, depreciations and reversals	30	(236 012 447)	(237 825 284)
Financial year provisions and reversals	31	(545 061)	646 745
Financial year impairment losses and reversals	32	(1 616 654)	(6 545 753)
Investment subsidies	22	65 955 041	64 998 721
Other operating expenses and losses	33	(13 630 810)	(16 446 252)
Other operating income and gains	34	9 814 701	13 917 616
Operating income		174 086 258	141 318 533
Financial costs	35	(34 690 931)	(32 983 474)
Financial income	36	14 576 212	14 940 253
Financial results		(20 114 719)	(18 043 221)
Profit before tax	•	153 971 539	123 275 312
Tax for the year	37	(66 897 402)	(64 079 570)
Deferred tax	37	26 346 641	31 366 080
Net annual result		113 420 778	90 561 822
Net profit allocable to AdP SGPS shareholders		100 338 980	83 284 856
Net profit allocable to non-controlling interests	18	13 081 798	7 276 966
		113 420 778	90 561 822
Earnings per share (basic and diluted)	18	1,15	0,96

The Board of Directors

The Chartered Accountant

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)

Carla Isabel Costa Pinto Ribeiro

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	31.12.2022	31.12.2021
Net annual result		113 420 778	90 561 822
Foreign exchange gains/losses	18.5	(110 594)	(235 527)
Gains/losses to be reclassified through profit or loss		(110 594)	(235 527)
Remuneration of post-employment benefit liabilities	20.3	(529 598)	I 967 928
Gains/losses not to be reclassified through profit or loss		(529 598)	I 967 928
Comprehensive income		112 780 586	92 294 223
Comprehensive income allocable to AdP SGPS shareholders		99 698 788	85 017 257
Comprehensive income allocable to non-controlling interests		13 081 798	7 276 966
		112 780 586	92 294 223
Average number of shares		86 900 000	86 900 000
Earnings per share (basic and diluted)		1.15	0.98

The Board of Directors

The Chartered Accountant José Carlos Athaíde dos Remédios Furtado (Executive Chair) Carla Isabel Costa Pinto Ribeiro

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)

CONSOLIDATED STATEMENT OF CHANGES IN OWN CAPITAL

	SHARE CAPITAL	FOREIGN EXCHANGE RESERVE	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	ANNUAL RESULT	TOTAL	NON- CONTROLLING INTEREST	TOTAL OWN CAPITAL
Balance as at 1.12.2020	434 500 000	I 100 652	39 179 944	2 431 884	829 557 871	78 552 489	I 385 322 840	321 832 916	1 707 155 756
Appropriation of results for 2020			3 028 286		75 524 203	(78 552 489)	-	-	-
Dividend paid					(27 500 000)		(27 500 000)	(2 359 046)	(29 859 046)
Paid-in capital (Águas do Alto Minho, S.A.)		······································					-	882 000	882 000
Comprehensive income		(235 527)		•	l 967 928		l 732 401	-	l 732 40 l
Net profit in December 2021		•		•		83 284 856	83 284 856	7 276 966	90 561 822
Balance as at 31.12.2021	434 500 000	865 125	42 208 230	2 431 884	879 550 002	83 284 856	I 442 840 097	327 632 836	I 770 472 933
Appropriation of results for 2021			2 801 910		80 482 945	(83 284 856)	-	-	-
Dividend paid		······································			(27 500 000)		(27 500 000)	(2 346 278)	(29 846 278)
Paid-in capital (Águas Públicas do Alentejo)		•		•				671 195	671 195
Comprehensive income		(110 593)		•	(529 598)		(640 192)	-	(640 192)
Net profit in December 2022						100 338 980	100 338 980	13 081 798	113 420 778
Balance as at 31.12.2022	434 500 000	754 532	45 010 140	2 431 884	932 003 349	100 338 980	1 515 038 885	339 039 551	I 854 078 436

The Board of Directors

The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

José Carlos Athaíde dos Remédios Furtado (Executive Chair) José Manuel Leitão Sardinha (Executive Vice-Chair)

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Pedro Manuel Amaro Martins Vaz (Executive Director)

Jaime Serrão Andrez (Non-Executive Director)

CONSOLIDATED CASH FLOW STATEMENT

	31.12.20	22 31.12.2021
Operating activities		
Flows generated by operations		
Trade receivables	769 746 6	01 780 302 861
Trade payables	(274 532 58	36) (280 840 046)
Payments to personnel	(120 059 88	32) (115 420 987)
Flows generated by operations	375 154 1	33 384 041 828
Other operating flows		
Payment of corporate income tax	(66 860 99	95) (65 006 048)
Other receivables of operating activities	6 769 0	95 10 762 684
Other operating flows	(60 091 90	00) (54 243 364)
Total operating activities (1)	315 062 2	33 329 798 464
Investment activities		
Receivables from:		
Financial assets	524 6	27 2 288 384
Tangible fixed assets	5	16 2 941
Intangible assets	17 9	49 51 540
Investment subsidies	36 953 3	32 20 690 139
Interest and similar income	I 380 5	76 1 399 274
Sub-total	38 881 6	00 24 432 278
Payments for:		
Financial assets	(76 94	13) (150 500)
Tangible fixed assets	(17 742 82	.7) (15 015 377)
Intangible assets	(146 586 22	(124 135 163)
Sub-total	(164 405 99	(139 301 040)
Total Investment activities (2)	(125 524 39	(114 868 762)
Financing activities		
Receivables from:		
Loans obtained	23 251 121 8	
Paid-in capital, additional capital contributions		- 882 001
Other financing operations	8	26 853
Sub-total	251 122 6	81 882 854
Payments for:		
Loans obtained	23 (236 938 16	(80 347 368)
Leasing capital	(9 251 94	H) (6 935 613)
Interest and similar expenses	(27 701 64	17) (3 403 852)
Dividends	(29 353 56	(29 393 714)
Sub-total	(303 245 3)	2) (148 080 547)
Total financing activities (3)	(52 122 63	(147 197 693)
Changes in cash and cash equivalents (1 + 2 + 3)	137 415 2	10 67 732 009
Cash and cash equivalents at the start of the period	17.2 323 290 4	74 255 558 465
Cash and cash equivalents at the end of the period	17.2 460 705 6	84 323 290 474

The Board of Directors

The Chartered Accountant

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Jaime Serrão Andrez (Non-Executive Director)

Carla Isabel Costa Pinto Ribeiro

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION 1.1 COMPANY IDENTIFICATION

AdP - Águas de Portugal, SGPS, S.A. (hereinafter also referred to as AdP, or the Group), with its head office at Rua Visconde Seabra, no. 3, in Lisbon, was incorporated on September 29, 1993, with its main activity as the management of shareholdings in companies that provide public drinking water supply and urban wastewater treatment services.

The following are AdP shareholders:

SHAREHOLDERS ON 31 DECEMBER 2022	% CAPITAL	SUBSCRIBED AMOUNT	NO OF SHARES	TYPE OF SHARES
Parpública, SGPS, S.A.	81%	351 945 000	70 389 000	Nominative
Caixa Geral de Depósitos, S.A.	19%	82 555 000	16 511 000	Nominative
	100%	434 500 000	86 900 000	

AdP was entrusted with developing multi-municipal systems for the abstraction, treatment and distribution of water for public consumption in Portugal and for the collection, treatment and disposal of urban wastewaters. In 1998, the company's mission was expanded, beginning a process of diversifying its business segments and geographies, extending its intervention to water distribution systems and effluent collection directly from the populations served in both domestic and international markets.

1.2 ECONOMIC ACTIVITIES

AdP was entrusted with developing multi-municipal systems for the abstraction, treatment and distribution of water for public consumption in Portugal and for the collection, treatment and disposal of urban wastewaters. In 1996, the company's mission took on greater breadth, extending its area of intervention to the segments of water distribution systems and effluent collection directly from the populations served.

The prevailing business is based on three management models:

- (i) delegated or concessionary management for the state-owned systems (respectively, EPAL and Águas de Santo André);
- (ii) concession for multi-municipal systems, consisting of the State and municipalities (Águas do Norte, Águas do Douro e Paiva, SIMDOURO, Águas do Vale do Tejo, Águas do Centro Litoral, Águas do Tejo Atlântico, SIMARSUL and Águas do Algarve); and
- (iii) the management of systems established in partnerships between the state and municipalities (Águas do Noroeste which was integrated in Águas do Norte, Águas da Região de Aveiro, Águas Públicas do Alentejo and Águas do Alto Minho).

1.2.1 REGULATED ACTIVITIES (LICENSED, IN PARTNERSHIP AND DELEGATED)

The standard concession agreement created for multi-municipal systems applies the following features:

- (i) the infrastructure and equipment of the concession are constructed or acquired by the concession holding company;
- (ii) these acquisitions/ constructions are partially funded by non-repayable grants from the European Union and long-term loans in the majority from the European Investment Bank;
- (iii) the sale prices (tariffs) charged are set by the concession grantor, endorsed by the regulatory authority (ERSAR) and include a return on the invested capital component, corresponding to an index (Treasury Bill issues) plus three percentage points as a risk premium. The AdP Group has ensured its remuneration through rebalancing clauses in concession and partnership contracts. These concessions and partnerships generally have a duration of 30 to 50 years.

The MMSs (multi-municipal systems) management companies operate in a regulated sector and are subject to the intervention of ERSAR (Law 10/2014 of 6 March, which approves the new statutes of ERSAR, within the framework of the new attributes for regulating entities stipulated by Law 67/2013 of 28 August). The main regulatory effects on company activities involve scrutiny by the regulator of the tariff charged for the services provided to users and its annual budgeted amount. With the amendment to the ERSAR stated by Law 10/2014, of 6 March, the tariffs charged for services provided to users are now approved by the regulator, having ceased to be subject to any intervention by the Grantor. Following the change in the ERSAR statutes enacted by Law 10/2014, of 6 March, and by article 428 of Law no. 75-B/2020, of 31 December, the Grantor now exercises the powers of the Regulatory Entity as regards tariffs.

Via the concession contract, the regulator now has the power to approve the amount of the cost recovery deviation that Águas do Norte (bulk activities), Águas do Centro Litoral, Águas do Vale do Tejo, Águas do Tejo Atlântico, SIMARSUL, Águas do Douro e Paiva,

SIMDOURO and Águas do Algarve can record in their annual accounts. This endows the regulator with the power to determine the costs recoverable by means of tariffs.

The MMS management companies (of multi-municipal systems) are also subject to intervention by the regulator on matters of quality of service, measured by a set of annually assessed indicators and with issues relating to drinking water quality falling under the auspices of ERSAR as the national drinking water authority.

WATER - PRODUCTION AND PURIFICATION - BULK LICENSES AND PARTNERSHIPS

The companies in this segment either operate exclusive concessions granted by the state for the provision of water supply and wastewater treatment and disposal services or they participate in a state-local government partnership to deliver the same type of service. These concession agreements are characterised by the high levels of investment made by the concession holder. Funding is obtained through EU funds, bank loans, own capital and the resources generated by business operations. The majority of the municipalities to which the company provides services are also its shareholders. The service provided is paid for through the tariff established by the regulating entity (ERSAR) and billed to the municipalities served by each of the concessions. One of the features of the concession agreement is the guaranteed return on invested capital.

The partnership agreements signed by the state and local government to which the services are delivered are characterised by the high levels of investment made by the concession holder. Funding is obtained through EU funds, bank loans, own capital and the resources generated by business operations. The municipalities to which the company provides services are also its shareholders. The service is paid for through the tariff established by the partnership committee.

WATER - DISTRIBUTION AND COLLECTION - RETAIL PARTNERSHIPS

The companies in this segment are the result of a partnership agreement between the state and the municipalities whose areas are covered by the agreement. The municipalities delegate responsibility for managing the integrated system to the state in this agreement. The integrated system results from the aggregation of the individual systems, including infrastructures and resources in accordance with the adopted technical solutions. Thus, the partnership has exclusive rights to drinking water distribution and, when applicable, the abstraction and treatment of water for this purpose, and to the collection of urban wastewaters and, when applicable, its treatment and disposal, in the areas covered by the system. It also includes the construction, renewal, repair, maintenance and improvement of the infrastructure, equipment and facilities that make up the partnership, primarily funded by loans, grants and own capital. The partnership is obliged to pay rent to the municipalities, which is indexed to business turnover. The service provided is paid for through the tariff established and billed to the customers (those residing in the municipality) of each partnership. One of the features of the partnership agreement is to guarantee the return on invested capital and its infrastructures.

EPAL

EPAL is responsible for the abstraction, transport, treatment and distribution of drinking water within the scope of securing the provision of a quality service while respecting essential social and environmental criteria. This spans distribution to the city of Lisbon (retail distribution) and bulk supply to 23 municipalities in the Greater Lisbon region. EPAL operates according to a delegated management mandate, embodied in Decree-Law 230/9 I of 2 I June, which approves its articles of association. The mandate stipulates no time limitation, investment obligation or return on investment clauses. The tariffs are regulated administratively and duly established by Decree Law.

In summary, the AdP Group is the operator of the following Concessions and Partnerships:

WATER AND WASTEWATER	CONCESSION/	' IFRM PERIOD		SHAREHOLDER REMUNERATION	SHAREHOLDER REMUNERATION
TREATMENT	PARTNERSHIP			REMUNERATION - RATE	BASIS OF INCIDENCE (1)
Águas do Algarve	Concession	30 years	2019-2048	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Alto Minho	Partnership	30 years	2019-2048	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Norte	Concession	30 years	2015-2045	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Norte	Partnership	50 years	2015-2064	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Douro e Paiva ⁽²⁾	Concession	20 years	2017-2036	OT 10 years + 3%	Share Cap.+Legal Res.
SIMDOURO	Concession	50 years	2017-2066	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Centro Litoral	Concession	30 years	2015-2045	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Vale do Tejo	Concession	30 years	2015-2045	OT 10 years + 3%	Share Cap.+Legal Res.
Águas da Região de Aveiro	Partnership	50 years	2009-2059	OT 10 years + 3%	Share Cap.+Legal Res.
Águas de Santo André	Concession	30 years	2001-2030	OT 10 years + 3%	Share Cap.+Legal Res.
Águas Públicas do Alentejo	Partnership	50 years	2009-2059	OT 10 years + 3%	Share Cap.+Legal Res.
Águas do Tejo Atlântico	Concession	30 years	2017-2046	OT 10 years + 3%	Share Cap.+Legal Res.
SIMARSUL	Concession	30 years	2017-2046	OT 10 years + 3%	Share Cap.+Legal Res.

- (1) The remuneration OT 10 years + 3% levied on the share capital. In addition, the outstanding dividends are remunerated in the same way as the 10-year OT.
- (2) According to paragraph 2 of Clause 5 of the Concession Contract, the concession term may be extended for a further period of 10 years.

1.2.2 NON-REGULATED ACTIVITIES

INTERNATIONAL

This seeks to develop international business segments and comprises of operations undertaken abroad. This currently spans technical assistance agreements in Angola, Cape Verde, East Timor, Guinea Bissau, Sao Tome and Principe and Mozambique.

CORPORATE SERVICES

These are the shared services provided both by the holding company AdP SGPS and by AdP Serviços and AdP Energias in order to optimise resources and achieve synergies throughout the Group.

1.3 APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for publication by the Board of Directors on 10 May 2023. It is the opinion of the Board of Directors that they reliably reflect the consolidated operations of the AdP Group as well as its consolidated financial position and performance and consolidated cashflows. Thus, it is the expectation of the the Board of Directors that these consolidated financial statements receive approval by the General Assembly without any alterations.

2. RELEVANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES 2.1 BASIS FOR PRESENTATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) or the Standing Interpretations Committee (SIC) which preceded it, adopted by the European Union (EU), and in force for the financial years starting I January 2022.

The most important accounting policies used in the preparation of these financial statements are set forth in the respective notes related to the financial statements. These policies have been applied consistently in comparable periods, unless otherwise specified.

The amounts presented are expressed in euros (EUR), unless otherwise specified.

AdP's consolidated financial statements have been prepared according to the going concern and historical cost principle, except with respect to derivatives and financial investments held for trading which are recorded at their fair value (market value).

The preparation of financial statements in accordance with the IAS/IFRS requires estimates and assumptions that influence the reported amounts of assets and liabilities, and the reported amounts of income and expenses in the reporting period. Although these estimates are based on the management's best knowledge in relation to current events and actions, actual results may ultimately differ from those estimates. The management nonetheless believes that the adopted estimates and assumptions do not incorporate any significant risks that might require material adjustments to the value of assets and liabilities in the next financial year.

2.2 CONSOLIDATION

2.2.1 CONSOLIDATION PERIMETER

The companies included in the Consolidation perimeter (full consolidation method) are detailed below:

COMPANY	HEAD OFFICE	% OF SUBSCRIBED CAPITAL	% OF EFFECTIVE CAPITAL	% OF PA		SHARE CAPITAL	OWN CAPITAL	NET PROFIT FOR THE PERIOD
Water and wastewater treatment								
Águas do Algarve, S.A.	Faro	54.44%	54.44%	54.44%	EUR	29 825 000	32 219 653	I 663 065
Águas do Centro Litoral, S.A.	Coimbra	60.33%	62.77%	60.71%	EUR	39 974 969	105 778 144	3 485 205
Águas do Douro e Paiva, S.A.	Oporto	51.00%	51.00%	51.00%	EUR	20 902 500	31 024 918	l 182 568
Águas do Norte, S.A.	Vila Real	68.73%	72.50%	70.61%	EUR	108 095 468	282 770 375	9 322 272
Águas de Santo André, S.A.	Vila Nova de Santo André	100.00%	100.00%	100.00%	EUR	1 000 000	34 151 353	4 499 706
AgdA - Águas Públicas Alentejo, S.A.	Beja	51.00%	51.00%	51.00%	EUR	10 422 795	12 763 158	618 199
Águas do Alto Minho, S.A.	Viana do Castelo	51.00%	51.00%	51.00%	EUR	3 600 000	4 114 446	240 38
Águas do Tejo Atlântico, S.A.	Lisbon	50.68%	51.61%	51.83%	EUR	113 527 680	117 814 769	5 600 976
Águas do Vale do Tejo S.A.	Guarda	68.74%	68.27%	68.74%	EUR	83 759 578	218 824 849	7 686 779
SIMARSUL, S.A.	Quinta do Conde	51.00%	51.43%	51.00%	EUR	25 000 000	70 089 137	2 243 435
SIMDOURO, S.A.	Vila Nova de Gaia	58.52%	58.61%	58.52%	EUR	20 046 075	34 016 247	I 323 676
AdRA - Águas da Região de Aveiro, S.A.	Aveiro	51.00%	51.00%	51.00%	EUR	17 500 000	19 118 607	943 879
EPAL, S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	150 000 000	671 928 338	58 037 658
International								
AdP Internacional, S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	175 000	1 213 018	974 589
AdP Timor Leste, LDA.	East Timor	100.00%	100.00%	100.00%	USD	5 000	(496 932)	5 781
Águas do Brasil, S.A.	Rio de Janeiro - Brazil	100.00%	100.00%	100.00%	BRL	2 050 100	(1 331 794)	-
Aquatec, Lda	Maputo - Mozambique	100.00%	100.00%	100.00%	MZN	2.476.580	(67.879.029)	(90.832)
Corporate								
AdP Valor S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	50 000	17 025 800	587 980
AdP Energias, S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	I 250 000	839 343	40 495

The "% of Effective Capital" column represents the effective participation rate in keeping with the date of paying up the capital, with this the rate applied in the Financial Consolidation process for the AdP Group for the financial year ending on 31 December 2022.

2.2.2 FINANCIAL STATEMENTS REFERENCE DATE

The consolidated financial statements reflect the assets, liabilities, results and cash flows of AdP and its subsidiaries, as well as the proportional results of financial holdings in associated companies, for the year ended 31 December 2022 (and comparative to 31 December 2021).

2.2.3 SHAREHOLDINGS IN SUBSIDIARIES

Subsidiaries are all those entities over which AdP holds control. The Group controls an entity whenever it is exposed to or has rights over the variable returns of its involvement with that entity and holds the capacity to affect these returns through its powers over the entity. The subsidiaries are fully consolidated as from the date when the control is transferred to the Group. This Consolidation is broken off on the date when that control comes to an end.

The Group applies the acquisition method to account for its business takeovers. The amount transferred for the acquisition of the subsidiary is the fair value for the assets acquired, the liabilities assumed towards the former owners and the capital instruments issued by the Group. The amount transferred includes the fair value of any assets and liability that results from any contingent agreements. The identifiable assets and liabilities and the contingent liabilities assumed in any business takeover are initially measured by their fair value on the date of acquisition, irrespective of the existence of non-controlled interest. The costs directly attributable to the acquisition are recognised in the results whenever incurred.

In cases when the Group does not hold 100% of the capital of the subsidiaries, there is recognition of a non-controlled interest relative to the proportion of the results and the net values of the assets attributable to third parties.

The accounting policies applied by subsidiaries in compliance with their legal and statutory obligations are corrected in the consolidation process, whenever so necessary, by means of ensuring their consistency with the policies adopted by the Group.

ACQUISITIONS SUBSEQUENT TO 2010:

In the acquisition method, the difference between: (i) the consideration transferred together with the non-controlling interests and the fair value of the own capital interests previously held and (ii) the net amount of identifiable assets acquired and liabilities taken on, is recognised at the date of acquisition as goodwill, if positive, or as a gain, if negative. The transferred consideration is measured at fair value calculated as the aggregate of the fair values, at the date of acquisition of the transferred assets, the liabilities incurred and own capital instruments issued by the Group. For the purpose of calculating the goodwill/gain from the combination, the transferred consideration is purged of any considerations relating to any other transactions (e.g., payment for the provision of future services or the settlement of pre-existing relations) and the margin is recognised separately in the profit or loss item. The transferred consideration includes the fair value of any contingent considerations at the acquisition date. Subsequent changes in this value are recognised: (i) as own capital if the contingent consideration is classified as own capital; (ii) as expense or income in the profit or loss item or as other comprehensive income when the respective contingent consideration is classified as an asset or liability under IFRS9; and (iii) as an expense in accordance with IAS 37 or other applicable standards, in all other cases. The expenses related to the acquisition are not part of the consideration transferred and thus do not impact on calculating the goodwill/gain from the acquisition. They are recognised as expenses in the year they occur. On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with the IFRS, except for leases and insurance contracts, which are classified and designated based on the contractual terms and conditions on the contract start date. Assets arising from contractual indemnities from the seller regarding the outcome of contingencies wholly or partly related to a specific liability of the combined entity, now have to be recognised and measured according to the same principles and assumptions as the related liabilities. Calculating the fair value of the assets and liabilities acquired takes into account the fair value of contingent liabilities resulting from a present obligation caused by a past event (when the fair value can reliably be measured), regardless of a probable outflow being expected. The Group can choose to measure "non-controlling interests" for each acquisition at their fair value or the respective proportional share of the transferred assets and liabilities of the acquired company. The choice of one method or the other influences the calculation of the amount of goodwill for recognition. When the business combination is undertaken in stages, the fair value at the preceding date of acquisition of the interests held is re-measured according to the fair value on the date control is obtained, against profit or loss in the period in which control is achieved, which impacts on calculating goodwill. Goodwill is considered to have an indefinite useful life and is therefore not amortised. It undergoes annual impairment tests regardless of whether or not there are signs of it being impaired. Whenever a combination is not completed at the reporting date, the provisional amounts are recognised on the acquisition date and/ or additional assets and liabilities are recognised whenever new information is obtained about facts and circumstances existing on the acquisition date and, had they been known, this would have resulted in the recognition of these assets and liabilities at that date, and to be adjusted retrospectively for a maximum period of one year from the date of acquisition.

ACQUISITIONS PRIOR TO 2010:

Main differences:

- the cost of an acquisition includes the costs directly attributable to the acquisition, thus impacting on the calculation of goodwill; non-controlling interests in the acquired company (formerly known as "minority interests") were measured only according to their share of the identifiable net assets of the acquired company but not included in the calculation of goodwill/gain of the combination;
- when the business combination is undertaken in stages, the fair value on the acquisition date preceding the interests held is not measured on the date control is obtained and so the previously recognised goodwill remains unchanged;
- any contingent acquisition value is only recognised when the Group holds a present obligation, the outflow is considered probable and the estimate is reliably determinable with subsequent changes in this value recognised against goodwill;

Intragroup balances and transactions, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows proof of impairment of a transferred asset. Subsidiary accounting policies are changed whenever necessary to ensuring consistency with the policies adopted by the Group. In situations where the Group holds, in substance, control of entities created for a specific purpose, even when having no direct shareholding in these entities, they are consolidated by the full consolidation method.

2.2.4 BALANCES AND TRANSACTIONS

Intragroup transactions, dividends distributed between Group companies, balances and unrealised gains on transactions between Group companies are eliminated.

2.2.5 NON-CONTROLLING INTEREST

Non-controlling interest corresponds to the proportion of the fair value of the assets, liabilities and contingent liabilities of the subsidiaries acquired that are not directly or indirectly attributable to AdP.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as capital transactions - thus, as transactions with the owners in their quality as owners. The difference between the fair value of any amount paid and the relevant proportion acquired of the accounting value of the net assets of the subsidiary is recorded under the own capital item. The gains or losses from sales to non-controlling interests are also registered as own capital.

The negative results generated in each period by subsidiaries with non-controlling interests are allocated in the percentage held by these, regardless of whether they report a negative balance.

2.2.6 LOSS OF CONTROL OR SIGNIFICANT INFLUENCE

When the Group no longer holds control or significant influence, the assets and liabilities of the subsidiary, and any non-controlling interests and other equity components, are derecognised and any residual interest in the equity is re-measured by its fair value, with the changes then recognised in the income statement. The fair value is the initial carrying amount for the purposes of the subsequent accounting treatment of this holding as a financial asset.

2.3 FOREIGN EXCHANGE

2.3.1 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the AdP Group and notes thereto are presented in euros (EUR), unless otherwise stated.

2.3.2 TRANSACTIONS AND BALANCES IN FOREIGN CURRENCIES

Transactions in currencies other than euros are converted into the functional currency using the exchange rates prevailing on the date of the respective transaction. Foreign exchange gains or losses resulting from the settlement of transactions and conversion of monetary assets and liabilities denominated in foreign currencies at the rate of the balance sheet date are recognised in the income statement, except when relating to extending investments in foreign operations in which case they are deferred in own capital in accordance with IAS 21. Non-monetary items measured at fair value are adjusted at the exchange rate on the date of their calculation. The exchange rate effect is recorded together with the change observed in the fair value of those items. Exchange rate differences are recognised in profit or loss or in "Other reserves", according to the registration appropriate to recognising gains or losses on the non-monetary item in question. The conversion of non-monetary items measured at historical cost into the AdP Group functional currency takes place according to the exchange rate in effect on the transaction date.

2.3.3 GROUP COMPANIES

The results and financial positions of all AdP group entities that operate a functional currency other than the presentation currency and that is not the currency of a hyper inflated economy are converted into the presentation currency as follows: (i) the assets and liabilities of each balance sheet are converted at the exchange rate on the date of the consolidated balance sheet; (ii) the income and expenses of each income statement are converted at the average exchange rates (unless the average rate is not a reasonable approximation of the cumulative impact of the rates in force on the transaction dates, in which case the income and expenses are converted at the exchange rates prevailing on those transaction dates); and (iii) the resulting exchange rate differences are recognised as a separate component of the consolidated statement of comprehensive income.

On consolidation, any exchange differences arising from the conversion of a monetary item under the auspices of net investment in foreign entities are reclassified as own capital. When a foreign operation is sold, the exchange differences are recognised in the consolidated income statement as part of the gain or loss on the sale. Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are handled as subsidiary assets or liabilities and converted at the exchange rate prevailing on the consolidated balance sheet date.

2.3.4 EXCHANGE RATES USED

The foreign currency quotations used to convert transactions expressed in currencies other than the euro or to update foreign currency balances were as follows:

COUNTRY	CURRENCY	31.12.	2022	31.12.2021		
		AVERAGE	FINAL	AVERAGE	FINAL	
Angola	Kwanza	476.01	537.57	734.97	635.75	
Brazil	Reais	5.56	5.64	6.38	6.31	
Cape Verde	Escudo C.V.	110.27	110.27	110.27	110.27	
Mozambique	Meticais	66.38	67.45	76.35	71.58	
U.S.A.	USD	1.06	1.07	1.13	1.13	

Source: Bank of Portugal

2.4 RIGHT TO USE INFRASTRUCTURES ("DUI") - CONCESSIONS AND PARTNERSHIPS

2.4.1 INFRASTRUCTURE CLASSIFICATION

IFRIC 12 defines the rules on accounting for concession contracts in keeping with the services provided and the power of control over the concession assets. In accordance with this standard, group concession holding companies provide two kinds of services:

- (i) construction, modernisation and renewal of system infrastructures; ande
- (ii) operation and management (operate and maintain) of the systems composed by the infrastructures necessary for service delivery to users.

When the operator (or concession holder) builds or modernises the infrastructure, the value (tariff) received or receivable by the operator must be recognised at fair value, and this corresponds to a value embodied in a right corresponding to: (a) a financial asset, or (b) an intangible asset.

Moreover, this establishes that infrastructure under IFRIC 12 must not be recognised as operator (or concession holder) owned tangible assets because the concession contract does not attribute rights of control. The operator has access to and operates the infrastructure to deliver a public service on behalf of the grantor in accordance with the terms of the contract. Pursuant to the concession contract, the operator (or concession holder) acts as a service provider for the purposes of interpretations under this standard. The operator (or concession holder) builds or modernises the infrastructure (construction or modernisation of services) used to provide the public services and operates and maintains them (operation) over a specific period of time.

The operator (or concession holder) must recognise a financial asset to the extent that it has a contractual right to receive cash or another financial asset from the grantor for services provided, which correspond to specific or determinable amounts. In this model, the grantor has few or no discretionary powers to avoid payment because the agreement is generally legally binding. The operator (or concession holder) has unconditional entitlement to receive cash whenever the Concession Grantor contractually guarantees this payment to the operator, corresponding to (a) a specific sum, or (b) to the difference, if such exists, between the sums received from the public service users and another specific amount even when the payment is contingent on the operator (or concession holder) ensuring the infrastructure meets quality and efficiency requirements.

The operator (or concession holder) must recognise an intangible asset as it receives a right (permission) to charge users for a public service. The right to charge public service users does not amount to an unconditional right to collection because the amounts remain dependent on the extent users actually use the service.

Taking into consideration the typology of the concession contracts for companies managing MMSs (multi-municipal systems) and the Partnerships, especially as regards their legal framework (the right to charge users for a public service which is inherent to users utilising this service), the intangible model represents that most appropriate to the realities of Group companies. Therefore, companies managing MMSs and in Partnerships as concessionaires classify the system infrastructures that they operate as intangible assets – Right of Use Infrastructures (DUI).

2.4.2 RECOGNITION AND MEASUREMENT

The intangible assets (operation rights) are recorded at purchase or production cost, including costs and earnings (net) directly and indirectly related to the investment projects, which are capitalised under fixed assets in progress. The expenses eligible for capitalisation are those related to investments. Operating costs are assigned to fixed assets in progress as a percentage calculated in

accordance with the allocation of staff to projects. Financial costs related to loans obtained for financing investments in progress are totally capitalised until the system goes into operation, that is, when available for use.

Costs of major repairs and improvements (including replacements) through economic regulation of the concession, are specifically remunerated as they are a component in the tariff calculation (i.e., their recovery is implicit in the approval of the amortisation by the regulator). They are therefore reported in the accounts as fixed assets and amortised on the same terms as other fixed assets. Current upkeep and maintenance costs are recognised in the results of the financial year in which they occur.

2.4.3 AMORTISATIONS

The intangible assets, right-to-use infrastructures, are amortised on a systematic basis according to the standard for obtaining economic benefits associated thereto, determined by economic regulation and by the approval of amortisation expenses in the annual tariff calculation undertaken by the regulator.

Amortisation in water and wastewater treatment concession companies and partnerships is calculated by the sum of units method, i.e., by the amortisation of the contracted investments established in the economic and financial feasibility study. This is based on the flow of effluent billed in that year and the effluent to be billed until the end of the concession period, as set out in the economic and financial feasibility study attached to the concession contract.

The rates of amortisation in the financial years ending on 31 December 2022 and 2021 of right of use infrastructures and the respective flow rates were as follows:

	AMORTISATION RATE 2022		REMAINING FLOW RAT	REMAINING FLOW RATE ON 31.12.2022 (M ³)		2022 (M ³)
	WATER SUPPLY	WASTEWATER TREATMENT	WATER SUPPLY	WASTEWATER TREATMENT	WATER SUPPLY	WASTEWATER TREATMENT
Águas do Algarve, S.A.	4.03%	3.72%	I 703 732 396	1 069 113 301	71 544 515	41 257 919
Águas do Centro Litoral, S.A.	4.88%	4.41%	627 154 505	I 577 522 328	30 614 210	69 543 121
Águas do Douro e Paiva, S.A.	6.88%	0.00%	l 351 690 748	-	99 282 034	-
AdRA - Águas da Região de Aveiro, S.A.	2.34%	2.07%	755 720 200	705 093 331	17 503 515	14 482511
Águas de Santo André, S.A.	10.00%	10.00%	-	-	-	-
AgdA - Águas Públicas Alentejo, S.A.	3.08%	2.71%	651 937 193	292 924 249	20 092 825	7 946 984
Águas do Alto Minho, S.A.	3.33%	2.95%	259 832 176	189 231 714	8 660 058	5 579 224
Águas do Tejo Atlântico, S.A.	0.00%	4.07%	-	4 462 009 685	-	181717311
Águas do Vale do Tejo S.A.	5.86%	4.57%	I 347 973 695	782 373 108	81 521 128	36 699 641
SIMARSUL, S.A.	0.00%	3.21%	-	916 354 360	-	30 423 318
SIMDOURO, S.A.	0.00%	2.08%	-	982 683 716	-	20 903 238
Águas do Norte, S.A. – Alta	4.36%	3.66%	I 609 384 832	I 964 700 455	73 306 838	74 715 685
Águas do Norte, S.A. – Baixa	1.83%	2.21%	173 569 578	216 831 458	3 234 719	4 892 546
			,			

	AMORTISATION RATE 2021		REMAINING FLOW RATE ON 31.12.2021 (M³)		FLOW RATE 2021 (M ³)	
	WATER SUPPLY	WASTEWATER TREATMENT	WATER SUPPLY	WASTEWATER TREATMENT	WATER SUPPLY	WASTEWATER TREATMENT
Águas do Algarve, S.A.	4.18%	3.37%	l 699 201 432	1 110 601 304	71 058 591	37 398 066
Águas do Centro Litoral, S.A.	4.52%	4.13%	686 697 556	1 718 863 718	31 059 236	70 970 370
Águas do Douro e Paiva, S.A.	6.37%	0.00%	448 7 822	0	98 015 414	0
AdRA - Águas da Região de Aveiro, S.A.	2.22%	1.96%	774 470 887	721 809 160	17 025 424	14 029 648
Águas de Santo André, S.A.	10.00%	10.00%	-			
AgdA - Águas Públicas Alentejo, S.A.	3.00%	2.63%	669 793 909	301 251 281	20 070 084	7 926 932
Águas do Alto Minho, S.A.	3.24%	2.80%	268 527 078	194 665 304	8 694 902	5 433 590
Águas do Tejo Atlântico, S.A.	0.00%	3.77%	0	4 643 673 606	-	181 076 658
Águas do Vale do Tejo S.A.	5.49%	4.77%	l 429 494 823	819 072 749	80 868 232	40 095 827
SIMARSUL, S.A.	0.00%	3.26%	-	946 777 677	-	31 934 122
SIMDOURO, S.A.	0.00%	2.02%	-	1 006 662 881	-	20 774 345
Águas do Norte, S.A. – Bulk	4.34%	3.82%	1 681 218 194	2 044 406 275	76 341 960	81 182 996
Águas do Norte, S.A. – Retail	1.69%	2.09%	177 510 205	221 873 725	3 057 651	4 73 17

2.4.4 ACCRUED EXPENSES FOR CONTRACTUAL INVESTMENT

In compliance with the provisions of the concession and partnership management contracts and regulatory rules, and where applicable, there is the annual sharing of the estimated costs needed to cover contractual investments (regulated) or investments in expansion (regulated) of the concession or partnership. These accruals are calculated according to the economic benefits standard associated with the contractual investment defined in the supporting concession contract economic model.

In the AdP Group concession companies, the economic benefits obtained are determined by economic regulation. Accrued costs for contractual investments aim to guarantee the principle of accounting on an accruals basis and balancing of income (tariffs) and expenses (incurred and to be incurred) that form the basis of calculation. These accruals correspond, in practice, to accountability for reimbursement by future tariffs, allowing for their stabilisation, as well as the balancing, of the above-mentioned income (tariffs) and expenses (incurred and to be incurred), for the duration of the concession agreements concluded with the state.

The accruals are recognised as costs in the amortisations item for the financial year and under liabilities (non-current). The liabilities are then transferred to accumulated amortisations on completion of the underlying investment.

2.4.5 COST RECOVERY DEVIATION (TARIFF DEFICIT/SURPLUS)

Cost recovery deviations are considered to be: (i) the existing difference, at the date of the concessionary companies of the systems abolished in 2015, between the net results of the companies participating in the system operation and management and the compensation to which the company is contractually entitled in relation to the invested capital; and (ii) until the end of the second 5-year the annual existent difference between the net results the companies participating in the system operation and management and the compensation to which the company is entitled as a result of the application of the rules established when determining the tariffs.

Deviations in the recovery of costs may be debits or credits pursuant to the concession contract, and are recorded at amortised cost. The Águas do Norte, Águas do Centro Litoral, Águas do Vale do Tejo, Águas do Tejo Atlântico, SIMARSUL, Águas do Douro e Paiva, SIMDOURO and Águas do Algarve managing companies record the annually occurring cost recovery deviations in their accounts until the end of the second five-year period. Simultaneous to the concession contract terminating so do the cost recovery deviations determined on the date of concession companies closing the aggregated systems, including the shareholder remuneration owed capitalised at the rate of Portuguese I0-year Treasury Bonds plus three percentage points from the date when the concession contract comes into effect, based on the individual company accounts.

The cost recovery deviations to be debited and credited existing on the date of closure of the concession companies, corresponding to the date of closure of the systems aggregated in 2015 and those generated during the concession up to the end of the second five-year period, capitalised according to the terms of the concession contract, must be recovered via tariffs or reflected in the tariffs, such as the case may be, by the end of the fifth five-year period of the concession.

Thus, the calculation of the difference between the earnings generated from operations and guaranteed remuneration on invested shareholder capital is performed annually. The gross value is recorded in an income account - "Deficit/expense recovery tariff surplus"

- and the tax generated by this in a deferred tax account, offset against the balance in keeping with the recognition of regulatory assets and liabilities

The value of the tariff deviation corresponds to the correction (credit or debit) to make to the revenue from regulated activities so that the income of such activities is that required to comply with contractual provisions relating to the full recovery of costs, including income taxes (IRC) and guaranteed annual remuneration.

2.4.6 REVENUE - CONSTRUCTION SERVICES

According to IFRIC 12 - Concession arrangements, the construction of infrastructures by the operator constitutes a service that is provided to the grantor and is different from operation and maintenance services and, as such, must be remunerated by the grantor. Revenue from construction services must be recognised in accordance with IFRS 15 – Revenue of contracts with customers. Nonetheless, when IFRIC 12 is applied, we assume that there is no margin in the construction as this work is subcontracted to specialised companies. The risks and returns are transferred to a third party (the constructor) and so the revenues and costs associated with construction are the same. In spite of the above, any income from construction and associated costs are recorded in the income statement for the year in accordance with IFRIC 12.

2.5 ESTIMATES AND JUDGMENTS

The estimates and judgments with an impact on the financial statements of AdP Group are continuously evaluated, representing at the date of each report the Management's best estimate, taking into account historical performance, accumulated experience and expectations about future events that, under the circumstances, are perceived as duly reasonable. The intrinsic nature of the estimates may mean that the actual reflection of the situations which have been estimated may, for the purpose of financial reporting, differ from the estimated amounts.

Estimates and judgments that present a significant risk of giving rise to a material adjustment to the book value of assets and liabilities in the following year are described in the Annex to the disclosures in association with the respective items:

- Note 6.2 useful life and impairment of intangible assets
- Note 7.2 useful life and impairment of tangible fixed assets
- Note 12.2 estimated cost recovery deviation
- Note 13.2 financial asset impairment
- Note 16.2 fair value of financial assets at fair value through other comprehensive income
- Note 19.2 provisions, contingent assets and liabilities
- Note 20.3 employee benefits

2.6 SUBSEQUENT EVENTS

Events occurring after the balance sheet date that convey additional information on conditions prevailing at the balance sheet date are reflected in the financial statements. Post-balance sheet date events that convey information on conditions occurring after the balance sheet date are, whenever material, disclosed in the notes to the financial statements.

3. NEW STANDARDS AND CHANGES IN POLICIES

3.1 VOLUNTARY CHANGES IN ACCOUNTING POLICIES

No voluntary policy changes to accounting policies were made in the financial year that ended on 31 December 2022, with respect to those considered in the preparation of the financial information relating to the financial year ending on 31 December 2021 as demonstrated in the comparative reporting.

3.2 NEW STANDARDS, INTERPRETATIONS AND CHANGES IN EFFECT AS OF 1 JANUARY 2022

These standards and amendments are effective for annual periods beginning on or after 1 January 2022 and have been applied in the preparation of these Financial Statements.

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
IAS 16 – Earnings obtained prior to entering operation	Prohibition on deducing earnings obtained from the sale of items produced during the testing phase at the cost of acquisition for tangible assets	l January 2022
IAS 37 – Onerous contracts – costs of contractual compliance	Clarification on the nature of costs considered for determining when contracts become onerous	l January 2022
IFRS 3 – References to the conceptual structure	Updating the references for the Conceptual Structure and clarification on the recording of contingent provisions and liabilities within the framework of concentrating company activities	l January 2022
IFRS 16 – Rent benefits related to the COVID-19 pandemic after 30 June 2021	Extension of the period of exemption for accounting for benefits attributed to leases related to COVID-19, with modifications through to 30 June 2022	I April 2021
Cycle of Improvements 2018 – 2020	Specific and regular changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41	I January 2022

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EEEECTIVE DATE

The application of these changes to standards, new standards and interpretations produced no material impacts on the AdP Group's consolidated financial statements.

3.3 NEW STANDARDS AND INTERPRETATIONS ALREADY ISSUED BUT NOT YET MANDATORY

The recently issued IASB standards and interpretations whose application is mandatory only in periods beginning on or after 1 January 2023 and which the Company has not pre-adopted are the following:

Already endorsed by the EU

DESCRIPTION

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
IFRS 17 – Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with characteristics of discretionary participation in the results in terms of aggregation, recognition, measurement, presentation and release.	l January 2023
IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative Information	This alteration enables the avoidance of temporal accountancy displacements between financial assets and liabilities for insurance contracts in the comparative information presented when first applying IFRS 17. This alteration allows for the application of an overlay to the financial asset classification when the entity does not update the comparative information according to IFRS 9.	l January 2023
IAS I — Publication of Accounting policies	Requirement to publish the "material" accounting policies to the detriment of "significant" accounting policies	l January 2023
IAS 8 – Release of accountancy estimates	Definition of accountancy estimates. Clarification of the distinction between alterations to accounting policies and alterations to accountancy estimates	l January 2023
_	Requirement to recognise the deferred taxation on the registering of right-of-use assets/ leasing liabilities and provisions for dismantling / related assets, when their initial recognition gives rise to equal amounts in the temporary taxable differences whenever not relevant for fiscal purposes	l January 2023

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
IAS I - Non-current liabilities due to covenants	Classification of liabilities as current or non-current in accordance with the right an entity has to defer payment for longer than 12 months after the date of reporting, whenever subject to covenants	I January 2024
IFRS 16 – Leasing liabilities from sale and re-lease transactions	Accountancy requirements for sale and re-lease transactions following the date of the transaction whenever some or all the leasing payments are variable	I January 2024

The application of these changes to standards, new standards and interpretations is not expected to have any significant impacts on AdP Group's financial statements after 1 January 2023.

3.4 STANDARDS UNDER REVIEW

IFRS 14 DEFERRAL ACCOUNTS RELATED TO REGULATED ACTIVITIES

This standard enables an entity with its activities subject to regulated tariffs to continue to apply the greatest proportion of the accountancy policies from the previous normative accounting framework to deferral accounts related with regulated activities when adopting IFRS for the first time.

Ineligible for applying this norm are: (i) entities that have already prepared their financial reporting according to IFRS, (ii) entities with current normative accounting frameworks that do not allow for the recognition of regulatory assets and liabilities and (iii) entities with current normative accounting frameworks that allow for the recognition of regulatory assets and liabilities but that have not adopted this accounting policy prior to IFRS adoption.

The deferral accounts related with regulatory activities require presentation in a line separate to the financial position item and the movements in these accounts require presentation in separate lines in the results and the full result balance sheets. This should detail the nature and the risks associated with the regulated tariff of the entity and the effects this regulation incurs on financial reporting.

These alterations are applicable prospectively for the financial years beginning on or after 1 January 2016. Pre-emptive adoption is allowed for whenever duly disclosed. The European Union (EU) decided not to advance with its approval of this intermediate norm and shall await the final standard.

In January 2021, the IASB presented the Public Draft of the new standard IFRS 14 - Regulatory assets and liabilities, with the period for receiving comments ending on 30 July 2021. The new version of IFRS 14 proposes that regulatory assets and liabilities are measured by estimating all future cash flows discounted to the reporting date. The discount rate should correspond to the regulatory rate. If the regulatory rate does not provide for compensating the company for the effect of time variations for cash, then a rate that allows for this compensation should be applied. At each reporting date, the company shall update the estimate of all future cash flows and discount them at the initial regulatory rate. The standard stipulates additional disclosure requirements on regulatory assets, liabilities, income and expenses as well as a maturity analysis of regulatory assets and liabilities. In December 2021, after analysing the comments received to the Public Draft, the IASB identified the areas that need further work. The AdP Group is currently analysing and evaluating the impacts of the Public Draft.

4. INFORMATION BY BUSINESS AREA 4.1 ACCOUNTING POLICIES

A business area is a group of assets and operations engaged in supplying products or services that are subject to risks and benefits that differ from the other business areas. A business area is engaged in supplying products or services in a specific economic environment with different risks and benefits to those influencing business areas operating in other economic environments. The business areas correspondingly identified are as follows:

I - Regulated activities "contracted for fixed terms" (concessions and partnerships)

Water and wastewater treatment

${\sf II-Regulated}$ activities "delegated for indefinite terms"

EPAL – production and distribution of water;

$III-International\ activities$

Internacional – includes consulting operations by AdP Internacional outside of Portugal.

$IV-Corporate\ activities$

Corporate - includes the activities of AdP, AdP Valor and AdP Energias.

4.2 INFORMATION BY AREA

The financial information relating to the areas identified above, at 31 December 2022 and 2021, is as follows:

31.12.2022	REGULATED ACTIVITY PROD., TREAT., TRANSP.	REGULATED ACTIVITY EPAL	UNREGULATED ACTIVITY INTERNATIONAL	UNREGULATED ACTIVITY CORPORATE	CONSOLIDATED TOTAL
Revenue from contracts with customers and cost recovery tariff deficit/surplus	543 101 201	149 791 590	9 219 360	420 690	702 532 841
Income from construction of concession assets	158 451 247	-	-	-	158 451 247
Costs of goods and materials consumed	(27 471 924)	(1 906 319)	-	-	(29 378 243)
Costs of construction of concession assets	(158 451 247)	-	-	-	(158 451 247)
Supplies and external services	(172 808 186)	(24 478 027)	(4 925 247)	(3 408 511)	(205 619 971)
Personnel costs	(70 415 461)	(35 776 383)	(2 300 639)	(8 920 656)	(117 413 139)
Financial year amortisations, depreciations and reversals	(207 375 014)	(27 429 169)	(173 239)	(1 035 025)	(236 012 447)
Provisions and reversals of the year	24 897	(452 185)	(117 773)	-	(545 061)
Impairment losses and reversals	(1 064 620)	(767 844)	28 405	187 405	(1 616 654)
Investment subsidies	64 622 245	1 326 129	-	6 667	65 955 041
Other operating expenses and losses	(6 796 151)	(5 374 656)	(1 278 673)	(181 330)	(13 630 810)
Other operating income and gains	4 973 913	3 977 581	412 490	450 717	9 814 701
Financial results intersegments	(42 048 739)	24 039 659	(451 825)	18 460 905	-
Total operating income	84 742 161	82 950 376	412 859	5 980 862	174 086 258
External financial results	(15 003 448)	(797 945)	(10 231)	(4 303 095)	(20 114 719)
Financial results intersegments	(18 967 841)	232 721	(91 506)	18 826 626	-
Profit before tax	50 770 872	82 385 152	311 122	20 504 393	153 971 539
Income tax for the year	(11 353 094)	(24 437 365)	615 617	(5 375 919)	(40 550 761)
Net annual result	39 417 778	57 947 787	926 739	15 128 474	113 420 778
Attributable to non-controlling interests	13 081 798	-	-	-	13 081 798
Attributable to AdP, SGPS, S.A. shareholders	26 335 980	57 947 787	926 739	15 128 474	100 338 980
	39 417 778	57 947 787	926 739	15 128 474	113 420 778

31.12.2021	REGULATED ACTIVITY PROD., TREAT., TRANSP.	REGULATED ACTIVITY EPAL	UNREGULATED ACTIVITY INTERNATIONAL	UNREGULATED ACTIVITY CORPORATE	CONSOLIDATED TOTAL
Revenue from contracts with customers and cost recovery tariff deficit/surplus	519 553 294	138 971 074	7 517 359	260 053	666 301 780
Income from construction of concession assets	122 604 895	-	-	-	122 604 895
Costs of goods and materials consumed	(22 978 296)	(† 821 790)	-	-	(24 800 086)
Costs of construction of concession assets	(122 604 895)	-	-	-	(122 604 895)
Supplies and external services	(178 164 156)	(26 486 326)	(3 663 453)	(2 461 511)	(210 775 446)
Personnel costs	(63 530 392)	(34 568 082)	(1 809 631)	(8 245 403)	(108 153 508)
Financial year amortisations, depreciations and reversals	(208 944 042)	(27 654 583)	(145 896)	(1 080 763)	(237 825 284)
Provisions and reversals of the year	835 568	(110 505)	(78 318)	-	646 745
Losses for Impairment and reversals	(5 477 771)	(1 104 597)	-	36 615	(6 545 753)
Impairment losses and reversals	63 523 220	I 468 834	-	6 667	64 998 721
Investment subsidies	(9 377 323)	(5 177 428)	(1 706 387)	(185 114)	(16 446 252)
Other operating expenses and losses	7 682 989	3 585 374	312 859	2 336 394	13 917 616
Other operating income and gains	(40 773 170)	23 984 224	(350 617)	17 139 563	-
Total operating income	62 349 921	71 086 195	75 916	7 806 501	141 318 533
External financial results	(14 189 687)	(1 015 357)	19 891	(2 858 068)	(18 043 221)
Financial results intersegments	(17 972 257)	(5 914)	(67 750)	18 045 921	-
Profit before tax	30 187 977	70 064 924	28 057	22 994 354	123 275 312
Income tax for the year	(6 232 074)	(20 3 13 383)	(19 857)	(6 148 176)	(32 713 490)
Net annual result	23 955 903	49 751 541	8 200	16 846 178	90 561 822
Attributable to non-controlling interests	7 276 966	-	-	-	7 276 966
Attributable to AdP, SGPS, S.A. shareholders	16 678 937	49 751 541	8 200	16 846 178	83 284 856
	23 955 903	49 751 541	8 200	16 846 178	90 561 822

Transactions between segments are carried out under normal market conditions according to the same accounting policies adopted by the Group when handling transactions with non-related entities.

31.12.2022	REGULATED ACTIVITY PROD., TREAT., TRANSP.	REGULATED ACTIVITY EPAL	UNREGULATED ACTIVITY INTERNATIONAL	UNREGULATED ACTIVITY CORPORATE	CONSOLIDATED TOTAL
Segment assets	5 262 195 243	811 636 357	6 161 825	210 787 091	6 290 780 516
Segment liabilities	3 859 584 478	174 612 454	2 486 170	400 018 978	4 436 702 080
31.12.2021	REGULATED ACTIVITY PROD., TREAT., TRANSP.	REGULATED ACTIVITY EPAL	UNREGULATED ACTIVITY INTERNATIONAL	UNREGULATED ACTIVITY CORPORATE	CONSOLIDATED TOTAL
31.12.2021 Segment assets	PROD., TREAT.,		ACTIVITY	ACTIVITY	

5. RISK MANAGEMENT POLICIES 5.1 RISK FACTORS

AdP Group business operations are exposed to a number of financial risk factors: credit risk, liquidity risk and cash flow risk (associated with the interest rate). AdP Group has correspondingly developed and implemented a risk management program which, in addition to constantly monitoring the financial markets, seeks to minimise potential adverse effects on the financial performance of AdP and its subsidiaries. Risk management is the responsibility of the central treasury department according to 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 as

well as policies covering 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 and also the exposure limits. All transactions undertaken using derivatives require the prior approval of the Board of Directors and the ministry, which both sets the parameters for each transaction and approves the formal documents describing the specific objectives.

5.2 MARKET RISKS

5.2.1 INTEREST RATE RISKS

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

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

The impacts of interest rate variations are measured for twelve-month periods.

5.2.2 EXCHANGE RATE RISKS

Exposure to currency risk in the AdP Group is residual. This risk is embodied in future business transactions, recognised assets and liabilities, as well as net investments in foreign operations that were not incurred or expressed in the functional currency of AdP Group. The AdP Group's Central Treasury is responsible for the management of net AdP Group exposure in each currency, contracting swaps centrally in order to minimize the commercial risks, assets and liabilities recognised. The AdP Group has investments denominated in foreign currencies whose net assets are exposed to exchange rate risk through conversion. Foreign exchange exposure inherent to net assets in foreign currencies is residual. In 2022 and 2021, there were no contracted exchange rate swaps or financing in any foreign currency.

5.2.3 RAW MATERIAL PRICE RISKS (ENERGY AND FUELS)

The annual Águas de Portugal Group expenditure on energy and fuel represents approximately 30% to 35% of total supplies and external services (extraordinarily 18% in 2022). The Group, through AdP Servicos, negotiates and centrally contracts the acquisition of these raw materials for the entire Group. In the case of electricity, the price is set for the contract horizon.

5.3 LIQUIDITY AND CAPITAL RISKS

The management of liquidity risk requires keeping a reasonable level of availabilities and implies the consolidation of floating debt through an adequate amount of credit facilities and the ability to liquidate market positions. The AdP Group Treasury department, given the dynamics of the underlying businesses, intends to secure floating debt flexibility and keeping credit lines available for that purpose. The Group manages liquidity risk by taking out and maintaining credit lines and financing facilities with a firm underwriting commitment, with domestic banks that provide immediate access to funds. The table below displays AdP Group liabilities by intervals of contracted residual maturity. The amounts shown 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				
Financing EIB		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 amount		322 561 547	689 615 366	925 177 042

The EIB loans contractually allow AdP Group to choose the type of interest rate to apply: variable interest rate, fixed rate for the loan maturity or fixed rate revisable for a determined period of time. In this sense, for the purposes of determining future interest on EIB loans, the known and formally contracted interest was considered, so that for the period of time after which the fixed rate is in force no interest was considered in the table above as it is not reliably determinable what interest will be incurred in the future.

As at 31 December 2022, the outstanding principal related to the EIB Loans presents the following stratification by years of rate refixing/revision:

('000 EUR)

THE YEAR THE PERIOD THE INTEREST RATE CURRENTLY IN FORCE ENDS	AMOUNT OUTSTANDING AT 31.12.2022 (NOTE 23)	CAPITAL VALUE IN THE RATE SETTING YEAR
2023	36 493	6 541
2024	-	-
2025	640 985	497 3
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	-
	I 33I 348	647 374

For the purposes of determining future variable-rate interest (shareholder loans), this considered (i) the coupon of the interest known on 31 December 2022 and to be settled subsequently; and (ii) for the following coupons, this considered the Euribor index on 31 December 2022 plus the contractually formalised spread.

In September 2017, AdP SGPS entered into a 25-year, EUR 220 million (tranche A) financing agreement with the European Investment Bank under a EUR 420 million credit facility approved in July 2017 by the Board of Directors of this financial institution. In addition, on 31 July 2019, the AdP Group formally took up the remaining EUR 200 million (tranche B) 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. On 22 November 2022, an addendum was signed for two tranches: (i) transfer from the platform of the amount of EUR 100,612,000 from tranche B to tranche A; (ii) the extension of the final date of availability for this financing through to 14 September 2023; (iii) waiver of the "Net debt/EBITDA" covenant for the year of 2023. On 31 December 2022, the AdP Group had 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 debt service forecast for the next 12 months.

CONTRACTED SHORT TERM CREDIT LINES

LIQUIDITY RISK (EUR MILLIONS)	AMOUNT OF CEILING AVAILABLE	AMOUNT USED	AMOUNT UNUSED
Bank overdrafts (AdP Group)	125	0	125

The AdP Group goal with respect to managing capital, a broader concept than the balance sheet disclosed capital, is to maintain an optimal capital structure through prudent recourse to debt to enable it to reduce capital costs. The goal of capital risk management involves safeguarding the Group as a going concern, with a reasonable return for shareholders and the generation of benefits for all stakeholders.

AdP Group policy is to have the parent company, AdP, contract loans with financial corporations (with the exception of investment loans) before, in turn, making loans to its subsidiaries. This policy aims to optimise the capital structure for greater tax efficiency while also reducing the average cost of capital.

	NOTE	31.12.2022	31.12.2021
Non-current loans	23.2	I 424 784 I62	I 468 847 965
Current loans	23.2	295 188 284	236 937 980
Capital reconstitution fund	11.2	(21 263 297)	(21 222 798)
Availabilities	17.2	(460 705 684)	(323 290 474)
Lease liabilities (*)		888 177	2 123 610
Net debt		1 238 891 642	I 363 396 283
Investment subsidies	22.2	I 467 857 II8	I 445 287 330
Total own capital (without minority interests)		1 515 038 885	l 442 840 097
Capital and subsidies		2 982 896 003	2 888 127 427
Debt/Total capital		0.42	0.47

(*) Refers only to leasing with financial entities

The financing model of the Adp Group is fundamentally based on three broad categories that underpin the balance of the capital structure, bank financing, with a particular focus on EIB bank financing, bond financing and share capital and non-reimbursable investment grants.

5.4 CREDIT RISK

Credit risk is primarily related to the risk that a counterparty will fail in its contractual obligations, resulting in a financial loss to the Group. The AdP Group is subject to credit risk in its operating, investment and treasury activities.

OPERATING COUNTERPARTY

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

The composition of the AdP Group's client portfolio contains three types: (i) local authorities, municipal or intermunicipal services and municipal or inter-municipal companies; (ii) private individuals, institutions and companies supplied by the retail distribution network; and (iii) large industrial customers in the area of wastewater treatment and untreated water supply.

IV. LOCAL AUTHORITIES, MUNICIPAL OR INTERMUNICIPAL SERVICES AND MUNICIPAL OR INTER-MUNICIPAL ENTERPRISES ("MUNICIPALITIES")

The credit risk associated with these clients is considered to be low or close to the sovereign risk, historically observing that the non-payment of services rendered essentially results from divergences on invoices translated into lawsuits. Under the current legislation and regulations applicable to multi-municipal systems and partnerships, the change in amounts due, by voluntary or extrajudicial agreement between the management companies and these entities or by judicial decision, is relevant for the purpose of recalculating the cost recovery deviation to recover in tariffs or tariff revenues to be charged in the provision of future services.

Notwithstanding the foregoing, the administrative process associated with collection or settlement by means of agreements and attribution to Cost Recovery Deviation is lengthy, which explains the high amount of past due debts (see note 13) as well as the income (see note 36).

The AdP Board of Directors continues to understand that there are, on this date, no indicators that hitherto lead to the recognition of impairment prospects (except in very specific situations resulting from agreements entered into, which are translated into the cost recovery deviation calculation).

V. STATE AND PUBLIC SECTOR, INDIVIDUALS, INSTITUTIONS AND COMPANIES SUPPLIED BY THE RETAIL DISTRIBUTION NETWORK:

The credit risk associated with these customers is considered medium (except in the state and public sector where the risk is considered low) as supply through the retail distribution network allows for delivery to be cut off in case of default in the timely payment of invoices by customers. Notwithstanding, for customers supplied through the retail distribution network there are two segments to consider: (i) supply through the retail network under Partnerships, in which the losses for customer credit risks are offset by the Cost Recovery Deviation; and (ii) other supplies through 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 the debt resulting from supply through the retail distribution network, the expected loss is determined as follows: i) for invoices that are more than six months past due, I 00% impairment is applied (legal prescription for invoices more than six months past due); ii) for invoices issued but not yet due or less than six months past due, the percentage of the historical loss is applied and increased to include the "forward looking" effect.

VI. ARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES:

The credit risk associated with these customers is considered medium as they are private sector customers. However, the expected impairment losses per credit risk are evaluated annually on an individual basis taking into consideration the following factors: (i) the average term of receipt; (ii) the financial condition of the client; and (iii) macroeconomic developments.

31 December 2022:

BUSINESS SECTOR	BUL	K BUSINESS (*)		RETAIL BUSIN	LARGE INDUSTRIAL CLIENTS AND OTHER			
CLIENT TYPE	MUNICIPALITIES	OTHERS	. TOTAL	MUNICIPALITIES	STATE AND PUBLIC SECTOR	OTHERS	TOTAL	ENTITIES	TOTAL (NOTE 13.3)
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 21 04
Impairment	(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	R BULK BUSINESS (*)				RETAIL BUSIN	LARGE INDUSTRIAL CLIENTS AND			
CLIENT TYPE	MUNICIPALITIES OTHERS TOTAL		- TOTAL	MUNICIPALITIES STATE AND PUBLIC SECTOR OTHERS		TOTAL	OTHER ENTITIES	TOTAL (NOTE 13.3)	
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
Impairment	(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 government authorities, municipal or intermunicipal services, and municipal or intermunicipal companies.

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

31.12.2022	INSTITUTIONS, COMPANIES SUPPLIED BY THE BULK DISTRIBUTION NETWORK			HOUSEHOLDS, INSTITUTIONS, THE STATE AND PUBLIC SECTOR AND COMPANIES SUPPLIED BY THE RETAIL DISTRIBUTION NETWORK				LARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES				
AGE OF DEBT	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE
Not due	11 492 327	-	0%	11 492 327	21 538 722	(287 921)	-1%	21 250 801	7 611 794	-	0%	7 611 794
Due for up to 180 days	211 354	(183)	0%	211 171	6 748 379	(180 514)	-3%	6 567 865	I 236 090	-	0%	I 236 090
Due for over 180 days	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 DISTRIBUTION NETWORK			HOUSEHOLDS, INSTITUTIONS, THE STATE AND PUBLIC SECTOR AND COMPANIES SUPPLIED BY THE RETAIL DISTRIBUTION NETWORK				LARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES				
AGE OF DEBT	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE
Not 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	8916717	(251 017)	-3%	8 665 700	I 452 908	-	0%	l 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

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

DEPOSIT COUNTERPARTY

The following table represents the Group's maximum exposure to credit risk (not including Trade receivables and other debtor balances) as at 31 December 2022 and 2021 without regard to any collateral held or other credit enhancements. For assets in the balance sheet, the defined exposure is based on their carried over amount as reported in the balance sheet.

FINANCIAL BANK ASSETS	NOTE	31.12.2022	31.12.2021
Current accounts	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
ВІ			748 146
B3	-		348 721
Ba2		149 136	-
Ba3			45 166
BB	-	276 879	
BBB		408 899	l 664 879
BBB+	(a)	480 107 157	341 160 696
not available	•	734 791	212414
		482 054 316	344 700 244

Note: Fitch's ratings obtained from financial institution websites in January 2023.

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

5.5 OPERATING RISKS

5.5.1 CATASTROPHE RISK

Águas de Portugal Group companies are exposed to risks of disasters and natural phenomena, which may jeopardise the operability of infrastructures and result in revenue losses. Group companies have taken out insurance to offset these risks.

5.5.2 REGULATORY RISK

Law 10/2014 of 6 March approved the new ERSAR statutes, which now operates as an independent administrative body with greater autonomy in terms of organisation, functions and financial matters and equivalent to other independent regulators.

Regulation represents the most significant restriction on the profits of Group economic activities. The regulator can take measures that result in a negative impact on cash flow due to the contractual possibility of defining a productive efficiency scenario stipulating that the expenses to be recovered by the tariff differ from the expenses actually incurred. These expenses include financial expenses.

6. INTANGIBLE ASSETS 6.1 ACCOUNTING POLICIES

RIGHT TO USE INFRASTRUCTURES ("DUI") - CONCESSIONS AND PARTNERSHIPS

For the accounting policies on Right to Use of Infrastructure, see the disclosure in note 2.4.

OTHER INTANGIBLE ASSETS

The intangible assets (software development expenditure, costs of intellectual property and other rights) are included in the accounts at cost net of accumulated amortisation. These headings are amortised using the straight-line method, usually for three to ten years. Research and development costs that do not meet the criteria for recognition of development expenses as intangible assets are recognised as expenses in the period when incurred. Development expenses previously recognised as expenses in the period are not recognised as intangible assets in subsequent periods. Investments that improve the performance of software programs beyond their original specifications are added to the original cost of the software.

These items are depreciated on a straight-line basis usually over a period of three to ten years. The costs of implementing software recognised as assets are amortised according to the straight-line method over their useful lives, i.e., from three to six years.

IMPAIRMENT

The Group assets are reviewed on the date of each balance sheet in order to detect any indications of possible impairment losses. Whenever such indication exists, the recoverable asset amount is subject to evaluation.

For other intangible assets with indefinite useful lives, the recoverable amount is assessed annually on the date of reporting.

Taking into account the premises of concession contracts, the recoverable amount of the right to use infrastructures (DUI) corresponds to the value of use, and this in turn corresponds to the guaranteed remuneration (dividend) in each of the respective years for the term of the concession. These amounts are part of the EVEF (economic and financial viability studies) annexed to the concession contracts and are re-sent periodically to the sector regulator.

Whenever there are indications of potential losses due to impairment, the recoverable value of Group assets is ascertained. Whenever the book value of an asset, or the cash-generating unit to which it belongs, exceeds the amount recoverable, the value is reduced to the amount recoverable with this impairment loss recognised in the respective income statement.

For cash-generating units that only began business operations within a certain period of previous time (two to three years), the Group performs analysis of the impairment. However, as the respective businesses have not yet reached sufficient maturity, impairment losses are only recognised when there are unequivocal indicators that recoverability represents only a remote likelihood.

Determining the recoverable amount of assets

The amount of receivables recoverable stems from the highest value between their net sale price and their value in use. In calculating the value in use of an asset, the estimated future cash flows are discounted by a pre-tax discount rate reflecting the current market assessments of the term value of money and the specific risks to the asset in question. The recoverable amount of assets that do not themselves generate independent cash flows is determined within the scope of their respective cash generating unit.

Reversal of impairment losses

Impairment losses related to other assets are reversed whenever there are changes in the estimates used to determine the respective recoverable amount. Impairment losses are reversed up to the amount, net of depreciation and amortisation, that the asset would have held had the impairment loss not been recognised.

6.2 ESTIMATES AND JUDGMENTS

USEFUL LIFE

Determining the useful asset life spans and the depreciation/amortisation method are both essential to calculating the amount of depreciation and amortisation for recognition in the consolidated income statement.

These two parameters are defined in accordance with the best Board of Directors estimates for the assets and business in question. However, as this is mostly a concession and regulated activity, the useful life span of assets is also associated with the pattern of economic benefits obtained, themselves determined by economic regulation (for the concession flows and terms), and according to the respective concession or partnership contracts, at the end of the concessions or partnerships the assets are fully depreciated. Additionally, given the nature of the concessions and partnerships with guaranteed returns to the AdP Group, changes in the flow rates have no impact on the consolidated net profit as these variations are neutralised by the Cost Recovery Deviation (see note 2.4).

When determining a contractual investment, the Group applies, as the basis for depreciation, the value of contractual investments stipulated in the concession contracts and/or EVEFs (the economic and financial feasibility studies) subsequently submitted to the grantor, which may be subject to revision and approval with a resulting impact on Group financial statements.

IMPAIRMENT

The determination of a possible impairment loss can be triggered by the occurrence of various events, many of which are beyond the scope of influence of the AdP Group, such as the future availability of financing, the cost of capital, or the maintenance of the current market regulatory structure as well as other alterations, whether internal or external, to the AdP Group.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets (or a set of assets) imply a high degree of judgment on the part of management in the identification and evaluation of the different indicators of impairment, expected cash flows, applicable discount rates, useful lives and residual values.

6.3 DETAILS AND MOVEMENT

The intangible assets as of 31 December 2022 and 31 December 2021 were the following:

	31.12.2022	31.12.2021
Right to use infrastructures - IFRIC 12	3 496 127 599	3 492 281 979
Development projects	3 916 341	4 102 696
Industrial property and other rights	132 192	164 528
Computer software programs	456 787	125 277
Other intangible assets	13 374 480	13 947 626
Intangible assets ongoing (DUI)	229 092 796	212 905 562
	3 743 100 195	3 723 527 668

The Group does not recognise internally generated intangible assets.

The movements in intangible assets in the years ending on 31 December 2022 and 2021 were as follows:

GROSS AMOUNT	31.12.2021	INCREASES	INTEGRATION OF ASSETS	DECREASES/ WRITE-OFFS	EXCHANGE RATE	TRANSFER AND RE-CLASSIFICATION	31.12.2022
Right to use infrastructures	5 899 613 757	9 5 1 8 3 3 3	63 393 421	(27 517)	-	125 251 942	6 097 749 936
Development projects	8 986 392	-	-	-	441	-	8 986 833
Industrial property	11 447 174	-	-	-	-	-	11 447 174
Computer software programs	158 126	9 995	-	-	-	400 607	568 728
Other intangible assets	26 954 785	-	-	-	-	111 580	27 066 365
Intangible assets ongoing (DUI)	212 905 562	141 889 969	-	-	-	(125 702 735)	229 092 796
	6 160 065 796	151 418 297	63 393 421	(27 517)	441	61 394	6 374 911 832

ACCUMULATED AMORTISATIONS	31.12.2021	INCREASES (NOTE 30)	INTEGRATION OF ASSETS	DECREASES/ WRITE-OFFS	EXCHANGE RATE.	TRANSFER (NOTE 21.2)	31.12.2022
Right to use infrastructures	(2 407 331 778)	(146 708 238)	-	17 590	-	(47 599 911)	(2 601 622 337)
Development projects	(4 883 696)	(186 355)	-	-	(441)	-	(5 070 492)
Industrial property	(11 282 646)	(32 335)	-	-	-	-	(11 314 981)
Computer software programs	(32 849)	(79 092)	-	-	-	-	(111 941)
Other intangible assets	(13 007 159)	(649 762)	-	-	-	(34 964)	(13 691 885)
	(2 436 538 128)	(147 655 782)	-	17 590	(441)	(47 634 875)	(2 631 811 636)
Net amount	3 723 527 668	3 762 515	63 393 421	(9 927)	-	(47 573 481)	3 743 100 196

GROSS AMOUNT	31.12.2020	INCREASES	INTEGRATION OF ASSETS	DECREASES/ WRITE-OFFS	EXCHANGE RATE	TRANSFER AND RE-CLASSIFICATION	31.12.2021
Right to use infrastructures	5 774 355 129	7 015 926	16 078 440	(9 565)	-	102 173 827	5 899 613 757
Development projects	8 934 487	2 943	-	-	I 539	47 423	8 986 392
Industrial property	11 447 174	-	-	-	-	-	11 447 174
Computer software programs	38 753	63 080	-	-	-	56 293	158 126
Other intangible assets	26 936 546	18 239	-	-	-	-	26 954 785
Intangible assets ongoing (DUI and others)	199 995 959	115 702 395	-	-	-	(102 792 792)	212 905 562
	6 021 708 048	122 802 583	16 078 440	(9 565)	1 539	(515 249)	6 160 065 796

ACCUMULATED AMORTISATIONS	31.12.2020	INCREASES (NOTE 30)	INTEGRATION OF ASSETS	DECREASES/ WRITE-OFFS	EXCHANGE RATE	TRANSFER AND RE-CLASSIFICATION	31.12.2021
Right to use infrastructures	(2 229 817 687)	(145 682 917)	-	8	-	(31 831 182)	(2 407 331 778)
Development projects	(4 687 216)	(194 941)	-	-	(1 539)	-	(4 883 696)
Industrial property	(11 187 619)	(95 027)	-	-	-	-	(11 282 646)
Computer software programs	(16 791)	(16 058)	-	-	-	-	(32 849)
Other intangible assets	(12 345 653)	(656 283)	-	(5 223)	-	-	(13 007 159)
	(2 258 054 966)	(146 645 226)		(5 215)	(1 539)	(31 831 182)	(2 436 538 128)
Net amount	3 763 653 082	(7 764 203)	16 078 440	(14 780)	-	(32 346 431)	3 723 527 668

Increases in the gross amount by company:

	31.12.2022	31.12.2021
Águas do Algarve, S.A.	20 554 045	7 295 326
Águas do Centro Litoral, S.A.	15 163 607	10311374
Águas do Douro e Paiva, S.A.	7 007 654	4 881 161
Águas do Norte, S.A.	31 418 098	24 665 571
AdRA - Águas da Região de Aveiro, S.A.	19 878 550	14 373 843
Águas de Santo André, S.A.	l 820 725	I 485 340
AgdA - Águas Públicas Alentejo, S.A.	10 465 511	12 721 968
Águas do Alto Minho, S.A.	9 488 442	5 440 337
Águas do Tejo Atlântico, S.A.	13 696 300	21 408 060
Águas do Vale do Tejo S.A.	14 463 929	15 853 983
SIMARSUL, S.A.	3 754 804	2 3 999
SIMDOURO, S.A.	3 706 632	2 233 621
	151 418 297	122 802 583

Details of the integration of assets by company:

	31.12.2022	31.12.2021
Águas do Algarve, S.A.	53 912 250	-
Águas do Douro e Paiva, S.A.	l 232 896	-
Águas do Norte, S.A.	511 031	2 024 542
Águas de Santo André, S.A.	-	6 236 000
AgdA - Águas Públicas Alentejo, S.A.	-	7 817 898
SIMARSUL, S.A.	7 737 244	-
	63 393 421	16 078 440

In the 2022 financial year, the transfer of the amount of EUR 125,251,942 to the "Right to use infrastructures" item essentially arises from the entrance into operation or completion of construction of various infrastructures by Group companies (new investment in rehabilitating water and sanitation treatment and transport infrastructures). Following either their entrance into operation or the termination of construction of these infrastructures, they are subject to reclassification from the "Accrued expenses for contractual investment" to the accumulated amortisations for right to use infrastructures in the amount of EUR 47.599.911.

On 31 December 2022, the "Intangible assets - ongoing" item corresponds to infrastructure construction projects taking place at Group companies (new infrastructures or investments in water and sanitation treatment and transport).

The increase in the gross value of "Right to use infrastructures" in December 2022, alongside the integration of assets, includes EUR 37,044,000 in relation to the Odeleite dam and EUR 16,868,000 due to the Beliche dam, both at Águas do Algarve. In addition, this figure also includes EUR 7,737,000 following the integration of assets from the Municipality of Setúbal by SIMARSUL.

7. TANGIBLE FIXED ASSETS 7.1 ACCOUNTING POLICIES

RECOGNITION AND MEASUREMENT

Tangible fixed assets are generally measured at cost, less any impairment losses, and are depreciated according to their estimated useful life. Expenditure directly attributable to the acquisition of assets and their preparation and commissioning is taken at its balance sheet value.

A significant part of the tangible fixed assets of the AdP Group (EPAL) acquired before 3 I December 2008 are recorded at acquisition cost or deemed cost, which encompasses the effects of revaluations made according to law and the effect of free revaluations, based on a valuation carried out by an independent specialised entity, with reference to the transition date for the IFRS (1 January 2009).

The subsequent costs are included in the book value of the asset or recognised as separate assets, as appropriate, only when it is probable that economic benefits will flow to the company and the costs can be reliably measured. Asset depreciation takes place during their remaining useful life or until the next repair, whichever happens first. Replaced asset components are identified and recognised in the income statement.

Financial expenses related to loans obtained to finance ongoing investment are capitalised in full until the asset is commissioned.

Every other expenditure on repairs and maintenance is recognised as expenses in the period when incurred.

DEPRECIATIONS

Tangible fixed assets assigned to operations are depreciated based on their estimated useful life spans measured from when ready for commissioning. The depreciable value is calculated by deducting the expected residual value at the end of the estimated useful life.

The estimated useful lives for tangible fixed assets are expressed in the following average terms:

TYPES	YEAR INTERVAL
Buildings and other constructions	10 - 75
Basic equipment	3 – 55
Transport equipment	4 - 16
Tools and utensils	4 - 10
Administrative equipment	4 - 10

Land is not subject to depreciation.

The depreciation of assets intended for sale is suspended and these are classified as assets held for sale.

IMPAIRMENT

Whenever there are signs of the loss of value of tangible fixed assets, impairment tests are carried out to estimate the recoverable asset value and registering an impairment loss whenever necessary. The recoverable value is determined as the higher of the net sale price or the asset value in use. Value in use is calculated based on the current value of estimated future cash flows arising from the continued use and disposal of the asset at the end of its useful life.

At the end of each financial year, the Board of Directors reviews the depreciation methods and the estimated useful life span of each asset to ensure that the consumption trend of the benefits from assets in the years used by AdP gets faithfully reflected. Any changes to these assumptions will be handled as a change in an accounting estimate and earmarked for prospective application.

Determining the recoverable amount of assets

The amount of receivables recoverable stems from the highest value between their net sale price and their value in use. In calculating the value in use of an asset, the estimated future cash flows are discounted by a pre-tax discount rate reflecting the current market assessments of the term value of money and the specific risks to the asset in question. The recoverable amount of assets that do not themselves generate independent cash flows is determined within the scope of their respective cash generating unit.

Reversal of impairment losses

Impairment losses related to other assets are reversed whenever there are changes in the estimates used to determine the respective recoverable amount. Impairment losses are reversed up to the amount, net of depreciation and amortisation, that the asset would have held had the impairment loss not been recognised.

DERECOGNITION

Gains or losses arising from write-offs or disposals are determined by the difference between the proceeds received on disposals and the asset's book value, and are recognised as income or expense in the income statement.

7.2 ESTIMATES AND JUDGMENTS

USEFUL LIFE

The determination of the useful life of tangible fixed assets is essential to calculating the amount of depreciation for recognition in the consolidated income statement. This parameter was defined in accordance with the Management's best estimate for the assets in question.

IMPAIRMENT

The determination of a possible impairment loss can be triggered by the occurrence of various events, many of which are beyond the scope of influence of AdP Group, such as the future availability of financing, the cost of capital, or the maintenance of the current market regulatory structure as well as other alterations, whether internal or external, to the AdP Group.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets (or a set of assets) imply a high degree of judgment on the part of management in the identification and evaluation of the different indicators of impairment, expected cash flows, applicable discount rates, useful lives and residual values.

In the specific case of the equipment held by AdP Energias, the impairment indicators change in keeping with growth in the respective network of infrastructures, alterations to the expected or actual tariffs or the prevailing strategies of the AdP Group that, in conjunction with other factors, may lead to alterations in the patterns or amount of future cash flows.

7.3 DETAILS AND MOVEMENTS

The details of the tangible fixed assets as at 31 December 2022 and 31 December 2021 were the following:

	31.12.2022	31.12.2021
Land and natural resources	123 134 711	123 134 711
Buildings and other constructions	96 909 236	100 207 222
Basic equipment	406 311 911	420 800 792
Transport equipment	495 859	443 325
Administrative equipment	5 709 228	6 086 627
Others	2 086 809	2 399 785
Investments – ongoing	18 309 356	8 841 160
	652 957 110	661 913 622

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GROSS AMOUNT	31.12.2021	INCREASES	EXCHANGE RATE	REDUCTIONS / DISPOSALS	TRANSF.	31.12.2022
Land and natural resources	123 134 711	-	-	-	-	123 134 711
Buildings and other constructions	245 886 675	3 791	-	-	I 273 668	247 164 134
Basic equipment	l 099 503 600	1 737 213	-	(211 299)	4 259 538	1 105 289 052
Transport equipment	2 744 807	244 210	10 507	(151 125)	8 200	2 856 599
Administrative equipment	43 385 271	799 49 I	3 560	(855 257)	l 455 865	44 788 930
Others	28 413 661	192 281	I 253	(149 717)	70 880	28 528 358
Investments – ongoing	8 841 160	16 669 959	-	(19 391)	(7 182 372)	18 309 356
	1 551 909 885	19 646 945	15 320	(1 386 789)	(114 221)	1 570 071 140
ACCUMULATED AMORTISATIONS	31.12.2021	INCREASES (NOTE 30)	EXCH. RATE CONV.	REDUCTIONS / DISPOSALS	TRANSF.	31.12.2022
Buildings and other constructions	(145 309 453)	(4 575 445)	-		-	(149 884 898)
Basic equipment	(677 773 764)	(20 709 480)	-	211 299	-	(698 271 945)
Transport equipment	(2 301 482)	(202 186)	(8 195)	151 123	-	(2 360 740)
Administrative equipment	(37 298 644)	(2 633 681)	(2 634)	855 257	-	(39 079 702)
Others	(26 013 876)	(575 440)	(1 253)	149 020	-	(26 441 549)
	(888 697 219)	(28 696 232)	(12 082)	I 366 699	-	(916 038 834)
IMPAIRMENT LOSSES	31.12.2021	INCREASES (NOTE 32)	EXCHANGE RATE	REDUCTIONS / DISPOSALS	REVERSAL (NOTE 32)	31.12.2022
Buildings and other constructions	(370 000)	-	-	-	-	(370 000)
Basic equipment	(929 044)	-	-	-	223 848	(705 196)
	(1 299 044)	-	-	-	223 848	(1 075 196)
Net amount	661 913 622	(9 049 287)	3 238	(20 090)	109 627	652 957 110

GROSS AMOUNT	31.12.2020	INCREASES	EXCHANGE RATE	REDUCTIONS / DISPOSALS	TRANSF.	RECLASSIFICATION	31.12.2021
Land and natural resources	117 828 163	-	_	-	256 548	5 050 000	123 134 711
Buildings and other constructions	222 681 701	6 599	-	-	1815211	21 383 164	245 886 675
Basic equipment	I 093 249 779	2 522 510	-	(1 168 513)	4 899 824	-	I 099 503 600
Transport equipment	2 511 708	214 776	18 323	-	-	-	2 744 807
Administrative equipment	39 920 373	l 993 947	3 190	(68 864)	I 536 625	-	43 385 271
Others	28 044 308	220 717	4 377	-	144 259	-	28 413 661
Investments – ongoing	6 644 392	11 136 331	-	(19 879)	(8 137 219)	(782 465)	8 841 160
	1 510 880 424	16 094 880	25 890	(1 257 256)	515 248	25 650 699	1 551 909 885
ACCUMULATED AMORTISATIONS	31.12.2020	INCREASES (NOTE 30)	EXCHANGE RATE	REDUCTIONS / DISPOSALS	TRANSF.	RECLASSIFICATION	31.12.2021
Buildings and other constructions	(129 664 291)	(4 282 371)	-		-	(11 362 791)	(145 309 453)
Basic equipment	(658 445 060)	(20 492 184)	-	l 163 480	-	-	(677 773 764)
Transport equipment	(2 126 096)	(162 335)	(13 051)		-	-	(2 301 482)
Administrative equipment	(34 905 348)	(2 458 943)	(3 112)	68 767	(8)	-	(37 298 644)
Others	(25 402 900)	(606 599)	(4 377)	_	-	-	(26 013 876)
	(850 543 695)	(28 002 432)	(20 540)	I 232 247	(8)	(11 362 791)	(888 697 219)

IMPAIRMENT LOSSES	31.12.2020	INCREASES (NOTE 32)	EXCHANGE RATE	REDUCTIONS / DISPOSALS	REVERSAL (NOTE 32)	RECLASSIFICATION	31.12.2021
Buildings and other constructions	(370 000)	-	-	-	-	-	(370 000)
Basic equipment	(965 658)	(172 831)	_	-	209 445		(929 044)
	(1 335 658)	(172 831)	-	-	209 445	-	(1 299 044)
Net amount	659 001 071	(12 080 383)	5 350	(25 009)	724 685	14 287 908	661 913 622

Increases in the gross amount per company:

	31.12.2022	31.12.2021
Águas do Algarve, S.A.	-	10 641
Águas do Douro e Paiva, S.A.	952	l 793
Águas do Norte, S.A.	323 670	737 579
AdP - Águas de Portugal, SGPS, S.A.	90 172	3 123
AdP Internacional, S.A.	116 426	183 338
AdP Valor S.A.	299 468	l 045 l29
AdRA - Águas da Região de Aveiro, S.A.	39 469	34 042
Águas do Alto Minho, S.A.	525	-
Águas do Tejo Atlântico, S.A.	35 012	266 384
Águas do Vale do Tejo S.A.	290 530	389 895
EPAL, S.A.	18 450 721	13 389 889
AdP Energias, S.A.	-	33 067
	19 646 945	16 094 880

The "Basic equipment" item essentially includes the distribution network, pipes, reservoirs, water and electricity installations, hydraulic works and counters (retail supply made by EPAL). On 31 December 2022, the "Basic equipment" item also includes fixed assets in the possession of third parties, specifically water counters placed in the distribution networks with an approximate value of around EUR 4.6 million.

The transfers taking place in 2022 correspond essentially to infrastructure works on the EPAL water supply network. As at 31 December 2021, the "Investments – ongoing" item broadly reflected the ongoing infrastructural works at EPAL (new infrastructures or investments in the rehabilitation of water treatment and transport infrastructures).

On 20 December 2021, the financial leasing contract for the site of the headquarters ended. Following the exercising of the option to buy, the amount hitherto registered in the "Right-of-use assets" item was transferred to the "Tangible fixed assets – Lands" and "Tangible fixed assets – Buildings and other constructions" items (total amount of EUR 14,287,908 – note 8.2)

8. LEASES

8.1 ACCOUNTING POLICIES

Leases, in which the AdP Group is the lessee, are recognised, measured and presented in accordance with a single model. Through this model, the leases are accounted for in the statement of financial position. On the effective date of the lease, the AdP Group recognises the liability relating to future lease payments (i.e. the lease liability) and the asset that represents the right to use the asset during the lease period (i.e. the right-of-use asset). The AdP Group separately recognises the financing costs related to lease liabilities and the cost of depreciation or amortisation of the asset under right of use.

The AdP Group has leases as both lessee and lessor.

A) IDENTIFICATION OF A LEASE

At the start of a contract, an entity must assess whether the contract is, or contains, a lease. A contract is or contains a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for remuneration:

- a) The asset underlying the lease must be specifically identified or the asset is implicitly specified at the time it becomes available for use by the lessee; and
- b) The lease shall grant the right to control the use of the underlying asset for a specified period of time, i.e., the lease shall grant the lessee the right to obtain substantially all economic benefits from usage of the identified asset.

SEPARATE COMPONENTS OF A CONTRACT

If a contract is, or contains, a lease, the AdP Group accounts for each component of the lease separately from the non-location component (e.g., service rendered) implicit in the contract, except in cases where the AdP Group (as lessee) chooses not to separate the non-location component from the lease component and, as such, accounts for everything only as a single rental component.

The remuneration of the contract is separated between the rental and non-location components, based on the relative price on an individual basis for each rental component and on the sum of the prices on an individual basis for the non-lessee components. The relative price on an individual basis of the rental component equals the price that a lessor/seller would charge for the rental component separately.

Unless the practical arrangements allowed to lessees are applied, a lessee shall account for the non-lease component in accordance with the applicable IFRSs.

LEASE TERM

The lease term corresponds to the non-cancellable period in which the lessee has the right to use an underlying asset in accordance with the following conditions:

- i) periods covered by options to extend the lease when the lessee is reasonably certain about exercising that option; and
- ii) periods covered by an option to terminate the lease when the lessee is reasonably certain about not exercising that option.

The lease term includes the months of grace for rent, if any. The commencement date of the lease corresponds to the date on which the lessor makes the underlying asset of the lease available for the use of the lessee.

B)ACCOUNTING FOR LESSEES

RECOGNITION AND INITIAL MEASUREMENT OF THE RENTAL CONTRACT

At the start date of the lease, the AdP Group recognises a right-of-use asset and a liability for the lease.

Initial measurement of right-of-use assets

At the commencement date of the lease, the asset under right of use is measured at cost, which is equal to the value of the lease liability plus costs for dismantling the asset (where these are an obligation), direct initial costs for installing the asset and payments less any incentives that may have occurred before the contract date.

Initial measurement of lease liability

At the commencement date, the rental liability is measured at the present value of the future fixed and variable rental payments, contractual penalties for advance payment, the residual value that is expectable to be paid by the lessee and the purchase option, when applicable. Future variable lease payments do not include remuneration indexed to the lessee's business turnover.

Future lease payments are discounted using the following interest rate:

- i) In contracts where the implicit rate of the respective contract is available, this rate is used (interest rate that equals the fair value of the underlying asset to the sum of the present value of the lease instalments and the residual value);
- ii) For other contracts, the incremental financing rate is applied (that interest rate received for financing the lease term with the aim of acquiring the underlying lease asset).

SUBSEQUENT LEASE MEASUREMENT

Subsequent measurement of right-of-use assets

The asset under right of use is measured by the cost model, where the asset under right of use is measured at cost less accumulated depreciation and impairment losses and is adjusted for any remeasurements of lease liabilities.

Depreciations are calculated on a straight-line basis from the starting date of the lease and over the useful life of the underlying asset in cases where there is an option to purchase on the lease and it has been taken into account in the initial measurement of the usage right asset. In other cases, the depreciation is calculated on a straight-line basis over the lease term. Depreciation is accounted for as an expense in the income statement.

The useful lives applicable to assets under right of use are set out in the following average terms:

TYPE	INTERVAL IN YEARS
Software licences	3
Transport equipment	l - 4
Other equipment	l - 2

Subsequent measurement of lease liabilities

The lease liability is measured at the amortised cost. After the lease commencement date, the AdP Group measures the lease liability by:

- i) Increases to reflect accrued interest (calculated by applying the discount rate used in the initial measurement of the lease liability and recognised in the income statement);
- ii) Reductions to reflect the lease payments made
- iii) Re-measurement to reflect changes in the lease (e.g., term, rents):
 - a. Implying adjustments to the accounting value of the right to use the lease assets;
 - **b.** When the remeasurement results from a change in the lease term, then a new discount rate is set to apply from the date of the change in the lease term.

PRACTICAL ARRANGEMENTS USED BY THE ADP GROUP AS A LESSEE

The AdP Group applies the following practical arrangements under IFRS 16:

- i) For contracts with lease and service components, the service component is treated as a lease under IFRS 16;
- ii) Leases with contractual terms of up to 12 months were excluded from the scope of IFRS 16;
- iii) Lease contracts for which the underlying assets report an estimated value of less than USD 5 000 (printers and photocopiers, water dispensers and similar) were excluded from the scope of IFRS 16.

In leases where the AdP Group is the lessee and whose underlying assets are of little value (such as a personal computer) and short-term lease contracts (i.e., contracts with a duration of 12 months or less), the recognition and measurement of the lease is not made using the single model described above, with the lease rentals being recognised as an expense on a straight-line basis over the period of the lease in the income statement under "External supplies and services - Rents and leases".

C) ACCOUNTING FOR LESSORS

Leases are accounted for as finance leases or operating leases:

- i) Financial Leasing: when substantially transferring all risks and benefits of ownership of the underlying asset;
- ii) Operating lease: when not transferring substantially all risks and benefits of ownership of the underlying asset.

Lessors are not allowed to make practical recourse to considering the non-leasing component as a lease.

Under financial leasing, the lessor recognises a financial asset at the amortised cost on the balance sheet and recognised in the results in the respective item for interest gains.

In an operating leasing, the lessor recognises the receipts from the lease as linear earnings.

The AdP Group is a lessor only in operating leasings.

8.2 RIGHT-OF-USE ASSETS

The details of assets under right of use at 31 December 2022 and 2021 and their movement on those dates were the following:

		31.12.2021			FINANCIAL YEAR 2022				31.12.2022	
RIGHT-OF-USE ASSETS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	GROSS VALUE OF INCREASES IN THE YEAR	AMORTISATIONS FOR THE PERIOD (NOTE 30)	GROSS VALUE OF WRITE-OFFS/ REDUCTIONS/ TRANSFERS IN THE FINANCIAL YEAR	NON-AMORTISED WRITE-OFFS/ REDUCTIONS/ TRANSFERS IN THE FINANCIAL YEAR	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT
Land and natural resources	I 248 405	(433 468)	814 937	-	(36 532)	-	(33 128)	I 248 405	(503 128)	745 277
Buildings and other constructions	11 783 142	(2 833 559)	8 949 583	608 234	(754 673)	54 038	(83 546)	12 445 414	(3 671 778)	8 773 636
Transport equipment	12 131 593	(9 771 014)	2 360 579	2 753 551	(2 277 106)	(6 481 818)	6 420 467	8 403 326	(5 627 653)	2 775 673
Licences	4815014	(1 744 389)	3 070 625	14 604	(1 606 137)	-	-	4 829 618	(3 350 526)	I 479 092
	29 978 154	(14 782 430)	15 195 724	3 376 389	(4 674 448)	(6 427 780)	6 303 793	26 926 763	(13 153 085)	13 773 678

		31.12.2020			FINAN	CIAL YEAR 2021			31.12.2021	
RIGHT-OF-USE ASSETS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	GROSS VALUE OF INCREASES IN THE YEAR	AMORTISATIONS FOR THE PERIOD (NOTE 30)	GROSS VALUE OF WRITE-OFFS/ REDUCTIONS/ TRANSFERS IN THE FINANCIAL YEAR	NON-AMORTISED WRITE-OFFS/ REDUCTIONS/ TRANSFERS IN THE FINANCIAL YEAR	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT
Land and natural resources	6 298 181	(406 640)	5 891 541	838	(38 013)	(5 050 614)	11 185	I 248 405	(433 468)	814 937
Buildings and other constructions	32 143 653	(13 397 885)	18 745 768	507 826	(998 937)	(20 868 337)	11 563 263	11 783 142	(2 833 559)	8 949 583
Transport equipment	12 156 366	(6 777 214)	5 379 152	302 345	(3 260 413)	(327 118)	266 613	12 131 593	(9 771 014)	2 360 579
Licences	4814366	(125 957)	4 688 409	648	(1 618 432)	-	-	4815014	(1 744 389)	3 070 625
	55 412 566	(20 707 696)	34 704 870	811 657	(5 915 795)	(26 246 069)	11 841 061	29 978 154	(14 782 430)	15 195 724

8.3 LEASE LIABILITIES

The details of the lease liabilities as at 31 December 2022 and 2021 were the following:

LEASE LIABILITIES	31.12.2022	31.12.2021
Currents	l 722 320	4 372 249
Non-current	8 886 738	8 861 057
	10 609 058	13 233 306
CAPITAL OUTSTANDING BY TYPE OF ASSET ACQUIRED	31.12.2022	31.12.2021
Software Licences	475 287	l 501 865
Lands and buildings and other constructions	7 876 021	9 159 952
Transport equipment and other equipment	2 257 750	2 571 489
	10 609 058	13 233 306
FUTURE MINIMUM PAYMENTS	31.12.2022	31.12.2021
Up to 1 year	2 010 394	4 641 985
From I to 5 years	4 816 160	4 109 803
Over 5 years	7 184 403	8 136 889
	14 010 957	16 888 677
INTEREST	31.12.2022	31.12.2021
Up to 1 year	288 074	269 736
From I to 5 years	749 535	830 039
Over 5 years	2 364 290	2 555 596

3 655 371

3 401 899

PRESENT VALUE OF MINIMUM PAYMENTS	31.12.2022	31.12.2021
Up to 1 year	I 722 320	4 372 249
From I to 5 years	4 066 625	3 279 764
Over 5 years	4 820 113	5 581 293
	10 609 058	13 233 306
LEASING PAYMENTS I) AS LESSEE		
TOTAL OF LEASING PAYMENTS	31.12.2022	31.12.2021

TOTAL OF LEASING PAYMENTS	31.12.2022	31.12.2021
Accounted for according to the single model stipulated in IFRS 16	4 248 510	7 579 055
Accounted for as expenditure in the results	4 674 797	3 171 651
	8 923 307	10 750 706

II) AS LESSOR

TOTAL OF FUTURE LEASING INCOME	31.12.2022	31.12.2021
Up to 1 year	147 500	354 000
From I to 5 years	-	147 500
	147 500	501 500
Leasing income (note 34)	354 000	354 000

9. INVESTMENT PROPERTIES 9.1 ACCOUNTING POLICIES

RECOGNITION AND MEASUREMENT

The AdP Group's investment properties are real estate held with the aim of obtaining income, capital appreciation or both. The investment properties are initially measured at cost, including the transaction expenses directly attributable to them. The investment properties are measured at depreciated cost after this initial recognition.

DEPRECIATIONS

As they are accounted for in the same way as tangible fixed assets, depreciations are calculated after the asset is ready for use in accordance with the straight-line method by twelfths, depending on the estimated useful life for each class of assets (see note 7).

DERECOGNITION

Investment properties are derecognised on disposal or when they are permanently withdrawn from use and no economic benefits are expected from their disposal.

IMPAIRMENT AND FAIR VALUE

For the purpose of analysing and disclosing the recovery value of investment properties, the AdP Group contracts external appraisals submitted by specialist external entities at the end of each financial year in which there is considered to have been a change in market conditions or exceptional events that may cause significant variations in the fair value of investment properties, as determined in the appraisals made immediately before. Whenever on the reporting date, the value of investment properties, net of accumulated depreciation, is higher than its recoverable value, the AdP Group then records the respective impairment loss. When, in subsequent reporting periods, there is an increase in the recoverable amount compared to the net book value, impairment losses will be reversed up to the limit of the asset amount had no impairment loss been recognised in the meanwhile.

9.2 DETAILS AND MOVEMENTS

The investment properties as of 31 December 2022 and 2021 and their respective movements in the years then ending were the following:

GROSS AMOUNT		31.12.2022	31.12.2021
Lands		12 883 737	12 883 737
Buildings		2 454 269	2 454 269
		15 338 006	15 338 006
ACCUMULATED DEPRECIATIONS	NOTE	31.12.2022	31.12.2021
Opening balance		(2 174 190)	(2 096 152)
Increase	30	(68 301)	(78 038)
Closing balance		(2 242 491)	(2 174 190)

Resulting from the execution of an existing protocol with the Lisbon Municipality, EPAL incorporated a plot of land into its assets, which was registered as an investment property for the amount of approximately EUR 12.8 million as its usage was not defined. According to that protocol, signed in 1992, the municipality of Lisbon undertook to transfer to EPAL lands for construction. Subsequent developments culminated with the effective transfer of the land in question, by public deed, between the Municipality of Lisbon and EPAL, which occurred on 31 December 2014.

FAIR VALUE

The fair value of Investment properties is at least equivalent to their book value, and as determined through valuations undertaken by independent specialised entities holding recognised and relevant professional qualifications, subject to updating whenever there are indications of significant changes in their value.

As at 31 December 2022, the fair value of the investment properties at least equalled their accountancy values, and of greatest relevance in keeping with it accounting for 97% of the net accountancy amount, the value recognised in the financial statements is that most guaranteed under the auspices of the Protocol agreed with the Lisbon Municipal Council, with the evaluation carried out by an independent entity in December 2022 reported a value of EUR 21.0 million in accordance with the market value method and with its net accountancy amount standing at EUR 12.9 million on 31 December 2022.

As regards the remainder, only two record net accountancy amounts. Of these, the property that accounts for almost the totality of the remaining value (around 2.5%), was also subject to evaluation by an independent entity in December 2022 with this process producing the result of EUR 3.9 million, and with the net accountancy amount standing at EUR 0.2 million on 3 l December 2022.

It is the understanding of the Board of Directors that the fair value determined in the financial statements is appropriate and reflects the prevailing market conditions.

10. FINANCIAL INVESTMENTS IN ASSOCIATED COMPANIES 10.1 ACCOUNTING POLICIES

Holdings in associated companies are evaluated in accordance with the equity method. The consolidated financial statements, according to this method, include the Group's share of the total recognised gains and losses from the date that significant influence commences until the date this effectively ends. Associates represent entities in which the Group holds between 20% and 50% of the voting rights or over which the Group has significant influence but cannot exert full control. Unrealised gains or losses in transactions between the Group and its associates are eliminated. The dividends paid out by the company invested in are considered reductions in the investment held.

When the share of the losses of an associate exceeds the investment made in the associate, the book value of the investment is reduced to zero and the Group recognises additional future losses associated with liabilities already taken on or in the case of any payments made on behalf of the Associate. Any surplus in the acquisition cost of a Group's shareholding financial investment in the fair value of the assets, liabilities and contingent liabilities identified at the date of acquiring the shareholding in the associate is recognised as goodwill, and is included in the shareholding value with its recovery annually assessed as an integral component of the

investment. Whenever the cost of acquisition is lower than the fair net value of the assets of the acquired associate, the difference is directly registered in the income statement.

As of 31 December 2022, the entity that classes as an associate is listed below.

COMPANIES		HEAD OFFICED	% CAPITAL HELD	SHARE CAPITAL
Trevo Oeste, S.A.	(a)	Alcobaça	43%	I 336 085

(a) Companies without any operational activities

10.2 DETAILS AND MOVEMENTS

The investment details for the associated companies for the financial years ending on 31 December 2022 and 2021 are the following:

	31.12.2022	31.12.2021
Trevoeste	572 990	572 990
Trevoeste (Advances)	106 761	47 107
	679 751	620 097
Impairment losses	(679 751)	(572 991)
	-	47 106

The movements occurring in the Impairments for financial investments in associated companies in the financial years ending on 31 December 2022 and 2021 was as follows:

IMPAIRMENT LOSSES	NOTE	31.12.2022	31.12.2021
Opening balance		(572 991)	(572 991)
Transfer	14.2	(70 317)	-
Additions	32	(36 443)	-
Closing balance		(679 751)	(572 991)

11. OTHER FINANCIAL ASSETS 11.1 ACCOUNTING POLICIES

For accounting policies relating to other financial assets, see the disclosure in note 13.1.

11.2 DETAILS

The details of other financial assets as of 31 December 2022 and 2021 were the following:

	NOTE	31.12.2022	31.12.2021
Non-current assets			
Capital reconstitution fund	(i)	2 921 582	21 222 798
Other financial assets		517 411	500 204
		3 438 993	21 723 002
Impairment for other financial assets		(105 800)	(105 800)
		(105 800)	(105 800)
	25	3 333 193	21 617 202
Current assets			
Capital reconstitution fund	(i)	18 341 715	-
Angola Public Debt Securities	(ii)	-	348 721
Interest receivable		357 688	240 317
		18 699 403	589 038
Impairment for public debt securities	32; (ii)	-	(28 406)
		-	(28 406)
	•	18 699 403	560 632
		22 032 596	22 177 834

(i) The concessionary and regulated companies are obliged, in accordance with their concession contracts, to establish a capital reconstitution fund, with an institution authorised by the Bank of Portugal, for an amount corresponding to the annual sum of capital amortisation (at the end of the concession the amount held in the Fund is to obtain the value of the own capital of the concessionary companies), which are under the management of the concessionary and this holds rights to under the terms of the contract. This thereby safeguards the interests of users given that a margin for the remuneration of the invested capital is incorporated into the tariff with the earnings of the fund annually deducted from expenditure and costs. Since 2010, those funds have been deposited with the IGCP - the state treasury and public debt management agency. For Group Companies that have seen their term of concession extended, there was no further strengthening of the capital reconstitution fund due to having taken place at a date later than that contractually necessary. However, in those cases where was no recourse, that is, there were no reductions, the amounts already established were maintained, duly securitised, with the IGCP. The laws that established the new companies in 2015 within the scope of the aggregation processes, for Águas do Norte, Águas do Centro Litoral and Águas do Vale do Tejo, dispensed with the establishing of a capital reconstitution fund while enabling those companies to make those amounts available for the paying down of debt. Additionally, the new companies, founded within this framework in 2017, Águas do Tejo Atlântico, SIMARSUL, Águas do Douro e Paiva and SIMDOURO, are also dispensed from any need to maintain a capital reconstitution fund.

The map below details the value of these funds by Group company:

	31.12.2022	31.12.2021
Águas do Centro Litoral, S.A.	5.260.101	5.260.101
Águas do Douro e Paiva, S.A.	12.010.557	12.010.557
Águas de Santo André, S.A.	646.584	606.085
SIMARSUL, S.A.	2.274.998	2.274.998
SIMDOURO, S.A.	1.071.057	1.071.057
	21.263.297	21.222.798

(ii) The Angolan public debt securities have a nominal value of 221.7 million kwanzas, mature on 31 March 2022, with repayment of the principal on maturity, and are remunerated by semi-annual interest at the rate of 16% per annum. For these securities, there is an impairment for the amount of EUR 28,406. On 31 March 2022, the security were reimbursed by the issuer with the respective impairment correspondingly reversed.

12. COST RECOVERY DEVIATION (TARIFF DEFICIT/SURPLUS) 12.1 ACCOUNTING POLICIES

For accounting policies relating to cost recovery deviation, see the disclosure in note 2.4.5.

12.2 ESTIMATES AND JUDGMENTS

The Cost Recovery Deviation (CRD) is calculated in accordance with Decree-Laws 92, 93 and 94/2015 of 29 May (Aggregations CL), DL 16/2017 of 1 February, DL 34/2017 of 24 March and the concession agreements stipulating, for the current regulatory period, that the CRD results from the annual difference between net company income arising from system operation and management and the net income that would result from applying the rules for determining the necessary tariffs, based on recovery of the operating costs, the investment and remuneration of shareholder own capital and legal reserves, corresponding to the average daily profitability of 10-year Treasury bonds (OTs) + 3% and owed shareholder remuneration, and the average daily profitability of 10-year Treasury bonds. This is not to incorporate any differences between the costs actually incurred and the costs permitted in a production efficiency scenario in accordance with criteria previously defined by ERSAR - the Water and Waste Services Regulatory Body (Productivity Efficiency Criteria).

Under the terms of the respective Concession Agreements, the concessionaires must send to ERSAR, by 3 I January of the following year the calculation for the CRD amount so that the latter may, within its powers, approve the respective amount by the end of February. The estimated CRD is, in each annual period, calculated according to the best information available at the time of preparing the financial statements. However, situations may occur in subsequent periods that were not foreseeable at the time and thus not considered in that CRD estimate. In accordance with IAS 8, changes to estimates occurring after the date of the consolidated financial statements are corrected prospectively in the income statement.

12.3 DETAILS AND MOVEMENTS

The cost recovery deviations as at 31 December 2022 and 2021 were the following:

	31.12.2022	31.12.2021
Regulatory asset – gross tariff deviation	573 975 165	590 688 411
Regulatory liability – gross tariff deviation	(115 317 442)	(91 842 426)
	458 657 723	498 845 985

The movements in the cost recovery deviation in the years ending 31 December 2022 and 2021 were as follows:

	31.12.2021	CDR FOR 2022 (NOTE 26.2)	CORRECTION OF CDR FOR 2021 (NOTE 26.2)	31.12.2022
Águas do Algarve	(34 799 627)	(4 422 743)		(39 222 370)
Águas do Centro Litoral	48 289 918	(4 076 895)		44 213 023
Águas do Douro e Paiva	(50 056 738)	(13 300 757)	(3 206)	(63 360 701)
Águas do Norte	231 787 780	(8 476 171)		223 311 609
AgdA - Águas Públicas Alentejo	(62 931)	(727 301)		(790 232)
Águas do Alto Minho	10 146 569	2 120 458		12 267 027
Águas do Tejo Atlantico	(6 923 129)	(4 560 590)	(460 419)	(11 944 138)
Águas do Vale do Tejo	203 810 232	(2 641 010)		201 169 222
SIMARSUL	64 281 168	518 795		64 799 963
SIMDOURO	12 270 966	(1 942 199)		10 328 767
AdRA - Águas Região de Aveiro	(22 025 367)	(3 336 375)		(25 361 742)
AdRA - Águas da Região de Aveiro (Ajustamento)	42 27 44	1 120 151		43 247 295
	498 845 985	(39 724 637)	(463 625)	458 657 723
Asset deviation	590 688 411	(16 713 246)	-	573 975 165
Liability deviation	(91 842 426)	(23 011 391)	(463 625)	(115 317 442)
	498 845 985	(39 724 637)	(463 625)	458 657 723

	31.12.2020	CDR FOR 2021	CORRECTION OF CDR FOR 2020 (NOTE 26.2)	31.12.2021
Águas do Algarve	(25 699 364)	(8 948 851)	(151 412)	(34 799 627)
Águas do Centro Litoral	52 252 199	(3 967 382)	5 101	48 289 918
Águas do Douro e Paiva	(40 980 843)	(9 075 895)	-	(50 056 738)
Águas do Norte	250 570 803	(19 300 800)	517 777	231 787 780
AgdA - Águas Públicas Alentejo	661 525	(724 456)	-	(62 931)
Águas do Alto Minho	2 187 576	7 958 993	-	10 146 569
Águas do Tejo Atlantico	2 908 947	(9 832 076)	-	(6 923 129)
Águas do Vale do Tejo	215 060 401	(11 822 981)	572 812	203 810 232
SIMARSUL	64 386 208	(128 459)	23 419	64 281 168
SIMDOURO	14 679 027	(2 406 134)	(1 927)	12 270 966
AdRA - Águas Região de Aveiro	(19 227 896)	(2 797 471)		(22 025 367)
AdRA - Águas da Região de Aveiro (Adjustment)	40 935 394	1 191 750		42 127 144
	557 733 977	(59 853 762)	965 770	498 845 985
Asset deviation	624 414 185	(34 842 956)	1117182	590 688 411
Liability deviation	(66 680 208)	(25 010 806)	(151 412)	(91 842 426)
	557 733 977	(59 853 762)	965 770	498 845 985

As regards the CRD position in 2022, on 27 February 2023, ERSAR notified AdP group companies that additional information was requested of them on 13 February 2023 (via email) for the CRD 2022 analysis process, which is currently suspended under the terms of no. 3 of article 50 of the Regulations on Regulatory Procedures (Regulation no. 446/2018, 23 July). The AdP Group did not register any adjustment to the costs potentially not accepted by ERSAR, on the grounds that:

- (i) It is the Board of Director's understanding that any final adjustment to the CRD following this response should not be materially relevant in the consolidated financial statements taking into account recent history; ande
- (ii) It is the Board's belief that the CRD disclosed in the consolidated financial statements is the best estimate at the present date.

In addition, in relation to the 2021 CRD, the final decisions handed down by ERSAR following the complaints submitted and the presentation of additional justifications by AdP Group companies, includes unaccepted costs for the amount of EUR 2,521,668. Not agreeing with these final decisions, in September 2022, AdP Group companies (Águas do Centro Litoral, Águas do Vale do Tejo, Águas do Tejo Atlântico e Águas do Algarve), in conjunction with AdP SGPS, submitted judicial injunctions against the final ERSAR decisions for the total amount of EUR 2,061,249. This did not consider any adjustment to the 2021 CRD on the Board's understanding that the eventual final adjustment of the CRD stemming from the judicial ruling shall not make a materially relevant impact on the consolidated financial statements.

The reconciliation between guaranteed income and net income before expense recovery variance for the years ending 31 December 2022 and 2021 were as follows:

		31.12.2022	31.12.2021
OT 10 years +3%		5,18%	3,30%
	NOTE	31.12.2022	31.12.2021
Net company result	'	63 507 922	61 957 440
Guaranteed income		34 193 116	18 700 978
Net deviation		(29 314 806)	(43 256 462)
Gross deviation	26.2	(40 188 262)	(58 887 992)
Deferred tax	37.2	10 873 456	15 631 530
Effect on results		(29 314 806)	(43 256 462)

31.12.2022	NET RESULT WITHOUT DEVIATIONS	GUARANTEED INCOME	NET DEVIATION
Águas do Algarve, S.A.	4 965 968	I 663 064	(3 302 904)
Águas do Centro Litoral, S.A.	6 709 218	3 485 205	(3 224 013)
Águas do Douro e Paiva, S.A.	10 777 190	l 181 737	(9 595 453)
Águas do Norte, S.A.	15 233 688	9 322 272	(5 911 416)
AdRA - Águas da Região de Aveiro, S.A.	2 582 036	943 879	(1 638 157)
AgdA - Águas Públicas Alentejo, S.A.	l 182 948	618 199	(564 749)
Águas do Alto Minho, S.A.	(1 406 503)	240 138	l 646 641
Águas do Tejo Atlântico, S.A.	9 193 491	5 480 777	(3 712 714)
Águas do Vale do Tejo S.A.	9 638 483	7 690 737	(1 947 746)
SIMARSUL, S.A.	l 841 369	2 243 435	402 066
SIMDOURO, S.A.	2 790 034	I 323 673	(1 466 361)
	63 507 922	34 193 116	(29 314 806)

31.12.2021	NET RESULT WITHOUT DEVIATIONS	GUARANTEED INCOME	NET DEVIATION
Águas do Algarve, S.A.	7 727 744	931 666	(6 796 078)
Águas do Centro Litoral, S.A.	4 293 226	I 567 525	(2 725 701)
Águas do Douro e Paiva, S.A.	7 719 349	753 707	(6 965 642)
Águas do Norte, S.A.	18 384 533	4 717 445	(13 667 088)
AdRA - Águas da Região de Aveiro, S.A.	l 84l 7l4	600 372	(24 342)
AgdA - Águas Públicas Alentejo, S.A.	l 184 262	622 714	(561 548)
Águas do Alto Minho, S.A.	(5 979 205)	195 713	6 174 918
Águas do Tejo Atlântico, S.A.	11 056 977	3 778 286	(7 278 691)
Águas do Vale do Tejo S.A.	12 130 743	3 834 944	(8 295 799)
SIMARSUL, S.A.	l 072 805	991 399	(81 406)
SIMDOURO, S.A.	2 525 292	707 207	(1818085)
	61 957 440	18 700 978	(43 256 462)

13. CLIENTS

13.1 ACCOUNTING POLICIES

CLASSIFICATION

On initial recognition, financial assets are classified in one of the following categories:

- a) Financial assets at amortised cost;
- b) Financial assets at fair value through other comprehensive income; or
- c) Financial assets at fair value through profit or loss:
 - a. Financial assets held for trading;
 - b. Financial assets not held for trading at fair value through profit or loss;
 - c. Financial assets designated at fair value through profit or loss.

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of contractual flows to conclude whether they correspond only to payments of principal and/or interest on the outstanding principal) and the business model.

Given the AdP Group activities, the Group only holds financial assets at amortised cost and financial assets at fair value through other comprehensive income (as disclosed in note 16).

A financial asset is classified under the category "Financial assets at amortised cost" when the following two conditions are met:

- i. It is managed with a business model whose objective is to maintain financial assets to receive contractual cash flows; and
- ii. The contractual conditions give rise to cash flows on specific dates, which are only payments of capital and interest on the amount of capital outstanding (SPPI).

This heading includes debt instruments, mainly investments in credit institutions and loans and advances to customers (debt settlement agreements for a period of five years and accounts receivable arising from the Group's operating activity).

EVALUATION OF THE BUSINESS MODEL FOR FINANCIAL ASSET MANAGEMENT

In relation to the evaluation of the business model, this does not depend on the intentions for an individual instrument but rather on a set of instruments taking into account the frequency, the value, the schedule of sales in previous financial years, the reasons for those sales and expectations regarding future sales. Infrequent or lacking significance, or sales close to the maturity of the asset and sales motivated by increases in the credit risk of financial assets or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

ASSESSMENT OF THE CHARACTERISTICS OF CONTRACTUAL FLOWS OF FINANCIAL ASSETS (SPPI)

If a financial asset contains a contractual clause that may change the timing or value of the contractual cash flows (such as early repayment or extension clauses), the Group determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of the contractual clause, are only payments of capital and interest on the capital outstanding.

The contractual terms of financial assets that, on initial recognition, have an effect on cash flows or are dependent on the occurrence of exceptional or highly unlikely events (such as liquidation by the issuer) do not preclude their classification in the portfolios at amortised cost or at fair value through other comprehensive income.

INITIAL RECOGNITION

At the time of initial recognition, all active financial instruments are recorded at their fair value. For active financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting the transaction costs directly attributable to their acquisition or issue. Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, which would not have been incurred if the Group had not made the transaction.

However, customer accounts without a significant financing component are initially measured at their transaction value, as defined in IFRS 15 - Revenue from contracts with customers.

SUBSEQUENT MEASUREMENT

After their initial recognition, the Group values financial assets at amortised cost or fair value through other comprehensive income or at fair value through profit or loss. Given the activity of the AdP Group, the Group only holds financial assets at amortised cost and financial assets at fair value through other comprehensive income.

Income and expenses from financial instruments at amortised cost are recognised in accordance with the following criteria:

- a) Interest is recorded in the income statement using the effective transaction interest rate on the respective gross book value (except in the case of impaired assets where the interest rate is applied to the net book value of the impairment);
- b) Impacts are recognised in expenses or income for the period either when the financial instrument is derecognised or when impairment losses are recognised or reversed.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or alteration does not result in the derecognition of the financial asset, the Group recalculates the gross amount of the financial asset and recognises a gain or loss arising from the difference from the previous amortised cost against income. The gross amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the asset's original effective interest rate.

Customer balances and other receivables without a financing component correspond to amounts receivable from the sale of goods or services provided by the Group in the normal course of its activities. They are initially recorded at fair value and subsequently measured at amortised cost, less impairment losses. The amortised cost of these assets does not differ from their nominal value or fair value.

CREDIT WRITTEN OFF FROM ASSETS

The Group recognises a write-off when it has no reasonable expectation of recovering all or part of an asset. This recording occurs after all the recovery actions undertaken by the Group have ended unsuccessfully. Subsequent recoveries of amounts that have already been written off are recorded in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

As regards receivables under "Trade receivables" and "Other assets", the Group applies the simplified approach provided for under IFRS 9 according to which estimated credit losses are recognised from the initial recognition of receivables and for the entire period through to maturity considering a matrix of historical default rates for the maturity of receivables and adjusted by prospective estimates.

Accounts receivable have been grouped by business segment for the purpose of assessing expected credit losses.

The credit risk of receivables is assessed at each reporting date taking into account the customer's credit risk profile. Credit risk analysis is based on the probability of annual default and also takes into account the customer's credit risk profile. The probability of the inability to collect reflects the annual probability of default that incorporates the current position and future projections taking into account macroeconomic factors while the losses in the event of default represent the expected loss incurred when the default takes place.

The Accounts receivable are adjusted in each financial reporting period taking into account the management estimates of credit risk, which may differ from the impairment losses that actually incur.

Impairment losses are determined by the differences between the amounts recoverable and the balance sheet value of the financial assets and are registered as a counterparty in the income statement. The financial asset balance sheet value is reduced to reflect the amount recoverable by recourse to an impairment account.

Whenever receivables from customers or other debtors that have already fallen due are subject to the renegotiation of their terms, they are no longer considered as due and are again treated as new receivables.

Generally, the Group does not recognise impairment losses for public entities as on this date it believes the risk of their insolvency is remote.

RE-CLASSIFICATION BETWEEN FINANCIAL INSTRUMENT PORTFOLIOS

In accordance with the requirements of IFRS 9, reclassification between financial instrument portfolios can only occur when the Group decides to change the business management model for financial asset portfolios. Such reclassifications take place prospectively as from the reclassification date. In accordance with the IFRS 9 approach, changes to the business model generally take place infrequently.

DERECOGNITION POLICY

A financial asset is derecognised in whole or in part when the contractual rights to the cash flows from the asset expire or are transferred to a third party independent of the entity.

The accounting treatment applied to transfers of assets depends on the degree and manner in which the risks and benefits associated with ownership of the assets are transferred to third parties:

- When the risks and rewards of ownership of a financial asset are substantially transferred to a third party (for example, unconditional sales, repurchase agreements at fair value on the repurchase date, sales of financial assets with an acquired call or put option issued without cash and in securitisations of assets in which the grantor does not retain subordinated financing or grants any type of credit enhancement to the new holders), this asset is derecognised from the balance sheet, while recognising any right or obligation retained or resulting from the transfer;
- When the risks and rewards of ownership of a transferred financial asset are substantially retained (in the case of, among others, sales of financial assets with a repurchase agreement at a fixed price or at the sale price plus a lender's usual return, securities lending contracts in which the borrower has an obligation to return the same or similar) are not derecognised on the balance sheet and continue to be valued according to the same criteria as prior to the transfer with recognition in accounting terms of:
 - An associated financial liability for an amount equal to the consideration received, which is subsequently valued at amortised cost, unless it meets the requirements to be classified as other liabilities at fair value through profit or loss.
 - The income from the financial asset transferred, but not derecognised, and the expenses from the new financial liability, without any counterbalance.

- When the risks and benefits inherent to a transferred financial asset are not substantially transferred or even retained (in cases of, among others, sales of financial assets with call or put options, securitisations in which the originator assumes subordinated financing or other types of credit enhancement for a proportion of the transferred asset), a distinction is made between:
 - When the lessor does not hold control of the asset transferred, it is derecognised from the balance and any right or obligation held or resulting from the transfer is recognised.
- When the lessor does not hold control of the financial asset transferred, they still recognise it on the balance sheet at the same value as the exposure including any alterations made and recognised as a liability associated to the financial asset transferred. The net values of the transferred asset and of the associated liability reflect the amortised cost of the rights and obligations held when the asset is measured at the amortised cost or at the fair value of the rights and obligations held or when the transferred asset is measured at fair value.

13.2 ESTIMATES AND JUDGMENTS

IMPAIRMENT OF FINANCIAL ASSETS

Losses dues to impairments to accounts receivable are calculated according to the losses expected, the profile of client risk and their respective financial positions. The estimates relating to the evaluation of impairments in the accounts receivable differ from business to business

On the date of publication of the consolidated financial reports, the AdP Group did not consider the likelihood of any situation of impairment to the assets herein reported beyond the losses for impairment duly recognised in the accounts. When, following any evaluation, there is any indication of impairments, the respective value on the asset balance sheet undergoes adjustment by offsetting the amount in the annual results. In addition to the uncertainties listed above, there are also other areas of judgement that impact on the financial reporting. Even while it is not foreseen that they bring about any material alterations to the subsequent financial year, they may nevertheless drive changes to the assumptions and evaluations made by the AdP Group Boards of Directors.

As disclosed in note 5.4. given the type of customers of the AdP Group, most of which are considered low risk (Municipalities) and combined with the fact that any impairment losses recognised in the concessions or partnerships are considered as an expense accepted in the CRD, sensitivity analyses were not performed as there are no impacts either on net income or on the own capital of the AdP Group.

13.3 DETAILS AND MOVEMENTS

As of 31 December 2022 and 2021, the details of the trade receivables were the following:

	NOTE		31.12.2022			31.12.2021	
		NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Municipalities		5 501 288	251 960 805	257 462 093	4 749 004	245 997 020	250 746 024
General clients		4 562 699	72 685 370	77 248 069	5 213 821	72 028 352	77 242 173
		10 063 987	324 646 175	334 710 162	9 962 825	318 025 372	327 988 197
Contractual assets - Estimate of services for billing			37 410 879	37 410 879		33 194 865	33 194 865
		10 063 987	362 057 054	372 121 041	9 962 825	351 220 237	361 183 062
Impairment			(62 149 821)	(62 149 821)		(60 845 444)	(60 845 444)
	5.4 e 25	10 063 987	299 907 233	309 971 220	9 962 825	290 374 793	300 337 618

The balance "General clients" item corresponds to balances receivable from "retail" water distribution activities (EPAL, Águas de Santo André, Águas do Norte, Águas da Região de Aveiro and Águas do Alto Minho) and non-regulated activities:

	31.12.2022	31.12.2021
EPAL, S.A.	24 859 816	24 308 585
Águas de Santo André, S.A.	14 986 961	15 453 794
Águas do Norte, S.A.	9 409 180	10 415 465
Águas do Vale do Tejo S.A.	12 505 443	11 033 866
AdRA - Águas da Região de Aveiro, S.A.	6 835 038	6 675 763
Águas do Alto Minho, S.A.	4 049 324	4 798 463
AdP Internacional, S.A.	2 206 749	2 195 512
Other Group companies	2 395 558	2 360 725
	77 248 069	77 242 173

The "Municipalities" item classified as non-current, corresponds to the balances receivable under agreements signed with customers (debt settlement agreements not covered by DL 5/2019, of 14 January).

The current balance of trade receivables is detailed as follows by debt type and as of 31 December 2022 and 2021:

	NOTE	31.12.2022	31.12.2021
Clients - current account		247 510 043	242 019 903
Clients - penalty interest	(i)	15 126 380	14 898 841
Clients with doubtful debts		62 009 752	61 106 628
Estimate of services for billing	•	37 410 879	33 194 865
		362 057 054	351 220 237
Client impairment losses		(62 149 821)	(60 845 444)
		299 907 233	290 374 793

(i) the charging of default interest arises from the failure to pay for the service provided within the contractual deadline.

As at 31 December 2022 and 2021, the receivables from Municipalities, by debt type, were the following:

	NOTE	31.12.2022	31.12.2021
Municipal clients - non-current			
Agreements		5 501 288	4 749 004
Total non-current municipal clients		5 501 288	4 749 004
Municipal clients - current			
TRH		1 735 106	I 740 38 I
Agreements		4 282 515	4 760 135
Injunctions		169 314 354	158 643 310
Current account		62 385 756	66 660 949
Doubtful debts		375 296	129 366
Penalty interest		13 867 778	14 062 879
		251 960 805	245 997 020
Impairment		(26 325 948)	(26 277 906)
Total municipal clients - current		225 634 857	219 719 114
Total municipal clients (gross)	•	257 462 093	250 746 024
Total municipal clients (net impairment value)		231 136 145	224 468 118

		DUE BY N-2	DUE BY N-1 DU	DUE BY N	TOTAL DUE	TOTAL NOT	TOTAL OF TH	E DEBT ON
		DUE BY N-2	DUE BY N-I	DUE BY N	TOTAL DUE	DUE	31.12.2022	31.12.2021
SMAS Guarda	Guarda	29 259 953	-	-	29 259 953	-	29 259 953	29 259 953
Municipality of Guarda	Guarda	952 571	417 677	315 192	I 685 439	383 277	2 068 716	I 744 683
Municipality of Fundão	Fundão	26 855 490	319 815	405 520	27 580 824	647 411	28 228 235	27 387 849
Municipality of Bragança	Bragança	12 324 061	2 398 959	879 427	15 602 447	4 954 483	20 556 930	17 763 196
Municipality of Castelo Branco	Castelo Branco	11 519 900	2 859 180	2 193 528	16 572 607	-	16 572 607	14 379 080
SMAS de Castelo Branco	Castelo Branco	456 802	79 721	385 412	921 935	I 318 646	2 240 581	I 821 352
VRSA SGU EM, SA	Vila Real Santo António	9 771 784	-	-	9 771 784	-	9 771 784	9 771 784
ADVRSA,SA (Águas de Vila Real de Santo António, SA)	Vila Real Santo António	-	-	239 870	239 870	437 479	677 349	685 457
Municipality of Vila Real Santo António	Vila Real Santo António	8 505	-	-	8 505	-	8 505	8 505
Municipality of Mogadouro	Mogadouro	4 772 557	895 236	-	5 667 793	1 820 151	7 487 944	6 571 065
Municipality of Santiago do Cacém	Santiago do Cacém	6 101 972	508 732	453 085	7 063 789	246 752	7 310 541	7 055 160
Municipality of Pinhel	Pinhel	6 452 152			6 452 152	156 246	6 608 398	6 601 742
Municipality of Loures	Loures		_	I 378 726	I 378 726	4 495 141	5 873 867	4 689 174
Municipality of Sabugal	Sabugal	5 747 150	_	-	5 747 150	- 175	5 747 150	5 885 480
EMAR - Água e Resíduos de Vila Real, E.M.	Vila Real	5 402 837	-		5 402 837		5 402 837	5 695 499
Águas do Interior Norte, SA	Vila Real	02.057			02.037	593 040	593 040	586 635
Municipality of Boticas	Boticas	3 094 536	619 046		3 713 582	I 256 299	4 969 881	4 336 419
	Coimbra	3 074 330	017 040	-	3 713 302			
Aguas de Coimbra, EM	•	4210 500	-	-	4210 500	4 605 553	4 605 553	4 235 773
Municipality of Lamego	Lamego	4 219 508	-	-	4 219 508	531	4 220 039	4 260 780
Municipality of Peso da Régua	Peso da Régua	4 020 353	-	-	4 020 353	-	4 020 353	4 023 097
Taviraverde, EM	Tavira	3 316 724	-	-	3 316 724	335 110	3 651 834	3 670 285
Municipality of Valpaços	Valpaços	3 248 806	-	-	3 248 806	-	3 248 806	3 248 806
Municipality of Resende	Resende	3 123 614	-	-	3 123 614	627	3 122 987	3 123 859
Municipality of Lisboa	Lisbon	296 763	-	-	296 763	2 745 118	3 041 881	3 035 968
Municipality of Tarouca	Tarouca	I 546 962	26 728	353 238	I 926 929	952 700	2 879 629	2 331 978
Municipality of Mirandela	Mirandela	2 522 263	-	-	2 522 263	342 943	2 865 206	2 697 473
SMAS Mirandela	Mirandela	207 353	-	-	207 353	-	207 353	207 353
Municipality of Montalegre	Montalegre	2 574 424	-		2 574 424	-	2 574 424	2 574 424
APIN - Empresa Inter de Ambiente	Penela	-	-	-	-	4 089 100	4 089 100	3 604 913-
Municipality of Almeida	Almeida	2411310	-	-	2411310	-	2 411 310	2 471 208
Municipality of Alcochete	Alcochete	2 281 672	-	-	2 281 672	96 717	2 378 389	2 402 111
FAGAR, EM	Faro	-	-	-	-	2 089 124	2 089 124	I 586 392
Municipality of Fornos de Algodres	Fornos de Algodres	l 978 357	-	-	I 978 357	-	I 978 357	2 039 955
Municipality of Chaves	Chaves	l 949 257	-	-	I 949 257	-	I 949 257	2 083 925
Municipality of Barreiro	Barreiro	-	-	260 464	260 464	1 571 110	I 831 574	l 752 180
Municipality of Sines	Sines	l 747 417	-	-	l 747 417	54 633	I 802 050	I 825 193
Vimágua	Guimarães	204 533	15 818	575	220 925	I 440 999	I 661 924	 I 564 I78
SMAS Tomar	Tomar	I 622 104	_		1 622 104		I 622 104	 I 622 I04
Municipality of Tomar	Tomar		668 966		668 966	-	668 966	670 049
Municipality of Vila Nova de Famalicão	Vila Nova de Famalicão	936 051		75 708	1 011 759	606 967	1 618 726	999 358
Águas de Cascais SA	Cascais		-	.5,00		1 306 616	1 306 616	I 247 208
Municipality of Monção	Monção	542 320	-	635 374	I 177 695	1 300 616	I 295 094	1 173 669
SMAS Torres Vedras	Torres Vedras	J 12 J2U	-	333 377	1 177 075	I 104 229	1 104 229	1 173 667 1 249 507
		-	-	E73 F1F	- E73 E1F			
Municipality of Beja	Beja	-	-	573 515	573 515	528 005	1 101 520	1 691 992
Municipality of Seixal	Seixal	-	-	-	-	1 101 149	1 101 149	988 252
SMAS de Oeiras e Amadora	Oeiras	-	-	-	-	1 041 401	1 041 401	I 457 759
Municipality of Oeiras	Oeiras		-		-	-	<u>-</u>	978 507
Outros Municipalities		8 893 616	1712911	5 934 920	16 541 449	22 053 371	38 594 820	41 684 735
		170 363 677	10 522 789	14 084 554	194 971 020	62 491 073	257 462 093	250 746 024

	NOTE	LOCAL GOVERNMENT, MUNICIPAL OR INTER- MUNICIPAL SERVICES AND MUNICIPAL OR INTER- MUNICIPAL COMPANIES	HOUSEHOLDS, INSTITUTIONS AND COMPANIES SUPPLIED BY THE RETAIL DISTRIBUTION NETWORK	LARGE INDUSTRIAL CLIENTS AND OTHERS	TOTAL
Balance on 31 December 2020		(30 373 295)	(16 124 871)	(14 940 572)	(61 438 738)
Increase	32	(2 478 373)	(2 983 031)	(190 939)	(5 652 343)
Reversal	32	24 009	222 229	-	246 238
Utilisation		3 639 963	-	169 177	3 809 140
Transfers between client segments		2 146 055	(2 146 055)	-	-
Reclassification - Provisions	19.3		l 426 549	-	I 426 549
Reclassification - Other assets	14.2	763 735			763 735
Exchange rate differences		-	-	(25)	(25)
Balance on 31 December 2021		(26 277 906)	(19 605 179)	(14 962 359)	(60 845 444)
Increase	32	(622 448)	(1 596 051)	(30 129)	(2 248 628)
Reversal	32	195 832	372 825	-	568 657
Others			-		
Transfers between client segments		2 676	(1 372)	(1 304)	-
Reclassification - Provisions	19.3	375 897	•		375 897
Exchange rate differences		-	-	(304)	(304)
Balance on 31 December 2022	5.4	(26 325 948)	(20 829 777)	(14 994 096)	(62 149 821)

14. OTHER ASSETS 14.1 ACCOUNTING POLICIES

For accounting policies relating to other assets, see disclosures in notes:

- 13.1 Clients
- 20.1 Benefits to the employees
- 22.1. Investment subsidies

14.2 DETAILS AND MOVEMENTS

As of 31 December 2022 and 2021, the other asset details were as follows:

	NOTE	31.12.2022					
	NOTE	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Employee related operations:			1			-	-
. Excess of Pension Fund coverage	20.3	7 377 000	-	7 377 000	7 997 000		7 997 000
. Other staff operations	•	-	208 576	208 576		251 574	251 574
Accounts receivable – diverse:	-			-			-
. Investment subsidies receivable	A)	-	22 622 876	22 622 876	2 777 752	18 311 552	21 089 304
. Client payment agreements	i)	17 236 635	-	17 236 635	17 106 654	-	17 106 654
. Client payments receivable via Lisbon Municipal Council	ii)		14 946 282	14 946 282		14 276 255	14 276 255
. Advances to suppliers			8 653 409	8 653 409		9 402 282	9 402 282
. Supplier cautionary deposits			479 635	479 635		605 391	605 391
. Other accounts receivable	•	-	671 195	671 195		•	
Gains in earnings:	•	586 634	10 364 600	10 951 234	476 046	11 602 539	12 078 585
. Additional income from penalty interest payable by clients				-			-
. Other gains in earnings			68 317 253	68 317 253		58 166 377	58 166 377
Deferred costs:			2 583 269	2 583 269		3 308 506	3 308 506
. Insurance		-		-		-	-
. Other deferred costs			3 266 323	3 266 323		I 940 959	I 940 959
State and other public entities			2 553 862	2 553 862		I 778 042	I 778 042
Employee related operations:	B)	•	8 287 511	8 287 511		8 258 012	8 258 012
		25 200 269	142 954 791	168 155 060	28 357 452	127 901 489	156 258 941
Impairment	C)	(1 355 551)	(5 512 134)	(6 867 685)	(1 355 551)	(6 719 286)	(8 074 837)
		23 844 718	137 442 657	161 287 375	27 001 901	121 182 203	148 184 104

71 10 0001

- (i) Ex-Simria (a liquidated company) made a payment agreement as defined in the concession contract with the municipalities for the future distribution of dividends in which the latter waive future dividends for the amount of EUR 14 million;
- (ii) This corresponds to the wastewater treatment fee that Epal charges on the water bills for its direct customers (low income) on behalf of the Lisbon Municipality (the balance receivable results from a billing cycle and is renewed monthly). After collection, this amount is transferred to Lisbon Municipal Council.

A) INVESTMENT SUBSIDIES AMOUNTS RECEIVABLE FROM THE COHESION FUND

	31.12.2022	31.12.2021
Águas do Algarve, S.A.	1 595 618	3 190 943
Águas do Centro Litoral, S.A.	5 799 455	I 007 853
Águas do Norte, S.A.	2 372 044	2 273 478
AdRA - Águas da Região de Aveiro, S.A.	l 607 926	605 018
AgdA - Águas Públicas Alentejo, S.A.	4 969 125	l 478 089
Águas do Alto Minho, S.A.	319 572	8 998 971
Águas do Tejo Atlântico, S.A.	79 058	55 753
Águas do Vale do Tejo S.A.	5 076 494	2 524 519
EPAL, S.A.	803 584	954 680
	22 622 876	21 089 304

	NOTE	31.12.2022	31.12.2021
Cohesion Fund – opening balance of amounts receivable		21 089 304	22 894 341
Recognition of the right to funding	22.2	38 371 701	20 814 809
Receivables in the period	(i)	(33 517 435)	(18 383 941)
Derecognition of amounts receivable from requests	22.2	(3 308 173)	(4 176 907)
Other corrections		59 479	(58 998)
Cohesion Fund – closing balance of amounts receivable		22 622 876	21 089 304

(I) RECEIVABLES

RECEIVABLES	31.12.2022	31.12.2021
Águas do Algarve, S.A.	14 125 820	1 616 518
Águas do Norte, S.A.	6 874 143	4 691 913
AdRA - Águas da Região de Aveiro, S.A.	2 181 317	l 294 l54
AgdA - Águas Públicas Alentejo, S.A.	3 065 828	8 809 305
Águas do Alto Minho, S.A.	4 968 685	I 026 849
Águas do Tejo Atlântico, S.A.	-	402 096
Águas do Vale do Tejo S.A.	950 000	219 771
EPAL, S.A.	151 096	323 335
Águas do Centro Litoral, S.A.	I 200 546	-
	33 517 435	18 383 941

B) STATE AND OTHER PUBLIC ENTITIES

	NOTE	31.12.2022	31.12.2021
VAT receivable		8 139 931	7 326 860
Others	(i)	147 580	931 152
State and other public entities - assets		8 287 511	8 258 012

(i) In December 2021, this includes EUR 809,033, which had formerly constituted an impairment that was settled in 2022.

C) OTHER ASSET IMPAIRMENT LOSSES

The movements in impairments for other assets in the years ending on 31 December 2022 and 2021 were the following:

	NOTE	31.12.2022	31.12.2021
Opening balance		(8 074 837)	(6 142 742)
Increases	32	(178 888)	(1 184 588)
Re-classification of clients	13.3	-	(763 735)
Re-classification for financial investment in associated companies	10.2	70 317	-
Reversals	32	26 394	8 326
Utilisation		l 289 329	7 902
Closing balance		(6 867 685)	(8 074 837)

15. INVENTORIES

15.1 ACCOUNTING POLICIES

Inventories are valued at the lowest acquisition cost (which includes all expenditure until delivery in the warehouse) and the net realisable value. The net realisable value results from the estimated sale price during the normal operation of the company, minus the sale variable expenditure. The cost-ascertainment method adopted to value warehouse outbound movements is that of average cost.

15.2 DETAILS AND MOVEMENTS

The detail of inventories at 31 December 2022 and 2021 is as follows:

	31.12.2022	31.12.2021
Raw materials and consumables	2 936 026	2 142 982
Maintenance pieces	14 312 085	11 825 373
	17 248 111	13 968 355

The movements in raw materials in the financial years ending on 3 I December 2022 and 202 I and the calculation of expenditure on the goods and materials consumed were as follows:

SUBSIDIARY RAW MATERIALS AND CONSUMABLES	NOTE	31.12.2022	31.12.2021
Opening balance		2 142 982	2 160 178
Purchases		30 171 287	24 782 979
Costs with goods and consumables	27	(29 378 243)	(24 800 175)
Closing balance		2 936 026	2 142 982

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME 16.1 ACCOUNTING POLICIES

CLASSIFICATION

A financial asset is classified under the category "Financial assets at fair value through other comprehensive income" when the following two conditions are met:

- i. It is managed with a business model whose objective combines both the receipt of contractual cash flows from financial assets and their sale: and
- ii. The contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the outstanding principal amount (SPPI).

This item includes debt instruments arising from the execution of DSAs - Debt Settlement Agreements with customers under Decree-Law no. 5/2019, of 14 January.

INITIAL RECOGNITION

At the time of initial recognition, all active financial instruments are recorded at their fair value. For active financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting the transaction costs directly attributable to their acquisition or issue. Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, which would not have been incurred if the Group had not made the transaction.

SUBSEQUENT MEASUREMENT

Income and expenses from financial instruments at amortised cost are recognised in accordance with the following criteria:

- a) Interest charges adopt the same procedure as assets at amortised cost, recognised in the income statement in accordance with the effective interest rate for the transaction;
- b) Impairment losses or gains on its recovery are recognised in the income statement; and
- c) The remaining changes in value are recognised in other comprehensive income.

Therefore, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognised in profit or loss for the period are the same as those that would be recognised if measured at amortised cost.

When a debt instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified as profit or loss for the year.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or alteration does not result in the derecognition of the financial asset, the Group recalculates the gross amount of the financial asset and recognises a gain or loss arising from the difference from the previous amortised cost against income. The gross amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the asset's original effective interest rate.

16.2 ESTIMATES AND JUDGMENTS

The fair value of financial assets obtained through other sources of AdP Group comprehensive income correspond to the DSAs – the Debt Settlement Agreements reached with municipal clients under the auspices of Decree Law no. 5/2019, of 14 January. On 31 July 2019, the AdP Group reached formal agreement with the European Investment Bank over a line of credit totalling EUR 200 million that may be deployed to counterbalance the granting of the DSAs. This granting is to take place according to the nominal value of the credits. Hence, this considers that the fair value of the DSAs corresponds to their nominal value.

16.3 DETAILS

The details of financial assets at fair value through other income at 31 December 2022 and 2021 were the following::

i) By Group company

	NOTE	31.12.2022	31.12.2021
Águas do Algarve, S.A.		15 793 949	16 466 032
Águas do Norte, S.A.		42 540	3 458 339
Águas do Vale do Tejo S.A.		7 411 604	7 674 350
Total	25	23 248 093	27 598 721

ii) By client

	31.12.2022	31.12.2021
Municipality of Vila Real Santo António	15 793 949	16 466 032
Municipality of Tabuaço	-	3 409 721
Municipality of Tarouca	42 540	48 618
Municipality of Reguengos de Monsaraz	6 922 399	7 162 588
Municipality of Celorico da Beira	489 205	511 762
Total	23 248 093	27 598 721

On 14 January 2019, the publication of Decree-Law no. 5/2019 established the terms and conditions for debt regularisation agreements between the local authorities, municipal services and inter-municipal services and municipal and intermunicipal entities and for the purposes of undertaking water distribution and wastewater sanitation activities and the multi-municipal system management companies or other state-owned water supply and wastewater sanitation systems and the respective management companies for partnerships between the state and local authorities under the terms stipulated in Decree Law no. 90/2009, of 9 April.

The aforementioned Decree-Law ensures user entities entering into DSAs benefit from a reduction corresponding to 30% of the accrued interest due as at December 31 2018, which in accounting terms is a charge to the deviation in the recovery of management entity expenses in order to offset the loss therefrom arising.

The AdP group, furthermore, acknowledges: (i) credits related to debt recognised by a final court decision following the conclusion of a Debt Settlement Agreement substantially in accordance with the terms and conditions set out in the annex to this legal decree; and (ii) credits already subject to a payment agreement, regardless of its designation.

The cession of credits enables the extension of the repayment period to 25 years with this period capped at 5 years whenever the transfers of credit do not take place within 12 months of the effective date of the DSA.

The State Budget law for 2021 and 2022 enacted the scope for the making of new DSAs in 2021 and 2022, respectively petivamente.

17. CASH AND CASH EQUIVALENTS 17.1 ACCOUNTING POLICIES

Cash and cash equivalents include cash, bank deposits, and other short-term liquidity investments with initial maturities of up to three months and bank overdrafts (in the case of the Cash Flow Statement) with no significant risk of change in value.

Bank overdrafts are presented in the balance sheet, in current liabilities, under the Loans item, which are also considered in the preparation of the cash flow statement.

17.2 DETAILS

The details of cash and cash equivalents as of 31 December 2022 and 2021 were the following:

	NOTE	31.12.2022	31.12.2021
Cash		78 280	80 430
Current account		57 127 404	80 210 044
Term accounts	(i)	403 500 000	243 000 000
	25	460 705 684	323 290 474

(i) Term deposits with the IGCP

18. OWN CAPITAL 18.1 ACCOUNTING POLICIES

CLASSIFICATION

An instrument is classified as an own capital instrument:

- i) if there is no contractual obligation for it to be settled by delivering cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer;
- ii) if the instrument will or may be settled in the issuer's own capital instruments, it is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own capital instruments, or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own capital instruments..

SHARE CAPITAL

Ordinary shares are classified in own capital. Costs directly attributable to the issuing of new shares or options are shown in own capital as a deduction, net of tax, from the amount issued.

DIVIDENDS

Distributions made on account of capital instruments are deducted from own capital as dividends when declared.

18.2 SHARE CAPITAL

The share capital of EUR 434,500,000 is made up of 86,900,000 shares of 5 euros each, which are fully paid up.

	31.12.2022	2	31.12.2021		
	AMOUNT	%	AMOUNT	%	
Parpública – S.G.P.S., S.A.	351 945 000	81%	351 945 000	81%	
Caixa Geral de Depósitos, S.A.	82 555 000	19%	82 555 000	19%	
	434 500 000	100%	434 500 000	100%	

18.3 NET RESULT PER SHARE

As of 31 December 2022 and 2021, the net results per share were as follows:

	31.12.2022	31.12.2021
Net annual result	100 338 980	83 284 856
Average number of shares	86 900 000	86 900 000
Earnings per share (basic and diluted)	1.15	0.96

18.4 RESERVES AND OTHER ADJUSTMENTS

The details of the reserves and other adjustments as at 31 December 2022 and 2021 were as follows:

	31.12.2022	31.12.2021
Reserves - legal	45 010 140	42 208 230
Reserves - free	2 431 885	2 43 884
Reserves - exchange rate	754 531	865 125
	48 196 556	45 505 239

In accordance with the Company's Articles of Association and the Commercial Company Code, the Company is required to transfer at least 5% of any annual net profit year to the legal reserve, included in Other reserves, under Own Capital, until this reserve attains 20% of the total share capital. The legal reserve cannot be distributed to shareholders but may, under certain circumstances, be applied to increase capital or to absorb losses after all the other reserves have been attributed.

18.5 EXCHANGE RATE RESERVE VARIATIONS

The exchange rate variations as of 31 December 2022 and 2021 are the following:

	31.12.2022	31.12.2021
Opening balance	865 125	I 100 652
Águas do Brasil	(25 115)	(2 119)
Águas de Timor	(27 505)	(34 237)
Aquatec	(57 974)	(199 171)
Movements in the year	(110 594)	(235 527)
Closing balance	754 531	865 125

18.6 NON-CONTROLLING INTEREST

There were the following non-controlling interests as of 31 December 2022:

INVESTED COMPANY	MINORITY %	OWN CAPITAL	NET RESULT	MINORITY OWN CAPITAL	MINORITY NET RESULT
Águas do Algarve, S.A.	45.56%	30 37 767	l 746 258	13 837 377	795 595
Águas do Centro Litoral, S.A.	37.23%	105 614 800	3 510 478	39 320 390	1 306 951
Águas do Douro e Paiva, S.A.	49.00%	30 906 490	l 182 569	15 144 180	579 459
Águas do Norte, S.A.	27.50%	288 514 149	9 585 982	79 341 391	2 636 145
AdRA - Águas da Região de Aveiro, S.A.	49.00%	19 107 316	944 496	9 362 585	462 803
AgdA - Águas Públicas Alentejo, S.A.	49.00%	12 763 322	617 069	6 254 028	302 364
Águas do Alto Minho, S.A.	49.00%	4 102 747	228 439	2 010 346	111 935
Águas do Tejo Atlântico, S.A.	48.39%	117 315 286	5 696 787	56 768 867	2 756 675
Águas do Vale do Tejo S.A.	31.73%	217 539 474	7 805 251	69 025 275	2 476 606
SIMARSUL, S.A.	48.57%	69 860 453	2 275 880	33 93 222	l 105 395
SIMDOURO, S.A.	41.39%	33 930 635	I 323 677	14 043 890	547 870
		930 026 439	34 916 886	339 039 551	13 081 798

Financial information on the subsidiaries in which there are non-controlling interests is detailed in the Management Report chapter on supply and wastewater treatment activities.

19. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES 19.1 ACCOUNTING POLICIES

PROVISIONS

Provisions are only recognised when an obligation exists that results from past events, the settlement of which is likely to require the allocation of internal resources of a reasonably estimated amount. Whenever any criterion is not met or the existence of the obligation depends on the (non-)occurrence of a particular future event, AdP discloses this as a contingent liability apart from whenever evaluation of the requirement to pay funds for its settlement is deemed unlikely. When there is a large number of similar obligations, the probability of generating an outflow of internal resources is determined for the group as a whole. This provision is recognised even when the likelihood of an outflow of internal resources due to an item in the same obligation class is only small. Current obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract exists when the company is an integral party to a contract which has associated costs with respect to its compliance and which cannot be avoided and exceed the future economic benefits deriving from the same. The provisions are measured at the present value, on the balance sheet date, according to the best estimate by the Board of Directors regarding the expenditure required to discharge the obligation. The discount rate in effect for calculating the present value reflects the then prevailing market expectation both for the period of the discount and for the risk of the provision in question.

Provisions for future operating losses are not recognised.

CONTINGENT LIABILITIES

Contingent liabilities correspond to the potential liabilities arising as a result of past events and with their recognition dependent on the occurrence or otherwise of one or more uncertain future events not totally under the control of the Group. This may also represent present obligations as a result of past events which, either due to the payment of economic benefits not being probable or due to the value not being susceptible to reliable estimation, are not recognised in the Financial Accounts. The Group proceeds with their disclosure through notes to the accounts whenever the probability of their future reimbursements is not deemed remote. This then leads to their recognition or constitution as a provision whenever the payment of economic benefits not only becomes probable but also with the value susceptible to estimation with some degree of reliability.

CONTINGENT ASSETS

Contingent assets are potential Group assets that result from past events but with recognition depending on the occurrence of one or more future events, which fall beyond the scope of its control. The Group proceeds with their identification through notes to the accounts, whenever the receipt of future economic benefits becomes probable. Their recognition in the Financial Accounts takes place whenever their receipt proves virtually certain.

19.2 ESTIMATES AND JUDGMENTS

AdP Group companies regularly analyse any obligations arising from past events and which require recognition or disclosure. The Group is party to several ongoing legal proceedings in relation to which it has made a judgement, based on the opinion of its lawyers, to decide on whether provisions should be set aside for these contingencies.

The subjectivity inherent in determining the likelihood and amount of outflows of internal resources needed to discharge such obligations may lead to significant adjustments, either due to changes in those assumptions or through the future recognition of provisions previously disclosed as contingent liabilities.

19.3 DETAILS AND MOVEMENTS

The details of the provisions in effect on 31 December 2022 and 2021 were the following.

	31.12.2022	31.12.2021
Legal actions	3 213 464	2 949 421
Workplace accidents	90 097	96 352
Environmental issues	I 770 955	l 638 236
Others	13 825 195	13 199 825
	18 899 711	17 883 834

The details of the provisions in effect on 31 December 2022 and 2021 were the following.

	31.12.2021	INCREASE (NOTE 31)	FINANCIAL EFFECT	EXCHANGE RATE DIFFERENCES	UTILISATIONS	TRANSFER FROM CLIENTS (NOTE 13.3)	REVERSALS (NOTE 31)	31.12.2022
Legal actions	2 949 421	304 744		742	(32 287)	19 618	(28 774)	3 213 464
Workplace accidents	96 352	-		-	(6 255)	-	-	90 097
Environmental issues	I 638 236		132 719	-	-	-	-	I 770 955
Others	13 199 825	551 773		-	-	356 279	(282 682)	13 825 195
	17 883 834	856 517	132 719	742	(38 542)	375 897	(311 456)	18 899 711

	31.12.2020	INCREASE (NOTE 31)	EXCHANGE RATE DIFFERENCES	UTILISATIONS	TRANSFER FROM CLIENTS (13.3)	REVERSALS (NOTE 31)	31.12.2021
Legal actions	3 792 996	180 505	2 591	(190 251)	-	(836 420)	2 949 421
Workplace accidents	-	96 352	-	_	-	-	96 352
Environmental issues	l 638 236	-	-	_	-	-	l 638 236
Others	12 011 206	78 318	-	(150 748)	I 426 549	(165 500)	13 199 825
	17 442 438	355 175	2 591	(340 999)	I 426 549	(1 001 920)	17 883 834

The provision recognised under the other responsibilities item stems from potential contractual liabilities. The movements by Group company in the year ending on 31 December 2022 were as follows:

PROVISIONS - OTHERS	31.12.2021	INCREASE	RECLASSIFICATION/ TRANSFER FROM CLIENTS	REVERSALS	31.12.2022
Águas do Centro Litoral, S.A.	19 618	-	(19 618)	-	-
AdP - Águas de Portugal, SGPS, S.A.	5 000 000	-	-	-	5 000 000
AdP Internacional, S.A.	105 318	117 773	-	-	223 091
AdRA - Águas da Região de Aveiro, S.A.	668 685	24 000	-	(282 682)	410 003
Águas de Santo André, S.A.	20 999	-	-	-	20 999
Águas do Vale do Tejo S.A.	7 235 203	-	375 897	-	7 611 100
EPAL, S.A.	150 002	410 000	-	-	560 002
	13 199 825	551 773	356 279	(282 682)	13 825 195

ONGOING LEGAL ACTIONS

The AdP Group performs a careful assessment of its risks and contingencies and, in this sequence, it establishes provisions that, in view of the risks identified and the probability of materialisation in liabilities, are considered as adequate coverage. From the evaluation made and in addition to the provisions recorded, no other liabilities were identified that require disclosure as contingent liabilities.

GUARANTEES

Liabilities for bank guarantees provided by the business units of the companies included in the consolidation perimeter are as follows:

	GOOD IMPLEMENT.	CONCESSION OF ENVIRO. EXPL. AND RECOV	GOODS AND SERV. AND OTHER CONTRACTS	EXPROPRIATIONS AND COMPENSATIONS	COURTS	31.12.2022	31.12.2021
AdP Valor	-	-	16 472	-	-	16 472	16 472
AdP Internacional	797 281	_	I 000 370	-	-	l 797 65 l	3 979 809
EPAL	-	-	539 196	5 172 582	3 3 1 8	5 715 096	5 669 100
Águas do Norte	4 165 878	-	-	97 160	-	4 263 038	4 006 788
Águas do Alto Minho	I 098 076	-	-	-	-	I 098 076	285 515
Águas do Centro Litoral	124 223	-	-	365 494	-	489 717	483 081
Águas do Vale do Tejo	434 405	-	2 000	65 386	-	501 791	509 121
Águas do Algarve	45 000	566 466	10 475	694 914	-	1 316 855	I 547 022
Águas de Santo André	40 000	238 770	-	-	-	278 770	278 770
Águas Públicas Alentejo	169 357	-	-	-	2817818	2 987 175	2 555 834
AdRA - Águas Região de Aveiro	682 903	-	-	-	-	682 903	677 167
SIMDOURO	-	-	23 309	104 342	-	127 651	128 651
Águas do Douro e Paiva	379 740	-	-	535 137	-	914 877	986 224
Águas do Tejo Atlântico	65 025	-	28 781	4 479 614	-	4 573 420	4 573 420
SIMARSUL	3 450	-	-	21 956	-	25 406	25 406
Total	8 005 338	805 236	I 620 603	11 536 585	2 821 136	24 788 898	25 722 380

CONTINGENT ASSETS

AdP SGPS represents the claimant in a judicial case filed on 9 October 2020 regarding the dismissal by the Large Taxpayers Unit of the request for an ex-officio review of the Corporate Income Tax (IRC) assessment of the group of which AdP was the dominant company for the year 2014. In this case, AdP is claiming the deduction of financial charges amounting to EUR 97,420,829 from the 2014 IRC, which were added to the taxable profit of previous years in compliance with article 32(2), of the Statute of Tax Benefits and Circular no. 7/2004 and the consequent restitution of the unduly paid tax, quantified as EUR 22,941,309.

20. EMPLOYEE BENEFITS 20.1 ACCOUNTING POLICIES

EPAL is the only company in the Group with a system of social benefits for their workers, which comprises of the payment of retirement pension top-ups (for old age or disability) in addition to supporting liabilities arising from pre-retirement situations. The Company system of pension benefits embodies two types of pension plans; with defined contributions and with defined benefits.

DEFINED CONTRIBUTION PLAN

A defined benefits plan is a pension in which the company's only monetary obligation is to make fixed contributions to a separate entity (a fund).

The Company's contributions to defined contribution post-employment benefit plans are recognised as an expense in the period to which they relate, thus, when the employees covered by the plan have rendered the services entitling them to the Company's contribution and are calculated on the basis of a percentage applied to the wage bill of each member included in the plan.

DEFINED BENEFITS PLAN

A defined benefits plan is a pension plan that stipulates the amount of pension benefit that an employee will receive on retirement, normally dependent on one or more factors such as age, years of service and salary.

The liabilities of the defined benefits plan are calculated annually/ half-yearly by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the future payments of benefits, using the interest rate of top-quality bonds in the same currency in which the benefits are to be paid and with maturities close to those of the liabilities taken on.

The liabilities recognised on the balance sheet relative to the defined benefits plans are the present value of the benefits obligation defined at the balance sheet date, less the fair value of the assets of the plan.

Past service costs are recognised in the income statement when changes are made to the benefits attributed by the pension plan.

The annually determined remeasurements result from (i) actuarial gains and losses determined as a result of changes in actuarial assumptions and adjustments due to experience; and (ii) the return on plan assets, excluding amounts included in the net interest on the net liability (asset) for attributed benefits, are recognised against own capital in the other comprehensive income item.

In each period, as a cost in the reporting of results, the Group recognises the total net value that includes (i) the cost of the current service, (ii) net interest on liabilities (assets) net of benefits attributed, (iii) the effects of early retirement, (iv) the effect of changes to the plan's benefits corresponding to past services; and (v) the effects of any settlement or cut experienced in the period. The costs incurred by early retirement correspond to an increase in the liabilities resulting from retirement taking place prior to reaching the age of retirement stipulated in the agreed benefits system.

The EPAL benefits plan is restricted to the payment of a top-up of the retirement pension (for old age or disability) awarded by the Social Security system. Liabilities for the retirement top-up are financed through the independent fund, independently managed by a financial institution. In other words, EPAL has set up an independent fund to provide a retirement top-up plan for its employees, comprising of a defined benefits plan.

PENSION FUND INVESTMENT POLICY

The investment policy of the EPAL Pension Fund sets out the investment principles and guidelines for managing the assets of the fund in accordance with:

- The nature of the benefits covered by the Pension Plans;
- The characteristics of the population covered and the time horizon of the responsibilities assumed, in particular the distribution between responsibilities assumed with the Participants and with the Beneficiaries of the Pension Fund;
- The level of coverage of the liabilities of the Pension Fund;
- The management structure of the Pension Fund.

The investment policy shall be subject to review at least every three years or where the change in the assumptions set out above so warrants.

The principles and rules that constitute the Investment Policy of the Pension Fund are set out in the management agreement between EPAL and the management entity.

The main objective of the pension fund's investment policy is to maximize the potential return on the medium- and long-term investments of the fund based on rules and procedures based on prudence and in-depth knowledge of the markets in order to avoid inappropriate risks of loss. Investment in financial investments should be carried out in a diversified and prudent manner, taking into account, inter alia, interest rate, credit and liquidity risks.

With respect to restrictions / indications in the Total Fund and in each Portfolio:

- Investing in stocks and/or bonds may be done directly or through collective investments in transferable securities (UCITS) that meet the requirements of legislation adopted under the auspices of Council Directive No. 85/611/EEC of 20 December amended by Directive No. 2001/108/EC of 21 January 2002;
- In principle, the fund contracts foreign exchange risk hedging for shares denominated in currencies other than the euro and correspondingly avoiding any significant currency risk in these investments;
- Direct investment in bonds opts for securities denominated in euro or other currencies provided the corresponding currency hedging is undertaken;
- For the purposes of compliance with the allocation to non-euro bonds, the security classification criterion is the bond currency of issuance and without any exposure to foreign exchange risk. Hence, a bond issued in USD is considered a non-EUR bond regardless of the management entity currency hedging policy;

- Exposure to the bond class is limited to rated bonds. Fixed rate euro bonds should have a minimum rating of "BBB" or equivalent. The share of 'BBB' rated bonds should not exceed 30% of the bond component. The 'BBB' rating covers debt securities with ratings of 'BBB- ' and ' BBB+ '. Bonds rated below BBB, except for Portuguese sovereign debt, are classified in the high yield class and their proportion may rise up to 10% of the entire asset value. Investments in high yield bonds only takes place through investment funds to ensure diversification. Investment in bonds with below investment grade ratings, whether in developed or in emerging markets, is carried out through recourse to collective investment institutions that meet the requirements of the legislation enacted under the auspices of Directive no. 2009/65/CE, altered by Directive no. 2014/91/CE, and with the level of exposure never to exceed 15% of the total Fund value;
- Whenever the downgrading of a bond occurs that involves non-compliance with the rating limits, and when the Management entity wants to retain the security in the portfolio, then the situation is reported to the Member and the respective approval obtained;
- Any change to the classification of the Investment Policy limits requires the prior written approval of the Member;
- The government component of bonds is to represent no less than 10% of the bond class. By government, this understands public debt at fixed rates issued by central governments their agencies and quasi-governments. This thus does not include emerging market and high yield emissions (even when in EUR). This does include issuances of Portuguese debt;
- The limit on securities not traded on stock exchanges or other regulated markets in European Union member states, or similar OECD country markets, is 15%, the legally permitted maximum;
- No investment in venture capital funds may be made without the prior written approval of the Member;
- The manager ensures the sectoral management (public debt/ private debt), the country management and the bond component duration within the limits and restrictions set forth in this investment policy.

The Pension Fund may use repo transactions and securities lending operations with the aim of increasing portfolio profitability. Operations with derivatives and lending operations are mandatorily carried out:

- i) in regulated markets; or
- ii) with financial institutions legally authorised to do so in a European Economic Area member state or in another OECD country provided that the institutional rating is qualitatively equal to or greater than "BBB"/"Baa2" in accordance with ratings universally accepted or other classifications proven equivalent.

The pension fund portfolio risk is monitored in terms of the evaluation and control of financial risks (market risk, credit risk and exchange risk), in accordance with internally set limits using the VaR (Value at Risk) methodology for this purpose.

The calculation method used to assess portfolio and benchmark yields should be an approximation of the Time Weighted Rate of Return. Attention should thus be paid to:

- For the purposes of benchmark comparisons, the various instruments should be classified according to the predominant class. Guaranteed share market capital products, as well as warrants and convertible bonds, should be classified as shares;
- For the purposes of determining exposure to the various asset classes, effective exposure and implied exposure through futures and options positions are considered;
- The evaluation of the management entity performance takes place on a quarterly basis and considers the objectives set out for obtaining added value.

20.2 ESTIMATES AND JUDGMENTS

Determining pension and other employee benefit liabilities requires recourse to assumptions and estimates, including the use of actuarial projections, estimated rates of return on investments, discount rates and pension and salary growth and other factors that can impact on the costs and liabilities of the pension plans, medical care plans and other benefits.

20.3 DETAILS AND MOVEMENTS

FUND SUMMARY

As of 31 December 2022 and 2021, the liabilities and assets in the fund were the following:

	NOTE	31.12.2022	31.12.2021
Liabilities at the end of the period		18 020 000	24 948 000
Asset value at the end of the period		(25 397 000)	(32 945 000)
Excess coverage	14.2	(7 377 000)	(7 997 000)

The movements in the fund's liabilities and assets in the year ending 3 I December 2022 were as follows:

	PLAN LIABILITIES	FAIR VALUE OF PLAN ASSETS	TOTAL
31 December 2021	24.948.000	(32.945.000)	(7.997.000)
Costs with pensions			
Current servicing costs	13 000		13 000
Net interest	107 000	(143 000)	(36 000)
Benefit paid/forecast	(2 180 000)	2 125 000	(55 000)
Immediate recognition of gains and losses			
Re-measurements			
Var. in (gains)/losses, demographic assump.	(309 000)		(309 000)
Var. in (gains)/losses, financial assump.	(4 559 000)		(4 559 000)
(gains)/losses in earnings		5 566 000	5 566 000
31 December 2022	18 020 000	(25 397 000)	(7 377 000)

The actuarial gains for the year of 2022 report a gross total of EUR 644,000 which, after deducting the deferred tax effect of EUR 114,000 results in a net value of EUR 530,000 (as per the statement of comprehensive income).

POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT PLAN

The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligations and the pre-retirement obligations was made with reference to 31 December 2022 by an independent external entity.

The present value of the defined benefit obligation and pre-retirement plan as well as the cost of current services and related past services were measured using the projected unit of credit method.

On 31 December 2022 and 2021, the main assumptions adopted in the actuarial valuation were as follows:

	31.12.2022	31.12.2021
Normal retirement age	66 and 4 months	66 and 7 months
Mortality table	TV 88/90	TV 88/90
Invalidity table	EVK 80	EVK 80
Discount rate	3,60%	0,45%
Wage growth rate	2,00%	2,00%
Pension growth rate	1,00%	1,00%

The "duration" of the EPAL Defined Benefit Pension Fund Plan is 7 years.

SENSITIVITY ANALYSIS

The sensitivity of the defined benefit liability to changes in the main assumptions is as follows:

CHANGE IN ASSUMPTIONS		LIABILITY FOR DEFINED BENEFIT
Assumption - discount rate	+0.5%	Decrease of 3.2%

An increase of 0.5% in the discount rate (from 3.60% to 4.10%) would decrease the liabilities by 3.2% (EUR 574,000).

The sensitivity analysis presented was determined by varying the assumption (discount rate) and keeping all other variables constant. In practice, this scenario is unlikely as changes in some assumptions may well correlate with others.

COST FOR THE PERIOD

Over the course of the financial years ending on 31 December 2022 and 2021, the following totals were recognised in the results under the item "Human resource costs":

	NOTE	31.12.2022	31.12.2021
Current service cost		13 000	16 000
Interest cost		(36 000)	-
Total	29.2	(23 000)	16 000

FUND ASSET COMPOSITION

On 31 December 2022 and 2021, the fund assets were as follows:

	31.12.2022	31.12.2021
Own capital instruments	2 179 707	10 779 443
Debt instruments	21 115 144	20 922 832
Others	2 102 149	l 242 725
Total	25 397 000	32 945 000

POST-EMPLOYMENT BENEFITS - DEFINED CONTRIBUTION PLAN

The company took on the commitment to make monthly contributions to a defined contribution pension fund. The only Company obligation consists of making the aforementioned contributions and having also informed the participant members of staff of the opportunity to make their own contributions on a voluntary basis.

In the 2022 and 2021 financial years, the company made the following contributions under the defined contribution plan:

	NOTE	31.12.2022	31.12.2021
Company contributions	29.2	411.453	409.106
Staff contributions		30.871	26.778
Total		442.324	435.884

21. ACCRUED EXPENSES FOR CONTRACTUAL INVESTMENT 21.1 ACCOUNTING POLICIES

See the accounting policy in note 2.4.4.

21.2 DETAILS AND MOVEMENTS

As of 31 December 2022 and 2021, the details of the accrued contractual investment expenses were the following:

	31.12.2022	31.12.2021
Águas do Algarve, S.A.	72 942 914	69 315 132
Águas do Centro Litoral, S.A.	53 700 372	50 159 595
Águas do Douro e Paiva, S.A.	19 399 305	21 682 997
Águas do Norte, S.A.	98 562 807	101 152 030
Águas de Santo André, S.A.	7 2 603	9 216 453
AgdA - Águas Públicas Alentejo, S.A.	6 598 667	6519518
Águas do Alto Minho, S.A.	13 052 851	8 437 415
Águas do Tejo Atlântico, S.A.	110 486 524	118 808 401
Águas do Vale do Tejo S.A.	65 476 593	63 112 467
SIMARSUL, S.A.	16 049 027	15 584 151
SIMDOURO, S.A.	16 051 615	14315276
AdRA - Águas da Região de Aveiro, S.A.	79 352 881	73 106 840
	558 795 159	551 410 275

MOVEMENTS IN THE PERIOD

There were the following movements in the accrual of contractual investment expenditure in the years ending on 31 December 2022 and 2021:

	NOTE	31.12.2022	31.12.2021
Opening balance of contractual investment amortisations		551 410 275	526 118 375
Amortisations in the financial year	30	54 917 685	57 183 793
Transfers to companies	6.3	(47 599 911)	(3 83 182)
Other transfers and reductions		67 110	(60 711)
Closing balance of contractual investment amortisations		558 795 159	551 410 275

22. INVESTMENT SUBSIDIES 22.1 ACCOUNTING POLICIES

Grants related to assets (for investment) are recognised when there is reasonable certainty both that the grant is receivable and that AdP shall meet all the obligations inherent to its receipt. Investment grants for the acquisition and/or construction of tangible and/or intangible assets fall under non-current liabilities and credited to the income statement in accordance with the same amortisation method as that for underlying assets.

22.2 DETAILS AND MOVEMENTS

As of 31 December 2022 and 2021, there were the following investment subsidies:

	NOTE	31.12.2022	31.12.2021
Investment subsidies – Cohesion Fund	(i)	1 245 951 510	l 265 377 995
Investment subsidies – others		25 595 144	25 467 924
Integration of assets	(ii)	196 310 464	154 441 411
		1 467 857 118	I 445 287 330

i) The movements in Investment Grants - Cohesion Fund for the years ending on 31 December 2022 and 2021 were as follows:

	NOTE	31.12.2022	31.12.2021
Investment subsidies opening balance	'	I 265 377 995	I 304 023 234
Recognition of the right to funding	14.2 A)	38 371 701	20 814 809
Recognition of the gain		(54 267 537)	(54 818 850)
Derecognition of lost funding	14.2 A)	(3 380 173)	(4 176 907)
Other corrections		(150 476)	(464 291)
Investment subsidies closing balance		1 245 951 510	I 265 377 995

RECOGNITION OF THE RIGHT TO FUNDING

RECOGNITION OF THE RIGHT TO FUNDING	31.12.2022	31.12.2021
Águas do Norte, S.A.	6 972 710	5 482 696
AgdA - Águas Públicas Alentejo, S.A.	6 512 836	9 332 113
Águas do Alto Minho, S.A.	l 289 287	5 000 000
Águas do Centro Litoral, S.A.	6 000 000	1 000 000
Águas do Algarve, S.A.	13 412 642	-
Águas do Vale do Tejo S.A.	1 000 000	-
AdRA - Águas da Região de Aveiro, S.A.	3 184 226	-
	38 371 701	20 814 809

	31.12.2022	31.12.2021
Investment subsidies – Cohesion Fund	54 267 537	54 818 850
Investment subsidies – others	555 375	964 695
Integration of assets	11 132 129	9 2 15 176
	65 955 041	64 998 721

(ii) Increase due to the integration of the Beliche and Odeleito dams into Águas do Algarve for the amount of EUR 53,912,000 (note 6.3).

23. LOANS

23.1 ACCOUNTING POLICIES

Financial liabilities are classified into two categories: i) Financial liabilities at fair value through profit or loss; and ii) Financial liabilities at amortised cost.

The category "Financial liabilities at amortised cost" includes those liabilities presented under "Loans", "Trade credits and other non-current liabilities" and "Suppliers". These liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost according to the effective interest rate.

The Group has only recognised liabilities classified as "Financial liabilities at amortised cost".

Financial liabilities are derecognised when the underlying obligations are terminated by payment, cancellation or expiry.

LOANS OBTAINED

Loans (bank and bonds) are recorded as liabilities at the nominal value received, net of commissions related to the issuance of those loans. Financial costs are calculated based on the effective interest rate and are recorded under the item "Financial costs" in the consolidated income statement according to the accrual principle. The portion of the effective interest charge relating to the fees for issuing loans, when not paid during the reporting period, is deducted from the book value of the loan.

Any loans obtained are classified as non-current liabilities unless the AdP Group expects to settle the liability within 12 months of the balance sheet date, when they are therefore classified as current liabilities.

RE-CLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

Financial liabilities cannot be reclassified between categories.

23.2 DETAILS AND MOVEMENTS

As of 31 December 2022 and 2021, the following loans had been contracted:

		31.12.2022		31.12.2021		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Bank Ioans – EIB	I 243 I04 297	88 243 485	I 33I 347 782	1 081 347 783	80 119 980	1 161 467 763
Shareholder loans	180 681 818	206 818 182	387 500 000	387 500 182	156 818 000	544 318 182
Bank overdrafts	998 047	123 811	l 121 858	-	-	-
Deferred charges from bond issues	-	2 806	2 806	-	-	-
Interest payable	-	(83 308)	(83 308)	-	(132 574)	(132 574)
Total of loans	-	5 533 758	5 533 758	-	3 681 781	3 681 781
Bank loans – EIB	I 424 784 I62	300 638 734	I 725 422 896	I 468 847 965	240 487 187	1 709 335 152

Bond loans are subject to ownership clauses which state that any changes to the AdP shareholder structure may result in the immediate repayment of outstanding debts. In relation to loan agreements with the European Investment Bank, the AdP Group, besides the usual constraints (payment default, compliance with general and environmental laws, cross default, pari passu, negative pledge, false statements, bankruptcy, insolvency, settlement, material changes), also takes into consideration:

- Changes in the shareholder structure of the AdP Group companies;
- Changes due to spin-offs, mergers or company sales;
- Changes to company assets;
- Changes/termination of businesses;
- Changes in the AdP shareholder structure;
- Operations performed with an AdP guarantee/collateral;
- Compliance with obligations defined in the concession/management agreements;
- Alterations to company earnings.

Moreover, and under the auspices of such financing agreements, the Portuguese Republic is the guarantor of the AdP Group to the European Investment Bank for the timely and full implementation of all financial obligations and payments, except for EIB V. EIB V receives no guarantee from the Portuguese state but is in compliance with the financial covenants provided (Net Debt / EBITDA; EBITDA / Financial Results).

MOVEMENTS IN LOANS OBTAINED

The movements in loans obtained in the years ending on 31 December 2022 and 2021 and their reconciliation with the cash flow statement were as follows:

		31.12.2022		31.12.2021			
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL	
Opening balance	I 468 847 965	240 487 187	1 709 335 152	I 705 786 I27	80 579 663	I 786 365 790	
Re-classification of non-current to current	(295 185 658)	295 185 658	-	(236 938 162)	236 938 162	-	
Loans obtained	251 121 855	-	251 121 855	-	-	-	
Reimbursement of loan capital	-	(236 938 163)	(236 938 163)	-	(80 347 366)	(80 347 366)	
Variations in bank overdrafts	-	2 806	2 806	-	(232 478)	(232 478)	
Variations in interest specifications	-	I 901 246	I 901 246	-	3 549 206	3 549 206	
Closing balance	I 424 784 I62	300 638 734	I 725 422 896	I 468 847 965	240 487 187	1 709 335 152	

There were no other changes in loans, such as fair value variations and changes in the consolidation perimeter.

LOANS BY MATURITY

The reimbursement of EIB loan capital, bonds and other bank loans held the following maturities as at 31 December 2022 and 2021:

('000 EUR)

BY MATURITY	31.12.2022	31.12.2021
Up to I year	295 185	236 938
From I to 2 years	99 422	295 061
From 2 to 3 years	105 746	99 295
From 3 to 4 years	110 779	105 616
From 4 to 5 years	282 094	110 646
Over 5 years	826 743	858 230
	1 719 969	I 705 786

LOANS PER RATE TYPE

On 31 December 2022 and 2021, the EIB and shareholder loans displayed the following details as regards their interest rate type:

(000 LOI	(,000	EUR)
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		(
VARIABLE INTEREST RATE	31.12.2022	31.12.2021
Up to 1 year	211 929	161 929
From I to 2 years	11 929	211 929
From 2 to 3 years	11 929	11 929
Over 3 years	181 129	193 058
	416 916	578 845

FIXED INTEREST RATE	31.12.2022	31.12.2021
Up to 1 year	83 256	75 009
From I to 2 years	87 493	83 132
From 2 to 3 years	93 817	87 366
Over 3 years	I 038 487	881 434
	1 303 053	1 126 941
	l 719 969	I 705 786

FAIR VALUE

Loans obtained by the AdP Group correspond to EIB Loans (EUR 1,331,348,000) and bond loans issued in 2007, 2008 and 2016 (EUR 387,500,000). Considering that (i) there are no comparable markets allowing for the assessment of which alternative financing rates to the EIB might apply to financing the AdP Group given the amounts and terms involved (25 years), and (ii) that the shareholder loans were issued in 2007, 2008 and 2016 and the AdP Group has not since made recourse to this type of financing and it is hence not possible to determine which rates the AdP Group might receive for financing the contracted maturities; it is similarly not possible to reasonably determine the fair value of the Loans obtained.

24. TRADE PAYABLES AND OTHER LIABILITIES 24.1 ACCOUNTING POLICIES

These items usually include balances from suppliers of goods and services that the Group acquired during the normal course of its business. The items therein are classified as current liabilities whenever the payment falls due within 12 months or less and are otherwise classified as non-current liabilities.

These financial liabilities are initially recognised at fair value. Subsequent to their initial recognition, the liabilities are measured at amortised cost, using the effective interest rate method. Trade and other payables initially classified as current are recorded at their nominal value as they do not bear interest and the effect of discounting is considered immaterial.

24.2 DETAILS

As at 3 | December 2022 and 2021, the details of trade credits and other liabilities were made up as follows:

	NOTE		31.12.2022			31.12.2021	
	NOTE	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Suppliers							
- Investment suppliers	25 e i)	98 068 517	31 915 679	129 984 196	88 676 907	28 712 118	117 389 025
- General suppliers	25		35 345 994	35 345 994	•	31 806 852	31 806 852
Other accounts payable							
- Advances from clients			662 242	662 242		669 727	669 727
- Supplier deposits		I 289 62 I	6 788 904	8 078 525	883 407	6 709 935	7 593 342
- Municipal sanitation rates and RSU	ii)		27 999 256	27 999 256	-	26 956 166	26 956 166
- Others		658 573	9 299 746	9 958 319	l 739 654	13 109 245	14 848 899
Additional costs and deferrals	•••••	•			•		
- Staff holiday and holiday subsidy payments			16 522 269	16 522 269		12 359 089	12 359 089
- Additional costs – electricity			3 876 446	3 876 446	•	5 390 264	5 390 264
- Diverse services provided by suppliers and not yet invoiced		-	19 944 342	19 944 342	-	13 615 909	13 615 909
- Deferrals and other cost increases		785 249	10 565 575	11 350 824	I 073 629	8 756 239	9 829 868
State and other public entities	iii)		30 141 652	30 141 652		27 22 199	27 22 199
		100 801 960	193 062 105	293 864 065	92 373 597	175 207 743	267 581 340

i) The amounts recorded under non-current investment suppliers refer essentially to debts payable to municipalities for the integration of assets in the systems:

	NOTE		31.12.2022			31.12.2021	
	NOTE	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Águas do Algarve, S.A.		2 717 581	4 576 725	7 294 306	2 633 827	2 360 655	4 994 482
Águas do Centro Litoral, S.A.		541 791	3 766 170	4 307 961	631 644	3 375 452	4 007 096
Águas do Douro e Paiva, S.A.		668 600	I 924 030	2 592 630	598 626	I 356 399	l 955 025
Águas do Norte, S.A.		5 148 282	7 292 097	12 440 379	4 986 059	8 078 589	13 064 648
AdP Valor S.A.			49 238	49 238		48 160	48 160
AdRA - Águas da Região de Aveiro, S.A.		59 651 604	988 459	60 640 063	57 214 794	482 142	57 696 936
Águas de Santo André, S.A.		3 249 501	214 426	3 463 927	3 605 808	267 294	3 873 102
AgdA - Águas Públicas Alentejo, S.A.		I 440 485	2 194 528	3 635 013	2 024 365	2 153 911	4 178 276
Águas do Alto Minho, S.A.		2 319 293	I 707 605	4 026 898	2 275 985	3 185 560	5 461 545
Águas do Tejo Atlântico, S.A.		1 099 018	3 478 695	4 577 713	568 642	3 623 056	4 191 698
Águas do Vale do Tejo S.A.		10 516 996	2 403 881	12 920 877	11 098 905	1611000	12 709 905
EPAL, S.A.			1 862 818	I 862 818		1 188 504	l 188 504
SIMARSUL, S.A.		10 633 714	223 338	10 857 052	2 997 426	464 406	3 461 832
SIMDOURO, S.A.		81 652	I 233 669	1 315 321	40 826	516 990	557 816
		98 068 517	31 915 679	129 984 196	88 676 907	28 712 118	117 389 025

ii) This item includes municipal taxes, specifically: payable by EPAL to the Lisbon City Council for the amount of EUR 21,979,000, and RSU by AdRA to other municipalities for the amount of EUR 2,023,000, Alto Minho in the amount of EUR 2,009,000 and Águas do Norte in the amount of EUR 1,937,000;

iii) As at 31 December 2022 and 2021, the state and other public entities item was detailed as follows:

	NOTE	31.12.2022	31.12.2021
Third party withholding tax on earnings		1 661 012	I 053 583
VAT payable		I 959 534	I 000 743
Social security payments		2 577 407	l 845 425
TRH / TGR		23 730 251	23 046 756
Other charges and taxes		213 448	175 692
Liabilities to the state and other public entities		30 141 652	27 122 199

25. FINANCIAL INSTRUMENTS BY IFRS 9 CATEGORY

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES 31.12.2022	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL FINANCIAL INSTRUMENTS
Other financial assets	11.2	-	21 674 908	-	21 674 908
Trade receivables	13.3	-	309 971 220	-	309 971 220
Financial assets at fair value through other comprehensive income	16.3	23 248 093	-	-	23 248 093
Cash and cash equivalents	17.2	-	460 705 684	-	460 705 684
		23 248 093	792 351 812	-	815 599 905
Loans	23.2	-	-	1 719 972 446	1 719 972 446
Trade payables and other non-current liabilities	24.2	-	-	165 330 190	165 330 190
		-	-	I 885 302 636	I 885302 636

(does not include interest payable)

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES 31.12.2021	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL FINANCIAL INSTRUMENTS
Other financial assets	11.2	-	21 937 519	-	21 937 519
Trade receivables	13.3	-	300 337 618	-	300 337 618
Financial assets at fair value through other comprehensive income	16.3	27 598 72 I	-	-	27 598 721
Cash and cash equivalents	17.2	-	323 290 474	-	323 290 474
		27 598 721	645 565 611	-	673 164 332
Loans	23.2	-	-	I 705 785 945	I 705 785 945
Trade payables and other non-current liabilities	24.2	-	-	149 195 877	149 195 877-
		-	-	1 854 981 822	I 854 981 822

(does not include interest payable)

26. REVENUE FROM CONTRACTS WITH CUSTOMERS 26.1 ACCOUNTING POLICIES

This revenue corresponds to the fair value of the amounts received or receivable from transactions carried out with clients within the scope of normal Group activities. Revenue is accounted for net of any taxes, commercial discounts and other inherent costs at the fair value of the amounts received or receivable.

IFRS 15 provides a five-step model for accounting revenue from contracts with customers and requires that revenue be recognised at an amount that reflects the remuneration expected by an entity in exchange for goods and/or services to be transferred to the customer. The five steps are: (1) identify the contract with the customer, (2) identify the performance obligations under the contract, (3) determine the transaction price, (4) allocate the transaction price to the contract performance obligations and (5) recognise income when the entity meets a performance obligation.

In determining the revenue value, AdP evaluates the performance obligations assumed in each transaction undertaken with clients, the transaction price to be allocated to each performance obligation identified in the transaction and the existence of variable pricing conditions that may trigger future corrections to the recorded total of earnings and for which AdP provides its best estimate.

For the majority of AdP Group sales and provision of services, there is only one performance obligation, hence the revenue is recognised immediately following the delivery of goods (sale of water) or the provision of services (sanitation) to clients.

Revenues are determined and recognised as follows:

SERVICES PROVIDED

Regulated activities - Bulk services - wastewater treatment and partnerships

Revenues are recognised based on (i) minimum amounts when there are breaches of concession contract exclusivity; or (ii) consumption, i.e., revenue recorded as the product of the approved tariff and consumption measured and/or estimated;

Unregulated activities

The availability tariff is based on a contract established with the customer at a defined rental price. The contractual amount is recognised monthly in the month to which service delivery refers.

SALES OF GOODS

Regulated activities - Bulk services - Water supply

Revenues are recognised based on (i) minimum amounts when there are breaches of concession contract exclusivity; or (ii) consumption, i.e., revenue recorded as the product of the approved tariff and consumption measured and/or estimated.

Regulated activities – Retail services – Partnerships

Revenues comprise two components, one fixed and the other variable. Revenues are recorded as the product of the approved tariff for each bracket and the respective consumption measured and/or estimated (variable component). The fixed component corresponds to service availability and pegged to the meter's debit capacity. Recognition takes place according to fractions of twelve.

Regulated activities - Retail services - delegated management

Water supply - end consumer: the sale of water to end consumers is based on m³ consumed. The respective tariffs of each concession and non-concession (EPAL) apply. In some cases, consumption estimates are made before correction when the individual customer meters are read.

CTA - ADDITIONAL TARIFF COMPONENT

In accordance with Decree-Law no. 16/2017, of 1 February and Decree-Law no. 34/2017, of 24 March, AdP Group companies - Águas do Douro e Paiva, S.A. (AdDP), EPAL - Company Portuguesa das Águas Livres, S.A. and Águas do Tejo Atlântico, S.A. (AdTA), invoice on behalf of Águas do Norte and Águas do Vale do Tejo, respectively, a monthly amount named the CTA – the Additional Tariff Component. The CTA is recognised as revenue under "Sales" or "Services Rendered" depending on whether it corresponds to water supply or wastewater treatment.

ENVIRONMENTAL FUND

Under the auspices of both the Program of the 21st Constitutional Government and Decree-law no. 72/2016, of 4 November, the State decided to demerge the companies aggregated in 2015 (through Decree-law no. 92/2015, no. 93/2015 and no. 94/2015, all of 29 May) as well as interrupting the trajectory in the tariff rises then established.

This decision was supported by a study of the neutrality in the effects on the demerged company revenues with the State having decided to compensate the latter entities for the loss of revenues by establishing corrective tariffs among the companies - extending the application of the CTA - the Additional Tariff Component to AdDP and to AdTA - and by the transfer of a sum from the Environment Fund.

Furthermore, under the auspices of the Management Contracts agreed between the management of AdP SGPS, Águas do Norte, S.A. (AdN) and Águas do Vale do Tejo, S.A. (AdVT), the State understands that revenues generated by the Environment Fund should be taken into consideration for the purposes of operationally balancing AdNorte and AdVT.

Hence, the extraordinary additional revenue in the form of support from the Environment Fund, received annually, holds the objective of compensating for the business turnover that would have been charged annually by the tariff and that was set on a rising trajectory for the demerged companies. Thus, the extraordinary revenue provided in support from the Environment Fund is annually registered as revenue under the "Services provided" item.

CONSTRUCTION SERVICES

See accounting policy described in note 2.4.6.

26.2 DETAILS

The revenues from customer contracts in the years ending on 31 December 2022 and 2021 were as follows:

	NOTE	31.12.2022	31.12.2021
Sales	'	'	
Water – Production, Treatment and Transport		267 274 266	262 035 024
EPAL		148 282 383	137 784 350
		415 556 649	399 819 374
Service Provision			
Wastewater –treatment		316 015 198	316 406 261
EPAL	-	I 509 207	l 186 725
International and Corporate		9 640 050	7 777 412
		327 164 454	325 370 398
Revenue from contracts with customers		742 721 103	725 189 772
Income from construction of concession assets (IFRIC 12)		158 451 247	122 604 895
Cost recovery deviation (tariff surplus)	12.3	(40 188 262)	(58 887 992)
		860 984 088	788 906 675

The contributions of Group companies to revenues related to sales and services rendered for the years ending on 31 December 2022 and 2021 were the following:

		31.12.2022			31.12.2021	
	SALES	PROVISION OF SERVICES	TOTAL	SALES	PROVISION OF SERVICES	TOTAL
Activity – Water and Sanitation						
Águas do Vale do Tejo S.A.	65 343 879	35 733 150	101 077 029	64 016 458	36 583 667	100 600 125
Águas do Norte, S.A.	53 085 279	63 097 155	116 182 434	52 697 049	65 3 93	117 828 980
Águas do Algarve, S.A.	34 033 726	26 395 313	60 429 039	33 596 511	26 237 766	59 834 277
AdRA - Águas da Região de Aveiro, S.A.	30 796 768	27 196 843	57 993 611	29 484 357	25 846 719	55 33 076
Águas do Centro Litoral, S.A.	15 300 982	24 519 988	39 820 970	15 383 640	25 311 947	40 695 587
Águas do Alto Minho, S.A.	14 190 066	10 075 823	24 265 889	13 665 687	9 605 711	23 271 398
AgdA - Águas Públicas Alentejo, S.A.	13 293 009	5 800 257	19 093 266	12 380 104	5 490 490	17 870 594
Águas de Santo André, S.A.	8 351 476	7 607 431	15 958 907	8 677 490	7 408 974	16 086 464
	234 395 185	200 425 960	434 821 145	229 901 296	201 617 205	431 518 501
Activity – Sanitation						
Águas do Tejo Atlântico, S.A.	29 488	83 393 461	83 422 949	28 504	82 647 918	82 676 422
SIMARSUL, S.A.	-	18 101 783	18 101 783	-	18 409 162	18 409 162
SIMDOURO, S.A.	-	14 093 994	14 093 994	-	13 731 976	13 731 976
	29 488	115 589 238	115 618 726	28 504	114 789 056	114 817 560
Activity – Water						
EPAL, S.A.	148 282 383	1 509 207	149 791 590	137 784 350	1 186 725	138 971 075
Águas do Douro e Paiva, S.A.	32 849 593	-	32 849 593	32 105 224	-	32 105 224
	181 131 976	I 509 207	182 641 183	169 889 574	1 186 725	171 076 299
Activity – International and Corporate	-	9 640 050	9 640 050	-	7 777 412	7 777 412
	415 556 649	327 164 454	742 721 103	399 819 374	325 370 398	725 189 772

27. COSTS OF SALES

For the years ending on 31 December 2022 and 2021, the costs of sales were the following:

	NOTE	31.12.2022	31.12.2021
Raw materials		12 573 406	9 396 517
Subsidiary materials		16 707 615	15 382 528
Corrections to previous financial years		97 222	21 130
	15.2	29 378 243	24 800 175
Capitalisation of sales costs		-	(89)
		29 378 243	24 800 086
Costs of construction of concession assets (IFRIC 12)		158 451 247	122 604 895
		187 829 490	147 404 981

28. SUPPLIES AND EXTERNAL SERVICES 28.1 ACCOUNTING POLICIES

Costs and losses are recorded in the year to which they relate, regardless of when paid or received in accordance with the accrual method.

Operating subsidies are deferred and recognised in the consolidated profit and loss statement in the same period as the expenses they are intended to compensate for and are written off directly against the nature of the cost.

Own work capitalised are the costs of resources directly attributable to intangible and tangible assets during their development/construction phase and, when concluded, are recovered through the realisation of those assets. Personnel costs are particularly relevant. These are measured at cost, recognised without any margin, based on internal information especially prepared for the purpose (internal costs) or on the respective purchase costs added to other inherent expenses. Capitalised expenses are carried over directly on the balance sheet without any impact on the income statement and disclosed in the notes whenever such is applicable.

28.2 DETAILS

The details of the external supplies and services for the years ending on 31 December 2022 and 2021 were as follows:

	NOTE	31.12.2022	31.12.2021
Subcontracts		40 001 648	34 347 620
Conservation and repairs	-	50 302 327	42 723 974
Rental and hiring		7 405 723	4 741 340
Electricity	(i)	31 514 632	59 326 987
Insurance	•	3 836 784	3 184 816
Treatment of wastes and effluents		21 024 698	19 465 224
Analytical tests	-	2 420 503	2217117
Studies / Consultancy / Auditing	•	5 412 826	4 708 621
IT support	-	4 202 460	3 358 211
Security and surveillance	-	3 388 095	3 249 149
Communications	•	4 270 939	3 924 635
Fuels / Water	•	6 653 744	5 776 370
Travel and accommodation	-	I 309 33 I	1 130 387
Publicity and advertising	-	2 205 535	I 620 355
Drought related costs	-	639 973	-
FSE – Other items		23 588 723	23 295 663
Operating Subsidies		(616 649)	(389 621)
		207 561 292	212 680 848
FSE capitalised		(1 941 321)	(1 905 402)
		205 619 971	210 775 446

⁽i) Reduction in the cost of electricity resulting from the cut to the networks access tariffs that took place 2022, turning negative on some scales of consumption.

29. PERSONNEL COSTS 29.1 ACCOUNTING POLICIES

Short-term employee benefits and termination benefits are recognised in the income statement.

Short-term employee benefits include salaries, wages and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (when payable within twelve months following the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) relating to current employees and with their payment expected to occur within 12 months.

The Company recognises a liability and an expense for employment termination benefits when the Company can no longer withdraw the provision of such benefits.

Regarding the medium and long-term employee benefits, see note 20.1.

29.2 DETAILS

The years ending on 31 December 2022 and 2021 incurred the following personnel costs:

	NOTE	31.12.2022	31.12.2021
Remunerations		95 185 150	87 071 342
Charges with remunerations		20 982 167	19 301 193
Insurance		5 245 495	5 430 93 I
Compensations for contractual termination		130 780	231 094
Other personnel costs	(i)	3 216 154	2 65 049
Operating Subsidies		(140 363)	(205 096)
		124 619 383	114 480 513
Personnel costs capitalised		(7 206 244)	(6 327 005)
		117 413 139	108 153 508

(i) Includes earnings of EUR 23,000 from the defined benefit plan and EUR 411,453 of expenses from the defined contribution plan (note 20.3)

REMUNERATION OF ADP SGPS GOVERNING BODIES

	31.12.2022	31.12.2021
Board of Directors	375 845	370.527
Supervisory Board	32 350	31.967
Chartered Accountant	36 545	36.545
	444.740	439.039

AVERAGE NUMBER OF EMPLOYEES

	31.12.2022	31.12.2021
Governing bodies	85	91
Members of staff	3 570	3 499
	3 655	3 590

30. FINANCIAL YEAR AMORTISATIONS, DEPRECIATIONS AND REVERSALS

In the years ended 31 December 2022 and 2021, amortisation, depreciation and reversals were as follows:

	NOTE	31.12.2022	31.12.2021
Amortisations – DUI	6.3	146 708 238	145 682 917
Amortisations - intangible assets	6.3	947 543	962 309
Depreciations – tangible fixed assets	7.3	28 696 232	28 002 432
Amortisations - assets under right of use	8.2	4 674 448	5 915 795
Depreciations - investment properties	9.2	68 301	78 038
Depreciation of future contractual investment	21.2	54 917 685	57 183 793
		236 012 447	237 825 284

31. FINANCIAL YEAR PROVISIONS AND REVERSALS

The provisions and reversals taking place in the years ending on 31 December 2022 and 2021 were as follows:

	NOTE	31.12.2022	31.12.2021
Financial year provision - ongoing legal actions	19.3	304 744	180 505
Financial year provision - accidents at work	19.3		96 352
Financial year provision - others	19.3	551 773	78 318
		856 517	355 175
Reversals of provisions – ongoing legal actions	19.3	(28 774)	(836 420)
Reversals of provisions – others	19.3	(282 682)	(165 500)
		(311 456)	(1 001 920)
Corrections to previous years		-	-
		545 061	(646 745)

32. FINANCIAL YEAR IMPAIRMENT LOSSES AND REVERSALS

For the years ending on 31 December 2022 and 2021, there were the following impairment losses and reversals:

	NOTA	31.12.2022	31.12.2021
Impairment losses – clients	13.3	2 248 628	5 652 343
Impairment losses - other assets	14.2	178 888	l 184 588
Impairment Losses – Financial investments in associated companies	10.2	36 443	-
Impairment losses - tangible fixed assets	7.3	-	172 831
		2 463 959	7 009 762
Reversals of impairment losses – clients	13.3	(568 657)	(246 238)
Reversals of impairment losses – other current assets	14.2	(26 394)	(8 326)
Reversals of impairment losses – financial investments	П	(28 406)	-
Reversals of impairment losses - tangible fixed assets	7.3	(223 848)	(209 445)
		(847 305)	(464 009)
	***************************************	l 616 654	6 545 753

33. OTHER OPERATING EXPENSES AND LOSSES

The years ending on 31 December 2022 and 2021 saw other operating expenses and losses account for the following:

	NOTE	31.12.2022	31.12.2021
Direct and indirect taxes	(ii)	9 331 588	9 585 389
Inventory losses		55 535	18 697
Losses on tangible and intangible assets (disposals, write-offs, accidents)		I 038	25 345
Donations		497 260	404 87 I
Unfavourable exchange rate differences		405 374	633 870
Other costs and losses	(i)	2 937 420	5 643 444
Corrections to previous years	•	402 595	134 636
		13 630 810	16 446 252

⁽i) Includes charges for customer collection (EUR 980,000), compensation for leakages (EUR 100,000), In 2021, this includes duties to clients and compensation (EUR 2,315,000).

⁽ii) Direct and indirect taxes

	NOTA	31.12.2022	31.12.2021
ERSAR charge		4 608 580	4 583 525
Hydric resource charge		175 880	244 272
Other taxes and charges	(a)	4 547 128	4 757 592
		9 331 588	9 585 389

(a) Includes subsoil rates (EUR 2,533,000), municipal property tax (EUR 376,000) and tax payable in Angola (EUR 788,000)

34. OTHER OPERATING INCOME AND GAINS

In the years ending on 31 December 2022 and 2021, other operating income and gains derived from the following:

	NOTA	31.12.2022	31.12.2021
Energy sales		1 117 890	911 048
Rents	8.4	354 000	354 000
Invoicing services and commercial management for Lisbon Municipal Council		1 268 310	4 6
Aquamatrix technical assistance		2 186 945	2 130 448
Favourable exchange rate differences		389 547	229 517
Gains in tangible and intangible fixed assets (disposals and compensation for accidents)		114 986	223 596
Others	(i)	4 383 023	8 957 591
		9 814 701	13 917 616

⁽i) The year ending on 3 I December 2022 includes recognition of income from a VAT tax credit amounting to EUR 1,935,000 relating to the years 2016 to 2019; and recognition of income amounting to EUR 1,500,000 relating to receipts from the Environmental Fund for the reimbursement of costs incurred in previous years due to drought.

35. FINANCIAL COSTS

The years ending on 31 December 2022 and 2021 incurred the following financial expenses:

	NOTE	31.12.2022	31.12.2021
Interest incurred	(i)	33 716 105	31 681 192
Unfavourable exchange rate differences		(1 876)	(20 010)
Other financial costs	(ii)	2 749 480	2 870 178
Corrections to the previous years		-	18 504
		36 463 709	34 549 864
Financial costs capitalised		(1 772 778)	(1 566 390)
		34 690 931	32 983 474

(I) JUROS SUPORTADOS

	NOTE	31.12.2022	31.12.2021
Interest incurred – EIB	(a)	23 601 763	26 667 533
Interest incurred – leasing operations		377 246	445 681
Interest incurred – shareholders	(b)	2 266 060	556 733
Penalty interest incurred		620 084	113 649
Interest incurred - bank loan financing		36 674	35 439
Interest incurred – asset integration	(c)	6 814 278	3 862 157
		33 716 105	31 681 192

- (a) The reduction in interest results from the reduction in average debt over 2022.
- (b) The increase in interest results from the trend in the Euribor which went positive from the second quarter of 2022 onwards.
- (c) The increase in interest results from remeasuring the estimated future flows, which incorporates the 2022 rise in the inflation rate.

OTHER FINANCIAL COSTS

	NOTE	31.12.2022	31.12.2021
Financing obtained – Commissions / guarantees	(d)	2 368 759	2 544 413
Others		380 721	325 765
		2 749 480	2 870 178

(d) Costs of guarantee commissions provided by the Portuguese state for the loans granted by the EIB (except for EIB V) (0.2% on the outstanding capital).

36. FINANCIAL INCOME

The financial years ending on 31 December 2022 and 2021 generated the following financial income::

		31.12.2022	31.12.2021
Interest received	(i)	14 325 362	14 768 067
Other financial income and gains		250 850	172 186
		14 576 212	14 940 253

(I) INTEREST RECEIVED

INTEREST RECEIVED		31.12.2022	31.12.2021
Deposits		-	170
Other financial assets		1 310 994	I 323 409
Penalty interest	(a)		12 369 433
Other interest		I 336 688	l 075 055
		14 325 362	14 768 067

(A) PENALTY INTEREST (BY GROUP COMPANY))

	31.12.2022	31.12.2021
Águas do Vale do Tejo S.A.	5 997 420	5 945 696
Águas do Norte, S.A.	4 272 344	4 008 93 I
Águas do Algarve, S.A.	575 809	I 630 003
Other holdings	832 107	784 803
	11 677 680	12 369 433

37. INCOME TAX 37.1 ACCOUNTING POLICIES

INCOME TAX

AdP and the AdP Group companies that are resident in Portugal are liable for payment of IRC - corporate income tax in keeping with their taxable income at the applicable rates.

The parent and subsidiaries in which control is directly or indirectly held are taxed at the 21% rate, plus the municipal tax rate to a maximum of 1.5% of the taxable profit. The State surtax is 3% on taxable profits that exceed EUR 1.5 million to a ceiling of EUR 7.5 million, and then at the 5% rate for taxable profits over EUR 7.5 million, up to a limit of EUR 35 million. Amounts above EUR 35 million are taxed at 9%.

Income tax for the period includes current tax and deferred tax. Income tax is recognised in the consolidated income statement, except where it is related to items that are recognised directly in own capital. The amount of current tax payable is calculated based on the pre-tax profit, adjusted in accordance with tax rules.

The determination of income tax requires certain interpretations. There are several transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle. Therefore, the AdP Group complies with the guidance of IFRIC 23 - Uncertainty over Income Tax Treatment regarding the determination of taxable profits, tax bases, tax losses to be carried forward, tax credits to be used and tax rates in scenarios of uncertainty over income tax treatment, and no material impact on the financial statements has resulted from the application of this guidance. The AdP Group believes that any review of the tax returns will not result in material adjustments in the consolidated financial statements that require any provision for taxes.

DEFERRED TAX

Deferred tax is recognised whenever temporary differences between the tax base of assets and liabilities and their carrying amount on the consolidated financial statements are deemed to exist. Deferred tax that arises from the initial recognition of an asset or liability in a transaction that is not a merger and which on the transaction date has not affected either the accounting outcome or the tax outcome, is not recorded. Deferred tax assets are recognised when it is probable that future taxable profit will be available against which temporary differences can be utilised or when the reversal of a deferred tax asset is expected for the same time and with the same authority. Deferred tax assets are recognised for all recoverable losses to the extent that it is probable that taxable profit will be available against which these losses can be offset.

Deferred taxes are calculated based on the current rate or the rate officially announced at the balance sheet date and which is expected to apply on the date on which deferred tax assets are realised or deferred tax liabilities are paid. Differences that may arise from expected changes in the rates that will reverse temporary tax differences are considered in the consolidated income statement.

Deferred taxes are recognised on temporary differences arising from investments in subsidiaries and associates except when the AdP Group is able to control the timing of the reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recorded in the net profit or in other reserves, depending on how the transaction or event giving rise to them is recorded.

37.2 DETAILS AND MOVEMENTS

On 31 December 2022 and 2021, the tax on earnings payable featured the following details:

	31.12.2022	31.12.2021
Advance payments and additional payments by account	(58 250 421)	(56 785 743)
Estimated taxation	67 986 414	66 284 193
Fiscal benefits receivable from previous years (SIFIDE)	-	(52 039)
Retentions held by third parties	(1 073 514)	(748 975)
	8 662 479	8 697 436

As at 31 December 2022, the balance corresponds to the level of taxation on earnings payable in 2022. There are no debts or outstanding payments to the fiscal authorities.

	NOTE	31.12.2022	31.12.2021
Income tax for the year		(67 985 968)	(66 227 072)
Excess of estimated tax		l 245 544	2 357 171
Shortfall in estimated tax		(156 978)	(209 669)
		(66 897 402)	(64 079 570)
Deferred tax		26 346 641	31 366 080
		26 346 641	31 366 080
		(40 550 761)	(32 713 490)

The reconciliation between the nominal and effective tax rate for the years ending on 31 December 2022 and 2021 was the following:

	BASE	RATE	TAX
Consolidated pre-tax result	1 500 000	22.50%	337 500
	6 000 000	25.50%	I 530 000
	27 500 000	27.50%	7 562 500
	118 971 538	31.50%	37 476 034
	153 971 538	30.46%	46 906 034
Permanent differences:			
. Provisions	23 702	0.05%	74 536
. Corrections made to previous financial years	943 707	0.15%	230 142
. Fines, charges and compensator interest	55 343	0.01%	14 464
. Fiscal benefits	(410 596)	-0.06%	(92 865)
. Non-recoverable credits	143 075	0.02%	35 150
. Others	(238 476)	-0.01%	(18 345)
Temporary difference without recorded deferred taxation:	•		
. Utilisation of fiscally reportable losses	(1 686 727)	-0.23%	(354 213)
. Provisions and/or impairments	319 290	-0.12%	(182 794)
. Depreciations	(441 376)	-0.09%	(134 266)
. Generation of fiscally reportable losses	249 712	0.03%	52 440
Recognition of assets from taxation deferred for reportable fiscal losses generated in previous years	(5 016 308)	-0.68%	(1 053 425)
Corrections to the deferred tax rate	•	-0.41%	(628 794)
Difference between the expected tax rate and the rate applied by each company	•	-2.43%	(3 740 179)
Autonomous taxes	•	0.35%	53 442
SIFIDE and CFEI II		-0.45%	(690 447)
Excess of taxes estimated for previous years		-0.26%	(398 119)
		26.34%	40 550 761

31.12.2021	BASE	RATE	TAX
Consolidated pre-tax result			
	1 500 000	22.50%	337 500
	6 000 000	25.50%	I 530 000
	27 500 000	27.50%	7 562 500
	88 275 311	31.50%	27 806 723
	123 275 311	30.21%	37 236 723
Permanent differences:			
. Provisions	(450 907)	-0.03%	(41 091)
. Corrections made to previous financial years	356 001	0.06%	76 287
. Fines, charges and compensator interest	70 022	0.01%	17 722
. Fiscal benefits	(457 244)	-0.08%	(100 637)
. Non-recoverable credits	136 337	0.02%	29 996
. Others	(1515881)	-0.30%	(375 277)
Temporary differences without recorded deferred taxation:		-	
. Utilisation of fiscally reportable losses	366 711	0.06%	77 009
. Provisions and/or impairments	(660 801)	-0.13%	(159 110)
. Depreciations	636 387	0.12%	149 845
. Generation of fiscally reportable losses	2 561 741	0.44%	537 966
Corrections to the deferred tax rate		-0.28%	(347 517)
Difference between the expected tax rate and the rate applied by each company		-2.25%	(2 770 022)
Autonomous taxes		0.46%	568 414
SIFIDE and CFEI II		-1.56%	(1 927 599)
Excess of taxes estimated for previous years		-0.21%	(259 219)
Fiscal burden		26.54%	32 713 490

The details of the deferred tax as at 31 December 2022 and 2021 and the movements occurring in the financial year ending on 31 December 2022 are as follows:

	31.12.2022	31.12.2021
Deferred tax – assets	299.385.774	279.776.096
	299.385.774	279.776.096
Deferred tax – liabilities	237.274.152	244.125.518
	237.274.152	244.125.518
	62.111.622	35.650.578

	31.12.2021		Reinforcement /reversions in results		Reinforcement /reversions in reserves		_	31.12.2022					
	Base	Rate	Tax	Base	Rate	Tax	Base	Rate	Tax	Rate adjustment (in results)	Base	Rate	Tax
Deferred tax assets													
Reportable losses	-		-	5 016 308	21.00%	I 053 425	-		-	-	5 016 308	21.00%	I 053 425
Tariff deviation (note 12.3)	91 842 426	25.48%	23 400 478	23 475 016	25.78%	6 052 406	-	•	-	246 787	115 317 442	25.75%	29 699 670
IFRIC 12 Effect		•				-		•					-
IFRIC 12 Effect (Transition) - firm investment amortisation	22 592 541	26.18%	5 913 672	202 625	26.25%	53 189	-		-	14611	22 795 166	26.24%	5 981 471
IFRIC 12 Effect (Transition) - firm investment subsidy	17 666 911	25.98%	4 589 797	-		-	-		-	(17 773)	17 666 911	25.88%	4 572 023
IFRIC 12 Effect (Transition) - future investment amortisation	275 940 229	25.99%	71 724 332	(210 597)	22.69%	(47 778)	-	•	-	(32 642)	275 729 632	25.98%	71 643 911
IFRIC 12 Effect (Transition) - future investment subsidy	11 714 885	25.92%	3 036 168	(481 267)	25.89%	(124 595)	-	•••••••••••••••••••••••••••••••••••••••	-	(8 196)	11 233 618	25.85%	2 903 376
IFRIC 12 Financial Year Effect - IFRIC 12 VS fiscal amortisations	118 474 544	25.01%	29 624 853	2 537 036	20.74%	526 259	-	•	-	224 997	121 011 580	25.10%	30 376 108
IFRIC 12 Financial Year Effect – future investment	469 577 748	25.75%	120 929 632	55 483 928	25.80%	14 3 17 267	-	•	-	80 530	525 061 676	25.77%	135 327 428
IFRIC 12 Financial Year Effect - IFRIC 12 VS fiscal subsidy	11 854 366	24.61%	2 917 640	(10 867 650)	26.46%	(2 875 925)	-	•••••••••••••••••••••••••••••••••••••••	-	(226)	986 716	4.20%	41 488
Amortisation differences – accounting VS fiscal	5 560 243	22.50%	1 251 054	(154 810)	22.50%	(34 832)	-	•••••••••••••••••••••••••••••••••••••••	-	-	5 405 433	22.50%	1 216 221
IFRIC 12 Other Effects	42 127 144	26.00%	10 952 640	1 120 151	25.87%	289 783	-	•••••••••••••••••••••••••••••••••••••••	-	-	43 247 295	26.00%	11 242 422
Provisions									······································	-		•	-
- Impairment losses	8 668 020	28.10%	2 435 395	(760 101)	23.01%	(174 877)	-		-	212	7 907 919	28.59%	2 260 729
- Risks and duties	I 004 898	26.69%	268 183	(6 254)	29.41%	(1 839)	-	•	-	-	998 644	26.67%	266 343
- Others	(396)	•	(1 006)	614 492	28.31%	173 933	-	•	-	-	614 096	28.16%	172 926
Others:									······································				-
Replacement of taxed earnings (IRC 97/98/99) (EPAL)	1 549 908	29.40%	455 672	(237 525)	29.40%	(69 832)	-		-	-	1 312 383	29.40%	385 839
Updating of ADO and Sintra - conversion to IFRS - initial balance 01,01,2010	1 117 095	29.43%	328 749	(124 113)		(36 489)	-	•	-	-	992 982	29.43%	292 259
Other Adjustments	2 183 705	89.24%	I 948 837	-		-	-	•	-	1 299	2 183 705	89.30%	1 950 135
Asset tax	I 081 874 267	25.86%	279 776 097	75 607 239	25.26%	19 100 095	-		-	509 599	1 157 481 506	25.87%	299 385 774
Liabilities for deferred tax													
Tariff deviations (note 12,3)	(590 688 411)	25.81%	(152 459 348)	16 713 246	26.69%	4 460 743	-		-	113 520	(573 975 165)	25.77%	(147 885 085)
IFRIC 12 Effect		•				-		•	•				
IFRIC 12 Effect (Transition) - firm investment amortisation	(11 271 244)	25.50%	(2 874 168)	751 416	26.00%	195 368	-		-	(56 356)	(10 519 828)	26.00%	(2 735 157)
IFRIC 12 Effect (Transition) - firm investment subsidy	(4 351 563)	25.41%	(1 105 607)	335 451	26.25%	88 056	-		-	(10 340)	(4 016 112)	25.59%	(1 027 892)
IFRIC 12 Effect (Transition) - future investment amortisation	(103 302 070)	25.58%	(26 420 932)	4 443 510	25.83%	I 147 803	-	•	-	(6 156)	(98 858 560)	25.57%	(25 279 286)
IFRIC 12 Effect (Transition) - future investment subsidy	(58 416 638)	26.11%	(15 254 203)	2 242 474	26.11%	585 510	-	•	-	16819	(56 174 164)	26.08%	(14 651 875)
IFRIC 12 Financial Year Effect - IFRC 12 VS fiscal subsidy	(27 172 118)	22.73%	(6 175 880)	(2 778 326)	23.64%	(656 662)	-		-	(24 847)	(29 950 444)	22.90%	(6 857 390)
IFRIC 12 Financial Year Effect - future subsidy	(21 832 521)	25.93%	(5 662 035)	(1 695 907)	26.62%	(451 403)	-	•	-	15 114	(23 528 428)	25.92%	(6 098 325)
Re-evaluation reserves	(104 014 962)	29.40%	(30 580 399)	4 241 152	29.40%	I 246 899	-	•••••••••••••••••••••••••••••••••••••••	-	-	(99 773 810)	29.40%	(29 333 501)
Reinvested capital gains	(125 759)	29.40%	(36 974)	4 877	29.40%	I 434	-	<u> </u>	-	-	(120 882)	29.40%	(35 541)
Other adjustments	(7 928 912)	44.85%	(3 555 972)	-		-	644 027	17,77%	114 429	71 441	(7 284 885)	46.26%	(3 370 099)
Tax liability	(929 104 198)	26.28%	(244 125 518)	24 257 893	27.28%	6 617 748	644 027	17,77%	114 429	119 195	(904 202 278)	26.24%	(237 274 152)
Net tax	152 770 069	22.34%	35 650 579	99 865 132	25 75%	25 717 843	644 027	17,77%	114 429	628 794	253 279 228	24 52%	62 111 622

As stated in note 37.1, the AdP Group records deferred taxes whenever it is considered that there are temporary differences arising from the difference between the tax basis of assets and liabilities and their values in the consolidated financial statements, with this assessment performed annually and reflected in the respective accounts.

There are a number of Group companies with expected future taxable income failing to provide for the recovery of deferred tax assets generated by the reported losses and no deferred tax assets have therefore been calculated:

YEAR OF GENERATION	YEAR OF REPORTING	VALUE OF TAX LOSSES REPORTABLE
2016	2030	308 941
2017	2024	70 743
2018	2025	682 432
2019	2026	351 799
2020	2032	369 853
2021	2033	339 37 I
2022	2027	249 712
		2 372 851

The 2023 State Budget Law altered the regime for the deductibility of reportable fiscal losses, having eliminated the temporal restriction. In addition, the deduction of fiscal losses reportable in each taxable period is capped at 65% of taxable profit (70% until 31 December 2022). Hence, given this framework some AdP Group companies registered deferred taxation assets in keeping with reportable losses generated in previous years and for application on 31 December 2022.

38. BALANCES AND TRANSACTIONS WITH RELATED PARTIES 38.1 RELATED PARTIES

As of 31 December 2022, the AdP Group related parties were the following:

- Shareholders (Parpública, SGPS, S.A. and Caixa Geral de Depósitos, S.A.)
- Members of the Board of Directors of AdP;
- Members of the Board of Directors of shareholders;
- Municipalities, as minority shareholders of subsidiaries.

38.2 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

DECEMBER 2022	HOLDING COMPANY	OTHER SHAREHOLDERS	EXECUTIVE COMMISSION	OTHER RELATED PARTIES	TOTAL
Assets					
CGD		1 884 215			1 884 215
Municipalities				229 739 756	229 739 756
Liabilities			-		-
Municipalities				37 709 467	37 709 467
Income					-
Sales and provision of services to municipalities				326 014 577	326 014 577
Other income - municipalities				2 598 904	2 598 904
Costs			-		-
Costs with non-executive directors					-
Costs with executive directors			375 845		375 845
Other costs – municipalities				3 821 152	3 821 152
Dividends	22 275 000	5 225 000		2 346 278	29 846 278
	22 275 000	7 109 215	375 845	602 230 134	631 990 194

DECEMBER 2021	HOLDING COMPANY	OTHER SHAREHOLDERS	EXECUTIVE COMMISSION	OTHER RELATED PARTIES	TOTAL
Assets					
CGD		9 828 321			9 828 321
Municipalities				227 363 179	227 363 179
Liabilities					-
Municipalities				41 532 562	41 532 562
Income					-
Sales and provision of services to				334 584 232	334 584 232
Municipalities				3 868 780	3 868 780
Other income – municipalities					-
Costs					-
Costs with non-executive directors			370 527		370 527
Costs with executive directors				3 974 154	3 974 154
Other costs – municipalities	22 275 000	5 225 000		2 359 046	29 859 046
Dividends	22 275 000	15 053 321	370 527	613 681 953	651 380 801

39. CONTRACTUAL INVESTMENT

The estimated financial commitments made by the AdP Group, deriving from the awarding of concession contracts relative to initial, replacement, renovation and expansion investments occurring during the remaining concession terms, are as follows:

	CONTRACTUAL INVESTMENT	INVESTMENT ALREADY MADE	INVESTMENT IN PROGRESS	CONTRACTUAL INVESTMENT NOT CARRIED OUT (N+1)	CONTRACTUAL INVESTMENT NOT CARRIED OUT (N+2 N+5)	CONTRACTUAL INVESTMENT NOT CARRIED OUT (>N+5)
December 2022	8 024 937 089	5 942 347 440	230 142 281	210 757 245	429 459 936	1 212 230 190
	8 024 937 089	5 942 347 440	230 142 281	210 757 245	429 459 936	1 212 230 190
	CONTRACTUAL INVESTMENT	INVESTMENT ALREADY MADE	INVESTMENT IN PROGRESS	CONTRACTUAL INVESTMENT NOT CARRIED OUT (N+1)	CONTRACTUAL INVESTMENT NOT CARRIED OUT (N+2 N+5)	CONTRACTUAL INVESTMENT NOT CARRIED OUT (>N+5)
December 2022				INVESTMENT NOT	INVESTMENT NOT	INVESTMENT NOT

40. AUDITOR AND STATUTORY AUDIT FEES

The fees of the AdP Group Auditor and Statutory Auditor for the financial year ending on 31 December 2022 were the following:

	LEGAL REVISION OF ACCOUNTS	OTHER SERVICES RELATED WITH AUDIT	OTHER SERVICES	TOTAL
PricewaterhouseCoopers & Associados - Sociedade de Revisores de Contas, Lda	149 452	32 200	25 050	206 702
Other companies in the "PricewaterhouseCoopers" network	-	-	50 962	50 962
Grant Thornton & Associados SROC, Lda	35 723	-	-	35 723
-	185 175	32 200	76 012	293 387

Annual Report 2022 | Águas de Portugal | 233

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)

lexencle / for d Cal Se

Catarina Isabel Clímaco Monteiro d'Oliveira (Executive Director)

(akrustos se ausos pour en Mich

Pedro Manuel Amaro Martins Vaz (Executive Director)

Seds Jal Aco Jatis KN

Jaime Serrão Andrez (Non-Executive Director)

The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

REPORT AND OPINION OF THE SUPERVISORY BOARD ON THE CONSOLIDATED ACCOUNTING STATEMENTS

REPORT

- In compliance with the applicable legal and statutory provisions, the Supervisory Board hereby issues this Report and Opinion on the Annual Report and Accounts and other consolidated accounting documents of AdP - Águas de Portugal, S.G.P.S., S.A., submitted by the Board of Directors and relating to the 2022 financial year.
- 2. The Supervisory Board monitored the management of AdP Águas de Portugal, S.G.P.S., S.A., and the evolution of its activities especially via contacts with its directors and by reading the minutes of the meetings of the Board of Directors and the Executive Committee. It held regular meetings which were normally attended by the Financial Director, the Statutory Auditor, and the Director of Regulation, Planning and Management Control. The Supervisory Board was given all the clarifications requested and the documentation that it deemed necessary to perform its supervisory duties.
- The Supervisory Board also verified compliance with the applicable legal and statutory provisions and exercised its powers in accordance with Article 420 of the National Company Code.
- 4. Under the powers invested in it by paragraphs 1 and 3 of Article 33 of Decree Law 133/2013 of 3 October, the Supervisory Board verified the company's compliance with the obligations set out therein and issued quarterly reports, which were sent to the competent authorities.
- The 2022 Annual Report and Accounts presents information on compliance with sustainability objectives with analysis of the Group in this regard benefiting from the presentation of the 2022 Sustainability Report, revealing material compliance with these objectives.
- 6. Irrespective of the publication of Law no. 99-A/2021, of 31 December, the Company maintains in an annex to its Report on the 2022 financial year, through a referral to the Sustainability Report for the same financial year, information on the performance and evolution of the company as regards environmental and social issues as well as in relation to the workers, gender equality, non-discrimination, respect for human rights, the combat of corruption and attempts at bribery.
- In the same sense, analysis in accordance with the disclosure obligations established in article 44 of Decree-Law no. 133/2013, of October 3 demonstrates compliance.
- The Supervisory Board was aware of the content of the certifications of accounts
 concerning the invested companies, and has not been informed of any materially relevant
 non-compliance that has not been subject to correction during the consolidation of
 accounts process.

- The Supervisory Board also took note of the Report issued by the External Auditors on the consolidated accounts, with no objections as to its contents.
- 10. The Supervisory Board examined the Legal Certification of Accounts, issued in accordance with the Statutory Auditor enacted regulations, incorporating the relevant auditing matters and other legal requirements, which are reproduced here, and which met the agreement of the Board.
- 11. As regards compliance with the legislation in force, in particular the application of the Public Procurement Code, the Supervisory Board was informed of the full compliance of the instrumental and operational companies of AdP Group. It should be noted that the Public Procurement Procedures Manual, produced in 2019, is now implemented and aims to standardise processes and ensure compliance with legal requirements and internal guidelines.
- 12. Throughout 2022, the AdP Group carried out investment with a total value of 237.8 million euros of which 170.6 million euros went into constructing or refurbishing water supply and sanitation infrastructures (€76.9 million in new investment and €93.7 million in rehabilitation/replacement) alongside the construction or restructuring of water supply infrastructures (€88.9 million) and wastewater sanitation (€81.7 million). This reflects how the investment taking place over this year in the construction or restructuring of water supply and sanitation infrastructures experienced a year-on-year increase of 22%.
- 13. Regarding the operating efficiency ratio, Operating Expenses Turnover (OPEX), this attained an improvement, of 1 p.p. from 46% on 31-12-2021 to 44.6% on 31-12-2022. It should be noted that the value of this ratio is considered irrespective of exceptional factors (specifically, those due to crise geopolitical crisis and with significant budgetary impacts) or others deriving from the impacts produced by legal impositions as stipulated by article 144 of Decree Law no. 53/2022, of 12 August DLE02022. When excluding the adjustments made in compliance with the guidelines identified, the ratio is 47.4%, identical to that of 2021.
- 14. The net result for 2022 came in at around €100.3 million, up 20.5% (€17 million) in relation to the previous financial year, driven essentially by the rise in the results of regulated activities, and specifically due to: i) the surge in the results of EPAL (+€8.2 million) resulting from the 2022 recovery in the business turnover following the restrictive context of the pandemic that particularly impacted on direct client sales in 2021; ii) the rise in the profitability rate (10-year Portuguese State Treasury Bonds), which rose from 0.3% in 2021 to 2.18% in 2022, the index applied to determine the Net Results of the Multi-Municipal Systems and the State-Municipality Partnerships.
- 15. The turnover (T/O) amounted to €742.7 million (€415.6 million in sales and €327.2 million in services rendered), up by about 2.4% (€17.5 million) on the previous year due to: i) updating the tariff and the slight annualised increase in the volume of water billed (+2.7 million m3); ii) a general hike in T/O across almost all Group companies, in particular highlighting the €10.8 improvement at EPAL S.A..

As regards the FSE – External Supply and Service costs, in year-on-year terms, 2022 experienced a decrease of approximately \in 5.1 million, broadly generated by a substantial reduction in the cost of electricity (-46.8% — \in 27.8 million), resulting from the reduction in network access tariffs, turning negative on some scales of consumption, as well as the boost received by the adoption of energy efficiency measures designed to cut consumption and costs coupled with the rise in the Group's own energy production for inhouse consumption, and thereby more than offsetting the impact in the rise in electricity prices given there was a generalised rise in the remaining FSE items, highlighting the costs incurred in conservation and repairs (+17.7% - \in 7.5 million) due to the rehabilitation and refurbishment of Group infrastructures.

The reduction in electricity costs ensured that this item accounted for only 15% of total FSE costs as at 31/12/2022, against 27.8% as at 31/12/2021.

- 16. In the year of 2022, the AdP Group recorded a €9.2 million increase in Personnel Costs when compared to 2021, rising from €108.2 million to €117.4 million, resulting essentially from a salary rise of 1.2% (authorised by Despatch no. 110/2022-SET of 28/01/2022), the updating of career lengths of service and the application of clause 21 of the Collective Working Agreement. There was also an increase in the average number of staff (management bodies and staff), rising to total 3,655 employees.
- 17. The Supervisory Board would highlight the year-on-year increase in gross client debt and rising an annualised 3% on 31/12/2022, an amount reaching €372.1 million, of which €257.5 million stem from debts owed by municipal clients (local government, municipalised and inter-municipalised services and municipal and inter-municipal companies), reflecting a rise of 2.7% (€6.8 million) in the position on 31/12/2021. Nevertheless, the AdP Group continued with its efforts to recover and securitize the debt of municipal clients, verifying that the debt maturing in this year and in the previous year declined by around 18% (-€5.4 million).
- 18. It should be further noted that the consolidation of the group's operations favoured the positive evolution of the cost recovery deviation, generating a 2022 surplus of €40.1 million. Notwithstanding the 'record' for this aggregate amount, it should be noted that the tariff deviation, which amounted to €590.7 million at the end of the year, should continue to deserve the best attentions of the management body in keeping with its material impacts.
 - As regards the 2022 CRD, it is to the knowledge of this Board that ERSAR has already delivered its decisions on the projects, which amount to a global total of €4.9 million in potentially unaccepted costs. The AdP Group is currently at a phase of preparing its adversarial submission coupled with the provision of additional information respectively justifying the costs and thus there was no consideration of any adjustment to the CRDs for the year of 2022.
- 19. Also noteworthy in the current financial year is the consolidation of the group's financial management policy, implemented through contracting loans at the level of the parent company AdP, SGPS, S.A., which in turn grants loans to its subsidiaries. This centralised financial management has been steadily reducing the ratio of net debt to adjusted EBITDA, reducing it from 3.6 in 2021 to 3.2 in 2021, while also experiencing an annualised rise in gross debt of 0.8% (€12.9 million).

- 20. The year of 2021 saw the conclusion of the first phase in the implementation project for the Group SCI – Internal Control System, based on the internationally accepted COSO methodology of the Committee of Sponsoring Organizations of the Treadway Commission, with 2022 rendering continuity to the ongoing works for the full implementation of the remaining SCI phases transversally across the Group. A global evaluation of the system is planned for 2023 based upon mapping the hitherto finalised processes according to the inherent control matrices that enable this evaluation.
- 21. As a consequence of the work performed, the Supervisory Board is of the opinion that the Board of Directors Report and the consolidated Financial Statements (which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit and loss by type and of comprehensive income. the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement for the year then ended and the Notes to the Consolidated Financial Statements) are suitable to understanding the financial position of the Group led by AdP Águas de Porugal, SGPS, SA, as at 31 December 2022, as well as the way how the results were produced and the activities developed.
- The Supervisory Board would hereby emphasise all of the collaboration it has obtained from the Board of Directors, the Statutory Auditor, the External Auditor and the respective services of AdP - Águas de Portugal, SGPS, SA.

OPINION

In accordance with that stated above, the Supervisory Board hereby concurs with the 2022 Management Report and Consolidated Accounts of AdP - Águas de Portugal, SGPS, SA, granting a favourable opinion that they be approved by the General Assembly.

Lisbon, 11 May 2023

On behalf of the SUPERVISORY BOARD

Mário José Alveirinho Carrega (Member)

Rui Manuel Mendes Cabeças (Member)



RELATÓRIO E PARECER DO CONSELHO FISCAL SOBRE OS DOCUMENTOS DE PRESTAÇÃO DE CONTAS CONSOLIDADAS

RELATÓRIO

- Em cumprimento das disposições legais e estatutárias aplicáveis, o Conselho Fiscal emite o
 presente Relatório e Parecer sobre o Relatório de Gestão e restantes documentos de
 prestação de contas consolidadas da sociedade AdP Águas de Portugal, SGPS, SA,
 apresentadas pelo Conselho de Administração, relativamente ao exercicio de 2022.
- 2. O Conselho Fiscal acompanhou a gestão da AdP Águas de Portugal, SGPS, SA, e a evolução dos seus negócios, designadamente mediante contatos com os seus principais responsáveis, bem como através da leitura das atas das reuniões do Conselho de Administração e da Comissão Executiva. Efetuou reuniões, nas quais, sempre que solicitado, contou com a presença da Administradora responsável pelo pelouro financeiro, do Revisor Oficial de Contas, do Auditor externo, da Diretora Financeira e da Diretora de Regulação, Planeamento e Controlo de Gestão. O Conselho Fiscal obteve todos os esclarecimentos solicitados e dispôs da documentação que considerou necessária ao desempenho das suas funções de fiscalização.
- O Conselho Fiscal procedeu ainda, à análise do cumprimento das normas legais e estatutárias aplicáveis, e exerceu as suas competências em conformidade com o estabelecido no artigo 420.º do Código das Sociedades Comerciais.
- 4. No âmbito das competências que lhe são atribuídas pelos números 1 e 3, do artigo 33.º do Decreto-Lei n.º 133/2013, de 3 de outubro, o Conselho Fiscal verificou o cumprimento pela sociedade das obrigações ai estabelecidas, tendo emitido os Relatórios Trimestrais que foram remetidos às entidades competentes.
- 5. O Relatório & Contas de 2022 apresenta informação relativa ao cumprimento de objetivos de sustentabilidade, não obstante a análise completa para o Grupo neste âmbito beneficiar da apresentação do Relatório de Sustentabilidade relativo a 2022, revelando-se o cumprimento material daqueles.
- 6. Não obstante a publicação da Lei n.º 99-A/2021, de 31 dezembro a Sociedade, mantém em anexo ao Relatório em apreço, uma Demonstração não Financeira relativa ao exercício de 2022 que contém, por remissão para o Relatório de Sustentabilidade do mesmo ano econômico, informação referente ao desempenho e evolução da sociedade quanto a questões ambientais, socials e relativas aos trabalhadores, igualdade de género, não discriminação, respeito pelos direitos humanos, combate à corrupção e tentativas de suborno.



- 7. No mesmo sentido observou-se o cumprimento, na parte respeitante à prestação de contas anual aqui sujeitas a análise, das obrigações de divulgação estabelecidas no artigo 44.º do Decreto-Lei n.º 133/2013, de 3 de outubro.
- 8. O Conselho Fiscal teve conhecimento do teor das certificações de contas relativas às empresas participadas não tendo chegado ao seu conhecimento situações de incumprimento materialmente relevantes que não tenham sido objeto de correção no exercício de consolidação de contas.
- Tomou igualmente conhecimento do Relatório emitido pelos Auditores Externos sobre as contas consolidadas, nada havendo a objetar quanto ao seu conteúdo.
- 10. O Conselho Fiscal apreciou a Certificação Legal das Contas Consolidadas, emitida nos termos da legislação em vigor pelo Revisor Oficial de Contas, a qual integra as matérias relevantes de auditoria e os outros requisitos legais, que aqui se dão como reproduzidos e que mereceu o seu acordo.
- 11. No que respelta ao cumprimento da legislação vigente, designadamente à aplicação do Código dos Contratos Públicos, foi o Conselho Fiscal informado do cumprimento integral do mesmo por parte das empresas instrumentais e operacionais do Grupo AdP. Salienta-se que se encontra implementado o Manual de Procedimentos de Contratação Pública, elaborado no ano de 2019, que visa uniformizar processos e garantir a observância dos requisitos legais e das orientações internas.
- 12. Durante o ano de 2022, o Grupo AdP desenvolveu investimentos no valor de 237,8 milhões de euros, dos quais 170,6 milhões de euros na construção ou remodelação de infraestruturas de abastecimento ou de saneamento (76,9M€ em investimento novo e 93,7M€ em reabilitação/substituição) referentes a construção ou remodelação de infraestruturas de abastecimento de água (88,9M€) e de saneamento de água residuais (81,7M€). Verifica-se que os investimentos efetuados no ano, na construção ou remodelação de infraestruturas de abastecimento ou de saneamento tiveram um aumento de 22%, face ao ano de 2021.
- 13. Relativamente ao rácio de eficiência operacional, Gastos Operacionais/Volume de Negócios (GO/VN), este regista uma melhoria, de 1.4 p.p. passando de 46% em 31-12-2021 para 44,6% em 31-12-2022. Salienta-se que o valor deste rácio, encontra-se expurgado dos fatores excecionais (designadamente os decorrentes da crise geopolítica e com impacto orçamental significativo) ou de outros impactos provenientes de imposições legais, conforme emana do artigo 144.º do Decreto-Lei nº53/2022, de 12 de agosto DLEO2022. Quando excluídos os ajustamentos efetuados em cumprimento das orientações acima identificadas, o rácio cifra-se nos 47,4%, idêntico ao do ano de 2021.



- 14. O resultado líquido do ano de 2022, foi de cerca de 100,3 milhões de euros, verificando-se um crescimento de 20,5% (17M€) relativamente ao exercício anterior, encontrando-se este influenciado essencialmente pelo aumento dos resultados da atividade regulada, nomeadamente devido: i) aumento dos resultados da EPAL (+8,2 milhões de euros) resultante da recuperação do volume de negócios em 2022 face ao contexto restritivo da pandemia que impactou 2021 particularmente na venda aos clientes diretos; ii) Crescimento da taxa de rentabilidade (Obrigações do Tesouro a 10 anos do Estado Português), que passou de 0,3% em 2021 para 2,18% em 2022, indexante utilizado para a determinação dos Resultados Líquidos dos Sistemas Multimunicipais e Parcerias Estado-Autarquias.
- 15. O Volume de Negócios (VN) ascendeu aos 742,7 milhões de euros (415,6M€ vendas e 327,2M€ prestações de serviços) verificando-se um aumentou em cerca de 2,4% (17,5M€), face ao período homólogo de 2021, explicado por: i) atualização tarifária e ligeiro aumento do volume de água faturada face a 2021 (+2,7 milhões de m3); ii) um aumento generalizado do VN de quase todas as participadas, destacando-se o aumento de 10,8M€ do VN da EPAL SA.

Relativamente aos gastos Fornecimentos e Serviços Externos (FSE), verificou-se em 2022, comparativamente a 2021, uma diminuição dos mesmos em cerca de 5,1 milhões de euros, suportada essencialmente pela redução substancial dos gastos com eletricidade (-46,8% →27,8 M€), resultante da redução ocorrida nas tarifas de acesso à rede, estando negativas em alguns escalões de consumo bem como do resultado da adoção de medidas de eficiência energética visando a redução dos consumos, dos gastos e do aumento da produção própria de energia para autoconsumo, permitindo minimizar o impacto do aumento dos preços da eletricidade, visto que se verifica um aumento generalizado nas restantes rubricas dos FSE, destacando-se os com conservação e reparação (+17,7% - 7,5 milhões de euros) explicado pela reabilitação e remodelação das infraestruturas do grupo.

A redução dos gastos com eletricidade, fizeram com que estes gastos passassem, em 31/12/2022, a representar apenas 15% no total dos FSE, face aos 27,8% a 31/12/2021.

- 16. O Grupo AdP, no ano de 2022, registou um incremento (9,2M€) dos Gastos com o Pessoal face a 2021, passando de 108,2 milhões de EUR para 117,4 milhões de EUR, resultante essencialmente da atualização salarial de 1,2% (autorizado através do Despacho n.º 110/2022-SET de 28/01/2022), pela atualização das bases da carreira e aplicação da cláusula 21 do Acordo Coletivo de Trabalho. Verificou-se igualmente um aumento do número medio do pessoal (órgão sociais e trabalhadores) passando este a ser de 3655.
- 17. O Conselho Fiscal destaca o aumento da divida bruta de clientes face a 2021, em 3% alcançando esta em 31/12/2022 um valor de 372,1 milhões de EUR, dos quais, 257,5 M€ são referentes a divida de Clientes municipais (autarquias locais, serviços municipalizados e intermunicipalizados e empresas municipais e intermunicipais), verificando-se aqui um aumento de 2,7% (6,8M€), face a 31/12/2021.



Constata-se que o Grupo AdP deu continuidade ao esforço de recuperação e titularização da dívida Clientes municipais, verificando-se que a divida vencida no próprio ano e no ano anterior reduziu em cerca de 18% (-5,4M€).

- 18. Deve ser relevado que a consolidação das operações do grupo favoreceu a evolução positiva do desvio de recuperação de gastos, atingindo em 2022 um superavit de 40,1 milhões de EUR. Não obstante o registo deste agregado, assinala-se que o desvio tarifário que se cifrou, no final do exercicio, em 574 milhões de EUR, deverá continuar a merecer a melhor atenção por parte do órgão de administração atenta a respetiva materialidade. Relativamente ao DRG de 2022, é do conhecimento deste CF que a ERSAR já enviou os projetos de decisão sobre o mesmo, os quais apontam para um montante global de 4,9 milhões euros de potenciais gastos não aceites. O Grupo AdP encontra-se numa fase de preparação do contraditório e de prestação de informação adicional e justificativa de gastos, pelo que não foi considerado nenhum ajustamento ao DRG no ano de 2022.
- 19. Destaca-se aínda no corrente exercício a consolidação da gestão financeira do grupo por via da política implementada, assente na contratação de empréstimos ao nível da empresa-mãe, a AdP, SGPS, S.A., que por sua vez concede empréstimos às suas subsidiárias. Esta gestão financeira centralizada tem vindo sustentadamente a reduzir o rácio de endividamento líquido sobre o EBITDA ajustado, em termos consolidados, reduzindo este de 3,6 no ano de 2021 para 3,2, em 2022, no entanto verifica-se um aumento do endividamento bruto, face a 2021, em cerca de 0,8% (12,9 M€).
- 20. No ano de 2021 foi concluida a primeira fase do projeto de implementação do Sistema de Controlo Interno (SCI) do Grupo, assente na metodologia internacionalmente aceite do Committee of Sponsoring Organizations of the Treadway Commission (COSO), tendo sido dada continuidade no presente exercicio aos trabalhos tendentes à integral implementação das fases remanescentes do SCI transversal ao Grupo. A avaliação global do sistema está prevista ser realizada no ano de 2023, tendo por base o mapeamento os processos até ai finalizado com as inerentes matrizes de controlos que permitirão essa avaliação.
- 21. Em consequência do trabalho desenvolvido, o Conselho Fiscal considera que o Relatório do Conselho de Administração e as Demonstrações Financeiras consolidadas (as quais compreendem a Demonstração consolidada da posição financeira em 31 de dezembro de 2022, as Demonstrações consolidadas dos resultados por naturezas e do rendimento integral, a Demonstração consolidada das variações do capital próprio, a Demonstração consolidada dos fluxos de caixa do exercício findo naquela data e as Notas às Demonstrações Financeiras consolidadas) são adequados à compreensão da situação patrimonial do Grupo empresarial liderado pela AdP Águas de Portugal, SGPS, SA em 31 de dezembro de 2022, e da forma como se formaram os resultados e se desenvolou a atividade.

22. O Conselho Fiscal salienta toda a colaboração que obteve do Conselho de Administração, do Revisor Oficial de Contas, do Auditor Externo e dos Serviços da AdP - Águas de Portugal, SGPS, SA.

PARECER

Em conformidade com o acima referido, o Conselho Fiscal dá a sua concordância ao Relatório de Gestão e Contas Consolidadas do exercício de 2022 da AdP – Águas de Portugal, SGPS, SA, dando o seu parecer favorável a que sejam aprovados pela Assembleia Geral.

Lisboa, 11 de maio de 2023

Pelo CONSELHO FISCAL

Mário José Alveirinho Carrega (Vogal)

Rui Manuel Mendes Cabeças (Vogal)

- Pally ...

Legal Certification of the Accounts

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AUDIT REPORT ON THE CONSOLIDATED FINANCIAL ACCOUNTS

Opinion

We have audited the attached Consolidated Financial Statements of AdP - Águas de Portugal, S.G.P.S., S.A. (the Group), which include the Consolidated Statement of Financial Position as at 31 December 2022 (showing a total of EUR 6,290,780,516 and total equity of EUR 1,854,078,436, including a net profit of EUR 100,338,980), the Consolidated Income Statement by Type, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the financial year ending on that date and the Notes to the Consolidated Financial Statements, including a summary of the main accounting policies.

In our opinion, the attached Consolidated Financial Statements give a true, appropriate picture, in all material aspects, of the consolidated financial position of AdP - Águas de Portugal, S.G.P.S., S.A. as at 31 December 2022, its consolidated financial performance and consolidated cash flows during the period that ended on that date in accordance with the International Financial Reporting Standards as adopted in the European Union.

Bases for Opinion

Our audit was carried out in accordance with the International Standards on Auditing (ISA) and other standards and technical and ethical guidelines of the Portuguese Statutory Auditors Association. Our responsibilities pursuant to these standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section below. We are independent of the entities that make up the Group pursuant to law and we comply with other ethical requirements under the code of ethics of the Portuguese Statutory Auditors Association.

We are convinced that the audit evidence we have obtained is sufficient and appropriate to providing a basis for our opinion.

Grant Thornton & Associados — SROC, Lda.

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Responsibilities of the management body and the supervisory body for the consolidated financial statements

The management body is responsible for the:

- preparation of the consolidated financial statements that fairly and appropriately present the Group financial position, the financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union;
- _ preparation of the management report, in accordance with the applicable legal and regulatory framework;
- implementation and maintenance of an appropriate internal control system to enable the preparation of financial statements free from material misstatement due to fraud or error;
- _ adoption of the appropriate accounting policies and criteria under these circumstances; and
- assessment of the Group's capacity to remain operational and disclosing, whenever applicable, any issues that may
 give rise to significant changes in the continuity of activities

In turn, the supervisory body is responsible for overseeing the preparation and disclosure of the Group's financial information.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable certainty is a high level of safety but this does not guarantee that an audit performed in accordance with the IAS shall always detect material misstatements when existing. Distortions may arise from fraud or error and are considered material when, whether in isolation or in conjunction, they can reasonably be expected to influence the economic decisions of users based on the respective financial statements.

As part of an IAS audit, we make professional judgments and maintain professional scepticism throughout the audit and also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to providing a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting material misrepresentation due to error as fraud may involve collusion, forgery, intentional omissions, false declarations or overlapping internal control;
- obtain an understanding of the internal control system relevant to the audit for the purpose of designing audit procedures appropriate to the circumstances but not to expressing an opinion on the effectiveness of the Group's internal control system;
- evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the respective disclosures made by the management body;
- d) conclude on the appropriateness of the management's adoption of the assumption of continuity and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that might give rise to significant doubts about the Group's ability to continue activities. When concluding that there is material uncertainty, we duly draw attention in our report to the related disclosures included in the consolidated financial statements or, when these disclosures are not appropriate, we correspondingly modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to discontinue its activities;

- e) evaluate the presentation, structure and overall content of the consolidated financial statements, including the
 disclosures, and whether these consolidated financial statements represent the underlying transactions and events
 in order to convey an appropriate presentation;
- f) obtain sufficient and appropriate audit evidence regarding Group financial information and the respective activities in order to express an opinion on the consolidated financial statements. We are responsible for the structure, supervision and performance of the Group's audit and are ultimately responsible for our audit opinion;
- g) communicate with those responsible for governance, including the supervisory body, the scope and timing of the audit, among other issues, as well as any significant audit findings, including any significant internal control weaknesses identified during the audit;

Our responsibility also includes verifying the consistency of the information contained in the management report with that in the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

In compliance with article 451, no. 3, line e) of the National Company Code, we are of the opinion that this management report was prepared in accordance with the legal and regulatory requirements in force, the information contained therein is correspondingly consistent with the audited consolidated financial statements and, taking into account our knowledge and evaluation of the Group, we do not identify any material misreporting.

Digitally Signed by: PEDRO MIGUEL RAPOSO LISBOA NUNES

Identification no.: 10328871

Date: 2023.05.11 17:48:48+01'00'

Grant Thornton & Associados - SROC, Lda.

Represented by Pedro Lisboa Nunes

Chartered Accountant registered with the CMVM (Portuguese Securities Market Commission) under no. 20160813



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Certificação Legal das Contas

Opinião

CONSOLIDADAS

Auditámos as demonstrações financeiras consolidadas anexas da AdP – Águas de Portugal, S.G.P.S., S.A. (o Grupo), que compreendem a demonstração consolidada da posição financeira em 31 de dezembro de 2022 (que evidencia um total de 6.290.780.516 euros e um total de capital próprio de 1.854.078.436 euros, incluindo um resultado líquido de 100.338.980 euros), a demonstração consolidada dos resultados por naturezas, a demonstração consolidada do rendimento integral, a demonstração consolidada das alterações no capital próprio e a demonstração consolidada dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras consolidadas, que incluem um resumo das políticas contabilisticas significativas.

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Em nossa opinião, as demonstrações financeiras consolidadas anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira consolidada da AdP – Águas de Portugal, S.G.P.S., S.A. em 31 de dezembro de 2022 e o seu desempenho financeiro e fluxos de caixa consolidados relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.



Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras consolidadas

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras consolidadas que apresentem de forma verdadeira e apropriada a posição financeira consolidada, o desempenho financeiro e os fluxos de caixa consolidados do Grupo de acordo com Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório consolidado de gestão nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras consolidadas isentas de distorções materiais devido a fraude ou a erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade do Grupo se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Grupo.

Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras consolidadas como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nivel elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras consolidadas, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver confuio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo;
- avaliamos a adequação das políticas contabilisticas usadas e a razoabilidade das estimativas contabilisticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Grupo para dar continuidade às suas atividades. Se concluimos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras consolidadas ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas



conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Grupo descontinue as suas atividades;

- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras consolidadas, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou atividades dentro do Grupo para expressar uma opinião sobre as demonstrações financeiras consolidadas. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos os responsáveis finais pela nossa opinião de auditoria;
- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria;

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório consolidado de gestão com as demonstrações financeiras consolidadas.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório consolidado de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório consolidado de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras consolidadas auditadas e, tendo em conta o conhecimento e apreciação sobre o Grupo, não identificâmos incorreções materiais.

Assinado por: PEDRO MIGUEL RAPOSO LISBOA NUNES

Num. de Identificação: 10328871 Data: 2023.05.11 17:48:48+01'00'



Grant Thornton & Associados – SROC, Lda. Representada por Pedro Lisboa Nunes ROC registado na CMVM com o n.º 20160813

PWC

Auditor's Report

Audit report on the consolidated financial accounts

Opinion

We have audited the attached Consolidated Financial Statements of AdP - Águas de Portugal, S.G.P.S., S.A. (the Group), which include the Consolidated Statement of Financial Position as at 31 December 2022 (reporting a total of EUR 6,290,860,000 and total equity of EUR 1,854,079,000, including a net profit of EUR 100,339,000), the Consolidated Income Statement by Type, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the financial year ending on that date and the Notes to the Consolidated Financial Statements, including a summary of the main accounting policies.

The annexed consolidated financial information was prepared in accordance with the IFRS – the International Financial Reporting Standards as adopted by the European Union and in keeping with the accounting policies established by PARPÚBLICA - Participações Públicas (SGPS), S.A. (Grupo Parpública).

In our opinion, the attached Consolidated Financial Statements give a true, appropriate picture, in all material aspects, of the consolidated financial position of AdP - Águas de Portugal, S.G.P.S., S.A. as at 31 December 2022, its consolidated financial performance and consolidated cash flows during the period that ended on that date in accordance with the International Financial Reporting Standards as adopted in the European Union.

Bases for Opinion

Our audit was carried out in accordance with the International Standards on Auditing (ISA) and other standards and technical and ethical guidelines of the Portuguese Statutory Auditors Association. Our responsibilities pursuant to these standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section below. We are independent of the entities that make up the Group pursuant to law and we comply with other ethical requirements under the code of ethics of the Portuguese Statutory Auditors Association.

We are convinced that the audit evidence we have obtained is sufficient and appropriate to providing a basis for our opinion.

Restrictions on distribution and usage

The annexed consolidated financial information on AdP - Águas de Portugal, S.G.P.S., S.A. was produced only for reporting and including in the consolidated financial reporting of the Parpública Group and thus does not correspond to the complete scope of AdP - Águas de Portugal, S.G.P.S., S.A. financial reporting. Hence, the aforementioned financial information may not be appropriate for other purposes.

This report is issued exclusively for the information of and usage by the Board of Directors of the aforementioned Entity and the shareholder Parpública — Participações Públicas (SGPS), S.A., within the scope of the previously referenced reporting process and is therefore neither to serve for any other purpose nor to be distributed to any other entities.

Responsibilities of the management body and the supervisory body for the consolidated financial statements

The management body is responsible for the:

- a) preparation of the consolidated financial statements that fairly and appropriately present the Group's financial position, the financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and in keeping with the accountancy policies of the Parpública Group):
- b) implementation and maintenance of an appropriate internal control system to enable the preparation of financial statements free from material misstatement due to fraud or error;
- c) adoption of the appropriate accounting policies and criteria under these circumstances; and
- assessment of the Group's capacity to remain operational and disclosing, whenever applicable, any issues that may give rise to significant changes in the continuity of activities.

In turn, the supervisory body is responsible for overseeing the preparation and disclosure of the Group's financial information.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable certainty is a high level of safety but this does not guarantee that an audit performed in accordance with the IAS shall always detect material misstatements when existing. Distortions may arise from fraud or error and are considered material when, whether in isolation or in conjunction, they can reasonably be expected to influence the economic decisions of users based on the respective financial statements.

As part of an IAS audit, we make professional judgments and maintain professional scepticism throughout the audit and also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to providing a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting material misrepresentation due to error as fraud may involve collusion, forgery, intentional omissions, false declarations or overlapping internal control;
- obtain an understanding of the internal control system relevant to the audit for the purpose of designing audit procedures appropriate to the circumstances but not to expressing an opinion on the effectiveness of the Group's internal control system;
- evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the respective disclosures made by the management body conclude on the appropriateness of the management's adoption of the assumption of continuity and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that might give rise to significant doubts about the Group's ability to continue activities. When concluding that there is material uncertainty, we duly draw attention in our report to the related disclosures included in the consolidated financial statements or, when these disclosures are not appropriate, we correspondingly modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to discontinue its activities:
- e) evaluate the presentation, structure and overall content of the consolidated financial statements, including the
 disclosures, and whether these consolidated financial statements represent the underlying transactions and
 events in order to convey an appropriate presentation;

- obtain sufficient and appropriate audit evidence regarding Group financial information and the respective
 activities in order to express an opinion on the consolidated financial statements. We are responsible for the
 structure, supervision and performance of the Group's audit and are ultimately responsible for our audit opinion;
- g) communicate with those responsible for governance, including the supervisory body, the scope and timing of the audit, among other issues, as well as any significant audit findings, including any significant internal control weaknesses identified during the audit.

11 May 2023

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

José Alves Bizarro Duarte, Chartered Accountant no. 1957 registered with the CMVM (Portuguese Securities Market Commission) under no. 20200003



Relatório de Auditoria

Relato sobre a auditoria da informação financeira consolidada

Opinião

Auditámos a informação financeira consolidada anexa da AdP - Águas de Portugal, S.G.P.S., S.A. (o Grupo), que compreende a demonstração consolidada da posição financeira em 31 de dezembro de 2022 (que evidencia um total de 6.290.860 milhares de euros e um total de capital próprio de 1.854.079 milhares de euros, incluindo um resultado líquido de 100.339 milhares de euros), a demonstração consolidada dos resultados por naturezas, a demonstração consolidada do rendimento integral, a demonstração consolidada das alterações no capital próprio e a demonstração consolidada de fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras consolidadas que incluem um resumo das políticas contabilísticas significativas.

A informação financeira consolidada anexa foi preparada de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia, e em consistência com as políticas contabilísticas da PARPÚBLICA - Participações Públicas (SGPS), S.A. (Grupo Parpública).

Em nossa opinião, a informação financeira consolidada anexa apresenta de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira consolidada da AdP - Águas de Portugal, S.G.P.S., S.A. em 31 de dezembro de 2022 e o seu desempenho financeiro e fluxos de caixa consolidados relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISAs) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas" abaixo. Somos independentes das entidades que compõem o Grupo nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Restrição na distribuição e uso

A informação financeira consolidada anexa da AdP - Águas de Portugal, S.G.P.S., S.A. foi preparada apenas para reporte e inclusão nas demonstrações financeiras consolidadas do Grupo Parpública, não correspondendo por tal a demonstrações completas AdP - Águas de Portugal, S.G.P.S., S.A. Assim, a referida informação financeira poderá não ser adequada para outro fim.

Este relatório é emitido unicamente para informação e uso do Conselho de Administração da Entidade e do acionista Parpública – Participações Públicas (SGPS), S.A., no âmbito do anteriormente referido processo de reporte, pelo que não deverá ser utilizado para quaisquer outras finalidades, nem ser distribuído a outras entidades.

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

Sede: Palácio Sottomayor, Ruis Sousa Martins, 1 - 3*, 1069-316 Lisboe, Portugal

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Inscrita na ista das Sociedades de Revisores Oficiais de Contas sob o n° 183 # na CMVM sob o n° 20161485



Responsabilidades do órgão de gestão e do órgão de fiscalização pela informação financeira consolidada

O órgão de gestão é responsável pela:

- a) preparação da informação financeira consolidada que apresente de forma verdadeira e apropriada a posição financeira consolidada, o desempenho financeiro e os fluxos de caixa consolidados do Grupo de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia, e em consistência com as políticas contabilísticas do Grupo Parpública):
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de informação financeira consolidada isentas de distorção material devido a fraude ou a erro:
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- d) avaliação da capacidade do Grupo de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Grupo.

Responsabilidades do auditor pela auditoria da informação financeira consolidada

A nossa responsabilidade consiste em obter segurança razoável sobre se a informação financeira consolidada como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISAs detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessa informação financeira.

Como parte de uma auditoria de acordo com as ISAs, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- a) identificamos e avaliamos os riscos de distorção material da informação financeira consolidada, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- b) obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;

- d) concluimos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Grupo para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluidas na informação financeira consolidada ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Grupo descontinue as suas atividades;
- e) avaliamos a apresentação, estrutura e conteúdo global da informação financeira consolidada, incluindo as divulgações, e se essa informação financeira consolidada representa as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada; e
- f) obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou atividades dentro do Grupo para expressar uma opinião sobre a informação financeira consolidada. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos os responsáveis finais pela nossa opinião de auditoria; e
- g) comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a

11 de maio de 2023

PricewaterhouseCoopers & Associados - Sociedade de Révisores Oficiais de Contas, Lda. representada por:

José Alves Bizarro Duarte, ROC nº 1957 Registado na CMVM com o nº 20200003

2020UL

SEPARATE FINANCIAL STATEMENTS

INDEX

Statement of the financial position	257
Statement of the annual results	258
Statement of changes in own capital	
Statement of the cashflow	260
Notes to the financial statements	
I. General information	
2. Relevant accounting policies, judgements and estimates	261
3. New standards and policy changes	
4. Financial risk management policies	
5. Intangible assets	
6. Tangible fixed assets	267
7. Leases	268
8. Investments in subsidiaries and holdings	271
9. Loans to group companies	
10. Account receivables	279
11. Other current assets	280
12. Cash and cash equivalents	281
13. Own capital	281
14. Provisions, assets and contingent liabilities	282
15. Loans	284
16. Suppliers and other current liabilities	285
17. Financial instruments by IFRS 9 category	287
18. Income from client contracts	287
19. Supplies and external services	288
20. Personnel costs	289
21. Financial year amortisations, depreciations and reversals	
22. Other operating expenses and losses	
23. Other operating income and gains	
24. Financial costs	291
25. Financial income	292
26. Financial investment gains / losses	292
27. Income tax	292
28. Balance of transactions with related parties	294
29. Information required by law	296
30. Subsequent events	296
Supervisory Board Report and Opinion	298
Legal Certification of the Accounts	
Report of the External Auditor	320

Annual Report 2022 | Águas de Portugal | 257

STATEMENT OF THE FINANCIAL POSITION

	NOTES	2022	2021
ASSETS			
Non-current assets			
Intangible assets	5	85 064	46 911
Tangible fixed assets	6	21 354	9 932
Right-of-use assets	7	128 886	336 826
Other financial assets		63 256	43 676
Investments in subsidiaries and holdings	8	715 093 302	713 377 702
Loans to Group companies	9	359 381 818	619 005 800
Total of non-current assets		I 074 773 680	I 332 820 847
Current assets			
Loans to Group companies	9	80 410 709	69 462 475
Clients	10	3 258 351	3 136 915
Other current assets	П	737 568	688 430
Cash and cash equivalents	12	188 927 209	33 466 508
Total current assets		273 333 837	106 754 328
Total assets		1 348 107 517	I 439 575 I75
OWN CAPITAL			
Share capital	13	434 500 000	434 500 000
Adjustments to capital holdings in subsidiaries and holdings	S	25 571 780	25 571 780
Legal reserve		45 010 141	42 208 23
Retained earnings		353 236 179	327 499 880
Net annual result	13	57 719 062	56 038 209
Total own capital		916 037 162	885 818 100
LIABILITIES			
Non-current liabilities			
Provisions	14	5 000 000	5 000 000
Loans	15	180 681 818	387 500 000
Lease liabilities	7	5 933	14 974
Total non-current liabilities		185 687 751	392 514 974
Current liabilities			
Loans	15	208 672 836	156 879 450
Lease liabilities	7	9 041	211 445
Loans to group companies	15	32 025 647	
Suppliers and other current liabilities	16	5 630 571	3 119 476
Tax on financial year earnings	27	44 509	1 031 730
Total current liabilities		246 382 604	161 242 101
Total liabilities		432 070 355	553 757 075
Total liabilities and own capital		I 348 I07 5I7	I 439 575 175

The Board of Directors

The Chartered Accountant

José Manuel Leitão Sardinha (Executive Vice-Chair)

Alexandra Maria Martins Ramos da Cunha Serra (Executive Director)

Catarina Isabel Clímaco Monteiro d'Oliveira (Executive Director)

José Carlos Athaíde dos Remédios Furtado (Executive Chair)

Pedro Manuel Amaro Martins Vaz (Executive Director)

Jaime Serrão Andrez (Non-Executive Director)

Carla Isabel Costa Pinto Ribeiro

STATEMENT OF THE ANNUAL RESULTS

	NOTES	2022	2021
Income from client contracts	18	17 790 324	16 535 551
Supplies and external services	19	(4 772 800)	(4 075 972)
Personnel costs	20	(7 446 232)	(7 161 793)
Financial year amortisations. depreciations and reversals	21	(227 498)	(290 692)
Other operating expenses and losses	9	(142 245)	-
Other operating income and gains	22	(117 804)	(64 436)
Operating income	23	127 841	l 993 753
Income from client contracts		5 211 586	6 936 411
Financial costs	24	(4 651 620)	(2 870 398)
Financial income	25	19 134 461	18 053 601
Financial investment gains / losses	26	43 286 743	39 939 442
Financial results		57 769 584	55 122 645
Profit before tax	•	62 981 170	62 059 056
Tax for the year	27	(5 262 108)	(6 020 847)
Net profit from continued operations		57 719 062	56 038 209
Net annual result		57 719 062	56 038 209
Net result per share (basic and diluted)	13	0.66	0.64

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)

The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

STATEMENT OF CHANGES IN OWN CAPITAL

	NOTES	SHARE CAPITAL	ADJUSTMENTS IN OWN CAPITAL	LEGAL RESERVE	RETAINED EARNINGS	NET ANNUAL RESULT	TOTAL
Balance on 31 December 2020		434 500 000	25 571 780	39 179 944	297 462 431	60 565 736	857 279 891
Appropriation of results for 2020		-	-	3 028 287	57 537 449	(60 565 736)	-
Dividend paid		-	-	-	(27 500 000)	-	(27 500 000)
Net annual result for 2021		-	-	-	-	56 038 209	56 038 209
Balance on 31 December 2021		434 500 000	25 571 780	42 208 231	327 499 880	56 038 209	885 818 100
Appropriation of results for 2021	13	-	-	2 801 910	53 236 299	(56 038 209)	-
Dividend paid	13	-	-	-	(27 500 000)	-	(27 500 000)
Net annual result for 2022		-	-	-	-	57 719 062	57 719 062
Balance on 31 December 2022		434 500 000	25 571 780	45 010 141	353 236 179	57 719 062	916 037 162

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) The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

STATEMENT OF CASH FLOW

	NOTES	2022	2021
OPERATING ACTIVITIES			
Trade receivables		40 896 816	40 051 082
Trade payables		(7 250 848)	(5 005 679)
Payments to staff	-	(7 166 968)	(7 179 409)
Operational generated earnings		26 479 000	27 865 994
Payment of income tax		(6 038 115)	(6 276 677)
Other payments related to operating activities	-	(282 228)	(515 054)
Other operating flows		(6 320 343)	(6 791 731)
Total operating activities (I)	-	20 158 657	21 074 263
INVESTMENT ACTIVITIES			
Receivables from:			
Treasury funding	9	119 633 900	100 450 000
Advances	9	292 718 182	48 518 182
Interest and similar earnings	-	324	-
Dividends	26	42 269 743	40 134 442
Sub-Total		454 622 149	189 102 624
Payments for:			
Investments in subsidiaries	8	(698 600)	(918 000)
Treasury funding	9	(135 006 000)	(100 630 000)
Advances	9	(28 236 445)	(27 173 000)
Tangible and intangible fixed assets	-	(87 048)	-
Sub-Total		(164 028 093)	(128 721 000)
Total investment activities (2)	_	290 594 056	60 381 624
FINANCING ACTIVITIES			
Receivables from:			
Loans obtained	15	137 500 000	10 000 000
Sub-Total		137 500 000	10 000 000
Payments for:			
Loans obtained	15	(262 318 182)	(38 818 182)
Capital of lease liabilities		(211 445)	(299 831)
Interest and similar costs	-	(2 790 485)	(2 895 099)
Dividends	13	(27 500 000)	(27 500 000)
Sub-Total Sub-Total		(292 820 112)	(69 513 112)
Total financing activities (3)	-	(155 320 112)	(59 513 112)
Changes in cash and cash equivalents (1 + 2 + 3)		155 432 601	21 942 775
Cash and cash equivalents at the beginning of the period	12	33 465 441	11 522 666
Cash and cash equivalents at the end of the period	12	188 898 042	33 465 441
Changes in cash and cash equivalents		155 432 601	21 942 775

The Board of Directors

The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

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)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. COMPANY IDENTIFICATION

AdP - Águas de Portugal. SGPS. S.A. (hereinafter also referred to as AdP or the company). with its head office at Rua Visconde Seabra no. 3. in Lisbon. was incorporated on September 29th 1993 and its main activity is the management of shareholdings in companies that provide public drinking water supply and urban wastewater treatment services.

The following are shareholders in AdP:

	% CAPITAL	SUBSCRIBED AMOUNT	NO. OF SHARES	TYPE OF SHARES
Parpública. SGPS. S.A.	81.00%	351 945 000	70 389 000	Nominative
Caixa Geral de Depósitos. S.A.	19.00%	82 555 000	16 511 000	Nominative
	100.00%	434 500 000	86 900 000	

1.2. ECONOMIC ACTIVITY

AdP was entrusted with developing multi-municipal systems for the abstraction. treatment and distribution of water for public consumption in Portugal and for the collection. treatment and disposal of urban wastewaters. In 1996, the company's mission took on greater depth and extended its scope of intervention to the sectors of water distribution and effluent collection, providing systems to directly serve populations in national and international markets.

1.3 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 26 April 2022. It is the opinion of the Board of Directors that they reliably reflect the company's operations. as well as its position and financial performance and its cash flows. It is the expectation of the Board of Directors that these financial statements will be approved unchanged by the General Shareholders Meeting.

2. RELEVANT ACCOUNTING POLICIES. JUDGEMENTS AND ESTIMATES 2.1 BASES OF PRESENTATION

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IAS / IFRS) issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or the former "Standing Interpretations Committee" ("SIC"). adopted by the EU. in force for fiscal years beginning after 1 January 2022.

The most significant accounting policies used in the preparation of these financial statements are set out below. These policies have been applied consistently in comparative periods. except when otherwise specified.

The amounts presented. unless otherwise specified. are expressed in euros (EUR).

AdP's financial statements were prepared based on the principle of continuity of operations and according to historical cost. The preparation of financial statements in accordance with IAS / IFRS requires estimates and assumptions that influence the reported amounts of assets and liabilities and the reported amounts of income and expenses in the reporting period. Although these estimates are based on the management's best knowledge in relation to current events and actions, the actual results may ultimately differ from these estimates. The management nonetheless believes that the adopted estimates and assumptions do not incorporate any significant risks that might require material adjustments to the value of assets and liabilities.

2.2 ESTIMATES AND JUDGMENTS

The estimates and judgments with an impact on the financial statements of AdP are continuously evaluated. representing at the date of each report the Management's best estimate, taking into account historical performance, accumulated experience and expectations about future events that, under the circumstances, they believe are duly reasonable. The intrinsic nature of the estimates may mean that the actual reflection of the situations which have been estimated may, for the purpose of financial reporting, differ from the estimated amounts.

Estimates and judgments that present a significant risk of giving rise to a material adjustment to the book value of assets and liabilities in the following year are described in the Annex to the disclosures associated with the respective items:

- Note 8.2 impairment for investments in subsidiaries and holdings
- Note 9.2 impairment for financial assets Loans to Group companies
- Note 10.2 impairment for financial assets Clients
- Note 14.2 provisions

2.3 SUBSEQUENT EVENTS

Events occurring after the statement of financial position date that convey additional information on conditions prevailing at the balance sheet date are reflected in the statement of financial position. Post- statement of financial position date events that convey information on conditions occurring after the statement of financial position date are, whenever material, disclosed in the notes to the financial statements.

3. NEW STANDARDS AND POLICY CHANGES 3.1 VOLUNTARY CHANGES IN ACCOUNTANCY POLICIES

No voluntary changes to accounting policies were made during the annual period that ended on 31 December 2022, with respect to those considered in the preparation of the financial information relating to the year that ended on 31 December 2021 presented in the comparisons.

3.2 NEW STANDARDS. INTERPRETATIONS AND ALTERATIONS COMING INTO EFFECT FROM 1 JANUARY 2022

These standards and amendments are effective for annual periods beginning on or after 1 January 2022 and have been applied in the preparation of these Financial Statements.

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
IAS 16 – Earnings obtained prior to entering operation	Prohibition on deducing earnings obtained from the sale of items produced during the testing phase at the cost of acquisition for tangible assets	l January 2022
IAS 37 – Onerous contracts – costs of contractual compliance	Clarification on the nature of costs considered for determining when contracts become onerous	l January 2022
IFRS 3 — References to the conceptual structure	Updating the references for the Conceptual Structure and clarification on the recording of contingent provisions and liabilities within the framework of concentrating company activities	l January 2022
IFRS 16 – Rent benefits related to the COVID-19 pandemic after 30 June 2021	Extension of the period of exemption for accounting for benefits attributed to leases related to COVID-19. with modifications through to 30 June 2022	l April 2021
Cycle of Improvements 2018 – 2020	Specific and regular changes to IFRS 1. IFRS 9. IFRS 16 and IAS 41	l January 2022

The application of these changes to the new norms produced no material impacts on the AdP Group's financial statements.

3.3 NEW STANDARDS AND INTERPRETATIONS ALREADY ISSUED BUT NOT YET MANDATORY

The recently issued IASB standards and interpretations whose application is mandatory only in periods beginning on or after 1 January 2023 and which the Company has not pre-adopted are the following:

• Already endorsed by the EU

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
IFRS 17 – Insurance Contracts	New accounting for insurance contracts. reinsurance contracts and investment contracts with characteristics of discretionary participation in the results in terms of aggregation. recognition. measurement. presentation and release.	I January 2023
IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative Information	This alteration enables the avoidance of temporal accountancy displacements between financial assets and liabilities for insurance contracts in the comparative information presented when first applying IFRS 17. This alteration allows for the application of an overlay to the financial asset classification when the entity does not update the comparative information according to IFRS 9.	I January 2023
IAS I — Publication of Accounting policies	Requirement to publish the "material" accounting policies to the detriment of "significant" accounting policies	l January 2023
IAS 8 – Release of accountancy estimates	Definition of accountancy estimates. Clarification of the distinction between alterations to accounting policies and alterations to accountancy estimates	l January 2023
IAS 12 – Deferred taxation stemming from assets and liabilities associated to a single transaction	Requirement to recognise the deferred taxation on the registering of right-of-use assets/ leasing liabilities and provisions for dismantling / related assets. when their initial recognition gives rise to equal amounts in the temporary taxable differences whenever not relevant for fiscal purposes	I January 2023

[•] Not yet endorsed by the EU

DESCRIPTION	AMENDMENT	EFFECTIVE DATE
IAS I - Non-current liabilities due to covenants	Classification of liabilities as current or non-current in accordance with the right an entity has to defer payment for longer than 12 months after the date of reporting, whenever subject to covenants	l January 2024
IFRS 16 – Leasing liabilities from sale and re-lease transactions	Accountancy requirements for sale and re-lease transactions following the date of the transaction whenever some or all the leasing payments are variable	l January 2024

The application of these changes to standards and interpretations is not expected to have any significant impacts on AdP's financial statements after 1 January 2023.

4. FINANCIAL RISK MANAGEMENT POLICIES 4.1 RISK FACTORS

AdP Group business operations are exposed to a number of financial risk factors: credit risk. liquidity risk and cash flow risk (associated with the interest rate). AdP Group has correspondingly developed and implemented a risk management program which. in addition to constantly monitoring the financial markets. seeks to minimise potential adverse effects on the financial performance of AdP and its subsidiaries. Risk management is the responsibility of the central treasury department according to 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 as well as policies covering 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 and also the exposure limits. All transactions undertaken using derivatives require the prior approval of the Board of Directors and the ministry, which both sets the parameters for each transaction and approves the formal documents describing the specific objectives.

4.2 MARKET RISK

4.2.1 INTEREST RATE RISK

The risk of the Company's interest rate comes essentially from the contracting of loans. both long-term and short-term. In this context, loans obtained with interest calculated at variable rates expose the Company to the risk of cash flows and loans obtained with fixed interest rates expose the Company to the fair value risk associated with the interest rate. The table below presents the sensitivity analysis of the Company's financial charges.

SENSITIVITY ANALYSIS TO INTEREST RATE FLUCTUATION

	31.12.2022	AVERAGE RATE OF IMPACT +1%	AVERAGE RATE OF IMPACT
Variable rate interest (costs)	(2 266 060)	-1%	I 840 909
Variable rate interest (earnings)	12 777 617	5 633 547	(5 633 547)
Net impact	10 511 557	3 792 638	(3 792 638)

Impact of an interest rate fluctuation measured for a twelve month period.

4.3 LIQUIDITY AND CAPITAL RISKS

Liquidity risk management requires maintaining available funds at a reasonable level. the viability of floating debt consolidation 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 policy strives to ensure the flexibility of floating debt. while maintaining available credit lines. AdP manages liquidity risk by contracting and maintaining credit and financing facilities with underwriting commitments to high credit rating national and international financial institutions that allow 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 including interest.

2022	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bond loans	208 975 817	199 527 385	3 481 357
Empréstimos de group companies	32 025 647	-	-
	241 001 464	199 527 385	3 481 357

In order to ascertain the variable future interest rate. this took into consideration (i) the coupon of interest known on 31 December 2022 and to be settled in 2023; and (ii) the following coupons considered the Euribor index on 31 December 2022 plus the contractually formalised spread.

In September 2017. AdP SGPS entered into a 25-year. EUR 220 million financing agreement with the European Investment Bank under a EUR 420 million credit facility approved in July 2017 by the Board of Directors of this financial institution. In addition. on 31 July 2019, the AdP Group formally took up the remaining EUR 200 million that may serve as funding for 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. On 22 November 2022, an addendum was signed for two tranches: (i) transfer from the platform of the amount of EUR 100.612.000 from tranche B to tranche A; (ii) the extension of the final date of availability for this financing through to 14 September 2023; (iii) waiver of the "Net debt/EBITDA" covenant for the year of 2023. On 31 December 2022, the AdP Group had 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 debt servicing forecast for the next 12 months.

LIQUIDITY RISK (EUR MILLIONS)	AMOUNT OF CEILING AVAILABLE	AMOUNT USED	AMOUNT UNUSED
Bank overdrafts (attributable only to AdP SGPS)	57.5	-	57.5
Group company Ioans	180.0	(32.0)	148.0
Short term group company loans	(104.9)	(71.9)	(176.8)
Net available credit lines attributable to AdP SGPS	132.7	(103.9)	28.7
Bank overdrafts (AdP Group)	125.0	-	125.0

The AdP goal with respect to managing capital. a broader concept than the balance sheet disclosed capital. seeks to maintain an optimal capital structure through prudent recourse to debt to enable it to reduce capital costs. The goal of capital risk management involves safeguarding the Group as a going concern, with a reasonable return for shareholders and the generation of benefits for all stakeholders.

The Group policy is to have the parent company. AdP SGPS. contract loans with financial corporations (with the exception of investment loans) before. in turn. making loans to its subsidiaries. This policy aims to optimise the capital structure for greater tax efficiency while also reducing the average cost of capital.

	NOTES	2022	2021
Non-current loans (bond loans)	15	180 681 818	387 500 000
Current loans (bond loans and Group 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 own 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 is fundamentally based on two broad categories that allow for the balancing of the capital structure. shareholder financing and own capital.

4.4 CREDIT RISK

Credit risk is primarily related to the risk that a counterparty will fail in its contractual obligations. resulting in a financial loss to AdP. AdP is subject to credit risk in its operating, investment and treasury activities.

4.4.1 OPERATING COUNTERPARTY

The credit risk related to operations essentially stems from the credits for services provided to the subsidiaries and to advances/ treasury funding granted to the same companies.

Subsidiary credit risks are low considering their financial situations and legal and regulatory frameworks. Indeed. in state-owned systems. financial autonomy ratios are high and the multi-municipal or partnership systems. concession or partnership agreements have mechanisms for restoring the economic-financial balance in order to ensure third parties comply with all their liabilities. including those arising from debt servicing.

In addition. in the case of multi-municipal systems and partnerships, the regulatory and legislative provision that ensures the recovery of the municipality debts owed to these systems has been consolidated in the context of calculating the Cost Recovery Deviation, which in turn has a recovery period defined by Decree Law.

BUSINESS SECTOR	MAJOR INDUSTRIAL CLIENTS AND OTHER ENTITIES	GROUP COMPANIES	TOTAL	
CLIENT TYPOLOGY		1011	(NOTE 10)	
RISK	MEDIUM	LOW		
Gross exposure	33 542	3 256 170	3 289 712	
Impairment	(31 361)	-	(31 361)	
Net exposure	2 181	3 256 170	3 258 351	

4.4.2 DEPOSIT COUNTERPARTY

The following table represents AdP's maximum exposure to credit risk (not including the Trade receivables and Other debtors item balances) as of 31 December 2022 and 2021, without regard to any collateral held or other credit enhancements. For assets in the statement of the financial position, the defined exposure is based on its carried over amount as reported in the statement of the financial position.

FINANCIAL BA	INK ASSETS	2022	2021
Current acco	ounts (Note 12)	10 397 792	3 464 941
Term deposi		178 500 000	30 000 000
		188 897 792	33 464 941
RATING		2022	2021
			EOEI
A-		7 941	13 686
A- BBB+	(a)		13 686
	()		13 686

Note: Fitch's ratings obtained from financial institution websites in January 2023.

(a) At 31 December 2021. this includes bank deposits with the Agência de Gestão de Tesouraria e da Dívida Pública - IGCP. E.P.E. (Treasury and Public Debt Management Agency) amounting to EUR 188 251 385 (EUR 33 225 350 at 31 December 2022).

5. INTANGIBLE ASSETS 5.1 ACCOUNTING POLICIES

Intangible assets (software development costs) are stated at cost net of accumulated amortisations. These items are amortised by the straight-line method normally over a period of three to ten years. Research and development costs that do not meet the criteria for recognition of development expenditure as intangible assets are recognised as expenses in the period when incurred. Development expenses previously recognised as costs for the year are not recognised as intangible assets in subsequent periods. Investments that increase the performance of software programs beyond their original specifications are added to the original cost of the software.

Software implementation costs recognised as assets are amortised using the straight-line method over their useful lives. in particular from three to six years.

5.2 DETAILS AND MOVEMENTS

The details of the intangible assets at 31 December 2022 and 2021 are as follows:

	2022	2021
IT software programs	85 064	46 911
	85 064	46 911

The movements made to the intangible assets item in the financial years ending on 31 December 2022 and 2021 are as follows:

	2021			_		2022			
	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	ACQUISITIONS	AMORTISATIONS FOR THE YEAR (NOTE 21)	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	
IT software programs	56 293	(9 382)	46 911	50 33 I	(12 178)	106 624	(21 560)	85 064	
	56 293	(9 382)	46 911	50 331	(12 178)	106 624	(21 560)	85 064	

		2020						2021	
	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	ACQUISITIONS	AMORTISATIONS FOR THE YEAR (NOTE 21)	TRANSFERS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT
IT software programs	-	-	-	-	(9 382)	56 293	56 293	(9 382)	46 911
Ongoing intangible assets	53 170	-	53 170	3 123	-	(56 293)	-	-	-
	53 170	-	53 170	3 123	(9 382)	-	56 293	(9 382)	46 911

6. TANGIBLE FIXED ASSETSS

6.1 ACCOUNTING POLICIES

RECOGNITION AND MEASUREMENT

Fixed tangible assets are measured at cost. minus the depreciations in keeping with their estimated useful life expectancy. Expenditure directly attributable to the acquisition of the assets and their preparation to enter into operation are considered in the balance sheet value.

The subsequent costs are included in the accounting value of the asset or recognised as separate assets as appropriate only when it is probable that the economic benefits shall flow to the company and the cost may be reliably measured. Their depreciation is carried out throughout their useful remaining life or through to the next repair, whichever of the two occurs first. Replaced asset components are identified and recognised in the results.

Other expenditures with repairs and maintenance are recognised as costs in the period during which they are incurred.

Tangible fixed assets are depreciated on the basis of their estimated useful life, beginning when they are ready to enter into operation. The depreciable amount is obtained by deducting the expected residual value at the end of the estimated useful life.

The estimated useful life spans of tangible fixed assets are set out according to the following average periods:

TYPE	INTERVAL IN YEARS
Administrative equipment	4 - 10

The depreciation of assets for which there is the intention to sell is suspended with the respective assets then classified as assets held for sale.

At the end of each financial year, the Board of Directors reviews the depreciation methods and the estimated life span for each asset so as to ensure a fair reflection of the patterns of consumption of the benefit of assets throughout their years of utilisation by AdP. Eventual alterations in these assumptions are processed as if an alteration to an accounting estimate and subject to prospective application.

IMPAIRMENT

Whenever there is evidence of a loss in value of tangible fixed assets. impairment tests are carried out in order to estimate the recoverable value of the asset and. whenever necessary, to register a loss due to impairments. The recoverable value is determined as the highest between the net sale price and the use value of the asset with the latter calculated based on the actual value of the estimated future cash flows, stemming from continuous usage and disposal of the asset at the end of its useful operational life span.

Determination of the recoverable asset amount

The recoverable amount is the higher of its net selling price or its value in use. In determining an asset's value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset in question. The recoverable amount for assets that do not in themselves generate independent cash flows is determined in conjunction with the cash-generating unit to which they belong.

Reversal of impairment losses

Impairment losses are reversed whenever there are changes in the estimates applied to determine the respective recoverable amount. Impairment losses are reversed up to the amount. net of amortisation or depreciation, that the asset would have had were the impairment loss not recognised.

DERECOGNITION

Gains and losses stemming from writing off or disposal are determined by the difference between the amount received from the disposal and the accounting value of the asset and recognised as income or costs in the financial results.

6.2 DETAILS AND MOVEMENTS

Tangible fixed assets at 31 December 2022 and 2021 are detailed as follows:

	2022	2021
Administrative equipment	18 23 1	9 932
Other tangible assets	-	-
Ongoing tangible fixed assets	3 123	-
	21 354	9 932

The movements in tangible fixed assets during the years ending on 3 I December 2022 and 2021 were as follows:

	2021					2022			
	GROSS AMOUNT	ACCUMULATED DEPRECIATIONS	NET AMOUNT	ACQUISITIONS	DEPRECIATIONS FOR THE YEAR (NOTE 21)	GROSS AMOUNT	ACCUMULATED DEPRECIATIONS	NET AMOUNT	
Administrative equipment	135 834	(125 902)	9 932	17 490	(9 191)	153 324	(135 093)	18 231	
Other tangible fixed assets	I 058	(1 058)	-	-	_	I 058	(1 058)	-	
Ongoing tangible fixed assets	-	-	-	3 123	-	3 123	-	3 123	
	136 892	(126 960)	9 932	20 613	(9 191)	157 505	(136 151)	21 354	

		2020			2021			
	GROSS AMOUNT	ACCUMULATED DEPRECIATIONS	NET AMOUNT	DEPRECIATIONS FOR THE YEAR (NOTE 21)	GROSS AMOUNT	ACCUMULATED DEPRECIATIONS	NET AMOUNT	
Administrative equipment	135 834	(120 500)	15 334	(5 402)	135 834	(125 902)	9 932	
Other tangible fixed assets	l 058	(1 058)	_	-	I 058	(1 058)	-	
	136 892	(121 558)	15 334	(5 402)	136 892	(126 960)	9 932	

7. LEASES

7.1 ACCOUNTING POLICIES

The leases in which the AdP Group is the lessee are recognised. measured and presented according to a single model. Through this model, the leases are accounted for in the financial position statements. On the lease commencement date, the AdP Group recognizes the liability relating to the future lease payments (i.e., the lease liability) and the assets representing the right to use the assets during the lease period (i.e., assets under right of use). The AdP Group separately recognises financial costs related to lease liabilities and the costs with depreciation or amortisation of the right-of-use asset.

AdP engages in leasing only as the lessee.

A) IDENTIFICATION OF A LEASE

At the start of a contract, an entity must assess whether the contract is, or contains, a lease. A contract is or contains a lease whenever the contract conveys the right to control usage of an identified asset for a period of time in exchange for remuneration:

- a) The asset underlying the lease must be specifically identified or the asset is implicitly specified at the time it becomes available for use by the lessee; and
- b) The lease shall grant the right to control the use of the underlying asset for a specified period of time. i.e., the lease shall grant the lessee the right to obtain substantially all economic benefits from utilisation of the identified asset.

SEPARATING CONTRACTUAL COMPONENTS

When a contract is or contains a lease, the AdP Group accounts for each lease component separately from the non-leasing component (e.g., the service rendered) implicit in the contract, except in cases where the AdP Group (as the lessee) chooses not to separate the non-leasing component from the lease component and, as such, accounts for everything as a single rental component.

The remuneration of the contract is separated between the rental and non-location components. based on the relative price on an individual basis for each rental component and on the sum of the prices on an individual basis for the non-lessee components. The relative price on an individual basis of the rental component equals the price a lessor/seller would separately charge for the rental component.

Unless the practical arrangements attributed to lessees are used. the lessee shall account for the non-lease component in accordance with the respective applicable IFRSs.

LEASE TERM

The lease term corresponds to the non-cancellable period in which the lessee retains the right to use an underlying asset in conjunction with the following conditions:

- i) periods covered by options to extend the lease when the lessee is reasonably certain about exercising that option; and ii) periods covered by an option to terminate the lease when the lessee is reasonably certain about not exercising that option.
- The lease term includes the months of grace for rental charges. whenever applicable. The lease commencement date corresponds to the date on which the lessor makes the underlying asset of the lease available for lessee usage.

B) ACCOUNTING FOR LESSEES

LEASE RECOGNITION AND INITIAL MEASUREMENT

On the lease start date. AdP Group recognises a right-of-use asset and a liability for the lease.

Initial measurement of the right-of-use asset

On the lease start date, the asset under right-of-use is measured at cost, which is equal to the value of the lease liability plus costs for dismantling the asset (where such is an obligation), the direct initial costs incurred in installing the asset and less any payments or incentives that may have occurred before the contract date.

Initial measurement of lease liability

On the lease start date, the lease liability is measured at the present value of the future fixed and variable rental payments, contractual penalties for advance payment, the residual value that it is expectable the lessee will pay and the purchase option, when applicable. Future variable lease payments do not include remuneration indexed to the lessee's business turnover.

Future lease payments are discounted according to the prevailing interest rate:

- i) In contracts where the implicit rate of the respective contract is applicable. this rate is applied (the interest rate that equals the fair value of the underlying asset applied to the total present value of the lease payments and the residual value);
- ii) For other contracts, the incremental financing rate applies (the interest rate that would be obtained for financing the lease term corresponding to the acquisition of the underlying lease asset).

SUBSEQUENT LEASE MEASUREMENT

Subsequent measurement of right-of-use assets

The asset under right-of-use is measured according to the cost model in which assets under right-of-use are measured at cost less their accumulated depreciation and impairment losses and then adjusted for any remeasurements of lease liabilities.

Amortisations are calculated on a straight-line basis from the lease start date onwards and over the useful life of the underlying asset in cases where there is a lease option to purchase and with this taken into account in the initial measurement of the right-of-use asset. In other cases, depreciation is calculated on a straight-line basis over the term of the lease. Depreciation is accounted for as an expense in the income statement.

The operational lives for right-of-use assets reflect the following average durations:

TYPE	INTERVAL IN YEARS
Software licences	3
Transport equipment	I - 4

Subsequent measurement of lease liabilities

Lease liabilities are measured at their amortised costs. After the lease start date. AdP measures their lease liabilities by:

- i) Increases to reflect accrued interest (calculated according to the discount rate applied in the initial measurement of the lease liability and recognised in the income statement);
- ii) Reductions to reflect the lease payments made;;
- iii) Remeasurements to reflect changes in the lease (e.g., term. rents):
 - a. This implies adjusting the accounting value of the right-of-use to the lease assets;
 - **b.** Whenever remeasurements result from changes to the lease term. then a new discount rate is set to apply from the date of change in the lease term.

PRACTICAL ARRANGEMENTS APPLIED BY ADP AS A LESSEE

The AdP Group deploys the following practical arrangements under IFRS 16:

- i) In contracts with lease and service components, the service component is treated as a lease under IFRS 16;
- ii) Leases with contractual terms of under 12 months are excluded from the scope of IFRS 16;
- iii) Leasing contracts for which the underlying assets attain an estimated value of less than USD 5.000 (printers and photocopiers. water dispensers and similar) are excluded from the scope of IFRS 16.

In leases where AdP is the lessee and for underlying assets holding little value (such as personal computers) and short-term lease contracts (i.e., contracts with a 12 month or less duration), lease recognition and measurement does not take place according to the single model described above with these lease rentals recognised as expenses on a straight-line basis over the period of the lease in the income statement under "External supplies and services - Rents and leases".

7.2 RIGHT-OF-USE ASSETS

The details of the right-of-use assets as of 31 December 2022 and 2021 and their movement during the years ending on those dates are as follows:

		2021			Al	BATES		2022	
RIGHT-OF-USE ASSETS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	AMORTISATIONS FOR THE YEAR (NOTE 21)	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT
Software licences	374 788	(135 340)	239 448	(124 929)		-	374 788	(260 269)	114 519
Transport equipment	543 920	(446 542)	97 378	(81 200)	(492 136)	490 325	51 784	(37 417)	14 367
	918 708	(581 882)	336 826	(206 129)	(492 136)	490 325	426 572	(297 686)	128 886

		2020				ABATES		2021		
RIGHT-OF-USE ASSETS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT	INCREASES	AMORTISATIONS FOR THE YEAR (NOTE 21)	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	GROSS AMOUNT	ACCUMULATED AMORTISATIONS	NET AMOUNT
Software licences	374 788	(10411)	364 377	-	(124 929)	-	-	374 788	(135 340)	239 448
Transport equipment	588 894	(319 384)	269 510	8 057	(150 979)	(53 031)	23 821	543 920	(446 542)	97 378
	963 682	(329 795)	633 887	8 057	(275 908)	(53 031)	23 821	918 708	(581 882)	336 826

7.3 LEASE LIABILITIES

The details of the lease liabilities at 31 December 2022 and 2021 are as follows:

	2022	2021
Non-current	5 933	14 974
Current	9 041	211 445
	14 974	226 419
CAPITAL OUTSTANDING BY TYPE OF RIGHT-OF-USE ASSET	2022	2021
Software licences	-	125 018
Transport equipment	14 974	101 401
	14 974	226 419
FUTURE MINIMUM PAYMENTS	2022	2021
Up to 1 year	11 849	213 871
From I to 5 years	6 004	15 400
Over 5 years	-	-
	17 853	229 271
INTEREST	2022	2021
Up to 1 year	2 808	2 426
From I to 5 years	71	426
Over 5 years	-	_
	2 879	2 852
CURRENT VALUE OF MINIMUM PAYMENTS	2022	2021
Up to 1 year	9 041	211 445
From I to 5 years	5 933	14 974
Over 5 years	-	-
	14 974	226 419

7.4 LEASING PAYMENTS

TOTAL OF LEASING PAYMENTS	2022	2021
Accounted for according to the single model stipulated in IFRS 16	224 863	308 236
Accounted for as expenditure in the results	127 510	37 456
	352 373	345 692

8. INVESTMENTS IN SUBSIDIARIES AND HOLDINGS

8.1 ACCOUNTING POLICIES

8.1.1 FINANCIAL HOLDINGS IN SUBSIDIARIES

Subsidiaries are all those entities over which AdP maintains control. AdP controls an entity whenever exposed to, or holds rights over the variable returns from its involvement with the entity and has the capacity to shape these returns through its powers over the entity. Subsidiaries are fully consolidated as from the date when control is transferred to AdP. This consolidation terminates from the date when such control comes to an end.

AdP applies the acquisition accounting methods to its business takeovers and acquisitions. The amount transferred in the acquisition of the subsidiary represents the fair value of the assets provided, the liabilities assumed or incurred as well as the former owners and

the AdP issued capital instruments. The amount transferred includes the fair value of any asset and liability that results from any of the contingent agreements. The assets and liabilities thereby acquired and the contingent liabilities assumed on acquiring businesses are initially measured according to their fair value on the date of acquisition irrespective of the existence and of non-controlling interests. The attributable costs directly incurred in the acquisition are recognised in the financial results whenever incurred.

The subsidiaries are recognised in the statement of the AdP financial position on the date of obtaining control or significant influence or powers of negotiation or contracting, which is the date on which AdP commits to acquiring or disposing of the asset. During the transition, the financial holdings were recognised in accordance with the presumed cost or the considered cost, thus for the amount carried over in the financial statements prepared in accordance with the former norm in effect on that date as an alternative to the acquisition cost.

In the first phase, the subsidiaries are recognised at their acquisition cost plus the directly attributable transaction costs. These assets are subject to derecognition whenever: (i) the contractual rights of AdP to the receipt of its cash flows expire; (ii) AdP has substantially transferred all of the risks and benefits associated with its ownership; or (iii) despite still retaining a stake, but not substantially incurring all of the risks and benefits associated with its ownership as AdP has transferred control over the assets.

Recognition of dividends is recorded in the income statement on the date of their reporting.

8.1.2 FINANCIAL INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies are reported according to the value resulting from the application of the patrimonial equivalence method. According to this method, the financial reporting includes the percentage share of AdP in the total gains and losses recognised since the date when this significant influence was first established before extending to when it effectively terminates for the associated companies in which AdP holds between 20% and 50% of the voting rights, or over which AdP holds significant influence but which cannot exercise their control. Gains or losses not deriving from transactions between AdP and its associates are eliminated. The dividends attributed by the associated company are considered reductions in the investment held.

When the quota share of associated company losses exceeds the investment made, the accounting value of the financial investment is reduced to zero and AdP recognises additional losses in the future relative to the already assumed responsibilities whenever having made the payment through the Associated Company account. Any excess in the acquisition cost of a financial investment by an AdP holding is registered in the fair value of assets, liabilities and contingent liabilities identified on the date of acquiring the stake gets accounted for as goodwill, which is then included in the value of the financial holding and its recovery is evaluated annually as an integral financial investment. Whenever the cost of acquisition is below that of the fair net value of the assets of the associated company acquired, the difference is registered directly in the statement of results.

8.1.3 IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Financial holdings in subsidiaries and associates are analysed on the date of each Financial Accounting Report in order to detect indications of any eventual losses due to impairment. Whenever such an indication exists, the financial amount recoverable from the stake is evaluated. Whenever the amount registered for a financial holding exceeds the sum receivable, this is reduced to the amount recoverable with this impairment loss recognised in the results for that financial year. The amount recoverable from the financial holdings in subsidiaries and associates corresponds to the greatest of the value of use and the value of sale. The losses through impairment are reverted through to the value that the asset would have held had the impairment loss not been recognised.

BUSINESS UNIT / COMPANY	HEADQUARTERS	% OF SUBSCRIBED CAPITAL (*)	% OF P AID-UP CAPITAL (*)	% OF EFFECTIVE CAPITAL (**)		SHARE CAPITAL	OWN CAPITAL	NET ANNUAL RESULT
Water and sanitation								
Águas do Algarve. S.A.	Faro	54.44%	54.44%	54.44%	EUR	29 825 000	32 219 653	I 663 065
Águas do Centro Litoral. S.A.	Coimbra	60.33%	60.71%	62.77%	EUR	39 974 968	105 778 143	3 485 204
Águas do Douro e Paiva. S.A.	Oporto	51.00%	51.00%	51.00%	EUR	20 902 500	31 024 918	l 182 568
Águas do Norte. S.A.	Vila Real	68.73%	70.74%	72.50%	EUR	108 095 468	282 770 375	9 322 272
Águas de Santo André. S.A.	Vila Nova de Santo André	100.00%	100.00%	100.00%	EUR	1 000 000	34 093 862	4 442 215
AgdA - Águas Públicas Alentejo. S.A.	Beja	51.00%	51.00%	51.00%	EUR	10 422 795	12 763 158	618 199
Águas do Tejo Atlântico. S.A.	Lisbon	50.68%	51.83%	51.61%	EUR	113 527 680	117 814 769	5 600 976
Águas do Vale do Tejo S.A.	Guarda	68.74%	68.74%	68.27%	EUR	83 759 578	218 824 849	7 686 779
SIMARSUL - Saneamento da Península de Setúbal. S.A.	Quinta do Conde	51.00%	51.00%	51.43%	EUR	25 000 000	70 089 137	2 243 435
SIMDOURO - Saneamento do Grande Porto. S.A.	Vila Nova de Gaia	58.52%	58.52%	58.61%	EUR	20 046 075	34 016 247	I 323 676
AdRA - Águas da Região de Aveiro. S.A.	Aveiro	51.00%	51.00%	51.00%	EUR	17 500 000	19 118 607	943 879
EPAL. S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	150 000 000	671 928 338	58 037 658
Águas do Alto Minho. S.A.	Viana do Castelo	51.00%	51.00%	51.00%	EUR	3 600 000	4 4 446	240 138
International								
AdP - Águas de Portugal Internacional - Serviços Ambientais. S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	175 000	1 213 018	974 589
AdP Timor Leste. Unipessoal. Lda.	East Timor	0.00%	0.00%	100.00%	USD	5 000	(496 931)	5 781
Aquatec. Lda.	Maputo - Mozambique	0.00%	0.00%	100.00%	MZN	2 476 580	(67 879 029)	(90 832)
Águas do Brasil. S.A.	Rio de Janeiro - Brazil	100.00%	100.00%	100.00%	BRL	2 050 100	(1 331 794)	-
Corporate services								
AdP Valor - Serviços Ambientais. S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	50 000	17 025 800	587 980
AdP Energias - Energias Renováveis e Serviços Ambientais. S.A.	Lisbon	100.00%	100.00%	100.00%	EUR	I 250 000	839 343	40 495
Associated companies								
Trevo Oeste. S.A.	Alcobaça	43.20%	43.20%	43.20%	EUR	I 336 085	n.d.	n.d.

^{(*) %} of directly held capital

8.2 ESTIMATES AND JUDGMENTS

The determination of a possible impairment loss can be triggered by the occurrence of several events. in particular the generation of consecutive net negative results by the subsidiaries. The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of financial investments, subsidiaries and associates imply high degrees of judgment on the part of management in the identification and evaluation of the different indicators of impairment, expected cash flows, applicable discount rates, useful lives and residual values. In view of AdP's intention to maintain the financial holdings and not having any intention to sell. AdP assumes that the recoverable amount corresponds to the own capital value of these subsidiaries and associates.

For the subsidiaries that are concessions or partnerships, given the fact that the respective concession and partnership contracts provide for guaranteed returns, sensitivity analyses are not performed as the recoverability of the investment is not conditioned.

^{(**) %} of directly and indirectly held capital

8.3 DETAILS AND MOVEMENTS

At 31 December 2022 and 2021, the details of Investments in subsidiaries and associated companies are as follows:

	2022	2021
Investments in subsidiaries	734 425 277	733 726 677
Impairments for investments in subsidiaries	(19 331 975)	(20 348 975)
	715 093 302	713 377 702
Investments in associated companies	572 991	572 991
Impairments for investments in associated companies	(572 991)	(572 991)
	-	-
	715 093 302	713 377 702

The movements in the financial investments in subsidiaries for the years ending 31 December 2022 and 2021 are as follows:

	NOTES	2022	2021
Opening balance		713 377 702	712 654 702
Increase in capital	(a)	698 600	918 000
Reversal / (increase) of Impairment	26 ; (b)	1 017 000	(195 000)
Closing balance		715 093 302	713 377 702

- a) In the financial year ending on 31 December 2022. AdP carried out a capital increase in Águas Públicas do Alentejo (EUR 698.600). In the financial year ending on 31 December 2021. AdP underwrote the outstanding capital in Águas do Alto Minho (EUR 918.000).
- b) In the financial year ending on 31 December 2022. in keeping with the results generated by its subsidiaries. AdP reverted the impairment for the financial holdings in the subsidiaries AdP Internacional (EUR 973.000) and AdP Energias (EUR 44.000). In the financial year ending on 31 December 2021. AdP strengthened the impairment for the financial stake in the subsidiary AdP Energias by EUR 245.000 and reverted the impairment for the financial holding in the subsidiary AdP Internacional by EUR 50.000.

2022

2021

	COST	IMPAIRMENT	TOTAL	COST	IMPAIRMENT	TOTAL	
Subsidiaries:							
EPAL	365 813 820	-	365 813 820	365 813 820	-	365 813 820	
Águas do Vale do Tejo	79 347 548	-	79 347 548	79 347 548	-	79 347 548	
Águas do Tejo Atlântico	34 623 897	-	34 623 897	34 623 897	-	34 623 897	
SIMARSUL	18 866 926	-	18 866 926	18 866 926	-	18 866 926	
Águas do Norte	111 404 246	-	111 404 246	111 404 246	-	111 404 246	
Águas do Douro e Paiva	10 877 643	-	10 877 643	10 877 643	-	10 877 643	
SIMDOURO	10 854 212	-	10 854 212	10 854 212	-	10 854 212	
Águas do Centro Litoral	36 454 976	-	36 454 976	36 454 976	-	36 454 976	
Águas do Algarve	25 834 640	-	25 834 640	25 834 640	-	25 834 640	
AdP Internacional	15 651 636	(14 438 695)	1 212 941	15 651 636	(15 411 695)	239 941	
Águas da Região de Aveiro	8 925 000	-	8 925 000	8 925 000	-	8 925 000	
AdP Energias	5 733 226	(4 893 280)	839 946	5 733 226	(4 937 280)	795 946	
Águas de Santo André	2 298 412	-	2 298 412	2 298 412	-	2 298 412	
Águas Públicas do Alentejo	5 315 630	-	5 315 630	4 617 030	-	4 617 030	
AdP Valor	587 465	-	587 465	587 465	-	587 465	
Águas do Alto Minho	I 836 000	-	I 836 000	I 836 000	-	I 836 000	
	734 425 277	(19 331 975)	715 093 302	733 726 677	(20 348 975)	713 377 702	
Associated companies:							
Trevoeste	572 991	(572 991)	-	572 991	(572 991)	-	
	734 998 268	(19 904 966)	715 093 302	734 299 668	(20 921 966)	713 377 702	

9. LOANS TO GROUP COMPANIES 9.1 ACCOUNTING POLICIES

CLASSIFICATION

On initial recognition. financial assets are classified according to one of the following categories:

- a) Financial assets at amortised cost;
- b) Financial assets at fair value through other comprehensive income; or
- c) Financial assets at fair value through profit or loss:
 - i. Financial assets held for disposal;
 - ii. Financial assets not held for disposal at fair value through profit or loss;
 - iii. Financial assets designated at fair value through profit or loss.

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of contractual flows to conclude whether they correspond only to payments of capital and/or interest on the outstanding capital) and the business model.

Given the nature of AdP activities. the company only holds financial assets at amortised cost. A financial asset is classified under the category "Financial assets at amortised cost" when the following two conditions are met:

- i. It is managed with a business model whose objective is to maintain financial assets to receive contractual cash flows; and
- ii. The contractual conditions give rise to cash flows on specific dates. which are only payments of capital and interest on the amount of capital outstanding (SPPI).

This item includes debt instruments. mainly investments in credit institutions and loans and advances to customers and Group companies (advances and treasury funding).

EVALUATING THE FINANCIAL ASSET BUSINESS MODEL

In relation to evaluating the business model, this does not depend on the outcomes of any single individual instrument but rather a set of instruments, taking into account the frequency, the value, the schedule of sales in previous financial years, the reasons for those sales and expectations regarding future sales. Infrequent or insignificant sales, or sales close to the asset maturing and sales motivated by increases in the credit risk of financial assets or to manage concentrations of risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

ASSESSMENT OF THE CHARACTERISTICS OF FINANCIAL ASSET CONTRACTUAL FLOWS (SPPI)

Whenever a financial asset contains a contractual clause that may change the timing or value of the contractual cash flows (such as early repayment or extension clauses). AdP determines whether the cash flows that will be generated during the life of the instrument. due to the exercising of the contractual clause. represent only payments of the capital and/or interest on the capital outstanding.

The contractual terms of financial assets that, on initial recognition, have an effect on cash flows or are dependent on the occurrence of exceptional or highly unlikely events (such as liquidation by the issuer) do not preclude their classification in the portfolios at amortised cost or at fair value through other comprehensive income.

INITIAL RECOGNITION

At the time of initial recognition all active financial instruments are recorded at their fair value. For active financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting the transaction costs directly attributable to their acquisition or issue. These transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, which would not have been incurred had AdP not made the transaction.

However, customer accounts without any significant financing component are initially measured at their transaction value as defined in IFRS 15 - Revenue from contracts with customers.

SUBSEQUENT MEASUREMENT

After their initial recognition, the Group values financial assets at amortised cost or fair value through other comprehensive income or at fair value through profit or loss. Given the activity of AdP, the company only holds financial assets at amortised cost.

Income and expenses from financial instruments at amortised cost are recognised in accordance with the following criteria:

- a) Interest is recorded in the income statement according to the effective transaction interest rate on the gross book value of the transaction (except in the case of impaired assets where the interest rate applies to the net book value of the impairment);
- b) Other changes in value are recognised as income or cost when the instrument is derecognised from the balance sheet. when reclassified and, in the case of financial assets, when impairment losses or gains occur in their recovery.

When the contractual financial asset cash flows are subject to renegotiation or otherwise modified and the renegotiation or alteration does not result in the derecognition of the financial asset. AdP recalculates the gross value of the financial asset and recognises a gain or loss arising from the difference to the previous amortised cost against income. The gross value of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted according to the asset's original effective interest rate.

Customer balances and other receivables without a financing component correspond to amounts receivable from the sale of goods or services provided by AdP in the normal course of its activities. They are initially recorded at fair value and subsequently measured at amortised cost. less impairment losses. The amortised cost of these assets does not differ from their nominal value or fair value.

CREDIT WRITTEN OFF FROM ASSETS

AdP recognises a write-off when it has no reasonable expectation of recovering all or part of an asset. This recording occurs after all the recovery actions undertaken by AdP have ended unsuccessfully. Subsequent recoveries of amounts that have already been written off are recorded in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

As regards receivables under "Trade receivables" and "Loans to Group companies". AdP applies the simplified approach provided for under IFRS 9 according to which estimated credit losses are recognised from the initial recognition of receivables and for the entire period through to maturity considering a matrix of historical default rates for the maturity of receivables and adjusted by prospective estimates.

Accounts receivable have been grouped by business segment for the purpose of assessing expected credit losses.

The credit risk of receivables is assessed at each reporting date taking into account the customer's credit risk profile. Credit risk analysis is based on the probability of annual default and also takes into account the customer's credit risk profile. The probability of the inability to collect reflects the annual probability of default that incorporates the current position and future projections taking into account macroeconomic factors while the losses in the event of default represent the expected loss incurred when the default takes place.

The Accounts receivable are adjusted in each financial reporting period taking into account the management estimates of credit risk. which may differ from the impairment losses that actually incur.

Impairment losses are determined by the differences between the amounts recoverable and the balance sheet value of the financial assets and are registered as a counterparty in the income statement. The financial asset balance sheet value is reduced to reflect the amount recoverable by recourse to an impairment account.

Whenever receivables from customers or other debtors that have already fallen due are subject to the renegotiation of their terms. they are no longer considered as due and are again treated as new receivables.

Generally. AdP does not recognise impairment losses for public entities as on this date it believes the risk of their insolvency is remote.

RECLASSIFICATION BETWEEN FINANCIAL INSTRUMENT PORTFOLIOS

In accordance with the requirements of IFRS 9. reclassification between financial instrument portfolios can only occur when the Group decides to change the business management model for financial asset portfolios. Such reclassifications take place prospectively as from the reclassification date. In accordance with the IFRS 9 approach, changes to the business model generally take place infrequently. Under the IFRS 9 approach, changes in business model generally occur infrequently.

DERECOGNITION POLICY

A financial asset is derecognised in whole or in part when the contractual rights to the cash flows from the asset expire or are transferred to a third party independent of the entity.

The accounting treatment applied to transfers of assets depends on the degree and manner in which the risks and benefits associated with ownership of the assets are transferred to third parties:

- When the risks and rewards of ownership of a financial asset are substantially transferred to a third party (for example. unconditional sales. repurchase agreements at fair value on the repurchase date. sales of financial assets with an acquired call or put option issued without cash and in securitisations of assets in which the grantor does not retain subordinated financing or grants any type of credit enhancement to the new holders). this asset is derecognised from the balance sheet, while recognising any right or obligation retained or resulting from the transfer;
- When the risks and rewards of ownership of a transferred financial asset are substantially retained (in the case of. among others. sales of financial assets with a repurchase agreement at a fixed price or at the sale price plus a lender's usual return. securities lending contracts in which the borrower has an obligation to return the same or similar) are not derecognised on the balance sheet and continue to be valued according to the same criteria as prior to the transfer with recognition in accounting terms of:
- An associated financial liability for an amount equal to the consideration received, which is subsequently valued at amortised cost, unless it meets the requirements to be classified as other liabilities at fair value through profit or loss.
- The income from the financial asset transferred. but not derecognised, and the expenses from the new financial liability, without any counterbalance.
- When the risks and benefits inherent to a transferred financial asset are not substantially transferred or even retained (in cases of among others, sales of financial assets with call or put options, securitisations in which the originator assumes subordinated financing or other types of credit enhancement for a proportion of the transferred asset), a distinction is made between:
- When the lessor does not hold control of the asset transferred. it is derecognised from the balance and any right or obligation held or resulting from the transfer is recognised.
- When the lessor does not hold control of the financial asset transferred, they still recognise it on the balance sheet at the same value as the exposure, including any alterations made and recognised as a liability associated to the financial asset transferred. The net values of the transferred asset and of the associated liability reflect the amortised cost of the rights and obligations held when the assets are measured at the amortised cost or at the fair value of the rights and obligations held or when the transferred asset is measured at fair value.

9.2 ESTIMATES AND JUDGMENTS

Impairment losses for loans to Group companies are calculated according to the expected loss, the risk profiles of clients and their financial positions. Loans to Group companies, due to their nature, have a reduced risk of impairment. Therefore, no sensitivity analysis was performed.

9.3 DETAILS AND MOVEMENTS

At 31 December 2022 and 2021, the details of loans to Group companies are as follows:

		2022			2021			
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL		
Advances	359 594 378	6 818 182	366 412 560	619 076 115	11 818 182	630 894 297		
Treasury funding	-	71 942 100	71 942 100	-	56 570 000	56 570 000		
	359 594 378	78 760 282	438 354 660	619 076 115	68 388 182	687 464 297		
Accrued interest	-	I 650 427	I 650 427	-	1 074 293	I 074 293		
	359 594 378	80 410 709	440 005 087	619 076 115	69 462 475	688 538 590		
Impairment	(212 560)	-	(212 560)	(70 315)	-	(70 3 1 5)		
	359 381 818	80 410 709	439 792 527	619 005 800	69 462 475	688 468 275		

At 31 December 2022 and 2021, the loans to Group companies by entity are as follows:

			2022					2021		
		ADVANCES		TREASURY		ADVANCES			TREASURY	
	NON- CURRENT	CURRENT	TOTAL	FUNDING	TOTAL	NON- CURRENT	CURRENT	TOTAL	FUNDING	TOTAL
Águas do Norte	196 363 636	3 636 364	200 000 000	13 592 100	213 592 100	290 000 000	3 636 364	293 636 364	7 320 000	300 956 364
Águas do Vale do Tejo	61 090 909	909 091	62 000 000	30 000 000	92 000 000	97 500 000	909 091	98 409 091	30 000 000	128 409 091
Águas do Centro Litoral	29 490 909	909 091	30 400 000	-	30 400 000	58 000 000	909 091	58 909 091	-	58 909 09 1
Águas Públicas do Alentejo	17 045 455	454 545	17 500 000	300 000	17 800 000	35 300 000	454 545	35 754 545	-	35 754 545
Águas da Região de Aveiro	16 090 909	909 091	17 000 000	4 200 000	21 200 000	58 500 000	909 091	59 409 091	4 950 000	64 359 09 1
Águas do Douro e Paiva	-	-	-	-	-	12 000 000	-	12 000 000	-	12 000 000
Águas do Algarve	15 000 000	-	15 000 000	21 000 000	36 000 000	15 000 000	5 000 000	20 000 000	8 500 000	28 500 000
SIMDOURO	14 000 000	-	14 000 000	-	14 000 000	47 000 000	-	47 000 000	-	47 000 000
Águas do Alto Minho	5 000 000	-	5 000 000	I 850 000	6 850 000	-	-	-	3 900 000	3 900 000
AdP Internacional	3 300 000	-	3 300 000	I 000 000	4 300 000	3 600 000	-	3 600 000	400 000	4 000 000
AdP Valor	2 000 000	-	2 000 000	-	2 000 000	2 000 000	-	2 000 000	I 500 000	3 500 000
Águas do Brasil	105 800	-	105 800	-	105 800	105 800	-	105 800	-	105 800
Trevoeste	106 760	-	106 760	-	106 760	70 3 1 5	-	70 315	-	70 315
	359 594 378	6 818 182	366 412 560	71 942 100	438 354 660	619 076 115	11 818 182	630 894 297	56 570 000	687 464 297
Interest incurred					I 650 427					I 074 293
					440 005 087					688 538 590
Impairment	(212 560)	-	(212 560)	-	(212 560)	(70 315)	-	(70 315)	-	(70 315)
	359 381 818	6 818 182	366 200 000	71 942 100	439 792 527	619 005 800	11 818 182	630 823 982	56 570 000	688 468 275

The advances correspond to reimbursable loans with a maturity of over one year and the treasury funding identifies the reimbursable loans with a period of less than one year. Advances and treasury funding are remunerated with interest.

In 2022, there was an increase to the impairment on the advances granted to Trevoeste (EUR 36.445) and with an impairment established for the advances granted to Águas do Brasil (EUR 105.800).

		ADVANCES	TREASURY FUNDING	TOTAL		
	NON-CURRENT	CURRENT	TOTAL	TREASURY FUNDING	TOTAL	
Opening balance	619 076 115	11 818 182	630 894 297	56 570 000	687 464 297	
Utilisation of credit	28 236 445	-	28 236 445	135 006 000	163 242 445	
Reimbursement of capital	(280 900 000)	(11 818 182)	(292 718 182)	(119 633 900)	(412 352 082)	
Non-current to current reclassifications	(6 818 182)	6 818 182	-	-	-	
Closing balance	359 594 378	6 818 182	366 412 560	71 942 100	438 354 660	

2	_	21	
7	U	ΙZΙ	

		ADVANCES	TDE ACURY FUNDING	TOTAL	
	NON-CURRENT	CURRENT	TOTAL	TREASURY FUNDING	TOTAL
Opening balance	640 421 297	11 818 182	652 239 479	56 390 000	708 629 479
Utilisation of credit	27 173 000	-	27 173 000	100 630 000	127 803 000
Reimbursement of capital	(36 700 000)	(11 818 182)	(48 518 182)	(100 450 000)	(148 968 182)
Non-current to current reclassifications	(11818182)	11 818 182	-	-	-
Closing balance	619 076 115	11 818 182	630 894 297	56 570 000	687 464 297

In 2022, the AdP Group made recourse to EIB Financing V – tranche A for a total of EUR 250 million. The subsidiaries consequently reimbursed the advances granted by AdP.

10. ACCOUNT RECEIVABLES 10.1 ACCOUNTING POLICIES

For accounting policies regarding accounts receivables, see disclosures in Note 9.1.

10.2 ESTIMATES AND JUDGMENTS

Losses due to impairments to accounts receivable are calculated according to the losses expected, the profile of client risk and their respective financial positions. The AdP accounts receivable derive from the provision of financial service to subsidiaries and hence with only a low risk of impairment. In this sense, no sensitivity analyses were carried out.

10.3 DETAILS

At 31 December 2022 and 2021, the accounts receivables were as follows:

		2022	2021
Group companies		I 995 025	2 287 411
Other entities		33 542	33 542
		2 028 567	2 320 953
Contractual assets – Estimate of services for invoicing	(i)	1 261 145	847 323
		3 289 712	3 168 276
Impairment		(31 361)	(31 361)
		3 258 351	3 136 915

(i) CONTRACTUAL ASSETS - ESTIMATE OF SERVICES FOR INVOICING

At 31 December 2022 and 2021, the contractual assets referring to not yet invoiced revenues were as follows:

	2022	2021
Management fees	I 040 842	671 596
Established service levels	141 775	145 779
Attendance of subsidiary Board of Director meetings	78 528	29 948
	1 261 145	847 323

At 31 December 2022, the age of Client debts stood at the following:

CLIENT TYPE	LARGE INDUSTRIAL CLIENTS AND OTHER ENTITIES			GROUP COMPANIES					
AGE OF DEBT	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE	GROSS EXPOSURE	IMPAIRMENT	% LOSS	NET EXPOSURE	TOTAL NET EXPOSURE
Not due	-	-	0.0%	-	3 189 307	-	0.0%	3 189 307	3 189 307
Due for up to 180 days	-	-	0.0%	-	57 464	-	0.0%	57 464	57 464
Due for over 180 days	33 542	(31 361)	-93.5%	2 8	9 399	-	0.0%	9 399	11 580
	33 542	(31 361)	-93.5%	2 181	3 256 170	-	0.0%	3 256 170	3 258 351

11. OTHER CURRENT ASSETS 11.1 ACCOUNTING POLICIES

For the other current assets accounting policies. see disclosures in Note 9.1.

11.2 DETAILS

At 31 December 2022 and 2021, there were the following other current assets:

		2022	2021
Other receivables	i)	518 058	548 461
Deferred charges	ii)	217 202	141 716
State and other public entities	iii)	2 308	807 286
		737 568	I 497 463
Impairment	iii)	-	(809 033)
		737 568	688 430

i) OTHER RECEIVABLES

		2022	2021
Other receivables:			
Commissions for invoicing		294 708	268 314
Costs to reclaim from subsidiaries	•	142 280	107 678
Fiscal consolidation	•	46 747	46 747
Compensatory interest	(a)	-	71 000
Other receivables	•	34 323	54 722
		518 058	548 461

(a) The item "Compensatory interest" corresponds to the amount of compensatory interest paid in 2019 and related to 2015 and 2016 following a taxation process related to the Special Regime for General Corporate Taxation. AdP reclaimed these interest payments in a Court of Arbitration. with the sentence handed down favourable to AdP. This interest payment was made in 2022.

ii) DEFERRED CHARGES

	2022	2021
Deferred charges:		
Insurance	119 364	105 472
Pre-payment of services	97 838	36 244
	217 202	141 716

i) As of 31 December 2021, the impairment on other current assets included EUR 807.286 relating to withholding tax carried out in previous years through means of held debt instruments with the request for reimbursement rejected by the Taxation Authorities, with the cost accounted for in the Statement of Results for the year ending on 31 December 2018 in the "Taxation on earnings for the year" item. In 2022, this impairment was applied.

12. CASH AND CASH EQUIVALENTS 12.1 ACCOUNTING POLICIES

Cash and cash equivalents include cash. bank deposits. and other short-term liquidity investments with initial maturities of up to three months. Bank overdrafts are presented in statements of the financial position. in current liabilities, under the Loans obtained item, which are also considered in preparing the cash-flow statement.

12.2 DETAILS

At 31 December 2022 and 2021 the details of Cash and cash equivalents were as follows:

	2022	2021
Current accounts	10 397 792	3 464 941
Term deposits	178 500 000	30 000 000
Cash	250	500
	188 898 042	33 465 441
Interest accrued from term deposits	29 167	1 067
	188 927 209	33 466 508

The term deposits were established with the IGCP (Treasury and Public Debt Management Agency - IGCP. E.P.E.) in December 2021 and matured on 2 January 2023.

13. OWN CAPITAL 13.1 ACCOUNTING POLICIES

CLASSIFICATION

An instrument is classified as an equity instrument:

- i) when there is no contractual obligation either to settle it by delivering cash or other financial assets to another entity or to exchange financial assets or financial liabilities with another entity according to terms potentially unfavourable to the issuer;
- ii) when the instrument will or may be settled by the issuer's own equity instruments. it is either a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments or a derivative settled only by the issuer exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

CAPITAL

Ordinary shares are classified in Equity. Costs incurred directly by the issuance of new shares or options are presented in Equity as a deduction. net of taxes, to the amount issued.

DIVIDENDS

Distributions made on account of capital instruments are deducted from own capital as dividends when declared.

13.2 SHARE CAPITAL

The capital. for the amount of 434.500.000 is represented by 86.900.000 shares of 5 euros each and is fully subscribed.

SHAREHOLDERS AS OF 31.12.2022 AND 31.12.2021	% CAPITAL	SUBSCRIBED AMOUNT	NO. OF SHARES	TYPE OF SHARES
Parpública. SGPS. S.A.	81%	351 945 000	70 389 000	Nominativas
Caixa Geral de Depósitos. S.A.	19%	82 555 000	16 511 000	Nominativas
	100%	434 500 000	86 900 000	

13.3 NET RESULT AND FULL EARNINGS PER SHARE

	2022	2021
Net annual result	57 719 062	56 038 209
Number of shares	86 900 000	86 900 000
Result per share	0.66	0.64
	2022	2021
Comprehensive income	57 719 062	56 038 209
Number of shares	86 900 000	86 900 000

In accordance with the Company's Articles of Association and the Portuguese Company Code. the Company is obliged to transfer at least 5% of the net profit for each year to the legal reserve. included in the Other Reserves item in Own Capital. until this reserve reaches 20% of the share capital. The legal reserve cannot be distributed to the shareholders but may, under certain circumstances, be applied to increase capital or to absorb losses after all other reserves have been exhausted.

The application of results for 2021 was approved as per the General Meeting held on 10 May 2022:

- i) Increase of the legal reserve in the amount of EUR 3.028.287;
- ii) Dividend paid in the amount of EUR 27.500.000; and
- iii) Transfer in the amount of EUR 30.037.449 to retained earnings.

14. PROVISIONS, ASSETS AND CONTINGENT LIABILITIES 14.1 ACCOUNTING POLICIES

PROVISIONS

Provisions are only recognised when an obligation exists that results from past events. the settlement of which is likely to require the allocation of internal resources of a reasonably estimated amount. Whenever any criterion is not met or the existence of the obligation depends on the (non-)occurrence of a particular future event. AdP discloses this as a contingent liability apart from whenever evaluation of the requirement to pay funds for its settlement is deemed unlikely. When there is a large number of similar obligations, the probability of generating an outflow of internal resources is determined for the group as a whole. This provision is recognised even when the likelihood of an outflow of internal resources due to an item in the same obligation class may only be small. Current obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract exists when the company is an integral party to a contract which has associated costs with respect to its compliance and which cannot be avoided and exceed the future economic benefits deriving from the same. The provisions are measured at the present value, on the balance sheet date, according to the best estimate by the Board of Directors regarding the expenditure required to discharge the obligation. The discount rate in effect for calculating the present value reflects the then prevailing market expectation both for the period of the discount and for the risk of the provision in question.

Provisions for future operating losses are not recognised.

CONTINGENT LIABILITIES

Contingent liabilities correspond to the potential liabilities arising as a result of past events and with their recognition dependent on the occurrence or otherwise of one or more uncertain future events not totally under the control of the Company. This may also represent present obligations as a result of past events which, either due to the payment of economic benefits not being probable or due to the value not being susceptible to reliable estimation, are not recognised in the Financial Accounts. The Company proceeds with their disclosure through notes to the accounts whenever the probability of their future reimbursements is not deemed remote. This then leads to their recognition or constitution as a provision whenever the payment of economic benefits not only becomes probable but also with the value susceptible to estimation with some degree of reliability.

CONTINGENT ASSETS

Contingent assets are potential Company assets that result from past events but with recognition depending on the occurrence of one or more future events. which fall beyond the scope of its control. The Company proceeds with their identification through notes to the accounts. whenever the receipt of future economic benefits becomes probable. Their recognition in the Financial Accounts takes place whenever their receipt proves virtually certain.

14.2 ESTIMATES AND JUDGMENTS

AdP regularly analyses any obligations arising from past events and which require recognition or disclosure. AdP is party to several ongoing legal proceedings in relation to which it has made a judgement. based on the opinion of its lawyers, to decide on whether provisions should be set aside for these contingencies.

The subjectivity inherent in determining the likelihood and amount of outflows of internal resources needed to discharge such obligations may lead to significant adjustments. either due to changes in those assumptions or through the future recognition of provisions previously disclosed as contingent liabilities.

14.3 DETAILS

As at 31 December 2022 and 2021, provisions in the amount of EUR 5.000.000 relate to a lawsuit in progress against the Company for contractual responsibilities inherent to the sale of a subsidiary that occurred in previous years

ONGOING LEGAL CASES

AdP makes careful evaluations of its risks and contingencies and. subsequently, constitutes the provisions that, in keeping with the risks identified and the probability of actual liability, are deemed appropriate for recognition. From the evaluations made and in addition to the provisions recorded, no other liabilities were identified that require disclosure as contingent liabilities.

GUARANTEES

The financial commitments and liabilities of the Company not shown in the Statement of Financial Position were as follows as of 31 December 2022:

FINANCIAL INSTITUTIONS

Guarantees - EIB	l 260 586 377
Guarantees – Group Banking Overdrafts	125 000 000
Other guarantees	659 551
	l 386 245 928

The guarantees refer to the guarantee given by AdP to the European Investment Bank within the scope of financing for AdP Group subsidiaries and various credit institutions within the framework of Group bank overdraft contracts.

The credit risk of the subsidiaries is low. considering their respective financial situations and the legal and regulatory frameworks in effect. In fact, throughout the state-owned system, the financial autonomy ratios are high and in the multi-municipal systems or under the partnership regimes, the concession or partnership contracts contain mechanisms for restoring the economic and financial balance to ensure compliance with all third party responsibilities, in particular in terms of debt servicing liabilities.

Furthermore. in the case of multi-municipal systems and partnerships. the regulatory and legislative provision that ensures the recovery of the debts owed by Municipalities to these systems was consolidated within the scope of the Cost of Deviation Recovery mechanism. which in turn deploys Decree-Law stipulated recovery periods.

CONTINGENT ASSETS

AdP is the claimant in a judicial appeal filed on 9 October 2020 regarding the dismissal by the Large Taxpayers Unit of the request for an ex-officio review of the IRC - Corporate Income Tax assessment of the group of which AdP was the holding company for the year of 2014 with AdP claiming the deduction of financial costs from the 2014 tax liability for the amount of EUR 97.420.829. which was then added to the taxable profit for previous years in compliance with article 32 (2) of the Statute of Tax Benefits and Circular no. 7/2004. and the consequent restitution of the unduly paid tax. quantified as EUR 22.941.309.

15. LOANS

15.1 ACCOUNTING POLICIES

CLASSIFICATION

Financial liabilities are classified into two categories: i) Financial liabilities at fair value through profit or loss; and ii) Financial liabilities at amortised cost.

The category "Financial liabilities at amortised cost" includes those liabilities presented under "Loans". "Group company loans" and "Suppliers". These liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost according to the effective interest rate.

AdP has only recognised liabilities classified as "Financial liabilities at amortised cost".

Financial liabilities are derecognised when the underlying obligations are terminated by payment, cancellation or expiry.

LOANS OBTAINED

Loans (bond loans and Group loans) are recorded as liabilities at the nominal value received. net of commissions related to the issuance of those loans. Financial expenses are calculated based on the effective interest rate and are recorded under the item "Financial expenses" in the consolidated income statement on an annualised basis. The portion of the effective interest charge relating to the fees for issuing loans, when not paid during the reporting period, is deducted from the book value of the loan whenever not settled over the course of the financial year.

Any loans obtained are classified as non-current liabilities unless AdP expects to settle the liability within 12 months of the balance sheet date, when they are therefore classified as current liabilities.

RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

Financial liabilities cannot be reclassified between categories.

15.2 DETAILS AND MOVEMENTS

At 31 December 2022 and 2021, the amounts of Loans were as follows:

		2022			2021			
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL		
Bond loans	180 681 818	206 818 182	387 500 000	387 500 000	156 818 182	544 318 182		
Group company loans	-	32 000 000	32 000 000	-	-	-		
	180 681 818	238 818 182	419 500 000	387 500 000	156 818 182	544 318 182		
Accrued interest	-	1 964 108	1 964 108	-	193 841	193 841		
Deferred bank charges	-	(83 807)	(83 807)	-	(132 573)	(132 573)		
	-	1 880 301	1 880 301	-	61 268	61 268		
	180 681 818	240 698 483	421 380 301	387 500 000	156 879 450	544 379 450		

Bond loans are subject to ownership clauses. which state that eventual changes in the shareholder structure of AdP may lead to the immediate maturity of the debt.

The loans obtained from group companies are contracted with terms of less than 12 months and bear interest.

MOVEMENT IN THE LOANS OBTAINED

The movements in borrowings in the years ending on 31 December 2022 and 2021 and their reconciliation to the cash flow statement were as follows:

	2022 2021		2022 2021			
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Opening balance	387 500 000	156 879 450	544 379 450	544 318 182	28 818 182	573 136 364
Reclassification of non-current to current	(206 818 182)	206 818 182	-	(156 818 182)	156 818 182	-
Loans obtained	-	137 500 000	137 500 000	-	10 000 000	10 000 000
Loan capital reimbursed	-	(262 318 182)	(262 318 182)	-	(38 818 182)	(38 818 182)
Fluctuations in accrued Interest	-	I 8I9 033	1 819 033	-	61 268	61 268
Closing balance	180 681 818	240 698 483	421 380 301	387 500 000	156 879 450	544 379 450

There are no variations in fair value.

LOANS BY MATURITY

As at 31 December 2022 and 2021, the details of the loans, by interest rate type and principal repayment maturity, were the following:

VARIABLE INTEREST RATE	2022	2021
Up to 1 year	206 818 182	156 818 182
From I to 2 years	6 818 182	206 818 182
From 2 to 3 years	6 818 182	6 8 18 182
From 3 to 4 years	6 818 182	6 8 1 8 1 8 2
From 4 to 5 years	156 818 182	6 8 1 8 1 8 2
Over 5 years	3 409 090	160 227 272
	387 500 000	544 318 182
FIXED INTEREST RATE	32,000,000	2021
Up to I year	32 000 000	2021
From I to 2 years	-	-
From 2 to 3 years	-	-
From 3 to 4 years	-	-
From 4 to 5 years	-	-
Over 5 years	-	-
	32 000 000	-
	419 500 000	544 318 182

FAIR VALUE

The loans obtained by AdP correspond to bond loans issued in 2007. 2008 and 2016. Considering the fact that bond loans were issued on those dates and that afterwards AdP did not resort to this type of loans. it is therefore not possible to determine at what rates AdP could be financed for the contracted maturities and it is thus correspondingly not possible to determine the fair value of the loans obtained in any reasonable way.

16. SUPPLIERS AND OTHER CURRENT LIABILITIES 16.1 ACCOUNTING POLICIES

These items usually include balances from suppliers of goods and services that the Group acquired during the normal course of its business. The items therein are classified as current liabilities whenever the payment falls due within 12 months or less and are otherwise classified as non-current liabilities under the "Suppliers" item.

These financial liabilities are initially recognised at fair value. Subsequent to their initial recognition, the liabilities presented under "Suppliers" are measured at amortised cost using the effective interest rate method. Trade and other payables initially classified as current are recorded at their nominal value as they do not bear interest and the effect of discounting is deemed immaterial.

16.2 DETAILS

At 31 December 2022 and 2021, the details of Suppliers and other current liabilities were as follows:

	202	2 2021
General suppliers	447 677	300 122
Other payables	i) (335 245	258 27 1
Accrued expenses and deferrals	ii) 3 468 13 7	1 729 217
State and other public entities	iii) 2 050 002	831 866
	5 630 57	3 119 476

i) OTHER ACCOUNTS PAYABLE

	2022	2021
Other accounts payable:		
Distribution of life insurance results for settling with subsidiaries	11 654	368 677
Insurance premiums for repaying to subsidiaries	(371 994)	(152 603)
Other creditors	25 095	42 197
	(335 245)	258 271

ii) ADDITIONAL COSTS AND DEFERRALS

	2022	2021
,		
	I 248 973	845 548
	374 944	382 877
(a)	227 007	241 949
	168 367	233 832
(b)	630 000	-
(c)	790 544	-
	28 302	25 011
	3 468 137	1 729 217
	(b)	l 248 973 374 944 (a) 227 007 168 367 (b) 630 000 (c) 790 544 28 302

- (a) This essentially corresponds to commissions to be paid to the General Directorate of Treasury and Finance for the guarantee issued by the Portuguese state for the loans obtained by the subsidiaries from the European Investment Bank.
- (b) Protocol signed with the Environment Fund on 28 December 2022 and remaining in effect until 31 December 2024. through which the Group takes receipt of total funding of EUR 7.520.000 to subsidise the costs of the AdP Group "Green" vehicle fleet. as foreseen in the Energy Neutrality Program. The funding is received in the following tranches: EUR 630.000 in 2022; EUR 3.180.000 in 2023; and EUR 3.710.000 in 2024. The amount of EUR 630.000 received in 2022 in reference to the fleets of subsidiaries shall be settled over the course of 2023.
- (c) Protocol signed with the Environment Fund on 8 June 2022 and remaining in effect until 30 November 2023. through which the Group received an operating subsidy for the amount of EUR 1.000.000 to meet the costs inherent to implementing the Combat of Drought Measures through awareness campaigns around the efficient and ration utilisation of water. In 2022, there was recognition of earnings as underspending in the "Supplies and external services" item for the amount of EUR 209.456 (Note 19.2).

	2022	2021
State and other public entities:		
Value added tax	I 760 606	577 052
Social security	154 589	143 617
Third party withholding taxes	129 339	109 288
Other taxation	5 468	l 909
	2 050 002	831 866

17. FINANCIAL INSTRUMENTS BY IFRS 9 CATEGORY

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (31.12.2022)	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL FINANCIAL INSTRUMENTS
Other financial assets	63 256		63 256
Loans to Group companies	439 792 527	•	439 792 527
Clients	3 258 351		3 258 351
Cash and cash equivalents	188 927 209		188 927 209
Total assets	632 041 343	-	632 041 343
Loans		389 354 654	389 354 654
Loans to Group companies	•	32 025 647	32 025 647
Suppliers		447 677	447 677
Total liabilities	-	421 827 978	421 827 978
CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (31.12.2021)	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL FINANCIAL INSTRUMENTS
Other financial assets	43 676		43 676
Loans to Group companies	688 468 275	-	688 468 275
Clients	3 136 915	-	3 136 915
Cash and cash equivalents	33 466 508		33 466 508
Total assets	725 115 374	-	725 115 374
Loans		544 379 450	544 379 450
Suppliers		300 122	300 122
Loans to Group companies		544 679 572	544 679 572

18. INCOME FROM CLIENT CONTRACTS 18.1 ACCOUNTING POLICIES

This revenue corresponds to the fair value of the amounts received or receivable from transactions carried out with clients within the scope of normal AdP activities. Revenue is accounted for net of any taxes, commercial discounts and other inherent costs at the fair value of the amounts received or receivable.

IFRS 15 provides a five-step model for accounting revenue from contracts with customers and requires that revenue be recognised at an amount that reflects the remuneration expected by an entity in exchange for goods and / or services to be transferred to the customer. The five steps are: (1) identify the contract with the customer. (2) identify the performance obligations under the contract. (3) determine the transaction price. (4) allocate the transaction price to the contract performance obligations and (5) recognize income when the entity meets a performance obligation.

In determining the revenue value. AdP evaluates the performance obligations assumed in each transaction undertaken with clients. the transaction price to be allocated to each performance obligation identified in the transaction and the existence of variable pricing conditions that may trigger future corrections to the recorded total of earnings and for which AdP provides its best estimate.

In the provision of services by AdP. there is only one performance obligation. hence the revenue is recognised immediately as the provision of client services.

18.2 DETAILS

In the financial years ending on 31 December 2022 and 2021, the levels of income from client contracts were as follows:

	2022	2021
Management fees	17 124 664	12 097 274
Established service levels (NSEs)	530 820	4 298 016
Attendance of subsidiary Board of Director meetings	134 840	140 261
	17 790 324	16 535 551

The revenue from contracts with customers corresponds to the management fee charged to Group companies and corresponds to a set rate applied to the business turnover of each subsidiary. Through to 3 I December 202 I, the management fee corresponded to a rate of 1.5% (EPAL bulk activities). 2% (retail and corporate service activities) or 3% (Águas de Santo André) applied to the turnover of subsidiaries. In 2022, the manager fee was subject to change and has since corresponded to a rate of 2.4% applied to the turnover of subsidiaries minus the turnover generated by AdP Group companies (except for the subsidiaries of Águas do Alto Minho. Águas da Região de Aveiro and Águas Públicas do Alentejo that retained the model in effect in 2021).

The NSEs correspond to the revenue for the activities carried out by AdP Valor and transferred to AdP on I August 2020 (information systems. procurement. logistics and legal services) and with the contract not yet subject to revision in order to apply the new management fee (Águas da Região de Aveiro and Águas Públicas do Alentejo).

Within the scope of the manager activities of holding group companies. AdP charges subsidiaries for the remunerations of the non-executive directors they nominate.

19. SUPPLIES AND EXTERNAL SERVICES 19.1 ACCOUNTING POLICIES

Expenses and losses are recorded in the period to which they relate. regardless of the time of their payment or receipt on an accruals base (accruals principle).

The operating subsidies are deferred and recognised in the statement of the results in the same period as the costs they offset and directly deducted from the total of these costs.

19.2 DETAILS

In the years ending on 31 December 2022 and 2021, the details of the supplies and external services was as follows:

		2022	2021
Specialised works - Technical assistance	(a)	I 762 365	l 471 084
Specialised works - Audits		36 855	32 338
Specialised works - Studies and consultancy	•	464 109	197 248
Specialised works - Financial consultancy		71 311	41 832
Specialised works - Legal consultancy		96 647	97 238
Specialised works - IT consultancy	•	194 569	166 858
Specialised works - Leasing of spaces		l 235 266	l 297 736
Specialised works - Others		211 888	202 987
Advertising and publicity	(b)	505 532	250 932
Rentals and leasing		127 510	37 456
Travel and accommodation	•	33 336	48 125
Insurance		79 955	77 805
Other external supplies and services		162 913	154 333
		4 982 256	4 075 972
Operating Subsidy Earnings	(b)	(209 456)	-
		4 772 800	4 075 972

- (b) The technical costs include: (i) costs with the engineering services provided by AdP Valor; (ii) costs with the of IT infrastructures by AdP Valor (irrespective of having transferred the activities of AdP Valor to AdP given that the costs incurred with IT systems and software and hardware remain under contract with AdP Valor. In 2022 and 2021, this maintained recognition of the costs incurred in providing infrastructures to AdP); and (iii) in 2022, the costs of AdP Valor in terms of the service provision for the design of the tender model for AdP Proactive Innovation.
- (c) See Note 16.2. ii) c).

20. PERSONNEL COSTS 20.1 ACCOUNTING POLICIES

Short-term employee benefits and termination benefits are recognised in the income statement.

Short-term employee benefits include salaries. wages and social security contributions. paid annual leave and paid sick leave. profit sharing and bonuses (when payable within twelve months following the ending of the contracted period) and non-monetary benefits (such as medical care. housing. cars and free or subsidized goods or services) related to currents employee and with their payment expected within 12 months.

The Company recognises a liability and an expense related to termination benefits when the Company can no longer withdraw the offer of such benefits.

20.2 DETAILS

In the years ending on 31 December 2022 and 2021, the details of the personnel costs were as follows:

	2022	2021
Renumeration of the Governing Bodies	444 740	439 039
Renumeration of staff	5 307 545	4 977 007
Compensation	-	148 126
Charges on remunerations	l 332 084	l 255 274
Insurance	253 919	255 533
Social welfare costs	9 822	8 629
Other costs with staff	98 122	78 185
	7 446 232	7 161 793

REMUNERATIONS OF GOVERNING BODIES

	2022	2021
Board of Directors	375 845	370 527
Supervisory Board	32 350	31 967
Chartered Accountant (*)	36 545	36 545
	444 740	439 039

^(*) Grant Thornton & Associados – SROC. Lda. - the annual fees for the Statutory Audit (excluding VAT) amount to EUR 35.723.

NUMBER OF PEOPLE WORKING FOR THE COMPANY

TYPE	AVERAGE NUMBER		YEAR END	
	2022	2021	2022	2021
Board of Directors	6	6	6	6
Supervisory Board	3	3	3	3
Employees	100	99	104	100
	109	108	113	109

21. FINANCIAL YEAR AMORTISATIONS, DEPRECIATIONS AND REVERSALS

In the years ending on 31 December 2022 and 2021, the amounts of amortisations, depreciations and reversals were the following:

		2022	2021
Intangible assets	Note 5	12 178	9 382
Tangible fixed assets	Note 6	9 191	5 402
Right-of-use assets	Note 7	206 129	275 908
		227 498	290 692

22. OTHER OPERATING EXPENSES AND LOSSES

For the years ending on 31 December 2022 and 2021, there were the following other operating expenses and losses:

	2022	2021
Donations	65 226	41 106
Membership fees	38 073	15 694
Taxes and charges	256	3 908
Taxes and penalties	183	517
Other operating expenses	14 066	3 211
	117 804	64 436

23. OTHER OPERATING INCOME AND GAINS

For the years ending on 31 December 2022 and 2021, there were the following other operating income and gains:

		2022	2021
Loaning of staff to subsidiaries		54 520	53 837
Performance of social duties by subsidiaries		8 050	I 370
Compensatory interest		52 672	-
Value added tax	(a)	-	l 934 935
Other operating income and gains		12 599	3 611
		127 841	I 993 753

(a) In 2020. following analysis of the Value Added Tax deduction methodology. AdP switched over to real allocation (applying the pro-rata method until 31 December 2019). Following this change in 2021. AdP recovered the VAT related to the years from 2016 to 2019.

24. FINANCIAL COSTS

In the years ending on 31 December 2022 and 2021, the details of the financial costs were as follows:

		2022	2021
Interest paid - Bond Ioans	(a)	2 266 060	556 733
Interest paid - Group company loans		233 168	3 3
Interest paid - Lease liabilities		2 388	8 405
Interest paid - Other interest		49	50
Bank commission	(b)	2 068 895	2 194 143
Financial commissions		437	20 000
Other costs and financial losses		80 623	87 936
		4 651 620	2 870 398

- (a) The increase in bond interest costs stem from the rise in the reference rate (Euribor). which had been negative through to June 2022.
- (b) The bank commissions correspond to the guarantee provided by the Portuguese Government for the loans granted by the EIB to the subsidiaries of AdP (0.2% of the outstanding capital). This charge is re-debited to the subsidiaries with the re-debit recorded under the item "Financial income".

25. FINANCIAI INCOME

In the years ending on 31 December 2022 and 2021, there was the following financial income:

	2022	2021
Interest on treasury funding and advances to Group companies	12 777 617	11 390 030
Commissions	6 327 477	6 662 448
Term deposit interest	29 367	1 123
	19 134 461	18 053 601

The commissions item includes the amount attributable to the Portuguese state for the guarantees on the EIB granted loans.

26. FINANCIAL INVESTMENT GAINS / LOSSES

In the years ending on 31 December 2022 and 2021, the gains / (losses) on financial investments were as follows:

		2022	2021
EPAL		39 727 395	37 577 765
Águas do Tejo Atlântico		I 846 664	l 839 259
Águas do Douro e Paiva		365 206	376 360
Águas de Santo André		39 600	40 920
Águas da Região de Aveiro		290 878	300 138
Dividends	(a)	42 269 743	40 134 442
Financial investment impairment losses/reversals	Note 8	1 017 000	(195 000)
		43 286 743	39 939 442

The amounts presented correspond to the dividends declared and paid to AdP.

27. INCOME TAX 27.1 ACCOUNTING POLICIES

INCOME TAX

The Company is subject to taxation as an individual entity in accordance with IRC – Corporate Income Tax based upon the respective taxable amount at the taxation rate in effect.

The Company is taxed at the rate of 21% in addition to the 1.5% municipal surcharge levy on taxable profits. Furthermore, there is the 3% state surcharge levied on taxable profits in excess of EUR 1.5 million up to a limit of EUR 7.5 million. 5% on the amount of taxable profits of over EUR 7.5 million up to a limit of EUR 35 million with profits in excess of EUR 35 million subject to a 9% surcharge rate.

Income tax for the period includes current tax and deferred tax. Income tax is recognised in the income statement. except when relating to items recognised directly in equity. Calculating the amount of current tax payable is based on the pre-tax profit. adjusted according to the taxation framework in effect.

The determination of income tax requires certain interpretations. There are several transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle. Therefore. AdP complies with the guidance of IFRIC 23 - Uncertainty over Income Tax Treatment. regarding the determination of taxable income. tax bases. tax losses to be carried forward, tax credits to be used and tax rates in scenarios of uncertainty over the income tax treatment, not having resulted in any material impact on the financial statements. AdP understands that any review of the tax returns will not result in material adjustments in the financial statements that require any provision for taxes.

DEFERRED TAX

Deferred tax is recognised according to the balance sheet liability method that considers the temporary differences between the asset and liability tax base and their carried over amounts on the financial statements. Deferred tax that arises from the initial recognition of an asset or liability in a non-merger transaction, and which has not affected either the accounting outcome or the tax outcome on the transaction date, is not recorded.

Deferred tax assets are recognised whenever there is the probability that future taxable profit will be available against which temporary differences are applicable or when the reversal of a deferred tax asset is forecast for the same time and with the same authority.

Deferred taxes are calculated based on the current rate or the rate officially in effect on the balance sheet date and expected to apply on the date on which the deferred tax assets are realised or deferred tax liabilities are paid. Any differences arising from expected changes in the rates that then reverse the temporary tax differences are detailed in the income statement.

Deferred taxes are recognised for temporary differences arising from investments in subsidiaries and associates except when AdP is able to control the timing of the reversal in the temporary difference and the temporary difference is unlikely to be reversed in the foreseeable future.

Deferred taxes are recorded either in the net profit item or in the "Other reserves" in accordance with how the original transaction or event is recorded.

27.2 DETAILS AND MOVEMENTS

The balance of the income tax payable at 31 December 2022 and 2021 is as follows:

	2022	2021
Estimated financial year tax	(5 269 175)	(5 903 784)
Advance payment of tax on earnings	4 260 909	3 949 770
Taxation withheld at source by third parties	154 676	165 546
Additional payments of tax on earnings	809 081	756 738
Tax payable	(44 509)	(1 031 730)

At 31 December 2022 and 2021, the total tax burden was as follows:

	2022	2021
Estimate of taxation for the financial year	(5 269 175)	(5 903 784)
Current tax adjustments from previous years	7 067	(117 063)
Tax burden	(5 262 108)	(6 020 847)
Pre-tax results	62 981 170	62 059 056
Effective taxation rate	8.36%	9.70%

	2022			2021		
	BASE	RATE	TAX	BASE	RATE	TAX
Pre-tax results	62 981 170			62 059 056		
Nominal taxation rate (*)	I 500 000	22.50%	337 500	1 500 000	22.50%	337 500
	6 000 000	25.50%	I 530 000	6 000 000	25.50%	I 530 000
	27 500 000	27.50%	7 562 500	27 500 000	27.50%	7 562 500
	27 981 170	31.50%	8 814 069	27 059 056	31.50%	8 523 603
Expected taxation		28.97%	18 244 069		28.93%	17 953 603
Permanent differences:						
. Dividends	(42 269 743)	-19.44%	(12 244 487)	(40 134 442)	-18.71%	(11 610 841)
. Fines and charges	232	0.00%	67	567	0.00%	164
. Unaccepted impairment provisions	(876 502)	-0.40%	(253 901)	195 000	0.09%	56 413
. Donations	46 690	0.02%	13 525	35 106	0.02%	10 156
. Membership fees	(17 790)	-0.01%	(5 153)	(9 047)	0.00%	(2 617)
. Others	-	0.00%	-	25 227	0.01%	7 298
Savings from the State Surcharge rate		-0.77%	(486 505)		-0.82%	(511 893)
Corrections to current taxation from previous years		-0.01%	(7 067)		0.19%	117 063
Autonomous taxation	-	0.00%	I 560		0.00%	l 501
Estimated annual IRC		8.36%	5 262 108		9.70%	6 020 847

^(*) Taxation on the earnings of Collective Entities (21%) + Municipal Surcharge (1.5%) + State Surcharge on EUR 6 000 000 (3%) + State Surcharge on EUR 27 500 000 (5%) + State Surcharge on taxable profit in excess of EUR 35 000 000 (9%).

28. BALANCE OF TRANSACTIONS WITH RELATED PARTIES 28.1 RELATED PARTIES

On 31 December 2022, the related AdP parties were the following:

- Shareholders (Parpública, SGPS, S.A. and Caixa Geral de Depósitos, S.A.)
- Entities held by AdP (Note 2.3);
- Members of the AdP Board of Directors;
- Members of the shareholder Boards of Directors.

Annual Report 2022 | Águas de Portugal | 295

28.2 BALANCE WITH RELATED PARTIES

On 31 December 2022, the balance (net of impairments) of transactions with related parties was the following:

		ASSETS				LIABILITIES			
	LOANS TO GROUP COMPANIES	CLIENTS	OTHER CURRENT ASSETS	CASH AND CASH EQUIVALENTS	TOTAL	LOANS FROM GROUP COMPANIES	SUPPLIERS AND OTHER CURRENT LIABILITIES	TOTAL	NET
Total item balance	439 792 527	3 258 351	735 260	188 927 209	632 713 347	(32 025 647)	(3 580 569)	(35 606 216)	597 107 131
AdP Valor	2 002 311	9 189	103 950	-	2 115 450	-	(228 069)	(228 069)	I 887 382
Águas do Algarve	36 194 992	452 852	34 857	-	36 682 701	-	(594)	(594)	36 682 107
Águas Públicas do Alentejo	18 109 996	242 739	6 795	-	18 359 530	-	(149)	(149)	18 359 381
SIMDOURO	14 012 579	241 959	6 881	-	14 261 419	-	-	-	14 261 419
Águas do Douro e Paiva	2 396	348 954	4 954	-	356 304	-	-	-	356 304
Águas do Tejo Atlântico	-	I 539	68 818	-	70 357	-	-	-	70 357
SIMARSUL	-	44 084	16 521	-	60 605	-	-	-	60 605
EPAL	-	287 069	59 106	-	346 175	(32 025 647)	(1 669)	(32 027 316)	(31 681 141)
Águas de Santo André	-	234 004	3 282	-	237 286	-	-	-	237 286
Águas da Região de Aveiro	21 276 811	119 156	8 640	-	21 404 607	-	-	-	21 404 607
Águas do Norte	214 398 579	519 825	70 795	-	214 989 199	-	(149)	(149)	214 989 050
Águas do Alto Minho	6 871 669	129 839	9 107	-	7 010 615	-	(86)	(86)	7 010 529
Águas do Centro Litoral	30 486 013	367 682	33 468	-	30 887 163	-	-	-	30 887 163
Águas do Vale do Tejo	92 122 528	201 868	71 232	-	92 395 628	-	-	-	92 395 628
Trevo Oeste	-	12 682	-	-	12 682	-	-	-	12 682
AdP Internacional	4 3 1 4 6 5 3	42 673	-	-	4 357 326	-	(1 200)	(1 200)	4 356 126
AdP Energias	-	55	-	-	55	-	(37 760)	(37 760)	(37 705)
Caixa Geral de Depósitos	-	-	-	631 205	631 205	-	-	-	631 205
Total intra-group balance	439 792 527	3 256 169	498 406	631 205	444 178 307	(32 025 647)	(269 676)	(32 295 323)	411 882 984
Total external group balance	-	2 182	236 854	188 296 004	188 535 040	-	(3 310 893)	(3 310 893)	185 224 147

28.3 RELATED PARTY TRANSACTIONS

In the year ending on 3 I December 2022, there were the following transactions with related parties:

	CONTRACTED EARNINGS FROM CLIENTS	SUPPLIES AND EXTERNAL SERVICES	PERSONNEL COSTS	OTHER OPERATING EXPENSES AND LOSSES	OTHER OPERATING INCOME AND GAINS	FINANCIAL COSTS	FINANCIAL INCOME	GAINS/ LOSSES FROM FINANCIAL INVESTMENTS	TOTAL
Total item balance	17 790 324	(4 772 800)	(7 446 232)	(117 804)	127 841	(4 651 620)	19 134 461	43 286 743	63 350 913
AdP Valor	15 630	(2 997 631)	-	-	-	-	44 040	-	(2 937 961)
Águas do Algarve	I 450 297	-	-	(594)	l 225	-	1 500 155	-	2 951 083
Águas Públicas do Alentejo	419 775	-	-	(149)	-	-	809 385	-	1 229 012
SIMDOURO	338 256	-	-	(446)	849	-	901 781	-	I 240 440
Águas do Douro e Paiva	788 390	-	-	-	700	-	285 271	365 206	l 439 567
Águas do Tejo Atlântico	2 035 861	-	-	(446)	11 036	-	1 182 618	I 846 664	5 075 734
SIMARSUL	451 298	-	-	(149)	-	-	422 840	-	873 990
EPAL	3 594 998	-	(3 776)	-	53 749	(233 168)	-	39 727 395	43 39 198
Águas de Santo André	379 228	-	-	-	-	-	-	39 600	418 828
Águas da Região de Aveiro	l 422 219	-	-	-	750	-	l 205 660	290 878	2 9 1 9 5 0 7
Águas do Norte	2 798 496	-	-	(149)	l 899	-	7 249 101	-	10 049 347
Águas do Alto Minho	501 691	-	-	(446)	700	-	101 778	-	603 724
Águas do Centro Litoral	972 558	-	-	(297)	700	-	I 809 463	-	2 782 424
Águas do Vale do Tejo	2 425 849	-	-	-	800	-	3 500 236	-	5 926 885
Trevo Oeste	-	-	-	-	-	-	I 259	-	l 259
AdP Internacional	195 318	-	-	-	-	-	91 506	-	286 824
AdP Energias	460	(205 820)	-	-	-	-	-	-	(205 360)
Parpública	-	-	(15 573)	-	-	-	-	-	(15 573)
Total intra-group balance	17 790 324	(3 203 451)	(19 349)	(2 673)	72 407	(233 168)	19 105 094	42 269 743	75 778 926
Total external group balance	-	(1 569 349)	(7 426 883)	(115 131)	55 435	(4 418 452)	29 367	I 017 000	(12 428 013)

29. INFORMATION REQUIRED BY LAW

Of the information legally required under other legislation, in particular articles 66, 324, 397 and 447 of the Commercial Companies Code (CSC), the current legal provisions of Decree-Law 328/95, of 9th December and the provisions referred to in Decree-Law 411/91, of 17th October, it should be noted that:

- a) In compliance with Article 324, paragraph 2 of the CSC, this hereby declares the Company does not own any of its own shares and, to date, has not engaged in any transactions involving such securities.
- b) In compliance with that stipulated by article 397, paragraph 4 of the CSC, this hereby informs that there were no transactions between the Company and the members of its corporate bodies throughout 2022.
- c) In compliance with the provisions of article 21 of Decree-Law no. 411/91, of 17 September, this furthermore reports the Company has no outstanding social security or taxation debts, with the balances accounted for on 31 December 2022, resulting from withholding tax and contributions relating to the month of December at source, were duly paid out in January 2023, in accordance with the legally stipulated deadlines.

30. SUBSEQUENT EVENTS

At the date of issue of these financial statements, no subsequent events affecting their presentation were known.

Annual Report 2022 | Águas de Portugal | 297

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)

lexende/ fond Cal Sa

Catarina Isabel Clímaco Monteiro d'Oliveira (Executive Director)

(akrushaselausaspoulein Mich

Pedro Manuel Amaro Martins Vaz (Executive Director)

Seds Jal Aco Jatis KN

Jaime Serrão Andrez (Non-Executive Director)

The Chartered Accountant

Carla Isabel Costa Pinto Ribeiro

REPORT AND OPINION OF THE SUPERVISORY BOARD ON THE SEPARATE ACCOUNTING STATEMENTS

FRAMEWORK

- 1. In compliance with the applicable legal and statutory provisions, the Supervisory Board hereby issues this report and opinion on the annual report and accounts and other separate accounting documents of AdP Águas de Portugal, S.G.P.S., S.A., submitted by the Board of Directors and relating to the 2022 financial year.
- 2. The Supervisory Board monitored the management and business performance of AdP Águas de Portugal, S.G.P.S., S.A., especially via contacts with its directors and by reading the minutes of the meetings of the Board of Directors and Executive Committee. It held regular meetings which were normally attended by the Financial Director and the Statutory Auditor. The Supervisory Board was given all the clarifications requested and the documentation that it deemed necessary to perform its supervisory duties.
- The Supervisory Board also verified compliance with the applicable legal and statutory provisions and exercised its powers in accordance with Article 420 of the National Company Code.
- 4. Under the powers invested in it by paragraphs 1 and 3 of Article 33 of Decree Law 133/201 3 of 3 October, the Supervisory Board verified the company's compliance with the obligations set out therein and issued quarterly reports, which were sent to the competent authorities.
- The report by the non-executive director on the performance of the executive directors provides a globally positive appreciation of their performance in 2022.
- 6. The Board of Directors in office on 31 December 2022 was elected for the term of office 2020-2022, on 4 May 2020, in the midst of the State of Emergency resulting from the Covid-19 Pandemic. We would note that through a resolution passed at the General Meeting on 10 May 2021, the strategic guidelines, objectives and management indicators and respective quantifiable targets were set for the 2020-2022 term of office.
- 7. Following Order no. 1025/2021-SET, of 10 November, which authorised the regrouping of the corporate centre of the Aguas de Portugal Group, implementing the concentration, at the holding company level, of the provision of technical administration and management services to its subsidiaries (and put into practice through the transfer to AdP SGPS of areas previously the responsibility of AdP Valor: procurement, legal services and information systems. This highlights how the Activities and Budgetary Plan of AdP SGPS for 2022 was not subject to the approval of the shareholders.

II. ASSESSMENT OF ACCOUNTING DOCUMENTS

- Complete analysis of the Group across the economic, social, environmental, innovation
 and equality fields is detailed in the 2021 Sustainability Report and demonstrating
 corresponding material fulfilment.
- As regards the annual accounts rendered here, analysis according to the disclosure obligations established in article 44 of Decree-Law no. 133/2013 of 3 October, demonstrates compliance.
- 10. In the field of the remuneration of workers and of governing bodies, the salary guidelines in effect in 2022 were duly complied with. In general terms, the Board verified compliance with the legal stipulations set out in art. 144 of Decree Law no. no. 53/2022, of 12 August.
- Within the scope of compliance with the legal framework, this should note the bettering of the Average Payment Periods established in RCM no. 34/2008.

AMP	2022	2021	Variation	2021
\(\text{\tin}\tint{\text{\ti}\text{\text{\text{\text{\text{\text{\text{\text{\text{\text{\tin}\tint{\text{\tin}\tinin}\text{\tin}\tint{\text{\text{\text{\text{\text{\text{\text{\text{\texi}\tint{\text{\texi}\text{\text{\texi}\text{\texi}\text{\texi}\tex{\texi}\text{\texi}\text{\texit{\texi}\text{\texi}\text{\texi}\ti	2022	2021	Value	%
Period (days)	28	38	-10	-26.3%

Source: Annual Report 2022

The table below sets out the position in terms of debts due as at 31.12.2022 in accordance with the terms of Decree Law no. 65.A/2011.

Debts due	Amount (€)	Amounts of outstanding debt according to art. 1. DL 65- A/2011 (€)				
	0-90 days	90-120 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	

Source: Annual Report 2022

12. The limits relative to the communications ceilings were fully complied with, as detailed in the following table:

	Communications Expenditure (€)				
Board Member (Name)	Defined Monthly Allowance	Annual Amount	Observations		
José Carlos Athaíde 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.

(**) Left the position on 23 August 2022.

(***) Took up the position on 23 August 2022,

(***) The director does not receive any remuneration. Remunerations invoiced by Parpública. Source: Annual Report 2022

13- The limits relative to the fuel ceilings and fuel surcharges were mostly complied with, as the chart below demonstrates, although they were not fully complied with due to professional reasons associated to one of the directors, according to the information provided.

Board Member	Monthly Fuel	Annual Vehicle Costs (€)				
(Name)	and Toll Allowance	Fuels	Tolls	Total	Obs.	
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 €

- 14- Given that the 2022 Activity and Budgetary Plan was not subject to approval, we correspondingly hereby report, in accordance with the details in the table below, that the company:
 - Observed the stipulations of no. 1 of art. 144 of Decree Law no. 53/2022, of 12 August, given that the GONN ratio, taking 2021 as the reference year, amounted to 65.57% in 2022 and, thus, below the level verified in 2021 (67.85%);
 - i) Compliance with line a) of 5 of art. 144 of the aforementioned law as 2022 recorded expenditure on personnel (excluding the management bodies, corrected for the impacts of legal provisions, compensation for redundancy and compulsory remuneratory salary under the terms of the state budget as well as the effects of absenteeism) amounting to €6.404 million, hence, below that of 2021 (€6.411 million).
 - iii) Observed the provisions established in line b) of no. 5 of art. 144 of the aforementioned law given that the level of expenses incurred with travel and accommodation costs, the vehicle fleet and the fees incurred with the contracting of studies, opinion, projects and consultancy registered in 2022 (€672.5 million) came in below the level of expenditure incurred in 2021 (€747.8 million).

^(*) Remuneration incurred by EPAL

^(**) Left the position on 23 August 2022.

^(***) Took up the position on 23 August 2022,

^(*•) The director does not receive any remuneration. Remunerations invoiced by Parpública. Source: Annual Report 2022

1736.00	2022		2021	STATE OF STATE	2019	2022/2021		2022/2019	
PRC	PRC Exec. 2022 Bud. Exec. 2020 Exec. Exec.		AAbso	Var. %	A Abso.	Var. %			
(0) EBITDA	5 581 329	3 889 574	7 227 103	5 742 725	2 954 468	-1 845 774	-23%	2 626 661	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 *	566 482	542 255	553 828	566 278	580 493	12 655	2%	-14 010	-2%
ii. Compensation paid for contractual terminations #	0	80 000	148 126	370 862	0	-148 126	-100%	0	0%
III. Compulsory remuneratory payments =	0	0	0	0	0	0	0%	0	0%
iv. Effect of absenteeism on compliance with legal provisions *	476 663	492 132	48 238	74 740	9 763	420 693	872%	459 188	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 W	554 584	731 351	18 004	39 927	0	529 77E	2929%	547 862	0%
5) Operating costs for the surposes of ascertaining operating efficiency = 11+(2)+(3H5)	11 864 448	11 863 034	11 219 679	N 675 40E	0.565-110	451 491	:4%	3 306 051	40%
(7) Volume of turnover (VN)	17 790 324	17 455 152	16 635 551	13 852 682	11 317 017	1 254 773	8%	£ 473 307	57%
Operating subsidies						0	.0%	.0	0%
Compensatory payments						- 0	.0%	. 0	0%
6) Loss of revenues due to exceptional factors (4)	0	0	0	0	0	0	0%	0	0%
(3) Turnover for the purposes of assentaining operating afficiency (7)+(8)	17 790 524	17 455 152	16 535 551	15.852 683	15 317 617	1.28X 773	38%	6 A73 507	57%
(10) Weighting of Costs A/N = (5)(9)	66.67%	87.36%	67.36%	62.80%	73.90%	-2128%	-8:31%	-8.29%	-11/229
Travel and accommodation costs (FSE)	15 588	32 200	32 347	11 709	25.019	-16 759	-52%	-9 438	-38%
i. Cost of support payments Personnel costs)	6 366	5 800	8.490	1 030	5 586	-124	-2%	779	14%
iii. Vehicle fleet costs 19	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	-45 269	-10%	-196 400	-34%
(\$5) Total = (0) + (0) + (10) +(0)	672 545	678 581	747.770	585 010	R07 108	-75 220	410%	164 583	-20%
Total Number of Staff (BOD+Manager+Staff) ⁴	120	120	120	106	89	-4	-1%	30	34%
No. of Management Bodies (OS)	13	13	13	14	12	0	0%	9	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	31	-1%	65	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	62%

iv) As regards the cap on the growth in debt stipulated under the terms of no. 1 of article 53 of Law no. 12/2022 of 27 June (State Budget Law for 2022) as ascertained according to the

formula set out in no. 4 of article 145 of Decree Law no. 53/2022, of 12 August, we may hereby report compliance in keeping with a reduction of 12.8% as detailed in the table below:

		V.
	2022	2021
Remunerated Liabilities	Amour	its (€)
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%	

Source: Annual Report 2022

- v) This conveys the annualised growth in the net result of around 3% (€1.7 million) reported for the 2022 financial year, which fundamentally explains the improvement of 4.8% (€2.6 million) verified in the financial results due to the impacts of the higher level of distribution of dividends by Group companies, with a particular emphasis on EPAL which, despite facing a rise in financial costs of 62.1% (€1.8 million) due to the effects of the rises in the reference interest rate (Euribor) and, with a lesser impact, the increase in the gross volume of debt registered in December 2022.
- vi) The developments in activities and results over the 2022 financial year may be attributed to i) the effect of the rate rises in the Portuguese State 10-year Treasury Bond, the index applied for determining the net results of Multi-Municipal Systems and State-Municipality Partnerships; ii) the effects of the reduction in electricity costs due to the cuts in the network access tariffs in 2022, which turned negative on some consumption scales; iii) the effects of the rise in prices triggered by the geopolitical crisis on the prices of fuels, the transport of goods and the cost of treating effluents and wastewaters; and iv) the impact of recognising legal impositions in terms of staff, specifically those resulting from the application of the terms of the ACT the Collective Working Agreement.
- iv) Irrespective of the approximate 8% rise in business turnover in the 2022 financial year, there was a fall in the Operating Result of around €1.7 million, which is fundamentally explained by 2021 having recorded an extraordinary recovery in VAT (in relation to the period from 2016 to 2019) due to changing from the Pro-Rata to the real allocation methodology, which generated a favourable impact of around €1.9 million in 2021 (a non-repeatable event in 2022).
- v) Total financial investments in subsidiaries and associates, amounting to €715.1 million as at 31 December 2022, represent about 53% of the total AdP SGPS assets and, as such, constitute a materially significant asset and thus require monitoring in terms of the eventual investment impairment processes or the recognition of provisions for additional subsidiary liabilities.
- vi) 2022 experienced a continuation of the AdP Group's centralised policy for managing its financing and liquid assets.
 - The centralisation of a significant proportion of funding in AdP SGPS has furthermore allowed for the cohesive and coherent management of the financing needs, avoiding cash-flow shortages and insolvency problems. Complementing this medium and long-term framework, AdP SGPS has also focused on negotiating with the banking system to obtain short-term

funding, reducing the capacity of individual banks to penalise any of the subsidiaries, either in terms of costs or credits.

In accordance with the instructions issued by the Government, the Group applies its surplus treasury flows, net of Group needs, with the IGCP as well as having transferred banking system operating activities to the.

vii) In compliance with the legal guidelines, and in respect of the IGCP Order of 18/08/2022 on the request for exemption from complying with the UTE, which provided an exception for a set of services for the years 2022 and 2023, the Group applied the cash surplus net of the Group's needs with the IGCP, and has also transferred the operating surplus in the banking system to that entity, although there is a set of residual commercial banking balances as detailed in the tables below.

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

viii) Following the recommendation of the Supervisory Board addressed to the Company, in 2018, the process of defining the Internal Control Model continued and with AdP SGPS approving the project for defining and implementing a transversal Group Internal Control System during 2019.

According to the company, 2022 saw the audit of the accounts payable item and began an audit of salary processing. Irrespective of the advances made in this financial year, the Supervisory Board perceived these as priority actions and deserving of additional efforts, the finalisation of the works ongoing with a view to implementing the Internal Control System transversally across the Group in accordance with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) model and thereby attain greater maturity in the existing internal controls through means of the effective recognition of the already existing controls capable of responding to the risks identified as well as the respective testing compliance that thereby ascertains the reliability of the internal control system of AdP, SGPS, S.A..

- viii) The Corporate Governance Report submitted to this Supervisory Board includes current, complete and relevant information on the matters regulated in Section II (Good Governance Practices) of Chapter II of Decree-Law no. 133/2013 of 3 October.
- ix) The Statutory Audit Board took note of the Report issued by the External Auditors on the separate accounts, with no objections as to its contents.
- x) The Supervisory Board reviewed the Legal Certification of Accounts issued by the Official Chartered Accountant, which is herein reproduced, which gained our agreement and took knowledge of the respective additional report from the same Chartered Accountant as regards the inspections undertaken. The Supervisory Board took equal note of the respective additional report of the same Chartered Accountant on the inspections undertaken.
- xi) In accordance with the work performed, the Statutory Audit Board considers that the Annual Report, the separate Financial Statements (which include the Statement of Financial Position as of 31 December 2022, the Income Statements by type and comprehensive income, the Statement of Changes in Equity, the Cash Flow Statement for the year then ended and the

Notes to the Financial Statements), are appropriate to understanding not only the financial position of AdP - Águas de Portugal, SGPS, SA as at 31 December 2022 but also how the results were produced and the activities undertaken.

xii) The Audit Committee would hereby emphasise all of the collaboration it has obtained from the Board of Directors, through the director responsible for the financial area, the Statutory Auditor, the External Auditor and the respective services of AdP - Águas de Portugal, SGPS, SA.

OPINION

As a result of the above, the Audit Committee is in favour of the approval by the General Meeting of AdP - Águas de Portugal, SGPS, SA:

- The Report and separate accounts and accounts for 2022, in accordance with the respective Legal Certification of the Accounts;
- b) The proposal for the application of results formulated by the Board of Directors in its Report.

Lisbon, 11 May 2023

THE SUPERVISORY BOARD

Mário José Alveirinho Carrega

(Member)

Rui Mendes Cabeças

(Member)



RELATÓRIO E PARECER DO CONSELHO FISCAL SOBRE OS DOCUMENTOS DE PRESTAÇÃO DE CONTAS SEPARADAS

I. ENQUADRAMENTO

- 1- Em cumprimento das disposições legais e estatutárias aplicáveis, o Conselho Fiscal emite o presente Relatório e Parecer sobre o Relatório de Gestão e restantes documentos de prestação de contas separadas da sociedade AdP Águas de Portugal, S.G.P.S., S.A., apresentadas pelo Conselho de Administração, relativamente ao exercício de 2022.
- 2- O Conselho Fiscal acompanhou a gestão da AdP Águas de Portugal, SGPS, SA, e a evolução dos seus negócios, designadamente mediante contatos com os seus principais responsáveis, bem como através da leitura das atas das reuniões do seu Conselho de Administração e da sua Comissão Executiva. Efetuou reuniões com regularidade, nas quais, em regra, contou com a presença da Administradora responsávei pelo pelouro financeiro e do Revisor Oficial de Contas. O Conselho Fiscal obteve todos os esclarecimentos solicitados e dispôs da documentação que considerou necessária ao desempenho das suas funções de fiscalização.
- 3- O Conselho Fiscal procedeu ainda à análise do cumprimento das normas legais e estatutárias aplicáveis, e exerceu as suas competências em conformidade com o estabelecido no artigo 420.º do Código das Sociedades Comerciais.
- 4- No âmbito das competências que são atribuldas pelos números 1 e 3, do artigo 33.º do Decreto-Lei n.º 133/2013, de 3 de outubro, o Conselho Fiscal verificou o cumprimento pela sociedade das obrigações ai estabelecidas, tendo emitido os Relatórios Trimestrais que foram remetidos às entidades competentes.
- 5-O Relatório do Administrador não executivo sobre o desempenho dos Administradores executivos referencia uma apreciação globalmente positiva do desempenho dos membros do órgão de administração em 2022.
- 6- O Conselho de Administração em funções a 31 de dezembro de 2022 foi eleito para o mandato 2020-2022, a 4 de maio de 2020, em pleno Estado de Emergência, decorrente do contexto de Pandemia Covid-19. Assinale-se que através de deliberação tomada em Assembleia Geral de 10 de maio de 2021 foram fixadas as orientações estratégicas, objetivos e indicadores de gestão e respetivas metas quantificáveis para o mandato 2020-2022.



7-Na sequência do Despacho n.º 1025/2021-SET, de 10 de novembro, foi autorizada a reorganização do centro corporativo do Grupo Águas de Portugal materializada na concentração, ao nível da holding, da prestação de serviços técnicos de administração e gestão às suas participadas (e consubstanciada na transferência para a esfera de intervenção da AdP SGPS, de áreas até então a cargo da AdP Valor, compras, serviços jurídicos e sistemas de informação). Salienta-se que o Plano de Atividades e Orçamento (PAO) da AdP, SGPS, para 2022 não foi objeto de aprovação pelos acionistas.

II. AVALIAÇÃO DOS DOCUMENTOS DE PRESTAÇÃO DE CONTAS

- 8-A análise completa para o Grupo nos domínios económico, social, ambiental, inovação e igualdade consta do Relatório de Sustentabilidade 2022, revelando-se um cumprimento material daqueles.
- 9- Verifica-se o cumprimento, no que respeita à prestação de contas anual aqui sujeitas a análise, das obrigações de divulgação estabelecidas no artigo 44.º do Decreto-Lei n.º 133/2013, de 3 de outubro.
- 10- No domínio das remunerações dos órgãos sociais foi dado cumprimento às orientações remuneratórias vigentes em 2022.
 Verificou-se, de uma forma geral, o cumprimento das orientações legais dispostas no art.º 144 do Decreto-Lei n.º 53/2022, de 12 de agosto.
- 11- No quadro do cumprimento das orientações legais, deverá ser assinalado a superação do Prazo Médio de pagamentos estabelecido na RCM n.º 34/2008.

PAIR	2022	2021	Variação 22	2:21	
P. STP	21/23	2021	Value	**	
Penzo (dias)	28	38	-10	-26.3%	

Apresenta-se seguidamente, o quadro da posição das dividas vencidas em 31.12.2022, nos termos do Decreto-Lei n.º 65-A/2011.

Dividus Veneidas	\ afor (f)	Valor das dividas vencidas de acordo com o art. 1.º DL 65-A 2011 (€)					
Dividual a Cheduas	0.90 dias	90-120 clias	120-240 dias	240-360 dias	> 360 dias 1-1		
Aq. de Bens e Serviços	454 353	4 138	1 029	-32	-11 811		
Aq. de Capital							
Total	454 353	4 138	1.029	-32	-11 811		

12- Os limites relativos aos plafonds de comunicações, foram integralmente cumpridos conforme decorre do quadro infra:



	Gastos com Comunicações (€)				
Membro do CA (Nome)	Plafond Mensal Definido	Valor Anual	Observações		
José Carlos Athaide dos Remédios Furtado	80,00	524,23 €			
José Manuel Leitão Sardinha (*)		***			
Catarina Isabel Climaco 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, em rep. da Parpública, SGPS, S.A. (****)					
		1 850,13 €			

(*) A remuneração é suportada pela EPAL.

(**) Cessou funções no dia 23 de agosto de 2022.

(***) Iniciou funções no dia 23 de agosto de 2022.

(****) O gestor não aufere remuneração. Remuneração faturada pela Parpública.

Fonte: R&C 2022

13- Os limites relativos aos plafonds de combustíveis e portagens foram maioritariamente cumpridos conforme se pode observar no quando infra, não o tendo sido integralmente por motivos de ordem profissional associados a dois dos administradores, de acordo com a informação prestada.

				riados a Viaturas (€)		
Membro do CA (Nome)	Mensal Combustível e Portagens	Combustível	Portagens	Total	Observações	
José Carlos Athaide 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, em rep. da Parpública, SGPS, S.A. (****)		0,00	0,00	0,00		
				15 716,11		

(*) O gestor aufere a remuneração pela EPAL.

**) Cessou funções no dia 23 de agosto de 2022

(***) Iniciou funções no dia 23 de agosto de 2022 (****) O gestor não aufere remuneração. Remuneração faturada pela Parpública. Fonte. R&C 2022

- 14- Considerando que o PAO 2022 não foi objeto de aprovação, deverá ser relevado, conforme se pode verificar no quadro infra, que a sociedade:
 - Observou o disposto no n.º 1 do art.º 144 do Decreto-Lei n.º 53/2022, de 12 de agosto, i) na medida em que o rácio GO/VN, tomando o ano de referência como 2021, ascendeu em 2022 a 65,57%, inferior ao verificado em 2021 (67,85%);
 - Cumpriu a alínea a) do n.º 5 do art.º 144 do supramencionado diploma legal porquanto ii) registou em 2022 um valor dos gastos com pessoal (excluídos dos órgãos sociais, corrigido dos impactos das disposições legais, de indemnizações por rescisão e das valorizações remuneratórias que sejam obrigatórias, nos termos da Lei OE, bem como



- do efeito do absentismo) na ordem de 6.404 M€ inferior ao apurado em 2021 (6,411 M€);
- iii) Atendeu ao estabelecido na alínea b) do n.º 5 do art.º 144 do supramencionado diploma legal uma vez que o conjunto dos encargos com deslocações, ajudas de custo e alojamento, os associados à frota automóvel e dos encargos com contratação de estudos, pareceres, projetos e consultoria registados em 2022 (672,5m€) foi inferior ao verificado em 2021 (747,8m€).

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C. Clatton emis Alienton de turon.	4.360	3.800	8.090	7.00%	X560	1894	370	26	115
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Chipana Santajo (Chi)	1.3	17	111	14	14	- 1	1150	1	X.
Corpo de Dierrau(CD)	10		- 0	111	13		115		177
* Legler by help Treat Flor									14.7
au CDr		-0.0	34	13	-62	IA.	154	111	133
N. Trabalhidatest's ED	1.1	11	.11	1 1	1. 1	- 6	150	- 6	-336
V.5 die sketneau	23	- (3)	48	44 1	31		25-	14.	91

iv) No que se refere ao limite de crescimento do endividamento, nos termos definidos no n.º 1 do artigo 53.º da Lei n.º 12/2022, de 27 de junho (Lei do Orçamento do Estado para 2022), apurado nos termos da fórmula disposta no n.º 4 do artigo 145.º do Decreto-Lei n.º 53/2022, de 12 de



agosto, cumpre relevar que se verificou uma redução de 12,8% conforme decorre do quadro infra:

	2022	2021	
Passivo Reminerado	\ alores (€)		
Financiamento Remunerado (Corrente e Não Corrente)	419 500 000,00	544 318 182,00	
Capital Social / Capital Estatutário	434 500 000,00	434 500 000,00	
Novos Investimento no ano 2020 (com expressão material)			
VARIAÇÃO DO ENDIVIDAMENTO	-12,8%		

Fance R&C 2023

v) Observa-se um acréscimo do nível do resultado líquido verificado no exercício de 2022 na ordem de 3% (1,7 M€ em valor) face a 2021, o qual é explicado fundamentalmente pela melhoria verificada nos Resultados Financeiros de 4,8% (2,6 M€ em valor) designadamente, pelo impacto da maior distribuição de dividendos das participadas, com destaque para a EPAL, apesar do aumento dos gastos financeiros de 62,1% (1,8 M€ em valor) decorrente do efeito de crescimento das taxas de juro de referência (Euribor) e, com menor impacto, do aumento do volume do endividamento bruto registado em dezembro de 2022.

A evolução da atividade e do resultado no exercício de 2022 pode ser explicada por i) efeito da subida da taxa das Obrigações do Tesouro a 10 anos do Estado Português, indexante utilizado para a determinação dos resultados líquidos dos Sistemas Multimunicipais e Parcerias Estado-Autarquias; ii) efeito da redução nos gastos com eletricidade resultante da redução ocorrida em 2022 nas tarifas de acesso à rede, que foram negativas para alguns escalões de consumo; e iii) efeito da subida de preços devido à crise geopolítica no preço dos combustíveis, transporte de mercadorias e custo de tratamento de efluentes e residuos; e iv) impacto do reconhecimento das imposições legais no âmbito do pessoal, designadamente as decorrentes da aplicação do estipulado no Acordo Coletivo de Trabalho (ACT).

- vi) Não obstante o acréscimo em cerca de 8% do volume de negócios no exercício de 2022, verificou-se uma redução do Resultado Operacional em cerca de 1,7 M€, a qual é fundamentalmente explicada pelo facto de em 2021 se ter registado extraordinariamente a recuperação de IVA (relativo a 2016 a 2019) em virtude de uma alteração de metodologia de Pro-Rata para afetação real, que impactou favoravelmente em 2021 em cerca de 1,9 M€ (evento não repetível em 2022).
- vii) O total de investimentos financeiros em subsidiárias e participadas, totalizando 715,1 M€ a 31 de dezembro de 2022, representa cerca de 53% do total do ativo da AdP, SGPS, pelo que sendo um ativo com expressão material deve ser objeto de acompanhamento quanto ao processo de avaliação de eventuais imparidades dos investimentos ou reconhecimento de provisões para responsabilidades adicionais em subsidiárias.



 viii) No exercício de 2022 foi dada continuidade à política centralizada de gestão de financiamento e disponibilidades do Grupo AdP.

A centralização de parte significativa de fundos na AdP SGPS tem permitido gerir de forma coesa e coerente as necessidades financeiras do Grupo, tendo-se evitado ruturas de tesouraría e problemas de insolvência. Comptementando este enquadramento de médio e longo prazo, a AdP SGPS centralizou também a negociação com o sistema bancário para obtenção dos financiamentos de curto prazo, reduzindo a capacidade dos bancos individualmente poderem penalizar alguma das participadas, quer em termos de custos quer em termos de crédito. Na sequência de instruções por parte do Governo, o Grupo aplica os seus excedentes de tesouraria, líquidos das necessidades do grupo, junto da IGCP, bem como tem vindo a transferir a atividade operacional do sistema bancário para o IGCP.

ix) Em cumprimento das orientações legais e em respeito do Despacho do IGCP, de 18/08/2022, sobre o pedido de dispensa de cumprimento da UTE, o qual excecionou para os anos de 2022 e 2023 para um conjunto de serviços, o Grupo aplicou os excedentes de tesouraria, líquidos das necessidades do grupo junto do IGCP, bem como tem vindo a transferir a atividade operacional do sistema bancário para aquela entidade existindo, não obstante, um conjunto de saldos residuais na banca comercial, conforme decorre dos quadros infra.

(GCP	Trinedie	2" Trimes as	J. Trian.	4" Tennostre
Disponihilidades	61 [21439.00]	212703.00	7 328 - 161	9 751 383 (0)
Aplicações Financeiras				178 540 000,00
Total	64:723:439.00	3/242 800,00	7.32s = 0.00 E-	188 281 385,00

Finite R&C 2027

Banca Comercia	l Trimeen €	2 Trincestry	2"Trimestre	at Trimestee
BANCOBPI	125 392.65	16.058,27	F 558.52	h 548 h5
BANCO SANTANDER TOTTA	1.869.98	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 PORT. G. ES	575.86	523.51	-467.16	411.81
CALXA GERAL DE DEPOSITOS	1470.06	1.306.111	1.250,83	631 205.01
BANCO BANKINTER	\$ 442.05	N 360,85	3 279,67	4 195.17
Total	139 736.21	29.239.781	5/1021,94	646 406 92
CAIXA Jurns auferidos**	5(x),t(c)	300,001	37/0,003	250.09

Finite: R&C 2022

x) Na sequência de recomendação do Conselho Fiscal dirigida à Sociedade, em 2018 foi dada continuidade ao processo de definição do Modelo de Controlo Interno, tendo a AdP SGPS aprovado no decurso de 2019 o projeto de definição e implementação de um Sistema de Controlo Interno transversal para o Grupo.





De acordo com a sociedade, em 2022 foi auditado as contas a pagar, e inicipu-se a auditoria ao processamento salarial. Não obstante os avanços registados no presente exercício, o Conselho Fiscal entende que deve ser mantida como ações prioritária e merecedoras de um crescido esforço, a finalização dos trabalhos em curso tendentes à implementação do Sistema de Controlo Interno transversal ao Grupo, assente no modelo do COSO (Committee of Sponsoring Organizations of the Treadway Commission), de modo a que seja prosseguida uma maior maturidade do controlo interno existente, por via do efetivo reconhecimento dos controlos já existentes capazes de responder aos riscos identificados, bem como a respetiva testagem compliance, de modo a alcançar a fiabilidade do sistema de controlo interno da AdP, SGPS, SA.

- xi) O Relatório de Governo Societário apresentado a este Conselho Fiscal Inclui Informação atual, completa e relevante sobre as matérias reguladas na Secção II (Práticas de Bom Governo) do Capítulo II do Decreto-Lei n.º 133/2013, de 3 de outubro.
- xii) O Conselho Fiscal tomou conhecimento do Relatório emitido pelos Auditores Externos sobre as contas separadas, nada havendo a objetar quanto ao seu conteúdo.
- xiii) O Conselho Fiscal apreciou a Certificação Legal das Contas emitida pelo Revisor Oficial de Contas, que aqui se dá como reproduzida, que mereceu o seu acordo e tomou conhecimento do respetivo relatório adicional do mesmo Revisor Oficial de Contas sobre a fiscalização efetuada. O Conselho Fiscal tomou igualmente conhecimento do respetivo relatório adicional do mesmo Revisor Oficial de Contas sobre a fiscalização efetuada.
- xiv) Em conformidade com o trabalho desenvolvido, o Conselho Fiscal considera que o Relatório e Contas, as Demonstrações Financeiras separadas (as quais compreendem a Demonstração da posição financeira em 31 de dezembro de 2022, as Demonstrações dos resultados por naturezas e do rendimento integral, a Demonstração das variações do capital próprio, a Demonstração dos fluxos de caixa do exercicio findo naquela data e as Notas às Demonstrações Financeiras), são adequados à compreensão da situação patrimonial da AdP Águas de Portugal, SGPS, SA em 31 de dezembro de 2022, e da forma como se formaram os resultados e se desenrolou a atividade.
- xv) O Conselho Fiscal salienta toda a colaboração que obteve do Conselho de Administração, através do administrador responsável pelo pelouro financeiro, do Revisor Oficial de Contas, do Auditor Externo e dos Serviços da AdP – Águas de Portugal, SGPS, SA.

PARECER

Em consequência do acima referido, o Conselho Fiscal é de parecer favorável a que sejam aprovados pela Assembleia-Geral da AdP – Águas de Portugal, S.G.P.S., S.A.:

- a) O Relatório e Contas e contas separadas referentes ao exercicio de 2022, atenta a respetiva Certificação Legal de Contas;
- b) A proposta de aplicação de resultados formulada pelo Conselho de Administração no seu Relatório.

Lisboa, 11 de maio de 2023,

O CONSELHO FISCAL

Mário José Alveirinho Carrega (Vogal)

> Rui Mendes Cabeças (Vogal)

LEGAL CERTIFICATION OF THE ACCOUNTS

Grant Thornton

Edificio Amadeo Souza Cardoso Alameda António Sérgio, 22, 11.º 1495-132 Algés

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Avenida da Boavista, 1180, 4.º 4100-113 Porto T: + 351 220 996 083 E-mail: gt.porto@pt.gt.com

Legal Certification of the Accounts

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the attached financial statements of AdP - Águas de Portugal, SGPS, S.A. (the Entity), which include the statement of the financial position as at 31 December 2022 (reporting a total of EUR 1,348,107,517 and total equity of EUR 916,037,162 euros, including net income of EUR 57,719,062 euros), the income statement by type, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended therein, and the accompanying notes to the financial statements, which include a summary of the main accounting policies.

In our opinion, the attached financial statements fairly and appropriately present the financial position of AdP - Águas de Portugal, SGPS, SA in all material respects as at 31 December 2022 and its financial performance and cash flows for the year ended therein in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

Bases for the opinion

Our audit was carried out in accordance with the International Accounting Standards (IAS) and the other technical and ethical standards and guidelines of the Portuguese Statutory Auditors Association. Our responsibilities under these standards are described in the section "Auditor's Responsibilities for the Audit of Financial Statements" below. We are independent of the Entity as stipulated by the law and we further comply with the legal requirements of the Statutory Auditor code of ethics.

We are convinced that the audit evidence we have obtained is sufficient and appropriate to providing a basis for our opinion.

Responsibilities of the management body and the supervisory body for the financial statements

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Share Capital: 31.400 Euros . Taxpayer I Registration no. 502 286 784 . Registered with the Cascais Company Registry Office Registered with the Portuguese Statutory Auditors Association under no 67 and with the CNVM (Portuguese Securides Market Regulator) under no 2016.1403 The management body is responsible for the:

- preparation of the financial statements that fairly and appropriately present the Entity's financial position, the financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union;
- preparation of the management report, in accordance with the applicable legal and regulatory framework:
- implementation and maintenance of an appropriate internal control system to enable the preparation of financial statements free from material misstatement due to fraud or error;
- adoption of the appropriate accounting policies and criteria under these circumstances; and
- assessment of the Entity's capacity to remain operational and disclosing, whenever applicable, any issues that may give rise to significant changes in the continuity of activities.

In turn, the supervisory body is responsible for overseeing the preparation and disclosure of the Entity's financial information.

Responsibilities of the auditor for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable certainty is a high level of safety but this does not guarantee that an audit performed in accordance with the IAS shall always detect material misstatements when existing. Distortions may arise from fraud or error and are considered material when, whether in isolation or in conjunction, they can reasonably be expected to influence the economic decisions of users based on the respective financial statements.

As part of an IAS audit, we make professional judgments and maintain professional scepticism throughout the audit and also:

- identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to providing a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting material misrepresentation due to error as fraud may involve collusion, forgery, intentional omissions, false declarations or overlapping internal controls;
- obtain an understanding of the internal control system relevant to the audit for the purpose of designing audit procedures appropriate to the circumstances but not to expressing an opinion on the effectiveness of the Entity's internal control system;
- evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the respective disclosures made by the management body;
- conclude on the appropriateness of the management's adoption of the assumption of continuity and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that might give rise to significant doubts about the Entity's ability to continue activities. When concluding that there is material uncertainty, we duly draw attention in our report to the related disclosures included in the financial statements or, when these disclosures are not appropriate, we correspondingly modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to discontinue its activities;

- evaluate the presentation, structure and overall content of the financial statements, including the
 disclosures, and whether these financial statements represent the underlying transactions and events
 in order to convey an appropriate presentation;
- communicate with those responsible for governance, including the supervisory body, the scope and timing of the audit, among other issues, as well as any significant audit findings, including any significant internal control weaknesses identified during the audit.

Our responsibility also includes verifying the consistency of the information contained in the management report with that in the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to Article 451(3)(e) of the National Companies Code, it is our opinion that the management report was prepared in accordance with the legal and regulatory requirements in force, the information contained therein is correspondingly consistent with the audited financial statements and, considering our knowledge and evaluation of the Entity, we do not identify any material misreporting.

Digitally signed by: PEDRO MIGUEL RAPOSO LISBOA NUNES

Identification no.: 10328871 Date: 2023.05.11 17:50:09+01'00'

Grant Thornton & Associados - SROC, Lda.

Represented by Pedro Lisboa Nunes

Chartered Accountant registered with the CMVM (Portuguese Securities Market Regulator) under no. 20160813



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Certificação Legal das Contas

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas da AdP – Águas de Portugal, S.G.P.S., S.A. (a Entidade), que compreendem a demonstração da posição financeira em 31 de dezembro de 2022 (que evidencia um total de 1.348.107.517 euros e um total de capital próprio de 916.037.162 euros, incluindo um resultado líquido de 57.719.062 euros), a demonstração dos resultados por naturezas, a demonstração do rendimento integral, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras, que incluem um resumo das políticas contabilisticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da AdP – Águas de Portugal, S.G.P.S., S.A. em 31 de dezembro de 2022 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo, Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras



O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório de gestão nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade da Entidade se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;
- avaliarnos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluimos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluimos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluidas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada;



 comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria, incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nete constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade, não identificámos incorreções materiais.

Assinado por: PEDRO MIGUEL RAPOSO LISBOA NUNES Num. de Identificação: 10328871 Data-2023,05.11.17:50:09+01'00'

Grant Thornton & Associados - SROC, Lda.

Representada por Pedro Lisboa Nunes

ROC registado na CMVM com o n.º 20160813

PWC

Auditor's Report

Audit report on the financial accounts

Opinion

We have audited the attached Financial Statements of AdP - Águas de Portugal, S.G.P.S., S.A. (the Entity), which include the Statement of Financial Position as at 31 December 2022 (reporting a total of EUR 1,348,107,517 and total equity of EUR 916,037,162, including a net profit of EUR 57,719,062), the Income Statement by Type, the Statement of Comprehensive Income, the Statement of Changes in Equity and thee Cash Flow Statement for the financial year ending on that date and the Notes to the Financial Statements, including a summary of the main accounting policies.

In our opinion, the attached Financial Statements portray a true and appropriate picture, in all material aspects, of the financial position of AdP - Águas de Portugal, S.G.P.S., S.A. as at 31 December 2022, its financial performance and cash flows during the period that ended on that date in accordance with the International Financial Reporting Standards as adopted in the European Union.

Bases for Opinion

Our audit was carried out in accordance with the International Standards on Auditing (ISA) and other standards and technical and ethical guidelines of the Portuguese Statutory Auditors Association. Our responsibilities pursuant to these standards are described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section below. We are independent of the entities that make up the Entity pursuant to law and we comply with other ethical requirements under the code of ethics of the Portuguese Statutory Auditors Association.

We are convinced that the audit evidence we have obtained is sufficient and appropriate to providing a basis for our opinion.

Responsibilities of the management body and the supervisory body for the financial statements

The management body is responsible for the:

- preparation of the financial statements that fairly and appropriately present the Entity's financial position, the financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- preparation of the management report, in accordance with the applicable legal and regulatory framework;
- implementation and maintenance of an appropriate internal control system to enable the preparation of financial statements free from material misstatement due to fraud or error;
- d) adoption of the appropriate accounting policies and criteria under these circumstances; and

 assessment of the Entity's capacity to remain operational and disclosing, whenever applicable, any issues that may give rise to significant changes in the continuity of activities.

In turn, the supervisory body is responsible for overseeing the preparation and disclosure of the Entity's financial information.

Responsibilities of the auditor for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable certainty is a high level of safety but this does not guarantee that an audit performed in accordance with the IAS shall always detect material misstatements when existing. Distortions may arise from fraud or error and are considered material when, whether in isolation or in conjunction, they can reasonably be expected to influence the economic decisions of users based on the respective financial statements.

As part of an IAS audit, we make professional judgments and maintain professional scepticism throughout the audit and also:

- a) identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures that respond to those risks and thereby obtaining audit evidence that is sufficient and appropriate to providing a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting material misrepresentation due to error as fraud may involve collusion, forgery, intentional omissions, false declarations or overlapping internal control;
- obtain an understanding of the internal control system relevant to the audit for the purpose
 of designing audit procedures appropriate to the circumstances but not to expressing an
 opinion on the effectiveness of the Entity's internal control system;
- evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the respective disclosures made by the management body;
- d) conclude on the appropriateness of the management's adoption of the assumption of continuity and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that might give rise to significant doubts about the Entity's ability to continue activities. When concluding that there is material uncertainty, we duly draw attention in our report to the related disclosures included in the financial statements or, when these disclosures are not appropriate, we correspondingly modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to discontinue its activities;
- e) evaluate the presentation, structure and overall content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in order to convey an appropriate presentation;

- communicate with those responsible for governance, including the supervisory body, the scope and timing of the audit, among other issues, as well as any significant audit findings, including any significant internal control weaknesses identified during the audit;
- g) on the issues we communicate about with those responsible for governance, including the supervisory board, we determined they were the most important in the audit of the financial statements in the current year and are materially relevant to the audit. We describe these issues in our report except when the law or regulations prohibit their public release; and
- h) declare to the supervisory board that we complied with the ethical requirements as regards our independence and furthermore communicate each and all of our relationships and other materials that may be perceived as threats to our independence and, whenever applicable, the measures we have taken to eliminate the threats and the safeguards applied.

Our responsibility also includes verifying the consistency of the information contained in the management report with that in the financial statements.

Report on other legal and regulatory requirements

On the management report

It is our opinion that the management report was prepared in accordance with the legal and regulatory requirements in force, the information contained therein is correspondingly consistent with the audited financial statements and, taking into account our knowledge and evaluation of the Entity, we do not identify any material misreporting.

11 May 2023

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

José Ives Bizarro Duarte, Chartered Account no. 1957 registered with the CMVM (Portuguese Securities Market Regulator) under no. 20200003



Relatório de Auditoria

Relato sobre a auditoria das demonstrações financeiras

Opinião

Auditámos as demonstrações financeiras anexas da AdP - Águas de Portugal, S.G.P.S., S.A. (a Entidade), que compreendem a demonstração da posição financeira em 31 de dezembro de 2022 (que evidencia um total de 1.348.107.517 euros e um total de capital próprio de 916.037.162 euros, incluindo um resultado líquido de 57.719.062 euros), a demonstração do resultado, a demonstração das variações do capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilisticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da AdP - Águas de Portugal, S.G.P.S., S.A. em 31 de dezembro de 2022 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISAs) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- a) preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório de gestão e do relatório de governo societário, nos termos legais e regulamentares aplicáveis;
- ciação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro;
- d) adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e

 avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nivel elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISAs detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISAs, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- a) Identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- d) concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada;

Jb

- f) comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria;
- g) das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; e
- h) declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos-lhe todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, quais as medidas tomadas para eliminar as ameaças ou quais as salvaguardas aplicadas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras.

Relato sobre outros requisitos legais e regulamentares

Sobre o relatório de gestão

Em nossa opinião, o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e a apreciação sobre a Entidade, não identificámos incorreções materiais

11 de maio de 2023

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
representada por:

José Alves Bizarro Duarte, ROC nº 1957 Registado na CMVM com o nº 20200003

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Kevin Rose, Unipessoal Lda Content Provider

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kar@netcabo.pt

STATEMENT

The documents entitled the "Report of the Non-Executive Director", published on pages 119 and 120, "Report and Opinion of the Supervisory Board" on the Consolidated financial reports published on pages 234-237, the "Legal Certification of the [Consolidated] Accounts" published on pages 243-245, "Report by the External Auditor" on the Consolidated financial reports published on pages 249-251, "Report and Opinion of the Supervisory Board" on the Separate financial reports published on pages 298-305, "Legal Certification of the [Separate] Accounts" published on pages 314-316, "Report by the External Auditor" on the Separate financial reports published on pages 320-322 of this annual report were translated by Kevin Rose Unipessoal, Lda from the original documents included in the Águas de Portugal "Relatório e Contas 2022".



EDITED BY

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