GREENVOLT – ENERGIAS RENOVÁVEIS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020, 2019, 2018 AND AS AT 1 JANUARY, 2018

(amounts expressed in Euros)

ASSETS	Notes	31.12.2020	31.12.2019	31.12.2018	01.01.2018 Note 4
NON-CURRENT ASSETS:					
Property, plant and equipment	13	160,466,245	166,809,912	144,915,916	117,250,414
Right-of-use assets	14.1	5,433,575	5,737,867	-	-
Intangible assets	15	6,795,875	1,418,432	1,537,395	1,656,358
Other investments	11	-	-	-	-
Deferred tax assets	17	1,493,924	2,503,285	2,336,918	644,018
Total non-current assets		174,189,619	176,469,496	148,790,229	119,550,790
CURRENT ASSETS:					
Inventories	16	1,108	3,041,661	1,500,765	537,915
Trade receivables	18	19,580	-	-	-
Assets associated with contracts with customers	20	7,476,825	7,365,847	8,018,339	3,634,863
Other receivables	19	11,578	988,262	2,478,325	27,274
Income tax receivable	17	387	-	-	-
Other tax assets	21	115,287	7,271	2,174,477	6,463
Other current assets	22	506,427	203,819	140,294	163,676
Cash and cash equivalents	23	14,100,666	16,107,267	6,707,457	13,145,419
Total current assets		22,231,858	27,714,127	21,019,657	17,515,610
Total assets		196,421,477	204,183,623	169,809,886	137,066,400
EQUITY AND LIABILITIES					
EQUITY:					
Share capital	24	50,000	50,000	50,000	50,000
Legal reserve	24	10,000	10,000	10,000	10,000
Supplementary capital	24	9,583,819	13,150,000	13,150,000	13,150,000
Other reserves and retained earnings	24	39,718,335	19,772,948	15,014,208	15,014,208
Consolidated net profit for the year attributable to Equity holders of the parent		17,934,337	6,795,387	5,202,616	-
Total equity attributable to Equity holders of the parent		67,296,491	39,778,335	33,426,824	28,224,208
Non-controlling interests		14,584	13,453	-	-
Total equity		67,311,075	39,791,788	33,426,824	28,224,208
LIABILITIES:					
NON-CURRENT LIABILITIES:					
Bonds	25	48,463,769	49,673,801	-	-
Other loans	25	-	-	-	43,266,255
Lease liabilities	14.2	5,836,636	6,088,752	-	-
Other payables	29	820,348	-	-	-
Other non-current liabilities	27	611,632	834,043	1,106,111	1,338,856
Deferred tax liabilities	17	3,258,306	2,844,621	3,048,177	3,077,964
Provisions	26	11,538,164	11,388,007	9,238,147	9,193,920
Total non-current liabilities		70,528,855	70,829,224	13,392,435	56,876,995
CURRENT LIABILITIES:					
Bonds	25	1,545,172	294,954	-	-
Other loans	25	40,007,311	50,000,000	-	9,669,509
Shareholders loans	33	-	24,596,424	111,313,870	29,558,688
Lease liabilities	14.2	284,370	273,537	-	-
Trade payables	28	8,537,852	11,931,566	6,914,258	4,715,084
Other payables	29	3,939,205	1,954,692	3,462,979	6,824,862
Income tax payable	17	3,411,514	150,718	944,931	182,579
Other tax liabilities	21	565,732	4,012,039	-	667,228
Other current liabilities	30	290,391	348,681	354,589	347,247
Total current liabilities		58,581,547	93,562,611	122,990,627	51,965,197
Total liabilities		129,110,402	164,391,835	136,383,062	108,842,192
Total equity and liabilities		196,421,477	204,183,623	169,809,886	137,066,400

The accompanying notes are part of these consolidated financial statements.

GREENVOLT – ENERGIAS RENOVÁVEIS, S.A.

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

(amounts expressed in Euros)

	Notes	31.12.2020	31.12.2019	31.12.2018
Revenue	34	89,877,619	64,283,355	50,537,103
Other income	35	222,437	851,448	3,313,368
Costs of sales	16	(39,028,957)	(24,880,975)	(19,870,281)
External supplies and services	40	(17,920,494)	(17,470,548)	(13,517,660)
Provisions and impairment reversals /(losses) in current assets		41	-	-
Other expenses	36	(129,539)	(82,425)	(364,828)
Operating profit before amortization and depreciation and Impairment reversals /(losses) in non-current assets		33,021,107	22,700,855	20,097,702
Amortization and depreciation	38	(12,148,457)	(10,623,246)	(7,764,671)
Impairment reversals /(losses) in non-current assets	13 and15	6,335,742	-	(5,500,000)
Operating profit		27,208,392	12,077,609	6,833,031
Financial expenses	37	(1,791,223)	(1,872,466)	(620,739)
Financial income	37	67	480	443
Profit before income tax and CESE		25,417,236	10,205,623	6,212,735
Income tax	17	(6,412,734)	(2,616,493)	(1,010,119)
Energy sector extraordinary contribution (CESE)	41	(1,078,934)	(797,390)	-
Consolidated net profit for the year		17,925,568	6,791,740	5,202,616
Attributable to:				
Equity holders of the parent	39	17,934,337	6,795,387	5,202,616
Non-controlling interests		(8,769)	(3,647)	-
		17,925,568	6,791,740	5,202,616
Earnings per share				
Basic	39	1,793	680	520
Diluted	39	1,793	680	520

The accompanying notes are part of these consolidated financial statements.

GREENVOLT – ENERGIAS RENOVÁVEIS, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

(amounts expressed in Euros)

	Notes	31.12.2020	31.12.2019	31.12.2018
Consolidated net profit for the year		17,925,568	6,791,740	5,202,616
Other comprehensive income:				
Items that will not be reclassified to profit or loss		-	-	-
		-	-	-
Items that may be reclassified to profit or loss in the future		-	-	-
		-	-	-
Other comprehensive income for the year		-	-	-
Total consolidated comprehensive income for the year		17,925,568	6,791,740	5,202,616
Attributable to:				
Equity holders of the parent		17,934,337	6,795,387	5,202,616
Non-controlling interests		(8,769)	(3,647)	-

The accompanying notes are part of these consolidated financial statements.

GREENVOLT – ENERGIAS RENOVÁVEIS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

(amounts expressed in Euros)

		Attributable to Equity holders of the parent							
	Notes	Share capital	Legal reserve	Supplementary capital	Other reserves and retained earnings	Profit and loss result	Total equity attributable to Equity holders of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2018	4	50,000	10,000	13,150,000	15,014,208	-	28,224,208	-	28,224,208
Total consolidated comprehensive income for the year		-	-	-	-	5,202,616	5,202,616	-	5,202,616
Balance on 31 December 2018	24	50,000	10,000	13,150,000	15,014,208	5,202,616	33,426,824	-	33,426,824
Balance as at 1 January 2019	24	50,000	10,000	13,150,000	15,014,208	5,202,616	33,426,824	-	33,426,824
Appropriation of the consolidated net profit from 2018		-	-	-	5,202,616	(5,202,616)	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	-	15,600	15,600
Incorporation of subsidiaries		-	-	-	-	-	-	1,500	1,500
Impact of application of IFRS 16	5	-	-	-	(438,275)	-	(438,275)	-	(438,275)
Others		-	-	-	(5,601)	-	(5,601)	-	(5,601)
Total consolidated comprehensive income for the year		-	-	-	-	6,795,387	6,795,387	(3,647)	6,791,740
Balance on 31 December 2019	24	50,000	10,000	13,150,000	19,772,948	6,795,387	39,778,335	13,453	39,791,788
Balance as at 1 January 2020	24	50,000	10,000	13,150,000	19,772,948	6,795,387	39,778,335	13,453	39,791,788
Appropriation of the consolidated net profit from 2019		-	-	-	6,795,387	(6,795,387)	-	-	-
Changes of ownership of suplementary capital	24	-	-	(13,150,000)	13,150,000	-	-	-	-
Conversion of shareholder loans to supplementary capital	24	-	-	9,583,819	-	-	9,583,819	-	9,583,819
Capital contributions		-	-	-	-	-	-	9,900	9,900
Total consolidated comprehensive income for the year		-	-	-	-	17,934,337	17,934,337	(8,769)	17,925,568
Balance on 31 December 2020	24	50,000	10,000	9,583,819	39,718,335	17,934,337	67,296,491	14,584	67,311,075

The accompanying notes are part of these consolidated financial statements.

GREENVOLT – ENERGIAS RENOVÁVEIS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

(amounts expressed in Euros)

	Notes	31.12.2020		31.12.2019		31.12.2018	
Operating activities:							
Receipts from customers		110,433,281		80,445,458		55,173,791	
Payments to suppliers		(67,434,325)		(47,361,213)		(41,184,453)	
Other receipts/(payments) relating to operating activities		(12,626,081)		889,978		(2,838,857)	
Income tax (paid)/received		(1,729,279)	28,643,596	(3,636,676)	30,337,547	(1,970,454)	9,180,027
Net cash from operating activities (1)			28,643,596		30,337,547		9,180,027
Investing activities:							
Receipts arising from:							
Interest and similar income		55	55	479	479	482	482
Payments relating to:							
Investments	10	(821,779)		(18,000)		-	
Property, plant and equipment		(2,955,492)		(31,829,710)		(43,395,327)	
Intangible assets		-	(3,777,271)	-	(31,847,710)	-	(43,395,327)
Net cash used in investing activities (2)			(3,777,216)		(31,847,231)		(43,394,845)
Financing activities:							
Receipts arising from:							
Loans obtained	25	400,000,000		180,000,000		-	
Capital contributions		9,900		-		-	
Other financing transactions		-		-		-	
Shareholders loans	33	-	400,009,900	5,000,000	185,000,000	81,500,000	81,500,000
Payments relating to:							
Interest and similar expenses		(1,441,761)		(1,438,513)		(778,769)	
Loans obtained	25	(410,000,000)		(80,000,000)		(52,944,375)	
Lease liabilities	14.2	(528,120)		(421,858)		-	
Shareholders loans	33	(14,913,000)	(426,882,881)	(92,230,135)	(174,090,506)	-	(53,723,144)
Net cash (used in)/ from financing activities (3)			(26,872,981)		10,909,494		27,776,856
Cash and cash equivalents at beginning of year	23		16,107,267		6,707,457		13,145,419
Net increase/(decrease) in cash and cash equivalents: (1)+(2)+(3)			(2,006,601)		9,399,810		(6,437,962)
Cash and cash equivalents at end of year	23		14,100,666		16,107,267		6,707,457

The accompanying notes are part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Greenvolt – Energias Renováveis, S.A. (hereinafter referred to as 'Greenvolt' or 'the Company', until 10 March 2021 formerly named Bioelétrica da Foz, S.A.) is a private limited company incorporated in 2002, under the laws of Portugal, having its registered office in Rua Manuel Pinto de Azevedo 818, Porto, and registered with the Portuguese trade register under number 506 042 715.

The Company activities are currently focused on the promotion, development, and management, directly or indirectly, of power plants and other facilities for the production and sale of energy, through sources of waste and biomass and the carrying out of studies and execution of projects within the same scope, as well as the provision of any other related activities and services.

The company, at this point in time, holds plants in:

Power Plants	Beginning of electricity supply to the grid	Injection capacity (MW)	End of 25 years period (VRD) (Note 2)
Mortágua	August 1999	10 MW	August 2024
Constância	July 2009	12 MW	July 2034
Figueira da Foz I	April 2009	30 MW	April 2034
Ródão Power	December 2006	12 MW	November 2031
Figueira da Foz II	July 2019	35 MW	July 2044

Greenvolt is also dedicated to managing shareholdings primarily in the energy sector, as the parent company of the group of companies shown under Note 9 and referred to as the Greenvolt Group.

Until November 2018, Greenvolt was 50% owned by the Altri Group and 50% by the EDP Group. At the end of November 2018, following the approval by the competent competition authorities and the fulfilment of the conditions necessary for the execution of the share purchase and sale agreement, the agreement of the Altri Group with the EDP Group for the acquisition of the remaining 50% of the Company's capital was concluded.

As disclosed in Note 24, the Company is currently fully owned, directly and indirectly, by Altri SGPS, S.A. (the Parent), which its shares are listed at Euronext Lisbon. There is no other company above it that includes Altri SGPS, S.A. consolidated financial statements. Altri is dedicated to managing shareholdings primarily in the industrial sector, as the parent company of the group of companies referred to as the Altri Group. The Altri Group's current activities focus on producing bleached eucalyptus pulp at three production plants and on generating electricity via waste consumption and forest biomass.

The Company has prepared historical audited consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") until 31 December 2017. However, since the acquisition of the remaining 50% held by EDP in November 2018, the Company and its subsidiaries started to be included in the consolidated financial statements of Altri Group using the full consolidation method, therefore it made use of the exemption in Decree-Law nº 158/2009 of 13 July 2009, article 7, 3. b), and did not prepare consolidated financial statements since that date. Considering the process of listing of the Company's shares the Company prepared the historical consolidated financial statements for the remaining years (Note 4).

The Greenvolt Group's consolidated financial statements have been prepared in Euros, in amounts rounded off to the nearest Euro. This is the currency used by the Group in its transactions and, as such, is deemed to be the functional currency.

There are no operations in foreign companies whose functional currency is not the Euros included in the consolidated financial statements.

2) REGULATORY ENVIRONMENT

The Company's commercial activity is in the scope of electricity supply and results from its performance in the segment of production under a special regime (“PSR”).

The legal bases applicable to the generation of electricity with renewable resources is Portugal are currently defined by Decree-Law 189/88, of 27 May, amended by Decree-Law 168/99, of 18 May, by Decree-Law 312 / 2001, of 10 December and by Decree-Law 339-C / 2001, of 29 December. Decree-Law 33-A / 2005, of 16 February establishes the factors currently used in the remuneration formula applicable to energy produced through renewable resources and the deadlines for the application of this remuneration formula.

Additionally, the Ministerial Order 243/2013, of 2 August 2013, establishes a set out the terms, conditions and criteria for the licensing of electricity generation under special regime with guaranteed remuneration.

The main characteristic of the legal framework applicable to renewable energy production in Portugal is that the Supplier of Last Resort (SU Eletricidade, S.A., previously named EDP Serviço Universal, S.A.) must purchase all electricity produced by licensed renewable energy producers at the price of the tariff applicable to the PSR's.

Decree-Law 225/2007, of 31 May, implemented a set of measures related to renewable energy, provided for in the National Energy Strategy, and revised the factors for calculating the amount of remuneration for energy supply produced in renewable plants and delivered to the Portuguese Electric System (PES) network, as well as the definition of procedures for allocation of available power in the same network and the deadlines for obtaining the establishment license for renewable plants. For plants whose fuel is forest biomass, the remuneration amount defined by VRD (tariff) is applicable during the first 25 years from the beginning of the supply of electricity to the grid.

Since 1 July 2007, the Iberian Electricity Market (MIBEL) has been fully operational, with daily transactions in both Portugal and Spain, including a forward market that has been operating since July 2006.

Decree-Law 166/2015, of 21 August, proceeds to the second amendment to Decree-Law 5/2011 of 10 January (previously amended by Decree-Law 179/2012 of 3 August) which establishes measures to promote the production and use of forest biomass, for the supply of plants dedicated to forest biomass, in order to extend the deadlines for the installation of the biomass plants previously defined in Decree-Law 179/2012, as well as the integration (partial or total) or redistribution of the powers allocated and not yet installed, for the purpose of accessing the incentive for construction and exploration of such plants. The most significant changes take into account the date of entry into operation of the plants, the aspects that make it possible to recognize the beginning of the process of construction of the plants and changes in the integration and / or redistribution of the respective powers.

The Directorate-General for Energy and Geology (“DGEG”) carried out a study within the scope of the evaluation of public policies in the area of energy, in which it found that renewable electricity production centers with guaranteed remuneration received, in addition to this remuneration, public support for the promotion and development of renewable energies. DGEG's work estimated that the amount received in connection with these public support amounts to 140 million Euros, considering this combination of benefits to be unlawful.

On 13 October 2016, Ordinance No. 268-B / 2016 was published, which determined the recovery, in favor of the National Electric System (“NES”), of this amount allegedly received in excess, through the reduction of the tariff guaranteed that the Supplier of Last Resort (“SLR”) pays them.

On 28 December 2016, Law No. 46/2016 was published, in which Article 171 determined that public support for the promotion and development of renewable energies received by eligible electricity generation centers (at the time) should not be cumulative with the administratively fixed remuneration earned by these centers. In this sense, this article determines the adoption, through ordinance, of a mechanism for deduction or replacement of public support received under these conditions. Thus, on 16 February 2017, Ordinance No. 69/2017 was published, which determines the recovery, in favor of NES, of this amount allegedly received in excess, through the reduction of the guaranteed tariff that the Supplier of Last Resort pays them. This ordinance replicates the content of Ordinance No. 268-B / 2016, revoking it.

Law 83-C / 2013 of the 2014 State Budget ("State Budget Law 2014"), approved by the Portuguese Government on 31 December 2013, introduced an extraordinary contribution applicable to the energy sector (CESE), with the objective of financing mechanisms that promote the systemic sustainability of the energy sector, through the constitution of a fund that aims to contribute to the reduction of tariff debt and to finance social and environmental policies in the energy sector.

In 2019 State Budget, the Portuguese Government extended the CESE to the renewables and, in 2020 State Budget, envisaged that small producers (up to 20 MW) would be exempted from paying the CESE (Note 41).

3) SIGNIFICANT EVENTS: COVID-19

Since the beginning of the Covid-19 pandemic, the Greenvolt Group, within Altri Group, implemented a set of measures for the prevention, control and surveillance, with prevention / contingency plans being developed that cover the entire organisation, from the operational areas to the central structures, in Group's businesses.

Greenvolt within Altri Group maintained its process of monitorization and assessing of the implemented measures, in order to respond to the demands arising from the COVID-19 pandemic.

With regard to liquidity risk management, the Group maintained a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance in unfavorable conditions. As of 31 December 2020, the amount of consolidated loans[1] maturing in the next 12 months is approximately 41.8 million Euros (75.7 million Euros as of 31 December 2019, 111.3 million Euros as of 31 December 2018 and 39.2 million Euros as of 1 January 2018). On the same date, the Group has consolidated credit lines available (namely bank overdrafts, pledged current accounts and not used commercial paper programs) in the amount of approximately 30 million Euros. Additionally, the Group's cash and cash equivalents reaches roughly 14.1 million Euros (16.1 million Euros as of 31 December 2019, 6.7 million Euros as of 31 December 2018 and 13.1 million Euros as of 1 January 2018), representing approximately 24% of its current liabilities.

During 2020, within Greenvolt Group the five power plants continue to produce fully. During this period, and until today, operations at all units that make up the Greenvolt business activities were carried out at the usual pace, with no disruptions.

Despite the measures mentioned above, and at this stage, which is characterized by widespread uncertainty in the social and economic context, the Greenvolt Group will remain attentive and careful in the management of its business, and in the evaluation and monitoring of the actions already implemented and / or to be implemented, in order to manage and anticipate, as far as possible, the impacts of this pandemic on its operational and financial performance.

Given the business model of this segment, up to this date, turnover has not been impacted as a result of the pandemic, with all sales made to the public grid. Likewise, there hasn't been any relevant difficulties in terms of collection or in terms of other important operational issues.

Ensuring the permanent well-being of all service providers, their families and the community has always been and will continue to be a priority of the Greenvolt Group.

Greenvolt Group within Altri Group, put in place a set of additional preventive measures to protect the health and safety of its service providers, based on the recommendations of the Portuguese Health Authority to deal with the pandemic.

[1] Consolidated loans: Bonds + Other loans + Lease liabilities + Shareholders loans.

Based on the recommendations of the Portuguese Health Authority, the Group proceeded with the elaboration of a Group's COVID-19 Contingency Plan. This plan has been continuously adjusted considering the evolution of the pandemic, being essential for the purposes of containing the impacts of the pandemic between our service providers and the local community.

4) BASIS OF PREPARATION

a) Background and purpose of the Financial Statements

In the context of the Altri Group strategy, the Board of Directors of the Parent announced in March 2021 its plan to sharpen its strategic focus by separating its energy activities and subsequent listing, from the remaining pulp activities.

The Initial Public Offering (the "IPO") is intended to take the form of a listing of the Company shares in the Euronext Lisbon Stock exchange, and the establishment of Greenvolt as a stand-alone Group.

Becoming a listed company is expected to provide certain advantages to the Group, including the enhancement of the Group's value proposition through an increased level of autonomy vis-à-vis the Altri Group, an independent capital structure, notwithstanding the existing relationships between the entities comprised within the Altri Group in line with best practices applicable to listed companies.

Taking into consideration the European Prospectus Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and the Delegated Regulations (EU) 2019/979 and 2019/980 of the Commission, both of 14 March 2019, an issuer must present historical financial information covering the latest three fiscal years in an equity securities prospectus.

In this context and considering that the Company shall also present historical consolidated financial information that is consistent with the information to be published going forward the Company prepared the current consolidated financial statements and will, additionally, publish in the Prospectus the full set of standalone financial statements for the year ended 31 December 2018 including the corresponding figures for the year ended 31 December 2017 prepared in accordance with IFRS-EU.

These consolidated financial statements consist of the consolidated statements of financial position as at 31 December 2020, 2019, 2018 and 1 January 2018, the consolidated income statements, consolidated statements of comprehensive income, statements of changes in equity and consolidated statements of cash flow for the years ended 31 December 2020, 2019, 2018 and the related notes (the "Consolidated Financial Statements").

The Consolidated Financial Statements present the economic activities of the Group using the approved IFRS-EU standalone financial statements historically prepared by the Company and its subsidiaries as disclosed in these notes (Note 9) and considering the information that existed at the date of approval of such financial statements unless in error.

The Financial Statements were authorised for issue on 24 June 2021, by the Board of Directors of Greenvolt – Energias Renováveis, S.A..

b) Main accounting policies

The main accounting policies adopted in preparing the attached consolidated financial statements are described below (Note 5). These policies were consistently applied during the periods under analysis, except for those resulting from the adoption of IFRS 16, which was mandatorily applied for financial years beginning on or after 1 January 2019.

c) Statement of financial position as at 1 January 2018

As mentioned in Note 1, the Company has prepared historical audited consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") until 31 December 2017. For the purposes of these financial statements and regarding the information presented in the statement of financial position as at 1 January 2018, some adjustments and reclassifications were made in order to reflect the accounting policies and consistency between the periods presented.

The equity reconciliation between the amounts presented on the historical consolidated financial statements as at 31 December 2017 and 1 January 2018 used as opening balances for the purpose of these historical consolidated financial statements can be detailed as follows:

Total equity 31 December 2017	**32,320,905**	
Useful life correction		
Property, plant and equipment	10,414,090	a)
License	(650,489)	a)
Business combination		
Goodwill	1,885,092	b)
Impairment analysis		
Goodwill	(5,397,272)	c)
License	(10,548,189)	c)
Deferred tax liabilities	200,071	d)
Total equity 1 January 2018	**28,224,208**	

a) At the time of Greenvolt acquisition by Altri, the Board of Directors concluded that one of the Companies subsidiary (Rodão Power) had estimated useful lives of its property, plant and equipment in error, that would, if not corrected, imply that the subsidiary's property, plant and equipment carrying amount would be almost zero in a three-year time frame. However, the estimated useful life periods should be identified according with the lower of the assets useful life and the end of the fixed tariff periods. The Company's Board of Directors considered that it should correct those useful lives. The impact of this matter is as follows:

   i. Increase in property, plant and equipment by an amount of, approximately, 10.4 million Euros;
   ii. Decrease in the fair value attributed to the subsidiary license at the subsidiaries acquisition date amounting to, approximately, 0.65 million Euros.

   It is worth noting that at the time of acquisition by Altri these property, plant and equipment were fair valued by an independent and registered appraiser at the Portuguese Securities Market Commission (CMVM) and that it was concluded that the fair market value of such assets was 12.4 million Euros higher than its carrying amount. Hence the Greenvolt Board of Directors concluded that the correction performed would not increase the carrying amount of the assets above its recoverable amount.

b) At the time of Greenvolt acquisition by Altri, the Board of Directors concluded that the Goodwill regarding the acquisition of Rodão Power, which relates only to the deferred tax liabilities regarding the license fair value, had been computed as of 31 December 2017, and not at the date of acquisition. Greenvolt corrected this matter, which resulted in an increase of Goodwill of 1.9 million Euros.

c) Considering the increase of the subsidiary net assets described in (a) and (b) above, the Board of Directors tested the carrying amount of the assets of Ródão Power for impairment as at that date. Based on the estimates of recoverable amount of Rodão Power Plant as at 1 January 2018, and considering that the carrying amount of the property, plant and equipment after correction of the error was lower than its recoverable amount, the Company adjusted the full amount of goodwill for impairment (5.4 million Euros) and derecognized such goodwill, reducing also the net carrying amount attributable to the License by recognizing an impairment of, approximately, 10.5 million Euros.

The impairment analysis was carried out in order to determine the value in use of Rodão assets in accordance with the discounted cash flow method. The main assumptions associated with the analysis carried out were as follows:

	Rodão Power Power Plant
WACC	7.0%
End of the projection period (*)	2031
Average sales growth rate	2.00%
Average EBITDA margin	26.0%

(*) Estimated year to end the remuneration period defined by VRD (tariff)

The impairment loss is being amortized for the remaining useful life of the assets that are allocated to the license.

d) Deferred tax liabilities were adjusted based on the above mentioned adjustments.

5) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ('IFRS-EU'). These correspond to the International Financial Reporting Standards, as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the IFRS Interpretations Committee ('IFRS - IC') or by the former Standing Interpretations Committee ('SIC'), which have been adopted by the European Union on the account publication date.

The Board of Directors assessed the capacity of the Company and its subsidiaries to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of this assessment, the Board of Directors concluded that it has adequate resources to continue in operational existence for the foreseeable future. Therefore, it was considered appropriate to adopt the going concern basis of accounting in preparation the financial statements.

The accompanying consolidated financial statements were prepared from the accounting books and records of the Company and its subsidiaries, adjusted in the consolidation process. When preparing the consolidated financial statements, the Group used historical cost as its basis, modified, where applicable, via fair-value measurement.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions, and critical judgements in the process of determining accounting policies to be adopted by the Group, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are disclosed in Note 6.

Fair value is the amount for which an asset can be exchanged or a liability can be settled, between knowledgeable and willing parties, in a transaction not involving related parties, regardless whether this price can be directly observable or estimated, using other valuation techniques. When estimating the fair value of an asset or liability, the Group considers the features that market participants would also take into account when valuing the asset or liability on the measurement date.

Assets measured at fair value following initial recognition are grouped into 3 levels according to the possibility of observing their fair value in the market:

Level 1: fair value is determined based on active market prices for identical assets/liabilities;

Level 2: fair value is determined based on evaluation techniques. The assessment models' main inputs are observable in the market; and

Level 3: fair value is determined based on assessment models, whose main inputs are not observable in the market.

a) New accounting standards and their future impact in the Financial Statements of Greenvolt

The following standards, interpretations, amendments, and revisions were endorsed by the European Union and have mandatory application in future years:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1-Jan-21	Corresponds to additional amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, issued on 28 August 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), referring to changes reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-21	Corresponds to the amendment to IFRS 4 that postponed the deferral of application of IFRS 9 for initial years on or after 1 January 2023.

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2020 due to the fact that their application is not mandatory. No significant impacts are expected on the financial statements resulting from their adoption.

The following standards, interpretations, amendments and revisions were not endorsed by the European Union at the date of the approval of the Financial Statements, and therefore may not be applied in the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-22	These amendments correspond to a set of updates to the various standards mentioned, namely: - IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analysing obligations under IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 - prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use. - IAS 37 - clarification that costs of fulfilling a contract

		correspond to costs directly related to the contract. - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41.
IFRS 17 - Insurance contracts	1-Jan-23	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date.
Amendment to IAS 1 Presentation of Financial Statements and Statement of Practice IFRS 2: Disclosure of Accounting Policies (issued on 12 February 2021)	1-Jan-23	These amendments establish criteria for the identification and disclosure of material accounting policies.
Amendment to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	1-Jan-23	This amendment changes the definition of accounting estimates and clarifies that changes in estimates as a result of new information do not correspond to errors.
Proposed changes to leases IFRS 16: Covid-19 Leases Concessions after 30 June 2021 (issued 31 March 2021)	1-Apr-21	These changes provide exemptions applicable in the reports on the evaluation of modification of lease contracts as a result of Covid-19.
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1-jan-23	These changes establish criteria for deferred tax related to assets and liabilities arising from a single transaction.

These standards are yet to be endorsed by the European Union. As such, they were not applied by the Group in the preparation of these financial statements.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, it is not believed that their future adoption will entail significant impacts on the attached financial statements.

b) Accounting standards endorsed by the European Union at the beginning of each year presented in these financial statements

The European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2020:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-20	Corresponds to amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-20	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	1-Jan-20	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of benchmark interest rates (IBOR Reform)	1-Jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as “IBOR reform”), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - Covid 19 Related Rent Concessions	1-Jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analysing whether income concessions, typically income suspensions or reductions, related to the “COVID-19” pandemic correspond to contractual modifications.

The European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2019:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
IFRS 16 – Leases	1-Jan-19	This standard introduces the leasing recognition and measurement principles, replacing IAS 17 – Leases. The standard establishes a single accounting model in order to account for lease agreements resulting in the lessee asset and liability recognition for every lease agreement, except for leases for periods under 12 months or for leases involving low-value assets. Lessors will keep on categorising leases between operating or financial, as IFRS 16 does not entail substantial changes for such entities, given what is set forth under IAS 17.
Amendment to IFRS 9: prepayment features with negative compensation	1-Jan-19	With this amendment, financial assets whose contractual conditions provide, in its early amortization, for payment of a considerable amount by the creditor, can be measured at amortised cost or at fair value for reserves (depending on the business model), provided: (i) on the asset's initial recognition, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation in early amortization is the sole reason for the asset in question not to be deemed an instrument that considers only principal and interest payments.
IFRIC 23 - Uncertainties over income tax treatments	1-Jan-19	This interpretation provides guidelines on determining taxable income, tax bases, tax losses carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatments.
Annual improvements to IFRS standards (2015-2017 cycle)	1-Jan-19	These improvements involve clarifying a few aspects related to: IFRS 3 – Business combination: requires remeasuring previously held interests when an entity obtains control over an investee company over which it previously held joint control; IFRS 11 – Joint ventures: clarifies that there should not be re-measurement of interest previously held when an entity obtains joint control over a joint operation; IAS 12 – Income taxes: it clarifies all fiscal dividends consequences must be recorded in results, notwithstanding how the tax emerges; IAS 23 - Borrowing costs: it clarifies that the part of the loan directly related to the purchase/construction of an asset, outstanding after the corresponding asset was ready for the use it was intended to, is for determining the capitalization rate, considered as part of the company's general funding.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1-Jan-19	If a plan amendment, cut or liquidation occurs, currently it is compulsory that the cost of the current service and the net interests of the period, after re-measurement, be determined using the assumptions used to re-measure. Besides, were included changes to clarify the effect of a plan amendment, curtailment or settlement, regarding the asset's maximum limit.
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1-Jan-19	This amendment clarifies that IFRS 9 should be applied (including the requirements related to impairment) to investments in associates and joint agreements when the equity method is not applied in their measurement.

The European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2018:

Standard	Applicable in the European Union in the financial years starting on or after	
IFRS 9 – Financial instruments	1-Jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules.
IFRS 15 – Revenue from contracts with customers	1-Jan-18	IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services).
Clarifications to IFRS 15 – Revenue from contracts with customers	1-Jan-18	These clarifications introduce several clarifications in the standard in order to eliminate the possibility of divergent interpretations of several topics
Amendments to IFRS 4: application of IFRS 9, Financial instruments, with IFRS 4, Insurance contracts	1-Jan-18	The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4.
Amendments to IFRS 2 – Share-based payment transaction	1-Jan-18	The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas: (i) The effects of vesting conditions on the measurement of

		a cash-settled share-based payment transaction, (ii) The classification of a share-based payment transaction with net settlement features for withholding tax obligations), (iii) The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.
Annual improvements to international financial reporting standards (cycle 2014-2016)	1-Jan-18 except for changes to IFRS 12, which were applicable starting on 1-jan-17	These improvements include the clarification of some aspects related to: IFRS 1 – First time adoption of International Financial Reporting Standards: elimination of some short-term exemptions; IFRS 12 – Disclosure of interests in other entities: clarification of the scope of the standard for its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 – Investments in associated and joint ventures: introduction of several clarifications about the measurement at fair value of results from investments in associates or joint ventures held by venture capital companies or investment funds.
IFRIC 22 – Foreign currency transactions and advance consideration	1-Jan-18	The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.
Amendments to IAS 40 – Transfer of investment properties	1-Jan-18	The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

From the application of these standards and interpretations there were not relevant impact for the Group's financial statements, except for IFRS 16. The impacts are described in c) below.

c) Impact of the initial application of new Accounting standards that became effective for the periods presented and their impact in the Financial Statements of Greenvolt

The accounting policies described below, were consistently applied during the periods, except for those resulting from:

(i) the adoption of IFRS 16, which was mandatorily applied for financial years beginning on or after 1 January 2019.

IFRS 16 – Leases

In the financial year ended 31 December 2019, the Group applied IFRS 16 – Leases and related amendments that are effective for financial years beginning on or after 1 January 2019.

This standard introduced the lease recognition and measurement principles, replacing IAS 17 - Leases, IFRIC 4 - Determining whether an Agreement contains a Lease, SIC 15 - Operational Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets forth the principles for recognizing, measuring, presenting, and disclosing leases, while calling for lessees to recognise most leases in the balance sheet in accordance with a single model.

The Group chose to adopt the modified retrospective approach in applying IFRS 16, as set forth under paragraphs C3(a), C5(b), C7 and C8 thereof. It subsequently determined the discount rate based on the incremental interest rate, assuming the currency, maturity, and cash flow profiles inherent to the lease as well as the Group's very credit risk on the initial application date.

The Group decided to apply recognition exemptions for lease agreements that, on the start date, comprised a lease term for no more than 12 months and not containing a purchase option (short-term lease) and lease agreements for which the underlying asset is of low value (low-value assets).

Recognition

The Group presents right-of-use assets and lease liabilities under line items duly separated in the statement of financial position. The Group recognizes a right-of-use asset and a lease liability on the agreement's start date.

The asset recorded under 'Right-of-use assets' is initially measured at cost, comprising the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, plus any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (as applicable), net of any incentive granted (as applicable).

The liability recorded under 'Lease liability' corresponds to the present value, on 1 January 2019, of remaining lease payments of agreements that had been classified as operating leases, under IAS 17, and which did not correspond to a short-term lease, as provided for under IFRS 16. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (where applicable) and variable payments associated with an index or rate.

The Group uses its incremental interest rate as the applicable discount rate. The incremental interest rate was defined for Altri Group as a whole and was within 3.31% and 4.61% depending on the duration of the agreements.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the financial year, in the financial year when the event or condition leading to the payment occurs.

When the lease liability is remeasured, the amount of the right-of-use asset is also adjusted, or a gain or loss is recorded in the profit-and-loss account, if the carrying amount of the right-of-use asset was already reduced to zero and an additional reduction occurs in the lease liability.

The right-of-use asset is depreciated using the straight-line depreciation method, based on the lease term.

The Group does not hold relevant contractual positions as a lessor, thus not giving rise to significant impacts from adopting IFRS 16 resulting from agreements in which it is a lessor.

Briefly, the main impacts resulting from adopting IFRS 16 on the initial application date (1 January 2019) are detailed as follows:

	Note	01.01.2019
NON-CURRENT ASSETS:		
Right-of-use assets	14.1	3,366,432
Deferred tax assets	17	143,832
Total assets		3,510,265
LIABILITIES:		
Lease liabilities	14.2	3,948,540
Other current liabilities		-
Total liabilities		3,948,540
EQUITY:		
Other reserves and retained earnings	24	(438,275)
Non-controlling interests		-
Total equity		(438,275)

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 was 3.6%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Liabilities with operating leases disclosed as at 31 December 2018	**5,152,623**
Service agreements remeasured as lease agreements	-
Non-discounted lease liabilities recognised as at 1 January 2019	5,152,623
Incremental financing rate (weighted average)	3.6%
Discounted lease liabilities recognised as at 1 January 2019	3,948,540
Liabilities with financial leases recognised as at 31 December 2018	-
Lease liabilities recognised as at 1 January 2019:	**3,948,540**

5.1 CONSOLIDATION PRINCIPLES

The consolidation principles adopted by the Group in preparing its consolidated financial statements include the following:

a) Subsidiaries

Investments in companies in which the Greenvolt Group holds the power to control their financial and operating policies, such that it manages to influence, as a result of its involvement, return from activities of the entity held as well as the ability to affect said return (definition of control used by the Group) are included in the consolidated financial statements using the full consolidation method.

The equity and net profit of these companies corresponding to third-party shareholding therein are shown separately in the consolidated statement of financial position and in the consolidated income statement under line items 'Non-controlling interests'. The companies included in the financial statements using the full consolidation method are disclosed in Note 9.

The total comprehensive income is attributed to the owners of the parent company and of the interests they do not control, even if this results in a deficit balance in terms of the interests not controlled by them.

The results of the subsidiaries acquired or sold during the financial year are included in the income statements from the date when control was taken or until the date when control was loss.

Whenever necessary, adjustments are made to the financial statements of subsidiaries in order to adapt their accounting policies to those used by the Group. Transactions, balances, cash flows and dividends distributed among Group companies are eliminated on the consolidation process, as well as unrealized gains on transactions between Group companies. Unrealized losses are also eliminated when they do not indicate an impairment of the transferred asset.

b) Business combinations and Goodwill

The differences between the acquisition price of investments in subsidiaries, plus the value of the non-controlling interests, and the amount attributed to fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded as 'Goodwill' and, when negative, following a revaluation of the determination, are recorded directly in the income statements.

Since 2020, the Group performs, in a transaction-by-transaction basis, the concentration test to assess whether it is dealing with a purchase of assets or a concentration of business activities. That is, determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the concentration test is met, or the above mentioned criteria are not met, the Group considers acquisition of a group of assets.

The Group, on a transaction-by-transaction basis (for each business combination), chooses to measure any non-controlling interest in the acquired company either at fair value or in the proportional part of non-controlling interests in the acquired company's identifiable net assets.

The amount of future contingent payments is recognised as a liability when business combination occurs according to its fair value and afterwards adjusted at fair value through profit and loss. Any change to the initially recognised amount is recorded against the amount of Goodwill, but only if this occurs within the measuring period (12 months after the acquisition date) and if this is related to facts and circumstances that existed on the acquisition date. Otherwise, it has to be recorded against the income statement, unless said contingent payment is categorised as equity, in which case it should not be remeasured, and only at the time of the settlement thereof will the impact on equity be recognised.

Transactions involving the purchase or sale of interests in entities already controlled, without this resulting in a loss of control, are treated as transactions between holders of capital affecting only the equity line items, without impacting the line item 'Goodwill' or the income statement.

When a business combination is achieved in stages, the fair value on the previous acquisition date of interests held is remeasured to fair value on the date when control is gained, against the results of the period when control is achieved, thus affecting the determining of Goodwill or purchase price allocation.

At the time when a sales transaction generates a loss of control, that entity’s assets and liabilities have to be derecognised, and any interest withheld at the disposed entity shall be remeasured at fair value, and any loss or gain resulting from this disposal is recorded in the income statement.

The recoverable amounts of the cash flow-generating units are determined based on the calculation of values in use. These calculations call for the use of assumptions that are based on estimates of future circumstances whose occurrence could be different from the estimate. Goodwill impairment losses cannot be reversed.

5.2 MAIN RECOGNITION AND MEASUREMENT CRITERIA

The main recognition and measurement criteria used by the Greenvolt Group in preparing its consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are recorded at acquisition cost, net of amortization and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Group, if they can be controlled by the Group, and if their value can be reasonably measured.

When acquired individually, intangible assets are recognised at cost, comprising: i) the purchase price, including costs with intellectual rights and fees after any discounts are deducted; and ii) any cost directly attributable to preparing the asset for its intended use.

Development expenses for which the Group is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalized. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

After the assets are available for use, amortization is calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years, except for operation licenses of power plants).

In the case of an intangible asset associated with operating licenses of power plants acquired by the Group, the useful life period corresponds to the license period.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at its fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Namely, the license of the company Rodão Power - Energia e Biomassa do Ródão, S.A., which was acquired by a business combination in 2008 (Note 4).

When the estimated useful life is indefinite, namely in case of connection licenses to the electric grid, the intangible assets are not depreciated but are subject to annual impairment tests

b) Property, plant and equipment

Property, plant and equipment acquired are recorded at acquisition cost, net of the corresponding amortization as well as accumulated impairment losses.

The acquisition cost includes the asset's purchase price, expenses directly attributable to its acquisition, and charges with preparing the asset so that it can be readied for proper use. Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalized as part of the cost of these assets.

After the date when the assets are available for use, amortization is calculated using the straight-line method in accordance with the estimated useful life period for each group of assets.

In the case of property, plant and equipment related to the power plants, which useful life is longer that the concession, the useful life period used corresponds to the operating license period as follows:

Power plant	End of concession
Mortágua	2024
Vila Velha de Ródão	2031
Constância	2034
Figueira da Foz	2034
Mondego (Figueira da Foz)	2044

For the remaining assets, the amortization rates used correspond to the following estimated useful life periods:

	Years
Buildings and other edifications	20
Plant and equipment	4 to 24
Vehicles	6
Office equipment	4 to 8

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of property, plant and equipment are recorded as an expense in the financial year when they are incurred.

Property, plant and equipment in progress represent fixed assets still under construction, and are recorded at acquisition cost net of any impairment losses. These fixed assets are amortised from the moment when they are available for use and under the necessary operating conditions, as intended by management.

Considering the substance of the transaction, land perpetual surface rights acquired are considered to be land.

Gains or losses resulting from the sale or write-off of the tangible fixed asset are determined as the difference between the sales price and the net book value on the disposal or write-off date. They are recorded in the income statement under the line items 'Other income' or 'Other expenses'.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount and, at least, annually, being the impairment recognized in the income statement.

c) Leases / Right of use

Policy applicable since 1 January 2019

At the start of every agreement, the Group assesses whether the agreement is, or contains, a lease. That is, whether the right of use of a specific asset or assets is being transferred for a certain period of time in exchange for a payment.

The Group as lessee

The Group applies the same recognition and measurement method to every lease, except for short-term leases and leases associated with low-value assets. The Group recognises a liability relative to lease payments and an asset identified as a right of use of the underlying asset.

(i) Right-of-use assets

On the lease start date (that is, the date from which the asset is available for use), the Group recognises an asset relative to right of use. 'Right-of-use assets' are measured at cost, net of depreciation and accumulated impairment losses, adjusted by remeasuring lease liability. The cost comprises the initial value of the lease liability adjusted for any lease payments made on or prior to the start date, on top of any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (as applicable), net of any incentive granted (as applicable).

The right-of-use asset is depreciated in twelfths, using the straight-line depreciation method, based on the lease term.

If ownership of the asset is transferred to the Group at the end of the lease period, or the cost includes a purchase option, depreciation is calculated by taking into account the asset's estimated useful life.

Right-of-use assets are also subject to impairment losses.

(ii) Lease liabilities

On the lease start date, the Group recognises a liability measured at the present value of the lease payments to be made throughout the agreement. Lease payments included in measuring lease liability include fixed payments, net of any incentives already received (where applicable) and variable payments associated with an index or rate. Where applicable, payments also include the cost of exercising a purchase option, which shall be exercised by the Group with reasonable certainty, and payments of penalties for ending the agreement, if the lease terms reflect the Group's exercising option.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when changes occur to future payments derived from a change to the rate or index, as well as possible modifications to the lease agreements.

Variable payments not associated with any indices or rates are recognised as an expense during the financial year, in the financial year when the event or condition leading to the payment occurs.

To calculate the present value of future lease payments, the Group uses its incremental interest rate on the lease start date, since the interest rate implicit in the agreement cannot be readily determined. After that date, the lease liability amount is increased by adding interest and reduced by lease payments made. In addition, the amount is remeasured in the event of a change in the terms of the agreement, the in lease amounts (e.g., changes in future payments caused by a change to an index or rate used in determining said payments) or a change in the assessment of a purchase option associated with the underlying asset.

The group derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iii) Short-term leases and low-value leases

The Group applies the recognition exemption to its assets’ short-term leases (i.e., leases lasting up to 12 months and not containing a purchase option). The Group also applies the recognition exemption to leases of assets deemed to be of low value. Payments of short-term and low-value leases are recognised as an expense in the financial year, throughout the lease period.

Policy applicable prior to 1 January 2019

Determining whether an agreement is, or contains, a lease is based on the substance of the agreement at the start thereof, which is either the agreement date and the date of the parties' commitment relative to the main terms of the agreement, whichever is earlier, based on every fact and circumstance. The agreement is, or contains, a lease if the fulfilment of the agreement is contingent on the use of a specific asset or assets and the agreement transfers a right to use the asset, even if said asset is not explicitly identified in the agreement. The lease duration is the sum of the period during which the lease cannot be cancelled and an additional period providing for the lessee to have the option to maintain the lease and, at the start of the agreement, the Group is reasonably certain that the lessee will exercise said option.

Leases are classified as financial or operating depending on the substance of the agreements in question and not on their form.

Lease agreements are classified as (i) financial leases if they substantially transfer all risks and benefits inherent to their possession, or as (ii) operating leases if they do not substantially transfer all risks and benefits inherent to their possession.

An analysis of the transfer of risks and benefits inherent to possession of the asset considers various factors, namely, whether or not the possession is contractually contingent on assuming ownership of the asset, the minimum amounts payable under the agreement, the nature of the leased asset, and the agreement's duration, considering that it can be renewed.

Financial leases are recorded at fair value in the asset or, if lower, at the current minimum lease payment amounts. Minimum lease payments are distributed between the financial charge and reducing the outstanding liability in order to produce a constant periodic interest rate on the liability's remaining balance. The financial expenses are recorded in the income statement as financial expenses. The leased asset is depreciated during its useful life (depreciation is recorded as expenses in the income statement for the period to which they relate, as described under Note 2.3. b)). However, if there is no reasonable certainty that the lessee will own the asset at the end of the lease period, the asset is depreciated during the lease period or during its useful life, whichever is shorter.

In leases considered operational, outstanding leases pertaining to assets acquired under this scheme are recognised as expenses in the income statement for the financial year to which they relate.

d) Government grants, government agencies and similar bodies

Grants attributed as part of personnel training programs, or production support, are recorded under the line item 'Other income' in the consolidated income statement for the financial year when said programs are conducted, regardless of the date when they are received, when all necessary conditions have been fulfilled for receiving them.

Government grants related to fixed assets are recorded in the statement of financial position as 'Other current liabilities' and 'Other non-current liabilities' regarding short-term and medium-/long-term instalments, respectively, and recognised in the income statement proportionally to the amortization of subsidised property, plant and equipment.

Financial incentives received for funding property, plant and equipment are recorded under the line item 'Reimbursable government grants' of current and non-current liabilities in accordance with the repayment plan outlined by the allocating bodies.

e) Impairment of non-current assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs (usually at each Power Plant level). When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is determined as the higher of its fair value less cost to sell and its value in use, which is calculated based on the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

The fair value less cost to sell is the amount that would be obtained from the asset's disposal, in a transaction between independent knowledgeable entities, net of the costs directly attributable to the disposal. The use value is the present value of estimated future cash flows that are expected to arise from the continuous use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if not possible, for the cash-generating unit to which the asset belongs.

Whenever the carrying amount for which the asset is recorded is higher than its recoverable amount, an impairment loss is recognised and recorded in the income statement under the line item 'Impairment reversals/(losses) in non-current assets'.

The reversal of impairment losses recognised in previous financial years is recorded when it is concluded that previously recognised impairment losses no longer exist or has decreased. The reversal of impairment losses is recognised in the income statement under the line item 'Impairment reversals/(losses) in non-current assets'. This reversal is made to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment charge had been recognised.

f) Borrowing costs

Financial expenses related to loans are generally recognised as an expense in the income statement on an accrual basis.

Financial expenses on loans directly related to the acquisition, construction or production of property, plant and equipment are capitalised as part of the cost of the asset. The capitalisation of these expenses begins after the start of preparation of the construction or development activities of the asset and is interrupted when those assets are available for use or at the end of the construction of the asset or when the project in question is suspended.

g) Inventories

The goods and raw materials, subsidiaries and consumables are valued at average acquisition cost, net of quantity discounts granted by suppliers, which is lower than the corresponding market value.

The Group proceeds to record the corresponding impairment losses in order to reduce, where applicable, inventories at their net realisable value or market price.

h) Provisions

Provisions are recognised when, and only when, the Group has a present (legal or constructive) obligation resulting from a past event, it is likely that, to resolve this obligation, an outflow of resources occurs and the obligation amount can be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

Provisions for restructuring expenses are recognised by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the parties involved.

Provisions for dismantling and decommissioning power plants

The Group comprises provisions for these purposes when there is a legal, contractual or constructive obligation at the end of the assets' useful life.

Consequently, provisions of this nature have been included at power plants in order to address the corresponding liabilities regarding expenses with restoring sites and land to its original conditions. These provisions are calculated based on the present value of the corresponding future liabilities. They are recorded against an increase in the respective property, plant and equipment, being amortized on a straight-line basis for the average expected useful life of these assets.

On an annual basis, provisions are subject to review in accordance with the estimate of the corresponding future liabilities. The provision's financial update, in reference to the end of each period, is recognised under the income statement.

Environmental expenditures are recognised as expenses in the period in which they are incurred unless they meet the necessary criteria for being recognised as an asset.

i) Financial instruments

Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when it becomes part of the instrument's contractual provisions.

Financial assets and liabilities are initially measured at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (which are not financial assets and liabilities measured at fair value through income statement) are added to or deducted from the fair value of the financial asset and liability, as appropriate, in the initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognised at fair value through the income statement are recognised immediately in the consolidated income statement.

Financial assets

All purchases and sales of financial assets are recognised on the date of signature of the respective purchase and sale contracts, regardless of the date of their financial settlement. All recognised financial assets are subsequently measured at amortised cost or at their fair value, depending on the business model adopted by the Group and the characteristics of its contractual cash flows.

Classification of financial assets

Greenvolt classifies financial assets as follows:

(i) Debt instruments and receivables

Fixed income debt instruments and receivables that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held taking into account a business model whose objective is to preserve it in order to receive its contractual cash flows; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the corresponding interest during its life.

For financial assets that are not acquired or originated with impairment (i.e. assets impaired on initial recognition), the effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured on initial recognition net of principal repayments plus the accumulated amortization, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted for any impairment losses.

Interest-related revenue is recognised in the consolidated income statement under the line item 'Financial income', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through income statement. Interest revenue is calculated by applying the effective interest rate to the financial asset's gross carrying amount.

Debt instruments and receivables that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held by considering a business model whose objective provides for both receiving its contractual cash flows and its disposal; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

(ii) Capital instruments designated at fair value through other comprehensive income

In the initial recognition, the Group can make an irrevocable choice (on a financial-instrument-by- financial-instrument basis) to state certain investments under equity instruments (shares) at fair value through other comprehensive income when these fulfil the definition of capital provided for under IAS 32 Financial instruments: Presentation and not held for trading. Classification is determined on an instrument-by-instrument basis.

The fair-value designation through other comprehensive income is not permitted if the investment is held for trading purposes or when resulting from a contingent consideration recognised as part of a business combination.

A capital instrument is held for trading if:

- it is acquired chiefly for the purpose of short-term disposal;
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction expenses. Subsequently, they are measured at their fair value with gains and losses arising from their change, as recognised under other comprehensive income. At the time of its disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement, but, rather, merely transferred to the line item ' Other reserves'.

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the consolidated income statement when they are attributed / resolved on, unless the same clearly represent a recovery on the part of the investment cost. Dividends are recorded in the consolidated income statement under the line item 'Financial income'.

In the first application of IFRS 9, the Group designated investments in equity instruments that were not held for trading as stated at fair value through profit or loss.

(iii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through the income statement. These financial assets include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value.

Financial assets recorded at fair value through the income statement are measured at fair value obtained at the end of each reporting period. The corresponding gains or losses are recognised in the consolidated income statement, except if they are part of a hedging relationship.

<u>Financial asset impairment</u>

The Group recognises expected impairment losses for debt instruments measured at amortised cost or at fair value through other comprehensive income, as well as for trade receivables, of other receivables, and for assets associated with contracts with customers. Impairment loss of these assets is recorded according to expected impairment losses ('*expected credit losses*') of those financial assets. The loss amount is recognised in the income statement for the financial year when this situation occurs.

The expected impairment loss amount for the aforementioned financial assets is updated on every reporting date in order to reflect the credit risk changes occurred since the initial recognition of the corresponding financial assets.

Expected impairment losses for financial assets measured at amortized cost (trade receivables and other debts from third parties and assets associated with contracts with customers) are estimated using the uncollectability matrix based on Group debtors' credit history in the last few years, as well as from estimated future macroeconomic conditions.

According to the expected simplified approach, the Group recognizes expected impairment losses for the economic life of trade receivables and other debts from third parties ('lifetime'). Expected losses on these financial assets are estimated using an impairment matrix based on the Group's historical experience of impairment losses, affected by specific prospective factors related to debtors' expected credit risk, by the evolving general economic conditions and by an evaluation of current and projected circumstances on the financial reporting date.

Measuring and recognizing *expected credit losses*

Measuring expected impairment losses reflects the estimated likelihood of default, the likelihood of loss due to said default (i.e., the magnitude of loss in the event of default) and the Group's actual general exposure to said default. The Group considers '*default*' to be 60 days after the due date.

Assessment of the likelihood of default and of loss due to said default is based on existing historical information, adjusted for future estimated information as described above.

For financial assets, exposure to default is shown as the assets' gross book value on each reporting date. For financial assets, expected impairment loss is estimated as the difference between every contractual cash flow owed to the Group, as agreed upon between the parties, and the cash flows the Group expects to receive, discounted at the original effective interest rate.

The Group recognizes gains and losses regarding impairments in the income statement for every financial instrument, with the corresponding adjustments to their book value via the line item of accumulated impairment losses in the statement of financial position.

Taking into consideration the business model of the Grupo, irrecoverable debts have been non-existent.

From January 2018, the Group started to prospectively assess expected impairment losses, in accordance with IFRS 9.

The model used for determining impairments of receivables consists of the following:

- Trade receivables stratification by type of associated revenue;
- Analysis of the history of irrecoverable and default for stated subpopulations;
- Segregation of outstanding balances;
- Determining the historical rate of irrecoverable in the last two years;
- Adjusting the rates obtained above with a forward-looking component based on future market evolution projections;
- Applying the rates obtained to trade receivables outstanding balances on the reporting date.

From the analysis performed, the Group concluded that the adoption of IFRS 9 did not have a significant impact on consolidated financial statements as at 1 January 2018.

For every other situation and nature of balances receivable, the Group applies the general impairment model approach. On every reporting date, it assesses whether there was a significant increase in credit risk from the asset's initial recognition date. If credit risk did not increase, the Group calculates an impairment corresponding to the amount equivalent to expected losses within a 12-month period. If credit risk did increase, the Group calculates an impairment corresponding to the amount equivalent to expected losses for every contractual cash flow up to the asset's maturity. The credit risk is assessed in accordance with the loans disclosed in the credit risk management policies.

Derecognition of financial assets

The Group derecognises a financial asset only when the asset's contractual cash-flow rights expire, or when transferring the financial asset and substantially every risk and benefit associated with its ownership to another entity. When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset is not transferred, the Group keeps on recognising the transferred asset to the extent of its continued involvement. In this case, the Group also recognises the corresponding liability, the transferred asset and corresponding liability are measured on a basis that reflects the rights and obligations retained by the Group. If the Group retains substantially every risk and benefit associated with ownership of a transferred financial asset, the Group keeps on recognising said asset; in addition, it recognises a loan for the amount received in the meantime.

In derecognising a financial asset measured at amortised cost, the difference between the carrying amount and the sum of the retribution received and to be received is recognised in the consolidated statement of results.

On the other hand, when derecognising a financial asset represented by a capital instrument recorded at fair value through other comprehensive income, the accumulated gain or loss in the revaluation reserve is reclassified to the consolidated income statement.

However, in derecognising a financial asset represented by a capital instrument irrevocably designated in the initial recognition as recorded at fair value through other comprehensive income, the accumulated gain or loss in the revaluation reserve is not reclassified to the consolidated income statement, but, rather, transferred to the line item 'Other reserves'.

<u>Financial liabilities and equity instruments</u>

<u>Classification as financial liability or as an equity instrument</u>

Financial liabilities and equity instruments are classified as liability or as equity according to the transaction's contractual substance.

<u>Equity</u>

The Group considered equity instruments to be those where the transaction's contractual support shows that the Group holds a residual interest in a set of assets after deducting a set of liabilities.

The equity instruments issued by the Group are recognised at the amount received, net of costs directly attributable to their issue.

Supplementary capital is considered to be an equity instrument as it bears no interest, has no defined maturity and may only be reimbursed by the company and favorable approval by the shareholders and within legal constrains.

Whenever the ownership of supplementary capital is transferred to the Company such transfer is recorded as a repurchased of equity instruments and is recorded in the caption ‘Other reserves’ within Equity.

The repurchase of equity instruments issued by the Group (own shares) is accounted for at its acquisition cost as a deduction from equity. Gains or losses inherent to disposal of own shares are recorded under the line item 'Other reserves'.

<u>Financial liabilities</u>

After initial recognition, every financial liability is subsequently measured at amortised cost or at fair value through income statement.

(i) Financial liabilities are recorded at fair value through income statement when:

- the financial liability results from a contingent consideration arising from a business combination;
- when the liability is held for trading; or
- when the liability is designated to be recorded at fair value through income statement.

A financial liability is classified as held for trading if:
- it is acquired chiefly for the purpose of short-term disposal; or
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

(ii) Financial liabilities recorded at fair value through consolidated income statement

are measured at their fair value with the corresponding gains or losses arising from their variation, as recognised in the consolidated income statement, except if assigned to hedging transactions.

(iii) Financial liabilities subsequently measured at amortised cost

Financial liabilities not designated for recording at fair value through income statement are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the corresponding interest during its life.

The effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

Types of financial liabilities

Loans in the form of commercial paper issues are categorised as non-current liabilities when they are guaranteed to be placed for at least one year, and the Group's Board of Directors intends to use this source of funding also for at least one year.

The other financial liabilities basically refer to lease liabilities, which are initially recorded at their fair value. Following their initial recognition, these financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are settled, cancelled or have expired.

The difference between the derecognised financial liability's carrying amount and the consideration paid or payable is recognised in the consolidated income statement.

When the Group and a given creditor exchange a debt instrument for another containing substantially different terms, said exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

Likewise, the Group accounts for substantial modifications to the terms of an existing liability, or to a part thereof, as an extinction of the original financial liability and the recognition of a new financial liability.

If the modification is not substantial, the difference between: (i) the liability's carrying amount prior to modification; and (ii) the present value of future cash flows after modification is recognised in the consolidated income statement as a modification gain or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the corresponding net amount is shown under the consolidated statement of financial position if there is a present right of mandatory fulfilment to offset the recognised amounts and with the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

j) Cash and cash equivalents

The amounts included under the line item 'Cash and cash equivalents' correspond to cash amounts, bank deposits, term deposits, and other treasury applications, maturing in less than three months, and are subject to insignificant risk of change in value.

In terms of statement of cash-flows, the line item 'Cash and cash equivalents' also comprises bank overdrafts included under the current liability line item 'Bank loans'.

k) Statement of cash-flows

The statement of cash-flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is categorised under operating (which include receipts from customers, payments to suppliers, payments to personnel and others related to operating activities), financing (which include payments and receipts related to borrowings, lease liabilities and dividend payments) and investment activities (which include acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of property, plant and equipment).

l) Contingent assets and liabilities

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the control of the Group.

Contingent assets are not recognised in the Group's financial statements being disclosed only when a future economic benefit is likely to occur.

Contingent liabilities are defined by the Group as: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not under full control of the Group, or (ii) present obligations arising from past events but that are not recognised because it is unlikely that a cash flow affecting economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Group's financial statements and are disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

m) Income tax

Income tax for the financial year is calculated based on the taxable results of the companies included in the consolidation and considers deferred taxation.

Current income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the tax regulations in force.

Since 1 January 2020, the following entities are taxed under the special taxation regime for groups of companies of Altri SGPS, S.A., pursuant to art. 69 of the Portuguese Corporate Income Tax Code (“Código do Imposto sobre o Rendimento de Pessoas Coletivas”):

- GREENVOLT - Energias Renováveis, S.A. (formerly Bioelétrica da Foz, S.A.);
- Bioródão, S.A .;
- Ródão Power - Energia e Biomassa do Ródão, S.A .;
- Sociedade Bioelétrica do Mondego, S.A ..

Until this date these entities were taxed under the special regime taxation scheme for groups of companies of Greenvolt – Energias Renováveis, S.A..

Deferred taxes are calculated using the statement of financial position liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or substantially in force at the expected date of reversal of temporary differences.

The measurement of deferred tax assets and liabilities:
- It is conducted in accordance with the expected rates to be applied in the period the asset is realized or the liability settled, based on the tax rates approved on the date of the statement of financial position; and
- It reflects the tax consequences arising from the way the Group expects, on the date of the statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period, a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred tax liabilities are recognised for every taxable temporary difference.

Deferred taxes are not recognised in respect to temporary differences associated with investments in associated companies, since the following conditions are simultaneously considered to be met:
- The Group is able to control the timing of the temporary difference reversal; and
- It is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recorded as expenses or income for the financial year, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

n) Energy sector extraordinary contribution (“CESE”)

CESE is calculated based on the companies’ net assets as at 1st January of each year, which comply, cumulatively, to: (i) property, plant and equipment; (ii) intangible assets, except industrial property elements; and (iii) financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets.

The general rate is 0.85%, which is being applied to the value of the net assets of each plant.

For the fiscal year ended as at 31 December 2020, the biomass plants whose power is less than 20 MW are exempt from CESE payments, which is why no tax has been determined or recorded for the plants whose exemption is applicable.

The annual expense related to CESE is recognized as a liability and recorded as a cost in the income statement under the line item 'Energy sector extraordinary contribution', as at 1 January in accordance with IFRIC 21 - Levies.

o) Claims for damages

The Company records the amount of indemnities receivable for claims incurred at the biomass plants, covered by the insurance policies in force when they are virtually certain and reliably measurable less the deductibles defined and the coverage conditions of the applicable insurance policies, depending on the nature compensation received.

Any changes to the estimated amount is adjusted in subsequent periods.

p) Revenue

Revenue is measured in accordance with the retribution specified in the agreements established with customers and excludes any third-party amount received. The Group recognizes revenue when it transfers control over a given asset or service to the customer.

The Group source of revenue in the 2020, 2019 and 2018 financial years can be detailed as follows:

(i) Energy – sale of electricity to the national public grid;
(ii) Biomass – sale for related entities only in January 2020.

Nature, performance obligations, and the time of recognizing revenue

(i) Energy – The Group injects electricity into the grid from its cogeneration plants. This is treated as a unique performance obligation.

The Group recognizes revenue according to IFRS 15, which sets forth that an entity recognizes revenue in order to reflect the transfer of goods and services contracted by customers, in the retribution amount to which the entity expects to be entitled to receive as consideration for delivery of said goods or services, based on the 5-step model below:

1. contract identification with a client;
2. performance obligation identification;
3. pricing of the transaction;
4. allocation of the transaction price to performance obligation; and
5. recognition of revenue when or as the entity meets a performance obligation.

Revenue is recognised net of taxes and refers to the consideration received or receivable of the services sold in line with the Group's aforementioned type of business.

Revenue is recognised by the amount of the performance obligation fulfilled.

Revenue from energy production is recognized in the income statement with its transfer to EDP, when the performance obligation is satisfied. Regarding the transaction price, this is a fixed component.

The Group considers the facts and circumstances when analyzing the terms of each contract with clients, applying the requirements that determine the recognition and measurement of revenue in a harmonized way, when dealing with contracts with similar characteristics and circumstances.

(ii) Biomass – sale for related entities only in January 2020.

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Assets associated with contracts with customers

A customer agreement asset is a right to receive a retribution in exchange for goods or services transferred to the customer.

If the Group delivers the goods or provides the services to a customer before the customer pays the retribution or prior to the retribution falling due, the contractual asset corresponds to the conditional retribution amount.

Trade receivables

A receivable represents the Group's unconditional right (that is, it only depends on the passage of time until the retribution falls due) to receive the retribution.

Liabilities associated with agreements with customers

A customer agreement liability is the obligation to transfer goods or services for which the Group has received (or is entitled to receive) a retribution from a customer. If the customer pays the retribution before the Group transfers the goods or services, a contractual liability is recorded when payment is made or when it falls due (whichever happens first). Contractual liabilities are recognised as revenue when the Group fulfils its contractual performance obligations.

q) Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the line items 'Other current assets', 'Other current liabilities', 'Other non-current assets' and 'Other non-current liabilities'.

r) Balances and transactions expressed in foreign currency

All assets and liabilities expressed in foreign currency were converted to Euros using official currency exchange rates in force on the date of the statement of financial position.

Favourable and unfavourable currency exchange differences originated by the differences between currency exchange rates applicable on the transaction date and those applicable on the collection date, payments or on the date of the statement of financial position, of those same transactions, are recorded as income and expenses in the consolidated income statement for the financial year, except those regarding non-monetary amounts whose change in fair value is recorded directly in equity.

s) Subsequent events

The events occurring after the date of the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Group's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the notes to the financial statements.

t) Information by segments

In each period, the Group identifies the most adequate segment division taking into consideration the business areas in which the Group is present. Operating segment is a group of assets and operations of the Group whose financial information is used in the decision-making process developed by Group management.

At the moment, the Group's activities currently focus on generating electricity via waste consumption and forest biomass for which the internal report of segmental information is analyzed under this assumption.

Faced with this reality in the Greenvolt Group, its Board of Directors (understood by Greenvolt as Chief Operating Decision Maker, in accordance with IFRS 8) considers there just one operating segment, namely, electricity generation via waste consumption and forest biomass, being management information also prepared and examined on that basis.

The Board of Directors will continuously assess the identification of operating segments in accordance with IFRS 8, considering the evolution of group operations considering the current strategy in expanding its operations on solar PV and onshore wind development, or any other energy operations, namely decentralised generation.

6) JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, in accordance with the accounting standards under use (Note 5), the Group's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses, in relation to the reported periods. All of the estimates and assumptions done by the Board of Directors were carried out based on their existing best knowledge, on the date of approval of financial statements, events, and ongoing transactions.

The main judgements and most significant estimates used in the preparation of the consolidated financial statements include:

(i) Impairment tests on non-current assets

Impairment analyses require determining fair value and / or the value in use of the assets under analysis (or for cash-generating units – usually defined at each power plant level). This process calls for a high number of relevant judgements, namely estimating future cash flows associated with assets or with the corresponding cash-generating units and determining an appropriate discount rate for obtaining the present value of the aforementioned cash flows. In this regard, the Group once again established the requirement to use of the maximum possible amount of observable market data. It further established calculation monitoring mechanisms, based on the challenge of critical assumptions used, their coherence and consistency (in similar situations).

(ii) Useful lives of property, plant and equipment and intangible assets

The Group revises the estimated useful lives of its tangible and intangible assets on each reporting date. Assets' useful lives depend on several factors related both to their use and to the Group's strategic decisions, and even to the economic environment of the various companies included in the scope of consolidation.

(iii) Provisions for dismantling and decommissioning and other provisions

The Group believes there are legal, contractual or constructive obligations regarding the dismantling and decommissioning of property, plant and equipment assigned to generating energy. The Group constitutes provisions according to the corresponding existing obligations in order to address the present value of the respective estimated expenses with the restoring of the corresponding sites and land to its original conditions. For the purpose of calculating the aforementioned provisions, estimates are made for the present value of the corresponding future liabilities.
Consideration of other assumptions in the aforementioned estimates and judgements could give rise to financial results that differ from those that were considered.

Estimates and underlying assumptions were determined based on the best available information on the date when consolidated financial statements are prepared and on the basis of the best knowledge and on experience with past and/or current events. However, there are situations that could occur in subsequent periods which, while not foreseeable on that date, were not considered in those estimates. For this reason and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates. Changes to those estimates, which occur subsequent to the date of the consolidated financial statements, will be corrected in the income statement on a prospective basis, as provided for under IAS 8 – Accounting Policies, Changes to Accounting Estimates and Errors.

7) CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 5.

During the financial years from 1 January 2018 to 31 December 2020, there were no voluntary changes in accounting policies. Likewise, no material errors were recognised.

8) FINANCIAL RISK MANAGEMENT

The Group is basically exposed to: (a) market risk; (b) liquidity risk; (c) credit risk; and (d) capital risk. The main objective of the Board of Directors in terms of risk management consists of reducing these risks to a level deemed acceptable for carrying on the Group's business. The risk management policy's guiding principles are outlined by Greenvolt's Board of Directors, which determines acceptable risk limits. The operational implementation of the risk management policy is carried out by the Board of Directors and by the Management at each participated company.

a) Market Risk

Particularly important as part of market risk management is interest rate risk and electricity market price risk.

When it deems necessary, the Group uses derivative instruments in managing its market risks to which it is exposed as a way of guaranteeing their hedging. Derivative instruments are not used for trading or speculation purposes.

i) Interest rate risk

Interest rate risk would be the result of the Group's indebtedness if it were indexed to variable rates (namely, indexed to Euribor), which then, would expose the cost of debt to a volatility risk.

Yet, the current Group's indebtedness is all denominated at fixed rates. Thus, not exposed to interest rate volatility.

The Group's Board of Directors approves the terms and conditions of financing deemed material for the Group. As such, it examines the debt structure, the inherent risks and the different options available on the market, namely regarding the type of interest rate (fixed/variable).

ii) Electricity market price risk

The tariff regime for the sale of electricity produced from forest biomass is regulated by a legal diploma. A relevant change to this regime could have a significant impact on the Group results.

As of 31 December 2020, electricity market price risk affecting the Greenvolt Group is not significant, given it is not expected that there is a relevant change of this regime.

b) Liquidity Risk

The main objective of the liquidity risk management policy is to ensure that the Group has, at all times, the necessary financial resources to meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties, as they become due, by adequately managing the maturity of the corresponding loans.

Thus, the Group pursues an active refinancing policy guided by: (i) maintaining a high level of free and readily available resources to address short-term needs; and (ii) extending or maintaining debt maturity according to expected cash flows and the leveraging capability of its statement of financial position.

Liquidity analysis for financial instruments is shown in the note pertaining to each category of financial liabilities.

c) Credit Risk

The Group is exposed to credit risk as part of its current operating activity. This risk is controlled through a qualitative financial information-gathering system. Such information is provided by renowned entities providing risk information, thereby enabling an assessment of customer viability in fulfilling its obligations, with the aim of reducing loan-granting risk.

The credit risk assessment is carried out on a regular basis, taking into account the economic conditions at any given time and the specific credit position of each of the companies, adopting corrective procedures where appropriate.

Credit risk is limited by managing risk combination and a careful selection of counterparties as a result of the business carried on by the Group.

d) Capital risk

The Group's capital structure, determined by the proportion between equity and net debt, is managed so as to make sure its operating activities continue and it carries on its business, while maximising shareholder return and optimising financing expenses.

The Group periodically monitors its capital structure, by identifying risks, opportunities and measured adjustment needs aimed at achieving the aforementioned goals.

As at 31 December 2020, 2019 and 2018, the Group presents an accounting Gearing of 83%, 35% and 32% respectively.

Gearing = total equity / net debt, where net debt is the algebraic sum of the following line items of the consolidated statement of financial position: Bonds, Other loans, Shareholders loans, Lease liability and (-) Cash and cash equivalents.

9) SUBSIDIARIES INCLUDED IN CONSOLIDATION

The companies included in the consolidation by the full consolidation method, respective registered offices, proportion of capital held and main activity as at 31 December 2020, 2019, 2018 and 1 January 2018 are as follows:

Company	Registered office	Effective held percentage	Effective held percentage	Effective held percentage	Effective held percentage	Main activity
		2020	2019	2018	1 January 2018	
Parent company:						
GREENVOLT – ENERGIAS RENOVÁVEIS, S.A.	Figueira da Foz					Electricity generation using waste and biomass sources. Power plants: Figueira da Foz; Constância and Mortágua.
Subsidiaries:						
Ródão Power - Energia e Biomassa do Ródão, S.A.	Vila Velha de Ródão	100%	100%	100%	100%	Electricity generation using waste and biomass sources. Power plants: Vila Velha de Rodão.
Sociedade Bioelétrica do Mondego, S.A.	Figueira da Foz	100%	100%	100%	100%	Electricity generation using waste and biomass sources. Power plants: Mondego (Figueira da Foz).
Bioródão, S.A. (d)	Figueira da Foz	100%	100%	100%	100%	Electricity generation using waste and biomass sources
Golditábua, S.A. (c)	Figueira da Foz	100%	-	-	-	Electricity generation using solar energy
Sociedade de Energia Solar do Alto Tejo (SESAT), Lda. (a)	Nisa	80%	80%	-	-	Renewable energy sources
Ribatejo Green, Lda (b) (c)	Algés	70%	70%	-	-	Electricity generation
Amieira Green, Lda (b) (c)	Algés	70%	70%	-	-	Electricity generation
Paraimo Green, Lda (b)	Algés	70%	70%	-	-	Electricity generation
Piara Solar, Lda (b) (c)	Algés	70%	70%	-	-	Electricity generation
Maior Green, Lda (b) (c)	Algés	70%	70%	-	-	Electricity generation

(a) Company acquired in the 2nd quarter of 2019 with residual contribution for consolidated financial statements
(b) Company constituted in the 3rd quarter of 2019 with residual contribution for consolidated financial statements
(c) Company acquired in December 2020
(d) Dormant entity
(e) Entity extinguished with effect on 31 March 2021

These subsidiaries were included in the Greenvolt Group's consolidated financial statements using the full consolidation method, as disclosed in Note 5.1 a).

During the year of 2019, the company constituted and acquired a group of companies within the photovoltaic energy sector. These entities are aimed to develop projects in the areas of photovoltaic energies.

10) CHANGES IN THE CONSOLIDATION PERIMETER

On 31 December 2020, the Group acquired 100% of Golditábua, S.A. (Note 9). In this sense, Golditábua, on 31 December 2020, started to be consolidated using the full consolidation method. For this acquisition, the concentration test was carried out, as defined in IFRS 3 - Business combinations (Note 5.1 c), and it was concluded that it was an asset acquisition and not a business combination. Consequently, the following assets were recognized, including the attributed value of license for the installation of a photovoltaic park (Note 15).

The assets acquired were the following:

	Initial Recognition of assets and liabilities acquired
Acquired net assets	
Intangible assets	2,921,894
Property, plant and equipment	680,000
Cash and cash equivalents	419
Other net assets	297,735
	3,900,048
Acquisition cost	
Cash payment	(822,198)
Consideration to be paid	(3,077,850)
	(3,900,048)
Net cash flow arising from acquisition	
Cash payment	(822,198)
Cash and bank balances acquired	419
	(821,779)

The purpose of this acquisition was to include in its portfolio, the production of electric energy through the photovoltaic park. Golditábua, S.A., is a company holding a production license for the installation of a photovoltaic solar park with an installed capacity corresponding to 48MW, and which is currently developing the construction project of the park with a view to its projected conclusion and entry into operation in mid-2022.

The acquisition value of this Subsidiary amounted to 3,900,048 Euros, which includes the estimated fair value of the contingent consideration, which took into consideration the high probability of occurrence of certain future events, namely the increase of the licensed capacity above mentioned and the time value of the consideration to be paid to former shareholders.

11) OTHER INVESTMENTS

As of 31 December 2020, 2019, 2018 and 1 January 2018, the detail of the item "Other investments" was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Gross amount				
CBE - Centro Biomassa para a Energia	153,501	153,501	153,501	153,501
	153,501	153,501	153,501	153,501
Impairment losses				
CBE - Centro Biomassa para a Energia	(153,501)	(153,501)	(153,501)	(153,501)
	(153,501)	(153,501)	(153,501)	(153,501)
	-	-	-	-

The CBE – Centro Biomassa para a Energia is a private and non-profit association, recognised as a public interest institution.

12) CLASSES OF FINANCIAL INSTRUMENTS

In accordance with the accounting policies described under Note 5.2 i), financial instruments were classified as follows:

December 31, 2020	Note	Financial assets recorded at amortised cost	Assets recorded at fair value through other comprehensive income	Total
Current assets				
Trade receivables	18	19,580	-	19,580
Assets associated with contracts with customers	20	7,476,825	-	7,476,825
Other receivables	19	11,578	-	11,578
Other current assets	22	-	-	-
Cash and cash equivalents	23	14,100,666	-	14,100,666
		21,608,649	-	21,608,649
		21,608,649	-	21,608,649

December 31, 2019		Financial assets recorded at amortised cost	Assets recorded at fair value through other comprehensive income	Total
Current assets				
Trade receivables	18	-	-	-
Assets associated with contracts with customers	20	7,365,847	-	7,365,847
Other receivables	19	988,262	-	988,262
Other current assets	22	-	-	-
Cash and cash equivalents	23	16,107,267	-	16,107,267
		24,461,376	-	24,461,376
		24,461,376	-	24,461,376

December 31, 2018		Financial assets recorded at amortised cost	Assets recorded at fair value through other comprehensive income	Total
Current assets				
Trade receivables	18	-	-	-
Assets associated with contracts with customers	20	8,018,339	-	8,018,339
Other receivables	19	2,478,325	-	2,478,325
Other current assets	22	140,294	-	140,294
Cash and cash equivalents	23	6,707,457	-	6,707,457
		17,344,415	-	17,344,415
		17,344,415	-	17,344,415

January 1, 2018		Financial assets recorded at amortised cost	Assets recorded at fair value through other comprehensive income	Total
Current assets				
Trade receivables	18	-	-	-
Assets associated with contracts with customers	20	3,634,863	-	3,634,863
Other receivables	19	27,274	-	27,274
Other current assets	22	-	-	-
Cash and cash equivalents	23	13,145,419	-	13,145,419
		16,807,556	-	16,807,556
		16,807,556	-	16,807,556

December 31, 2020	Note	Financial liabilities recorded at amortised cost	Liabilities recorded at fair value through other comprehensive income	Total
Non-current liabilities				
Bonds	25	48,463,769	-	48,463,769
Other loans	25	-	-	-
Lease liabilities	14.2	5,836,636	-	5,836,636
Other payables	29	820,348	-	820,348
		55,120,753	-	55,120,753
Current liabilities				
Bonds	25	1,545,172	-	1,545,172
Other loans	25	40,007,311	-	40,007,311
Shareholders loans	33	-	-	-
Lease liabilities	14.2	284,370	-	284,370
Trade payables	28	8,537,852	-	8,537,852
Other payables	29	3,939,205	-	3,939,205
Other current liabilities	30	67,979	-	67,979
		54,381,889	-	54,381,889
		109,502,642	-	109,502,642

December 31, 2019		Financial liabilities recorded at amortised cost	Liabilities recorded at fair value through other comprehensive income	Total
Non-current liabilities				
Bonds	25	49,673,801	-	49,673,801
Other loans	25	-	-	-
Lease liabilities	14.2	6,088,752	-	6,088,752
		55,762,553	-	55,762,553
Current liabilities				
Bonds	25	294,954	-	294,954
Other loans	25	50,000,000	-	50,000,000
Shareholders loans	33	24,596,424	-	24,596,424
Lease liabilities	14.2	273,537	-	273,537
Trade payables	28	11,931,566	-	11,931,566
Other payables	29	1,954,692	-	1,954,692
Other current liabilities	30	126,270	-	126,270
		89,177,443	-	89,177,443
		144,939,996	-	144,939,996

December 31, 2018		Financial liabilities recorded at amortised cost	Liabilities recorded at fair value through other comprehensive income	Total
Non-current liabilities				
Bonds	25	-	-	-
Other loans	25	-	-	-
Lease liabilities	14.2	-	-	-
		-	-	-
Current liabilities				
Bonds	25	-	-	-
Other loans	25	-	-	-
Shareholders loans	33	111,313,870	-	111,313,870
Lease liabilities	14.2	-	-	-
Trade payables	28	6,914,258	-	6,914,258
Other payables	29	3,462,979	-	3,462,979
Other current liabilities	30	181,834	-	181,834
		121,872,941	-	121,872,941
		121,872,941	-	121,872,941

January 1, 2018		Financial liabilities recorded at amortised cost	Liabilities recorded at fair value through other comprehensive income	Total
Non-current liabilities				
Bonds	25	-	-	-
Other loans	25	43,266,255	-	43,266,255
Lease liabilities	14.2	-	-	-
		43,266,255	-	43,266,255
Current liabilities				
Bonds	25	-	-	-
Other loans	25	9,669,509	-	9,669,509
Shareholders loans	33	29,558,688	-	29,558,688
Lease liabilities	14.2	-	-	-
Trade payables	28	4,715,084	-	4,715,084
Other payables	29	6,824,862	-	6,824,862
Other current liabilities	30	174,492	-	174,492
		50,942,635	-	50,942,635
		94,208,890	-	94,208,890

As at 31 December 2020, 2019, 2018 and 1 January 2018 there are no financial assets whose terms have been renegotiated and which, if not, would fall due or impaired.

13) PROPERTY, PLANT AND EQUIPMENT

During the financial years ended 31 December 2020, 2019 and 2018 the movement occurred in the value of property, plant and equipment, as well as in the corresponding amortization and accumulated impairment losses, was as follows:

	Land	Building and other edifications	Plant and equipment	Vehicles	Office equipment	Property, plant and equipment in progress	Total
Asset gross value							
Balance as at 1 January 2018	-	257,545	178,382,922	156,158	9,845	12,872,614	191,679,084
Additions	-	-	-	-	-	41,365,506	41,365,506
Disposals and write-offs	-	-	(1,522,560)	-	-	-	(1,522,560)
Dismantling costs (Note 26)	-	-	-	-	-	-	-
Transfers	-	-	626,582	-	-	(626,582)	-
Balance as at 1 January 2019	-	257,545	177,486,944	156,158	9,845	53,611,538	231,522,030
Additions	-	-	-	8,964	-	30,012,671	30,021,635
Disposals and write-offs	-	-	-	-	-	-	-
Dismantling costs (Note 26)	-	-	1,199,076	-	-	-	1,199,076
Transfers	-	-	83,441,898	-	7,554	(83,449,452)	-
Balance as at 1 January 2020	-	257,545	262,127,918	165,122	17,399	174,757	262,742,741
Additions	680,000	-	-	-	14,809	893,243	1,588,052
Disposals and write-offs	-	-	-	-	-	-	-
Dismantling costs (Note 26)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Balance as at 31 December 2020	680,000	257,545	262,127,918	165,122	32,208	1,068,000	264,330,793
Accumulated amortization and impairment							
Balance as at 1 January 2018	-	113,427	74,150,649	156,158	8,436	-	74,428,670
Additions	-	10,355	7,635,013	-	339	-	7,645,708
Disposals and write-offs	-	-	(968,264)	-	-	-	(968,264)
Dismantling costs (Note 26)	-	-	-	-	-	-	-
Impairment (reversals) /losses	-	-	5,500,000	-	-	-	5,500,000
Transfers	-	-	-	-	-	-	-
Balance as at 1 January 2019	-	123,783	86,317,398	156,158	8,776	-	86,606,115
Additions	-	10,355	10,220,617	1,120	500	-	10,232,593
Disposals and write-offs	-	-	-	-	-	-	-
Dismantling costs (Note 26)	-	-	(905,878)	-	-	-	(905,878)
Impairment (reversals) /losses	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Balance as at 1 January 2020	-	134,138	95,632,137	157,278	9,276	-	95,932,829
Additions	-	10,355	11,677,226	2,241	2,799	-	11,692,622
Disposals and write-offs	-	-	-	-	-	-	-
Dismantling costs (Note 26)	-	-	-	-	-	-	-
Impairment (reversals) /losses	-	-	(3,760,903)	-	-	-	(3,760,903)
Transfers	-	-	-	-	-	-	-
Balance as at 31 December 2020	-	144,493	103,548,460	159,519	12,076	-	103,864,548
Carrying amount							
At 1 January 2018	-	144,117	104,232,273	-	1,409	12,872,614	117,250,414
At 31 December 2018	-	133,762	91,169,546	-	1,069	53,611,538	144,915,916
At 31 December 2019	-	123,407	166,495,781	7,844	8,123	174,757	166,809,912
At 31 December 2020	680,000	113,051	158,579,458	5,603	20,132	1,068,000	160,466,245

During the financial years ended 31 December 2020, 2019 and 2018, the amortization for the year totaled 11,692,622 Euros, 10,232,593 Euros and 7,645,708 Euros, respectively, and was recorded under the income statement line item 'Amortization and depreciation' (Note 38).

Most of the company's assets are located on land leased from Altri group companies as disclosed in Note 14.

In 2018 and 2019, the main investment in the amount of around 41 million Euros and 30 million Euros, respectively, refer to the construction of a new power plant generating energy from waste and biomass, located in Figueira da Foz, by Sociedade Bioelétrica do Mondego, S.A. which was completed during the year 2019. In 2020, with the acquisition of Golditábua, the Company acquired a perpetual right to Land, in which is intended to develop its operational activity. This amount was recognized at cost on the caption Land considering the substance of the agreement.

Regarding disposals/write-offs of equipment in the financial year 2018, the amount of 1,522,560 Euros results from the write off of the Mortágua plant equipment that was damaged by a fire. Additionally, as at 31 December 2019, there was a transfer amounting to 1,205,650 Euros to “Plant and Equipment” assets, regarding to the replacement of the equipment damaged by the fire. The Group received compensation by insurers related to the fires that affected the Group in 2018 and 2017 (Note 19).

As at 31 December 2020, 2019, 2018 and 1 January 2018 the line item 'Property, plant and equipment in progress' refers to the following projects:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Biomass central	-	-	52,856,439	12,271,522
New turbine	893,243	-	-	-
Other projects	174,757	174,757	755,099	601,092
	1,068,000	174,757	53,611,538	12,872,614

The amount of capitalized financial interests corresponds to interests beared in relation with borrowings attributable to the funding the power plant of Sociedade Bioelétrica do Mondego, S.A., and totaled approximately 250,000 Euros as at 31 December 2019 (427,000 Euros as at 31 December 2018).

As at 1 January 2018, the impact of the impairment analysis is being disclosed in Note 4. In the year ended 31 December 2018, due to the analysis of impairment by plant, an impairment loss of 4,500,000 Euros was recorded for the Mortágua plant and 1,000,000 Euros for the Constância plant. The impairment was determined considering the following factors:

	Mortágua Power Plant	Constância Power Plant
WACC	7.0%	7.0%
End of the projection period (*)	2024	2034
Average sales growth rate	2.00%	2.00%
Average EBITDA margin	29.0%	27.0%

(*) Estimated year to end the remuneration period defined by VRD (tariff)

The factors mentioned above were reasonably the same considered as at 31 December 2019, and no impairment or reversal indicators were identified, hence no detailed impairment testing was performed.

The impairment loss is being depreciated over the remaining useful life of the assets that are allocated to each of the plants.

During the year 2020, due to the reassessment of the existing factors and productivity of both plants, the impairment loss was reversed for the respective power plants, considering that the net present value of the estimated future cash flows exceed the net book value of the corresponding assets. This impairment analysis was carried out in accordance with the discounted cash flow method, and the main assumptions, by power plant, are detailed as follows:

	Mortágua Power Plant	Constância Power Plant
WACC	5.3%	5.3%
End of the projection period (*)	2024	2034
Average sales growth rate	1.02%	1.02%
Average EBITDA margin	31.6%	27.5%

(*) Estimated year to end the remuneration period defined by VRD (tariff)

Taking into consideration the impairment analysis performed for the other power plants, no impairment indicators were identified.

It should also be noted that on 1 July 2020, a concession contract was signed with the Municipality of Mortágua and whose execution depends, as provided for in the aforementioned contract, on the approval, by the competent authorities, of the requests for the setting up and operation of the plant valuation of Mortágua forest biomass, under the terms of Decree-Law no. 64/2017, of 12/06 (as amended by Decree-Law no. 120/2019, of 22/08), and that implemented the special and extraordinary regime for the installation and exploration, by municipalities, of a new biomass power plant and that will surely bring synergies to the existing project. It is worth noting that this fact was not considered in the projections performed due to its contingent nature.

The amount of accumulated impairment losses as at 31 December 2020, 2019 and 2018 was as follows:

	31.12.2020	31.12.2019	31.12.2018
Opening balance	(4,630,452)	(5,500,000)	-
Impairment losses	-	-	(5,500,000)
Depreciation	869,549	869,548	-
Impairment reversals	3,760,903	-	-
Accumulated impairment losses	-	(4,630,452)	(5,500,000)

14) LEASES

14.1 RIGHT-OF-USE ASSETS

During the financial year ended 31 December 2020 and 2019, the movement that occurred in the amount of right-of-use assets, as well as the corresponding amortization, was detailed as follows:

	Land	Total
Asset gross value		
Balance as at 1 January 2019 (Note 5)	5,732,159	5,732,159
Additions	2,643,125	2,643,125
Transfers	-	-
Balance as at 1 January 2020	8,375,284	8,375,284
Additions	32,254	32,254
Transfers	-	-
Balance as at 31 December 2020	8,407,538	8,407,538
Amortization		
Balance as at 1 January 2019 (Note 5)	2,365,727	2,365,727
Additions	271,690	271,690
Transfers	-	-
Balance as at 1 January 2020	2,637,417	2,637,417
Additions	336,546	336,546
Transfers	-	-
Balance as at 31 December 2020	2,973,963	2,973,963
Carrying amount		
At 1 January 2019 (Note 5)	3,366,432	3,366,432
At 31 December 2019	5,737,867	5,737,867
At 31 December 2020	5,433,575	5,433,575

The line item 'Land' refers to the lease agreements celebrated with related parties, namely, Celulose Beira Industrial (Celbi), S.A., Caima - Indústria de Celulose, S.A. and Celtejo - Empresa de Celulose do Tejo, S.A., related with the land on which the Group's power plants are located.

The main contractual terms of these contracts are presented as follows:

Power Plant	Figueira da Foz	Constância	Vila Velha de Rodão	Mondego (Figueira da Foz)
Lease term	April 2034	July 2034	November 2031	July 2044
Annual rent	177,732	83,772	88,116	178,500
Rents update	Consumer Price Index	Consumer Price Index	Consumer Price Index	Consumer Price Index

In addition, the following amounts were recognised in 2020 and 2019 as expenses related to right-of-use assets:

	31.12.2020	31.12.2019
Depreciation of right-of-use assets	336,546	271,690
Interest expenses related to lease liabilities	254,583	192,482
Total amount recognised in the profit-and-loss account	591,129	464,172

14.2 LEASE LIABILITIES

During the financial year ended 31 December 2020 and 2019, the movement in lease liabilities was as follows:

	31.12.2020	31.12.2019
Opening balance	6,362,289	3,948,540
Additions	32,254	2,643,125
Interests (Note 37)	254,583	192,482
Payments	(528,120)	(421,858)
Closing balance	6,121,006	6,362,289
Current	284,370	273,537
Non-current	5,836,636	6,088,752

The repayment term of the lease liabilities is as follows:

	31.12.2020					
	2021	2022	2023	2024	>2024	Total (nominal value)
Lease Liabilities	284,370	295,638	307,357	307,357	4,926,284	6,121,006
	284,370	295,638	307,357	307,357	4,926,284	6,121,006

	31.12.2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Lease Liabilities	273,537	284,370	295,638	307,357	5,201,387	6,362,289
	273,537	284,370	295,638	307,357	5,201,387	6,362,289

For the purpose of determining the discount rate, an incremental interest rate was used by observing market data for compound bond interest rate curves with reference to 1 January 2020 for maturities similar to the term of the lease, taking into account cash flows from the lease agreement adjusted by the credit risk of the Altri Group, given that the Company is 100% owned by the Group.

14.3 OPERATING LEASES

As at 31 December 2018, the minimum payments assumed with concluded operating lease agreements fall due as follows:

Year	31.12.2018
Up to 1 year	347,856
From 1 year to 5 years	1,748,100
Over 5 years	3,056,667
	5,152,623

15) INTANGIBLE ASSETS

During the financial years ended 31 December 2020, 2019 and 2018 the movements that occurred in the value of intangible assets, as well as in the corresponding amortization and accumulated impairment losses, were as follows:

	Licences	Other intangible assets	Intangible assets in progress	Total
Intangible assets				
Balance as at 1 January 2018	20,600,276	-	-	20,600,276
Additions	-	-	-	-
Disposals and write-offs	-	-	-	-
Transfers	-	-	-	-
Balance as at 1 January 2019	20,600,276	-	-	20,600,276
Additions	-	-	-	-
Disposals and write-offs	-	-	-	-
Transfers	-	-	-	-
Balance as at 1 January 2020	20,600,276	-	-	20,600,276
Additions	-	-	2,921,894	2,921,894
Disposals and write-offs	-	-	-	-
Transfers	-	-	-	-
Balance as at 31 December 2020	20,600,276	-	2,921,894	23,522,170
Accumulated amortization and impairment				
Balance as at 1 January 2018	18,943,918	-	-	18,943,918
Additions	118,963	-	-	118,963
Disposals and write-offs	-	-	-	-
Impairment (reversals) /losses	-	-	-	
Transfers	-	-	-	-
Balance as at 1 January 2019	19,062,882	-	-	19,062,882
Additions	118,963	-	-	118,963
Disposals and write-offs	-	-	-	-
Impairment (reversals) /losses	-	-	-	-
Transfers	-	-	-	-
Balance as at 1 January 2020	19,181,845	-	-	19,181,845
Additions	119,289	-	-	119,289
Disposals and write-offs	-	-	-	-
Impairment (reversals) /losses	(2,574,839)	-	-	(2,574,839)
Transfers	-	-	-	-
Balance as at 31 December 2020	16,726,295	-	-	16,726,295
Carrying amount				
At 1 January 2018	1,656,358	-	-	1,656,358
At 31 December 2018	1,537,395	-	-	1,537,395
At 31 December 2019	1,418,432	-	-	1,418,432
At 31 December 2020	3,873,982	-	2,921,894	6,795,875

During the financial years ended 31 December 2020, 2019 and 2018 amortization for the financial amounts to 119,289 Euros, 118,963 Euros, and 118,963 Euros, respectively, and were recorded under the income statement line item 'Amortization and depreciation' (Note 38).

The line item 'Licences' refers essentially to the fair value determined in the acquisition of Ródão Power - Energia e Biomassa do Ródão, S.A.. As at 31 December 2020, the increase in ‘Intangible assets in progress’ refers to the acquisition of the subsidiary Golditábua, S.A.. This transaction was accounted for as an acquisition of assets, as indicated in Note 5.1 c) (Note 10).

In the year ended 31 December 2020, due to the analysis of impairment by plant, an impairment reversal of 2,574,839 Euros was recorded for the Rodão Power license, and the corresponding deferred tax liabilities were increased, as the amount of the tax consequences of the impairment was offsetting previous recognized deferred tax liabilities. The impairment loss, was booked in 1 January 2018 as detailed in Note 4. During that year and 2019, no detailed impairment analysis was performed for this plant, as no impairment or reversal indicators were identified.

This impairment analysis was carried out in accordance with the discounted cash flow method, the main assumptions related with the analysis carried out for this plant can be detailed as follows:

	Rodão Power Power Plant
WACC	5.3%
End of the projection period (*)	2031
Average sales growth rate	1.02%
Average EBITDA margin	28.7%

(*) Estimated year to end the remuneration period defined by VRD (tariff)

The amount of accumulated impairment losses as at 31 December 2020, 2019 and 2018 was as follows:

	31.12.2020	31.12.2019	31.12.2018
Opening balance	(9,033,003)	(9,790,596)	(10,548,189)
Impairment losses	-	-	-
Amortization	759,669	757,593	757,593
Impairment reversals	2,574,839	-	-
Accumulated impairment losses	(5,698,495)	(9,033,003)	(9,790,596)

16) INVENTORIES

As at 31 December 2020, 2019, 2018 and 1 January 2018 the amount recorded under the line item 'Inventories' can be detailed as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Raw materials, subsidiaries and consumables	1,108	3,041,661	1,500,765	537,915
	1,108	3,041,661	1,500,765	537,915
Accumulated impairment losses	-	-	-	-
	1,108	3,041,661	1,500,765	537,915

In January 2020, the Group sold to a related entity, Altri Abastecimento de Madeira, S.A., the entire amount of inventories of forest biomass that it held, since Altri Abastecimento de Madeira, S.A. became, since that date the only buyer and supplier of biomass of the Group, having become the sole responsible for the biomass inventory (Note 33).

The cost of sales for the financial year ended 31 December 2020, 2019 and 2018 came to 39,028,957 Euros 24,880,975 Euros and 19,870,281 Euros, respectively, and was determined as follows:

	31.12.2020	31.12.2019	31.12.2018
Opening Balance	3,041,661	1,500,765	537,915
Purchases	35,988,404	26,421,871	21,172,324
Inventory adjustments	-	-	(339,193)
Final inventories	(1,108)	(3,041,661)	(1,500,765)
	39,028,957	24,880,975	19,870,281

As of 31 December 2018, the value of the item 'Inventory adjustments' refers to the losses in the biomass inventories due to the fire that occurred at Ródão Power - Energia e Biomassa do Ródão, S.A. Celtejo's facilities (related party), where the plant is located (Note 36).

17) CURRENT AND DEFERRED TAXES

According to current legislation, tax returns are subject to review and correction by the Portuguese tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when inspections, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Group's tax returns since 2017 may still be subject to review.

The Group's Board of Directors considers that any corrections resulting from reviews/inspections by the tax authorities to those tax returns will not have a material effect on the financial statements as at 31 December 2020, 2019, 2018 and 1 January 2018.

Deferred tax assets and liabilities as at 31 December 2020, 2019, 2018 and 1 January 2018 according to the temporary differences generating them, are detailed as follows:

	Deferred tax assets				Deferred tax liabilities			
	31.12.2020	31.12.2019	31.12.2018	01.01.2018	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Provisions and impairment losses not accepted for tax purposes	-	1,180,765	1,402,500	-	-	-	-	-
Fair-value licences acquired	-	-	-	-	929,756	340,424	368,975	422,371
Dismantling provision	1,156,909	977,751	812,310	644,018	-	-	-	-
Difference between tax and acquisition cost basis in fixed assets	182,468	190,222	122,108	-	2,328,550	2,504,197	2,679,202	2,655,593
Right-of-use assets	154,547	154,547	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
	1,493,924	2,503,285	2,336,918	644,018	3,258,306	2,844,621	3,048,177	3,077,964

The movement that occurred in deferred tax assets and liabilities in the financial years ended 31 December 2020, 2019 and 2018 were as follows:

	Deferred tax assets			Deferred tax liabilities		
	31.12.2020	31.12.2019	31.12.2018	31.12.2020	31.12.2019	31.12.2018
Opening Balance	2,503,285	2,336,918	644,018	2,844,621	3,048,177	3,077,964
Effects on income statement:						
Increased/(Reduced) provisions and impairment losses	(1,180,765)	(221,735)	1,402,500	-	-	-
Fair-value licences acquired	-	-	-	589,332	(28,552)	(53,396)
Dismantling provision	179,158	165,441	168,292	-	-	-
Difference between tax and acquisition cost basis in fixed assets	(7,754)	68,114	122,108	(175,647)	(175,004)	23,609
Right-of-use assets	-	10,715	-	-	-	-
Other effects	-	-	-	-	-	-
Total effects on income statement	(1,009,361)	22,535	1,692,900	413,685	(203,556)	(29,787)
Effects on equity (Note 5):						
Right-of-use assets	-	143,832	-	-	-	-
Total effects on other comprehensive income	-	143,832	-	-	-	-
Closing Balance	1,493,924	2,503,285	2,336,918	3,258,306	2,844,621	3,048,177

The tax rate used to calculate deferred taxes for temporary differences is 22.5% (22.2% in case of Ródão Power - Energia e Biomassa do Ródão, S.A. taking into consideration the registered office of the entity) increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. According to the legislation in force in Portugal during the year ended on 31 December 2020, the state surcharge corresponded to the application of an additional rate of 3% on the part of taxable profit between 1.5 and 7.5 million Euros, 5% on the taxable profit portion between 7.5 and 35 million Euros and 9% on the taxable profit above 35 million Euros.

The effective tax rates for the years ended 31 December 2020, 2019 and 2018 for the several entities of the Group are comprised in the range between 22% to 26%.

Deferred taxes to be recognized resulting from tax losses are only recorded to the extent where taxable income is likely to occur in the future and which can be used for recovering tax losses or deductible tax differences. As at 31 December 2020, 2019, 2018 and 1 January 2018 no deferred tax assets were recorded regarding tax losses carried forward.

The detail of the tax losses carried forward that did not generate deferred tax assets is detailed as follows:

		31.December.2020			31.December.2019			31.December.2018		
		Tax loss	Tax credit	Limit of utilization date	Tax loss	Tax credit	Limit of utilization date	Tax loss	Tax credit	Limit of utilization date
With limited time use										
Generated in 2016	Portugal	4,000	840	2028	4,000	840	2028	8,000	1,680	2028
Generated in 2017	Portugal	7,929	1,665	2022	7,929	1,665	2022	15,984	3,357	2022
Generated in 2018	Portugal	-	-	2023	-	-	2023	-	-	2023
Generated in 2019	Portugal	15,249	3,202	2024	15,249	3,202	2024	-	-	2024
Generated in 2020	Portugal	35,767	7,511	2032	-	-	2032	-	-	2032
		62,945	13,218		27,178	5,707		23,984	5,037	

The Group's Board of Directors estimates that the deferred tax assets recorded as at 31 December 2020, 2019, 2018 and 1 January 2018 are fully recoverable.

Income tax recognised in the income statement in the financial years ended 31 December 2020, 2019 and 2018 can been detailed as follows:

	31.12.2020	31.12.2019	31.12.2018
Current tax	(4,989,688)	(2,842,584)	(2,732,806)
Deferred tax	(1,423,046)	226,091	1,722,687
	(6,412,734)	(2,616,493)	(1,010,119)

The reconciliation of the profit before income tax to the income tax and CESE for the years ended 2020, 2019 and 2018 is as follows:

	31.12.2020	31.12.2019	31.12.2018
Profit/(loss) before income tax and CESE	25,417,236	10,205,623	6,212,735
Income tax rate	21.00%	21.00%	21.00%
	5,337,620	2,143,181	1,304,674
Surtaxes (municipal and state)	875,152	351,090	536,526
Special tax regime for capital gains generated in fires	-	-	(259,279)
(Under)/over income tax estimates	(20,191)	150,514	(30,467)
Difference in deferred tax calculation rate	81,920	(9,826)	(441,901)
Tax losses that have not originated deferred tax assets	16,186	3,203	-
Other effects	122,047	(21,669)	(99,434)
Income tax	6,412,734	2,616,493	1,010,119

The Statement of financial position captions as at 31 December 2020, 2019, 2018 and 1 January 2018 for Income taxes payable and receivable are as follows:

Income tax receivable	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Income tax	387	-	-	-
Total income tax	387	-	-	-
Income tax payable				
Income tax	3,411,514	150,718	944,931	182,579
Total income tax	3,411,514	150,718	944,931	182,579

As at 31 December 2020, 2019, 2018 and 1 January 2018 the balance of the 'Income tax' basically includes the income tax estimate to be paid by Group, deducted from the corresponding payments in advance already paid to the Portuguese State ('Pagamentos por conta', 'Pagamentos adicionais por conta' e 'Pagamentos especiais por conta'). In 2020, this amount is payable to Altri SGPS, S.A. (Notes 5.2 m) and 33).

18) TRADE RECEIVABLES

As at 31 December 2020, 2019, 2018 and 1 January 2018 this line item was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Trade receivables, current account	19,580	-	-	-
	19,580	-	-	-
Accumulated impairment losses	-	-	-	-
	19,580	-	-	-

As at 31 December 2020 the net trade receivables were not due.

The Group does not charge any interest while payment terms (60 days, on average) are being complied with. Upon expiry of the above mentioned terms, interests are charged according with the established contracts and/or under legislation, as applicable to each situation. This will tend to occur only in extreme situations.

19) OTHER RECEIVABLES

As at 31 December 2020, 2019, 2018 and 1 January 2018 this caption was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Insurance claims	-	-	2,478,325	-
Related Parties (Note 33)	4,615	-	-	-
Others	6,963	988,262	-	27,274
	11,578	988,262	2,478,325	27,274
Accumulated impairment losses	-	-	-	-
	11,578	988,262	2,478,325	27,274

The balance as at 31 December 2018 regarding Insurance claims basically refers to compensations receivable from insurers arising from fires that affected some of the subsidiaries of the Group in 2018 and 2017, and which were received in full during the 2019 and that were included in the consolidated statement cash flow for the year ended 31 December 2019 in the line item ‘Other receipt/payments relating to operation activities’.

As at 31 December 2019, the amount of 988,262 Euros corresponds essentially to an account receivable from a supplier due to the regularization of VAT unduly deducted.

As at 31 December 2020, 2019, 2018 and 1 January 2018 the net balance amount under 'Other receivables' did not fall due. Other receivables not fallen due show no sign of impairment, as the book value is deemed to be close to their fair value, and the effect of their financial discount is immaterial.

The Board of Directors understands that receivables not fallen due shall be recovered in their entirety, considering the history of collectability and the characteristics of the counterparties.

20) ASSETS ASSOCIATED WITH CONTRACTS WITH CUSTOMERS

As at 31 December 2020, 2019, 2018 and 1 January 2018 the line item 'Assets associated with contracts with customers' is detailed as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Energy sales to be invoiced	7,476,825	7,365,847	8,018,339	3,634,863
	7,476,825	7,365,847	8,018,339	3,634,863

These balances are related to the amount of energy supplied but not yet invoiced to the customer SU Eletricidade, S.A., previously named EDP Serviço Universal, S.A.. In accordance with the current established agreement the energy is auto invoiced by EDP in the up-coming month. Full amount was received, in the beginning of the following year.

21) OTHER TAXES AND LEVIES

Assets and liabilities with the State and Other Public Entities as at 31 December 2020, 2019, 2018 and 1 January 2018 relate to other taxes and levies and are detailed as follows:

Other tax assets	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Value-added tax	115,287	7,271	2,174,477	6,463
Other Taxes	-	-	-	-
Total other tax assets	115,287	7,271	2,174,477	6,463
Other tax liabilities				
CESE	-	797,390	-	-
Tax withholding	-	35	-	-
Value-added tax	565,732	3,214,614	-	667,228
Other Taxes	-	-	-	-
Total other tax liabilities	565,732	4,012,039	-	667,228

As at 31 December 2018, the amount of VAT receivable is essentially due to the Greenvolt sales occurred in November and December having been invoiced only in the month of January 2019, while in the previous years only December sales were to be invoiced. This fact directly influences the amount of VAT receivable, compared to the amount of VAT payable in the same period, which impact the open balance in around 1.4 million Euros. Additionally, this balance is also impacted by VAT refunds requests by subsidiary Sociedade Bioelétrica do Mondego, S.A., which amounts to 708,567 Euros. These amounts were fully received during 2019.

22) OTHER CURRENT ASSETS

As at 31 December 2020, 2019, 2018 and 1 January 2018 the line item 'Other current assets' can be detailed as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Accrued income:				
Other gains to be invoiced	-	-	140,294	-
Deferred costs:				
Other prepaid expenses	506,427	203,819	-	163,676
	506,427	203,819	140,294	163,676

23) CASH AND CASH EQUIVALENTS

As at 31 December 2020, 2019, 2018 and 1 January 2018 the detail of 'Cash and cash equivalents' was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Bank deposits	14,100,666	16,107,267	6,707,457	13,145,419
Cash and cash equivalents	14,100,666	16,107,267	6,707,457	13,145,419

24) SHARE CAPITAL AND RESERVES

Share capital

As at 31 December 2020, 2019, 2018 and 1 January 2018 the Company's share capital was fully subscribed:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
EDP - Imobiliária e Participações, S.A.	-	-	-	5%
EDP - Gestão da Produção de Energia, S.A.	-	-	-	5%
EDP - Energias de Portugal, S.A.	-	-	-	40%
Caima Energia - Empresa de Gestão e Exploração de Energia, S.A.	55%	45%	45%	45%
Caima - Industria de Celulose, S.A.	-	10%	10%	5%
Altri SGPS, S.A.	45%	45%	45%	-

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'Legal reserve' until it represents at least 20% of the share capital.

As at 31 December 2020, 2019, 2018 and 1 January 2018 the Group's financial statements showed the amount of 10,000 Euros related to legal reserve, which may not be distributed among shareholders, except in the event of closing of the Group, but can be used for absorbing losses after the other reserves have been exhausted, or incorporated in capital.

Other reserves and Retained earnings

As at 31 December 2020, 2019, 2018 and 1 January 2018 the detail of 'Other reserves and Retained earnings' was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Retained earnings	26,568,335	19,772,948	15,014,208	15,014,208
Other reserves	13,150,000	-	-	-
	39,718,335	19,772,948	15,014,208	15,014,208

Supplementary capital

The supplementary capital in accordance with Portuguese law do not bear interests and does not have a defined maturity and can only be reimbursed following a Company's shareholder meeting decision and within some legal constrains, regarding the amount of the standalone equity after reimbursement.

As at 31 December 2020, 2019, 2018 and 1 January 2018 the detail of 'Supplementary capital', per shareholder, was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Altri SGPS, S.A.	-	5,917,500	5,917,500	-
Caima Energia, S.A.	9,583,819	6,575,000	6,575,000	6,575,000
Caima Industria de Celulose, S.A.	-	657,500	657,500	-
EDP - Energias de Portugal, S.A.	-	-	-	6,575,000
	9,583,819	13,150,000	13,150,000	13,150,000

At the General Meeting, held on 22 December 2020, it was unanimously approved that the amounts of Supplementary capital, in the amount of 13,150,000 Euros, would be transferred to the exclusive and unconditional ownership of the Company, hence classified as 'Other reserves', thereby reinforcing the Company's financial position.

At that same meeting, it was also unanimously approved that the shareholder Caima Energia - Empresa de Gestão e Exploração de Energia, S.A. would perform a supplementary capital increase amounting to 9,583,819 Euros (including carried interests amounting to 266,684 Euros – Note 33), by conversion of Loans granted to the Company (Note 29), in order to reinforce the company's equity.

25) BONDS AND OTHER LOANS

As at 31 December 2020, 2019 and 1 January 2018 the detail of 'Bonds' and 'Other loans' was as follows:

	Nominal value						Book value					
	31.12.2020		31.12.2019		01.01.2018		31.12.2020		31.12.2019		01.01.2018	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans	-	-	-	-	9,601,862	43,266,255	-	-	-	-	9,669,509	43,266,255
Commercial paper	40,000,000	-	50,000,000	-	-	-	40,007,311	-	50,000,000	-	-	-
Other loans	40,000,000	-	50,000,000	-	9,601,862	43,266,255	40,007,311	-	50,000,000	-	9,669,509	43,266,255
Bond loans	1,250,000	48,750,000	-	50,000,000	-	-	1,545,172	48,463,769	294,954	49,673,801	-	-
Bonds	1,250,000	48,750,000	-	50,000,000	-	-	1,545,172	48,463,769	294,954	49,673,801	-	-
	41,250,000	48,750,000	50,000,000	50,000,000	9,601,862	43,266,255	41,552,483	48,463,769	50,294,954	49,673,801	9,669,509	43,266,255

(1) - includes accruals from accrued interest and borrowing expenses

As at 31 December 2018 the balances regarding bonds and other loans were nil.

25.1 DESCRIPTION OF BORROWINGS

(i) Commercial paper

The Group has two commercial paper programs with no placement guarantee, in the maximum amount of 100 million Euros, that can be issued by several subsidiaries within Altri Group.

Both programs bear interest at an interest rate defined by indirect placement with investors and/or defined by a subscription proposal submitted by the financial intermediaries, with a maturity of up to 90 days.

As at 31 December 2020, the total amount issued was 40 million Euros (50 million Euros as of 31 December 2019 and nil as of 31 December 2018 and 1 January 2018).

As of 31 March 2021, the total amount issued was 40 million, which was early redeemed on 30 April 2021. Therefore, as of 30 April 2021 onwards the total issued amount was nil (Note 42).

On 10 May 2021, one of the Commercial Paper Programs, which had a 100% ownership clause from Altri, SGPS, S.A. was amended, changing the ownership clause to 50.01% (Note 42).

(ii) Bond loans

On 26 February 2019, Sociedade Bioelétrica do Mondego, S.A. issued a bond loan named 'SOCIEDADE BIOELÉTRICA DO MONDEGO 2019-2029', in the amount of 50 million Euros with a fixed coupon rate of 1.90%. The issue lined up with the conditions set forth by the Green Bond Principles and it was the first Green Bonds issuance admitted to trading in Portugal, at Euronext Access Lisbon.

The Bond's proceeds were allocated exclusively to the 34.5 MW biomass power plant financing, although in the initial phase of the project there were advances of own funds made by Sociedade Bioeletrica do Mondego's parent company. The Issue is in line with the conditions established by the Green Bond Principles published by the ICMA (International Capital Market Association), having obtained a positive Second Party Opinion (SPO) from an ESG rating and specialized independent research Sustainalytics company.

25.2 CHANGE IN INDEBTEDNESS AND MATURITIES

As at 31 December 2020, 2019 and 2018, the reconciliation of the change in gross debt to cash flows is as follows:

	31.12.2020	31.12.2019	31.12.2018
Balance as at 1 January	99,968,755	-	52,935,764
Payments of loans obtained	(410,000,000)	(80,000,000)	(52,944,375)
Receipts of loans obtained	400,000,000	180,000,000	-
Change in expenses incurred with the issuance of loans	47,497	(31,245)	8,611
Change in debt	(9,952,503)	99,968,755	(52,935,764)
Balance as at 31 December	90,016,252	99,968,755	-

The period for maturity tables of the group borrowings is as follows:

	31/12/2020					
	2021	2022	2023	2024	>2024	Total (nominal value)
Bank loans	-	-	-	-	-	-
Commercial paper	40,000,000	-	-	-	-	40,000,000
Bond loans	1,250,000	2,500,000	3,750,000	6,500,000	36,000,000	50,000,000
	41,250,000	2,500,000	3,750,000	6,500,000	36,000,000	90,000,000

	31/12/2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Bank loans	-	-	-	-	-	-
Commercial paper	50,000,000					50,000,000
Bond loans	-	1,250,000	2,500,000	3,750,000	42,500,000	50,000,000
	50,000,000	1,250,000	2,500,000	3,750,000	42,500,000	100,000,000

26) PROVISIONS

As at 31 December 2020, 2019, 2018 and 1 January 2018 the detail of 'Provisions' was as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Provisions for dismantling and decommissioning	11,528,846	11,378,648	9,228,788	9,184,561
Others	9,318	9,359	9,359	9,359
	11,538,164	11,388,007	9,238,147	9,193,920

The movement of 'Provisions for dismantling and decommissioning' during the years ended 31 December 2020, 2019 and 2018 is follows:

	31.12.2020	31.12.2019	31.12.2018
	Provisions	Provisions	Provisions
Opening balance	11,378,648	9,228,788	9,184,561
Increases	-	3,076,012	-
Utilizations	-	-	-
Reversals	-	(971,058)	-
Discount effect (Note 37)	150,198	44,905	44,227
Closing balance	11,528,846	11,378,648	9,228,788

In view of the net amount shown under 'increases' and 'reversals', the amount of around 2.1 million Euros relates to increases and reversals pertaining to provisions for dismantling, which are recorded against an increase/reduction of the corresponding property, plant and equipment (Note 13).

In accordance with the provisions under the corresponding environmental licences for thermoelectric plants, when a plant is declared to cease operations, its deactivation phase begins; that is, the set of decommissioning, dismantling, demolition and environmental rehabilitation activities. In conformity with the accounting policies referred to under Note 5.2 h), these provisions in 2019 were calculated via an independent assessment conducted by an external entity, based on the present value of future liabilities and recorded against an increase in the corresponding property, plant and equipment, and are depreciated for the remaining expected useful life of the respective assets. The effect of financially updating the financial year is recognised in the line item of financial expenses.

The remaining amount recorded under the line item 'Provisions' as at 31 December 2020, 2019, 2018 and 1 January 2018 is the best estimate from the Board of Directors in order to address the entirety of losses to be incurred with currently ongoing legal proceedings.

The assumptions considered in the provisions estimate are detailed by central as follows:

		31 December 2020			31 December 2019			31 December 2018		
Nature	Power Plant	Nominal amount	Inflation rate	Discount rate	Nominal amount	Inflation rate	Discount rate	Nominal amount	Inflation rate	Discount rate
Decommissioning	Mortágua	-	-	-	-	-	-	490,000	1.86%	0.14%
	Constância	-	-	-	-	-	-	338,000	1.86%	0.63%
	Figueira da Foz	-	-	-	-	-	-	345,000	1.86%	0.63%
	Soc. Bio. do Mondego	-	-	-	-	-	-	-	-	-
	Ródão Power	-	-	-	-	-	-	355,000	1.86%	0.54%
Dismantling and demolition	Mortágua	3,000,000	1.02%	1.03%	3,000,000	1.30%	1.32%	1,390,000	1.86%	0.31%
	Constância	600,000	1.02%	1.03%	600,000	1.30%	1.32%	583,000	1.86%	0.68%
	Figueira da Foz	2,300,000	1.02%	1.03%	2,300,000	1.30%	1.32%	533,000	1.86%	0.68%
	Soc. Bio. do Mondego	2,900,000	1.02%	1.03%	2,900,000	1.30%	1.32%	-	-	-
	Ródão Power	1,600,000	1.02%	1.03%	1,600,000	1.30%	1.32%	433,000	1.86%	0.59%
Environmental requalification	Mortágua	279,190	1.02%	1.03%	279,190	1.30%	1.32%	1,440,000	1.86%	0.35%
	Constância	147,800	1.02%	1.03%	147,800	1.30%	1.32%	243,000	1.86%	0.72%
	Figueira da Foz	268,480	1.02%	1.03%	268,480	1.30%	1.32%	433,000	1.86%	0.72%
	Soc. Bio. do Mondego	195,860	1.02%	1.03%	195,860	1.30%	1.32%	-	-	-
	Ródão Power	131,260	1.02%	1.03%	131,260	1.30%	1.32%	733,000	1.86%	0.63%

27) OTHER NON-CURRENT LIABILITIES

As at 31 December 2020, 2019, 2018 and 1 January 2018 this line item fully concerns the tranches of non-refundable investment grants (Note 30), which was detailed as follows:

	31.12.2020			31.12.2019			31.12.2018			01.01.2018		
	Total	Current (Note 30)	Non-current	Total	Current (Note 30)	Non-current	Total	Current (Note 30)	Non-current	Total	Current (Note 30)	Non-current
Greenvolt												
IAPMEI	834,044	222,412	611,632	1,056,454	222,411	834,043	1,278,866	172,755	1,106,111	1,511,611	172,755	1,338,856
	834,044	222,412	611,632	1,056,454	222,411	834,043	1,278,866	172,755	1,106,111	1,511,611	172,755	1,338,856
	834,044	222,412	611,632	1,056,454	222,411	834,043	1,278,866	172,755	1,106,111	1,511,611	172,755	1,338,856

In 31 December 2020, 2019, 2018 and 1 January 2018 the presented amount pertaining to the parent company Greenvolt concerns to the non-repayable investment grant attributed for financing the Mortágua power plant. The investment grant is being recognized as income ratably in accordance with the useful life of the related assets (Note 35).

28) TRADE PAYABLES

As at 31 December 2020, 2019, 2018 and 1 January 2018 this line item was composed of the following:

		Payable		
	31.12.2020	0-90 days	90-180 days	>180 days
Trade payables, current account				
Related Parties (Note 33)	5,754,675	5,754,675	-	-
Others	1,954,382	1,954,382	-	-
Trade payables, invoices pending	828,795	828,795	-	-
	8,537,852	8,537,852	-	-

	31.12.2019	Payable 0-90 days	90-180 days	>180 days
Trade payables, current account				
Related Parties (Note 33)	5,152,222	5,152,222	-	-
Others	5,216,012	5,216,012	-	-
Trade payables, invoices pending	1,563,332	1,563,332	-	-
	11,931,566	11,931,566	-	-

	31.12.2018	Payable 0-90 days	90-180 days	>180 days
Trade payables, current account				
Related Parties (Note 33)	3,455,804	3,455,804	-	-
Others	3,013,979	3,013,979	-	-
Trade payables, invoices pending				
Related Parties (Note 33)	8,614	8,614	-	-
Others	435,861	435,861	-	-
	6,914,258	6,914,258	-	-

	01.01.2018	Payable 0-90 days	90-180 days	>180 days
Trade payables, current account				
Related Parties (Note 33)	2,555,605	2,555,605	-	-
Others	763,210	763,210	-	-
Trade payables, invoices pending	1,396,269	1,396,269	-	-
	4,715,084	4,715,084	-	-

As at 31 December 2020, 2019, 2018 and 1 January 2018 the line item 'Trade payables' concerned amounts payable resulting from acquisitions related to the Group's normal course of business.

The Board of Directors understands that the book value of these debts is close to its fair value.

29) OTHER PAYABLES

As at 31 December 2020, 2019, 2018 and 1 January 2018 the line item 'Other payables' can be detailed as follows:

	31.12.2020	Payable 0-90 days	90-180 days	>180 days
Suppliers of investment				
Related Parties (Note 33)	1,757,502	1,757,502	-	-
Others	1,115,000	1,115,000	-	-
Other				
Related Parties (Note 33)	1,018,440	1,018,440	-	-
Others	48,263	48,263	-	-
	3,939,205	3,939,205	-	-

	31.12.2019	Payable 0-90 days	90-180 days	>180 days
Suppliers of investment	1,340,167	1,340,167	-	-
Other				
Related Parties (Note 33)	584,557	584,557	-	-
Others	29,968	29,968	-	-
	1,954,692	1,954,692	-	-

	31.12.2018	Payable 0-90 days	90-180 days	>180 days
Suppliers of investment	3,428,614	3,428,614	-	-
Other	34,365	34,365	-	-
	3,462,979	3,462,979	-	-

	01.01.2018	Payable 0-90 days	90-180 days	>180 days
Suppliers of investment	6,011,637	6,011,637	-	-
Other	813,225	813,225	-	-
	6,824,862	6,824,862	-	-

As of 31 December 2020, the line item ‘Suppler of investment’, and the non-current liabilities ‘Other payables’ in a total amount of 820,348 euros, relates essentially to the acquisition of the subsidiary Golditábua, S.A. (Note 10).

30) OTHER CURRENT LIABILITIES

On 31 December 2020, 2019, 2018 and 1 January 2018 the line item 'Other current liabilities' can be detailed as follows:

	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Accrued expenses				
Other charges to be settled	67,979	126,270	181,834	-
Other charges to be settled - Related Parties (Note 33)	-	-	-	174,492
Deferred income				
Government grants (Notes 27)	222,412	222,411	172,755	172,755
	290,391	348,681	354,589	347,247

As at 31 December 2020, 2019, 2018 and 1 January 2018, the line item 'Other charges to be settled' basically concerns to expenses related to operating activities already incurred and yet to be invoiced.

31) GUARANTEES

As at 31 December 2020, 2019 and 2018 the guarantees provided were detailed as follows:

	31.12.2020	31.12.2019	31.12.2018
Dir.Geral Energia Geologia	300,000	300,000	300,000
EDP Distribuição Energia	522,000	522,000	-
Others	1,200	1,200	1,200
	823,200	823,200	301,200

32) FINANCIAL COMMITMENTS

As at 31 December 2020, the contractual obligation for the acquisitions of fixed assets assumed by the Greenvolt subsidiaries involve around 2.8 million Euros (2 million Euros as at 31 December 2019 and 25 million Euros as at 31 December 2018).

As at 31 December 2020 and 31 December 2019, the future commitments are essentially related to the acquisition of operational equipment, namely, acquisition of turbine rotor.

As at 31 December 2018 the future commitments correspond to the construction of a new power plant generating energy from waste and biomass, located in Figueira da Foz, by Sociedade Bioelétrica do Mondego, S.A. and acquisition of the conveyor belt for biomass feed and the ash storage silo for the Mortágua Plant.

33) RELATED PARTIES

Greenvolt Group subsidiary companies have relationships with related parties, which were carried out at market prices.

In the consolidation procedures, transactions between companies included in the consolidation using the full consolidation method are eliminated, since the consolidated financial statements show information on the holder and its subsidiaries as if it were a single company, and so they are not disclosed under this note.

Balances as at 31 December 2020, 2019, 2018 and 1 January 2018, as well as the transactions with related entities during the financial years ended as at 31 December 2020, 2019 and 2018, can be summarized as follows:

	Purchases and acquired services			Sales and services rendered			Interest expense		
Transactions	31.12.2020	31.12.2019	31.12.2018	31.12.2020	31.12.2019	31.12.2018	31.12.2020	31.12.2019	31.12.2018
Altri SGPS, S.A.	1,656,000	1,020,150	-	-	-	-	-	180,699	15,017
Caima Energia, S.A.	-	-	-	-	-	-	240,057	771,045	442,601
Celulose Beira Industrial (Celbi), S.A.	5,522,207	11,406,116	9,659,205	-	-	-	-	-	-
Caima - Indústria de Celulose, S.A.	1,186,814	1,309,966	1,297,804	-	-	-	-	16,655	1,820
Altri Florestal, S.A.	-	1,259,236	246,446	-	-	-	-	-	-
Celtejo - Empresa de Celulose do Tejo, S.A.	1,962,017	4,897,893	5,119,717	-	-	-	-	-	-
Altri Abastecimento de Madeira, S.A.	35,628,178	840,570	-	3,013,987	-	-	-	-	-
	45,955,216	20,733,931	16,323,172	3,013,987	-	-	240,057	968,399	459,438

	Payments Lease liabilities (Note 14.2)		
	31.12.2020	31.12.2019	31.12.2018
Celulose Beira Industrial (Celbi), S.A.	(356,232)	(250,832)	-
Caima - Indústria de Celulose, S.A.	(83,772)	(83,352)	-
Celtejo - Empresa de Celulose do Tejo, S.A.	(88,116)	(87,674)	-
	(528,120)	(421,858)	-

	Trade payables, Other payables and Other current liabilities				Trade receivables, Other receivables and Assets associated with contracts with customers				Shareholders loans			
Balances	31.12.2020	31.12.2019	31.12.2018	01.01.2018	31.12.2020	31.12.2019	31.12.2018	01.01.2018	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Altri SGPS, S.A.	(1,018,440)	(584,557)	-	-	4,615	-	-	-	-	-	(13,273,499)	-
Celulose Beira Industrial (Celbi), S.A.	(1,744,263)	(2,700,864)	(2,052,765)	(1,575,858)	19,580	-	-	-	-	-	-	-
Caima - Indústria de Celulose, S.A.	(378,362)	(440,283)	(370,364)	(257,405)	-	-	-	-	-	-	(1,474,833)	-
Caima Energia, S.A.	-	-	-	-	-	-	-	-	-	(24,596,424)	(96,565,538)	(14,779,344)
Celtejo - Empresa de Celulose do Tejo, S.A.	(560,777)	(1,496,197)	(962,685)	(423,002)	-	-	-	-	-	-	-	-
Altri Florestal, S.A.	-	(228,735)	(78,604)	(52,407)	-	-	-	-	-	-	-	-
Altri Abastecimento de Madeira, S.A.	(3,071,273)	(286,143)	-	-	-	-	-	-	-	-	-	-
Actium Capital, S.A.	(350,100)	-	-	-	-	-	-	-	-	-	-	-
Caderno Azul, S.A.	(350,100)	-	-	-	-	-	-	-	-	-	-	-
Promendo Investimentos, S.A.	(350,100)	-	-	-	-	-	-	-	-	-	-	-
Livrefluxo, S.A.	(350,100)	-	-	-	-	-	-	-	-	-	-	-
1 Thing, Investments, S.A.	(350,100)	-	-	-	-	-	-	-	-	-	-	-
Cofihold, S.A.	(7,002)	-	-	-	-	-	-	-	-	-	-	-
EDP Produção, S.A.	-	-	-	(223,624)	-	-	-	-	-	-	-	-
EDP Distribuição, S.A.	-	-	-	(3,865)	-	-	-	-	-	-	-	-
EDP Comercial, S.A.	-	-	-	(180,467)	-	-	-	-	-	-	-	-
EDP Serviço Universal, S.A.	-	-	-	(647)	-	-	-	3,634,863	-	-	-	-
EDP VALOR - Gestão Integrada de Serviços, S.A.	-	-	-	(204)	-	-	-	-	-	-	-	-
EDP Energias de Portugal, S.A.	-	-	-	(12,618)	-	-	-	-	-	-	-	(14,779,344)
	(8,530,617)	(5,736,779)	(3,464,418)	(2,730,097)	24,195	-	-	3,634,863	-	(24,596,424)	(111,313,870)	(29,558,688)

	Income Tax	Lease liabilities	
Balances	31.12.2020	31.12.2020	31.12.2019
Altri SGPS, S.A.	(3,411,127)	-	-
Celulose Beira Industrial (Celbi), S.A.	-	(4,423,028)	(4,564,000)
Caima - Indústria de Celulose, S.A.	-	(884,247)	(928,626)
Celtejo - Empresa de Celulose do Tejo, S.A.	-	(813,731)	(869,663)
	(3,411,127)	(6,121,006)	(6,362,289)

Regarding the ‘Shareholders loans’, the repayment was expected within a maximum period of one year and remunerated at a 6-month Euribor rate plus a spread of 1.5%.

As at 31 December 2020, 2019 and 2018, the reconciliation of the change in ‘Shareholders loans’ to cash flows is as follows:

	31.12.2020	31.12.2019	31.12.2018
Balance as at 1 January	24,596,424	111,313,870	29,558,688
Payments of shareholder loans obtained	(14,913,000)	(92,230,135)	-
Receipts of shareholder loans obtained	-	5,000,000	81,500,000
Conversion of shareholder loans to supplementary capital	(9,583,819)	-	-
Change in expenses incurred	(99,605)	512,689	255,182
Change in debt	(24,596,424)	(86,717,446)	81,755,182
Balance as at 31 December	-	24,596,424	111,313,870

At 22 December 2020 Shareholders’ General Meeting, it was unanimously approved that the shareholder Caima Energia - Empresa de Gestão e Exploração de Energia, S.A. would perform a supplementary capital increase by use of the amount outstanding - 9,583,819 Euros - in order to reinforce equity of the Company.

During the financial years ended 31 December 2020, 2019 and 2018 there were no transactions with the Board of Directors, nor were they granted loans.

34) REVENUE

The income statement line item 'Revenue' in the financial years ended 31 December 2020, 2019 and 2018 was as follows:

	31.12.2020	31.12.2019	31.12.2018
Electricity sales	86,854,429	64,283,355	50,535,742
Biomass sales (Note 16)	3,023,190	-	-
Services rendered	-	-	1,361
	89,877,619	64,283,355	50,537,103

35) OTHER INCOME

The income statement line item 'Other income' in the financial years ended 31 December 2020, 2019 and 2018 was as follows:

	31.12.2020	31.12.2019	31.12.2018
Investment grants	222,412	222,411	232,744
Claim compensations - Business interruption	-	-	1,055,948
Claim compensations - Property damage (Note 13)	-	505,331	1,555,220
Claim compensations - Inventory damage (Note 16)	-	-	459,875
Others	25	123,706	9,581
	222,437	851,448	3,313,368

36) OTHER EXPENSES

The income statement line item 'Other expenses' in the financial years ended 31 December 2020, 2019 and 2018 was as follows:

	31.12.2020	31.12.2019	31.12.2018
Direct taxes	2,332	2,286	35
Indirect taxes	1,034	1,032	15,038
Fees	46,627	62,056	-
Inventory damage	-	-	339,193
Others	79,545	17,051	10,562
	129,539	82,425	364,828

In 2018, the value of the item 'Inventory damage' refers to the losses in the biomass inventories due to the fire that occurred at Ródão Power - Energia e Biomassa do Ródão, S.A. Celtejo's facilities (related party), where the plant is located. For this amount the subsidiary has received from the insurance the total amount of 459,875 Euros (Note 35).

37) FINANCIAL RESULTS

The financial expenses and income for the financial years ended 31 December 2020, 2019 and 2018 are as follows:

	31.12.2020	31.12.2019	31.12.2018
Financial expenses:			
Interest expenses (Note 25)	1,086,042	575,896	15,570
Interest expenses - Related Parties (Note 33)	240,057	968,399	459,438
Interest expenses related to lease liabilities (Note 14.1)	254,583	192,482	-
Unwinding of the discount (Note 26)	150,198	44,905	44,227
Other financial expenses and losses	60,343	90,784	101,504
	1,791,223	1,872,466	620,739
Financial income:			
Interest income	67	480	443
	67	480	443

38) AMORTIZATION AND DEPRECIATION

The income statement line item 'Amortization and depreciation' regarding financial years ended 31 December 2020, 2019 and 2018 is as follows:

	31.12.2020	31.12.2019	31.12.2018
Property, plant and equipment (Note 13)	11,692,622	10,232,593	7,645,708
Right-of-use assets (Note 14)	336,546	271,690	-
Intangible assets (Note 15)	119,289	118,963	118,963
	12,148,457	10,623,246	7,764,671

39) EARNINGS PER SHARE

Earnings per share ended 31 December 2020, 2019 and 2018 were calculated based on the following amounts:

	31.12.2020	31.12.2019	31.12.2018
Number of shares for basic and diluted earning calculation	10,000	10,000	10,000
Result for the purpose of calculating earnings per share	17,934,337	6,795,387	5,202,616
Earnings per share			
Basic	1,793	680	520
Diluted	1,793	680	520

As at 31 December 2020, 2019 and 2018 there are no dilution effects on the number of circulating shares.

40) EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020, 2019 and 2018 the line item 'External supplies and services' shows the following detail:

	31.12.2020	31.12.2019	31.12.2018
Specialised services	6,091,577	6,467,662	4,266,353
Subcontracts	5,910,466	5,275,004	6,057,569
Energy and Fluids	2,994,578	2,419,903	1,426,281
Materials	1,382,134	1,910,444	455,133
Others services	681,957	742,454	523,304
Insurance	725,511	561,139	424,672
Rents	44,260	-	344,731
Others	90,012	93,942	19,616
	17,920,494	17,470,548	13,517,660

41) ENERGY SECTOR EXTRAORDINARY CONTRIBUTION (CESE)

Law 83-C / 2013 of the 2014 State Budget ("State Budget Law 2014"), approved by the Portuguese Government on 31 December 2013, introduced an extraordinary contribution applicable to the energy sector (CESE), with the objective of financing mechanisms that promote the systemic sustainability of the energy sector, through the constitution of a fund that aims to contribute to the reduction of tariff debt and to finance social and environmental policies in the energy sector. This contribution is generally concentrated on economic operators that carry out the following activities: (i) generation, transport or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of oil and oil products. CESE is calculated based on the net assets of the companies on 1 January which cumulatively meet: (i) property, plant and equipment; (ii) intangible assets, except elements of industrial property; and (iii) financial assets attributed to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets. The CESE regime was successively extended and became valid for 2020 through Law No. 71/2018 of 31 December. The Portuguese government has extended CESE to renewable energies.

The Extraordinary Contribution to the Energy Sector for the year ended 31 December 2020 and 2019 amounted to 1,078,934 Euros and 797,390 Euros, respectively.

42) SUBSEQUENT EVENTS

As publicly disclosed by Altri SGPS, S.A., the Company's shareholders have entered into a consultancy agreement with a group of entities to study the possibility of carrying out an operation that, subject to market conditions and under the usual terms in similar situations, may culminate in the admission to the trading of all shares representing the company's share capital on the regulated market on Euronext Lisbon.

On 19 March 2021, the Company's shareholders decided to transfer the ownership of the existing supplementary capital amounting to 9,583,819 Euros to the Entity, and therefore that amount was transferred to ‘Other Reserves’.

On 29 March 2021, Altri acquired from Caima Energia 30% of its shares, resulting in the current equity structure where Altri owns 75% and Caima Energia owns 25% of the Issuer’s share capital.

On 31 March 2021, a capital increase was approved by incorporating retained earnings in the amount of 19,950,000 Euros and a second one performed in cash amounting to 50,000,000 Euros. Hence as at 31 March 2021, the share capital of the Company amounted to 70,000,000 Euros represented by 75,000,000 shares with no nominal value.

On 30 April 2021, the Commercial paper issued amounting to 40 million, was early redeemed. Therefore, as of 30 April 2021 onwards the total issued amount was nil (Note 25).

On 3 May 2021, the Company's General Meeting of Shareholders approved the conversion of the Issuer’s shares, which at the time represented the entire share capital of the Issuer (14,000,000 shares with a nominal value of €5 each), into 75,000,000 book-entry shares without nominal value.

On 3 May 2021 the Group announced, through the Altri Group, to the market, that on the mentioned date it has entered into with the Company incorporated under Polish law V-RIDIUM EUROPE SP. Z O. O. W ORGANIZACJI a Memorandum of Understanding (“MoU”), with Non-Binding nature. Within the scope of the aforementioned MoU the parties foresee, among others, that V-R EUROPE will conduct in Greenvolt, in the context of the IPO that was in due course disclosed to the market, and on further terms yet to be defined, an increase in GREENVOLT’s share capital, which may take place as new entries in kind, constituted by the totality of the shares representing the share capital and voting rights of its subsidiary V-Ridium Power Group Sp. z o.o. (“V-Ridium”), for a subscription price corresponding to the maximum price interval to be established within the scope of GREENVOLT’s IPO, based on an assessment of V-Ridium corresponding to 56 million Euro (“Subscription”), and to this amount may be added the amount of 14 million Euro, subject to certain conditions to be agreed between the parties, namely the fulfilment of the Business Plan.

On 10 May 2021, one of the Commercial Paper Programs, which had a 100% ownership clause from Altri, SGPS, S.A. was amended, changing the ownership clause to 50.01% (Note 25).

On 19 May 2021, the Group announced to the market, through the Altri Group, Greenvolt presented, jointly with an institutional investor, a binding offer for the acquisition of Tilbury Green Power Holdings Limited (“TGPH”), the owner of a fully operational renewable energy biomass power plant, which is located in the port of Tilbury, Essex, England. The offer presented by Greenvolt and an institutional investor has been considered the preferential bid and, consequently, a negotiation process has started with the aim of completing such acquisition.

On 24 May 2021, the Company signed a MoU regarding the acquisition of a 70 percent equity stake in Profit Energy, a well-established decentralised generation player in Portugal. Additionally, the Company reached recently an agreement to acquire 29.23% of the Spanish company Perfecta Energia, which sells, installs and maintains solar PV panels for the domestic segment´s self-consumption.

On 7 June 2021, following the announcement made on the 19 May 2021, Greenvolt has reached an agreement, together with funds managed by the Equitix Group (“EQUITIX”), for the acquisition of Tilbury Green Power

Holdings Limited (“TGPH”). Ownership will be split in a proportion of 51% to Greenvolt and 49% to the funds managed by EQUITIX. The transaction amounts to an enterprise value of £ 246.5 million and is subject to conditions precedent customary in transactions of this nature being met.

The magnitude, extent and durability of the current Covid-19 pandemic context will depend on the effectiveness of the mass vaccination process, as well as the effectiveness of any additional containment measures defined by governments. We believe that the combination of these various factors will define the effects on the global economy and on consumption patterns.

From 31 December 2020 to the date of issue of this report, there were no other relevant facts that could materially affect the financial position and future results of the Greenvolt Group and its subsidiaries included in the consolidation.

43) APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 24 June 2021.

The Board of Directors

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José Soares de Pina

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João Manso Neto

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Carlos Alberto Sousa Van Zeller e Silva

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José António Nogueira dos Santos

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Miguel Allegro Garcez Palha de Sousa da Silveira

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João Carlos Ribeiro Pereira

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Greenvolt – Energias Renováveis, S.A.

REPORT ON THE AUDIT OF THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Greenvolt – Energias Renováveis, S.A. ("the Entity" – note 1) and its subsidiaries ("the Group"), which were prepared by the Board of Directors of Greenvolt – Energias Renováveis, S.A. (formerly named Bioelétrica da Foz, S.A.) and comprise the consolidated statements of financial position as at 31 December 2018, 2019 and 2020 and as at 1 January 2018, the consolidated income statements of profit and loss by nature, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended 31 December 2018, 2019 and 2020, and the accompanying notes, including a summary of the significant accounting policies and basis of preparation ("the Consolidated Financial Statements").

In our opinion, the accompanying Consolidated Financial Statements as at 31 December 2018, 2019 and 2020 give a true and fair view, in all material respects, of the consolidated financial position of Greenvolt – Energias Renováveis, S.A. as at 31 December 2018, 2019 and 2020 and of its consolidated financial performance and its consolidated cash flows for the years ended 31 December 2018, 2019 and 2020 in accordance with the "Basis of Preparation" set out in note 4 to the Consolidated Financial Statements and International Financial Reporting Standards as adopted in the European Union (IFRS-EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements" section below. We are independent from the entities that are part of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte & Associados, SROC S.A.
Registo na OROC n.º 43
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Emphases of matter and restriction on use and distribution

We draw attention to note 4, which describes the basis of preparation and special purpose of the Consolidated Financial Statements. The Consolidated Financial Statements are prepared in connection with the announced potential listing of Greenvolt – Energias Renováveis, S.A. and for the purposes of providing historical consolidated financial information for inclusion in the prospectus for the admission to the Euronext Lisbon regulated market. As such, these Consolidated Financial Statements may not be suitable for another purpose.

This report was prepared at request of the Board of Directors of Greenvolt – Energias Renováveis, S.A. in relation to the referred initial public offering and for inclusion in the related prospectus. Therefore, it must not be used for any other purpose or any other market, or published in any other document or prospectus without our written consent.

Our opinion is not modified in respect of these matters.

Responsibilities of Greenvolt – Energias Renováveis, S.A. management for the Consolidated Financial Statements

Greenvolt – Energias Renováveis, S.A. management is responsible for:

- the preparation of Consolidated Financial Statements that presents fairly in all material respects the Group's financial position, financial performance and cash flows in accordance with the "Basis of Preparation" as set out in note 4 to the Consolidated Financial Statements and International Financial Reporting Standards as adopted in the European Union;
- designing and maintaining an appropriate internal control system to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to 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 cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the Consolidated Financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Porto, 24 June 2021

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC