



ANNUAL  
REPORT &  
ACCOUNTS

2020

**emip**

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# ÍNDICE

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## ABBREVIATIONS

### OMI

OMI – Operador do Mercado Ibérico

### OMIP

OMIP – Pólo Português, S.G.M.R., S.A.

### OMIClear

OMIClear, C.C., S.A.

### OMIE

OMI – Polo Español, S.A.

### OMIP, S.A.

### OMIP SGPS

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.

### OMEL

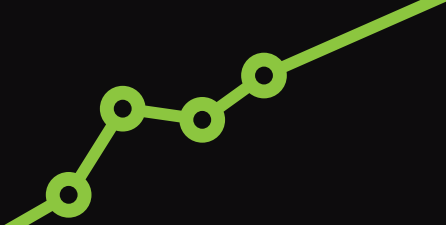
Operador del Mercado Iberico de Energía, Polo Español, S.A.



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## 01

## MESSAGE FROM THE CHAIRMAN



**2020** was indelibly marked by the COVID-19 pandemic and by the disruption caused in all sectors of society. Energy markets were particularly affected by the changes in the market, the contraction of the economy as a result of confinement measures, and by the consequent drop in electricity consumption, so volatility was one of the major effects throughout the year.

Despite the uncertainty, the European Union (EU) continued the path towards developing the domestic electricity and has markets and a decarbonised economy. Since the end of 2019, the European Commission, led by President Ursula von der Leyen, has taken on an ambitious programme whose main initiative is the European Green Deal, aiming at making the EU carbon neutral by 2050. Thus, in 2020 some significant progress was achieved, mainly with regard to the promotion of energy efficiency, penetration of renewable energies, and reduction of greenhouse gas (GHG) emissions.

In this context, the OMI Group is a reference player in the sustainable ecological transition and its member companies are at the forefront of industry initiatives in Europe. Market operators OMIP and OMIE and the OMIClear clearing house are involved in several initiatives with a strong innovation component in the structuring of electricity and natural gas markets in the Iberian Peninsula, with particular focus on creating the conditions for renewable energies to enter the market in such a way as to help their development, and especially the financing thereof.

In particular, OMIP was a key player in the second auction for the allocation of reserve capacity for injecting into the Portuguese public service electricity grid electricity from solar energy (photovoltaic energy), held in August 2020, and was responsible for the operationalisation of the bidding on its auction platform. The auction allocated 670 MVA of capacity, distributed across the 3 remuneration models – guaranteed tariff, clearing payment to the system, and storage flexibility – whose results placed Portugal, as in the first auction, as a world leader in this respect.

The operational capacity on the OMIP forward electricity market also contracted by -18% in the volume traded and liquidity, despite the general upward trend in the Spanish zone and in the rest of Europe. A de-

cisive contribution to this was the clearing activity of one of the banks acting as a General Clearing Member in OMIClear's clearing house, with effect at the end of 2020, and which caused constraints on the activity of its clients in the OMIP market. Total volumes traded in the Spanish market increased 8% compared to 2019, a trend also found in most European markets. In the main regional markets, France stood out with a growth of +29% and Germany with +12%. Of the main European markets, Italy was the exception, with a decrease of -8% in volumes traded compared to the previous year.

These figures contradict the trend seen in the previous year of some recovery of market dynamic, which translates into the search of longer-term contracting solutions. Nevertheless, OMIP continued the efforts to expand its product range available on the market, in particular by extending the maturity curve of electricity futures to 10 years. A sign of this effort is that on 2 July the first electricity futures contracts with a maturity of 10 years were registered at OMIP.

This strategy to expand the portfolio designed to meet the needs of market agents, together with the high level of client service always provided by OMIP gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition and the ever more stringent legislative and regulatory framework to which it is subject.

Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity. This is the context in which OMIP, braced with the necessary flexibility, will face the new challenges, projects and business opportunities.

Finally, we would like to thank the entire OMIP team, including the non-executive Directors, for their excellent work in these difficult times, and to express our thanks to all the shareholders for their constant support and trust.

Lisbon, 23 March 2021

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**Carmen Becerril Martínez**

Vice-Chairman of the Board of Directors

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## 02

COVID-19

## COVID-19

**T**he Covid-19 pandemic deeply affected the economy in general, and the financial markets were by no means left unscathed. Portugal and Spain were no exception, with significant disruption in almost all sectors of activity. The spread of the Covid-19 virus caused illness, confinement, quarantine, the cancelation of events and international travel, the closing of companies and schools, affected economic activity and financial transactions, and generated a level of instability and uncertainty in society never seen before in recent decades.

This exceptional event inevitably brought with it new risks and stressors to the energy sector, and to OMIClear's activity in particular. Some of these instability factors were difficult to identify and foresee, at least at an initial phase, and others were totally beyond the control of OMIClear, as they were mostly related to the impacts of the pandemic on the activity of market agents, clients and external service providers.

One of OMIP's priorities since the pandemic outbreak was to assess the main risks and potential impacts, and to implement all possible mitigation measures to cover its activity and relationship with its clients. Thus, in the first quarter of 2020 a survey identified the following major events:

- Disruption or interruption in market operations to which it is linked;
- Decrease in registered volumes and in general activity on the market;
- Decrease in demand for products and services offered by OMIP, due to the decrease in economic activity, and consequent drop in electricity consumption and in the need to hedge in forward markets;
- Possibility of key staff being prevented from working due to Covid-19 infection or related diseases;
- Decrease in OMIP's operational efficiency as a result of employees working remotely;

- Decrease in the operational efficiency of OMIP participants and clients due to the fact that its employees are working remotely;
- Impact on external service providers and their ability to maintain the contracted service levels;
- Delays in the roll-out of new products and in developing strategic initiatives;
- Impacts on the capacity to expand the agent base and increase the volume and level of activity in the OMIP market, since it is impossible to hold face-to-face meetings and agent committees, in addition to other constraints arising from social distancing;
- Increased operational and financial stress felt by Clearing Members, due to high levels of volatility, including significant potential losses from reduced trading or default events.
- Increased risks related to technological platforms and IT security.

Thanks to the measures implemented from the outset of the pandemic, which included adopting a mixed arrangement between on-site and remote work, frequent disinfection and cleaning of common work areas in the building and individual workstations, mandatory use of a mask when in close proximity to other employees, asynchronous work shifts, and ruling out face-to-face meetings with people external to OMIP, no employees were infected and the virus did not spread in the company. As such, the company's operational efficiency was not affected.

Regarding the teleworking model in place from April onwards, its implementation did not have any operational impact on the forward market management activity, on the quality of the services provided, on the plan to roll-out new products and services, and on the development of new initiatives. All tasks carried out by the different functional areas, first in the mixed arrangement and later in teleworking only, maintained the usual high level of quality that characterise OMIP, with no disruption or disruptive event

clouding the company's activities. This is both the result of the effort and work carried out by the Information Systems team, who by complying with strict computer security protocols was able to ensure the remote access of all employees to computer platforms and systems, and that all employees were able to adapt to all constraints related to teleworking, overcoming the challenges thereof.

Given the unique and unpredictable nature of the pandemic, its impacts are still largely unknown and may extend over time, years even. However, in 2020 the operational activity in the OMIP electricity forward market was marked by a contraction of

já -18% in traded volumes and liquidity, which to some extent may reflect some of the side effects of the Covid-19 pandemic. Due to the dissemination of the virus, the Portuguese and Spanish governments implemented measures restricting freedom of movement of people and social contact, with the result that travelling, visiting and face-to-face meetings with market agents were no longer allowed, and imposed the telework arrangement. The activity in the energy markets is strongly influenced by close relations and close contact with the agents, so the fact that we were unable to maintain more direct contact with them., for example during agents' committees, certainly influenced OMIP's activity levels in 2020.

# 03

**2020 FINANCIAL YEAR**

## 2020 FINANCIAL YEAR

### 3.1 Background

The Iberian Electricity Market (MIBEL), a joint venture of the governments of the Republic of Portugal and the Kingdom of Spain, aims to build a regional market that is consistent with and a facilitator of a much broader market: the Domestic Energy Market.

Both countries designated OMIP as the managing entity of the futures markets, alongside OMIE, to which the management of the daily and intra-day market sessions was assigned.

It is in this capacity that OMIP, founded in June 2003, manages MIBEL Derivatives Market together with OMIClear, founded in April 2004, to serve as Central Counterpart for market transactions.

OMIP and OMIClear function under Portuguese legislation and are, under this scope, recognised respectively as operator of the regulated market and as Central Counterpart, both registered with CMVM (*Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission).

In accordance with the International Agreement of Santiago, a Board of Regulators supervises MIBEL's activity. This Board comprises regulators from the financial sector (CMVM and *Comisión Nacional del Mercado de Valores*) and from the energy sector (*Entidade Reguladora dos Serviços Energéticos* and *Comisión Nacional de los Mercados y la Competencia*) of both countries.

### 3.2 Organisation

OMIP's organisational structure is designed so as to ensure regular and effective market operation and, at the same time, to resolve all queries received from participants, supervisory authorities and the general public.

In addition to its own resources, agreements were concluded with other OMI group companies concerning the provision of services, which, to the extent provided for in the law, enables available human resources to be better allocated and managed.

As at 31 December 2020, the company had 15 staff (5 female and 9 male).

### 3.3 OMI

OMI's final corporate structure was implemented in 2011, pursuant to Article 4 of the International Agreement of Santiago, revised and amended by the Braga Agreement, which states that OMI *"shall comprise two holding companies, with head-office in Portugal and Spain respectively, with cross-shareholdings of 10 % and where both companies will hold 50 % of each of the market managing companies ..."*. Figure 2 illustrates the agreed model.

In this context, on 18 October 2011 the holding companies OMIP SGPS and OMEL came to control 50:50 of the equity capital of each of the market managing companies OMIP and OMIE. In addition, the corporate governance model previewed was implemented, consisting of a Board of Directors common to both market managing companies, OMIP and OMIE.

On 12 September 2013, OMIE became part of OMIClear's shareholding structure through capital increase, thus completing OMI's model laid down in the International Agreement.

2014 and 2015 were years of consolidation and internal reorganisation with the purpose of adapting to prudential organisational and risk management requirements applicable to OMIClear's activity, a situation that also affected OMIP.

2020 represented the fourteenth full year of activity performing the duties entrusted to the Portuguese division of the Iberian Electricity Market Operator.

FIGURE 01 OMIP'S ORGANISATIONAL STRUCTURE

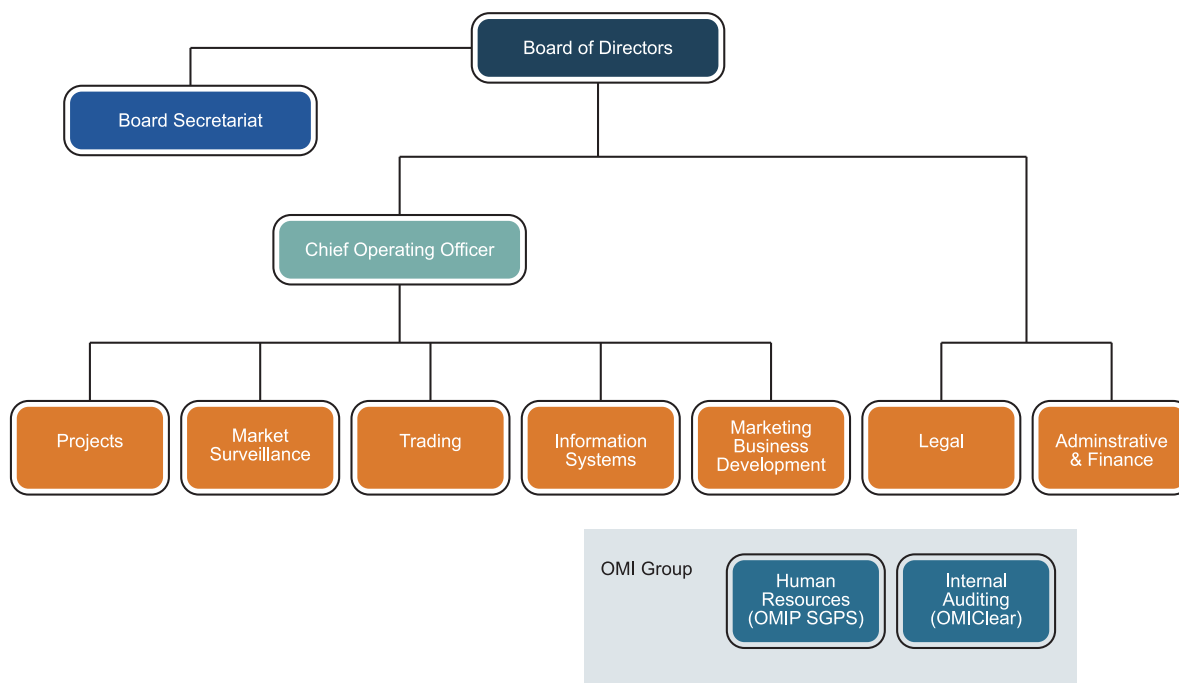
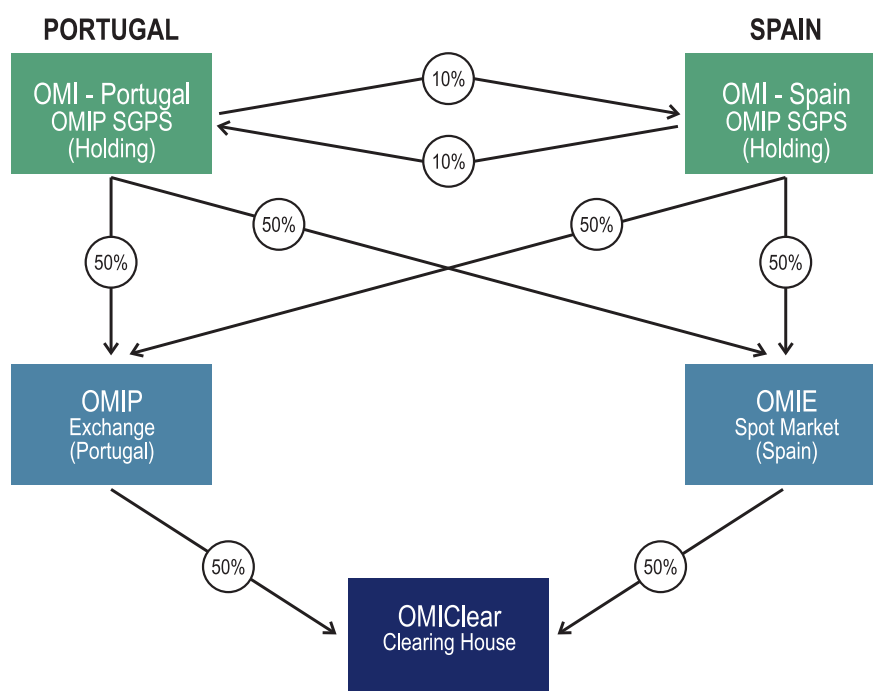


FIGURE 02 OMI'S ORGANISATIONAL CHART



## 04

**DEVELOPMENT OF THE MIBEL  
DERIVATIVES MARKET**

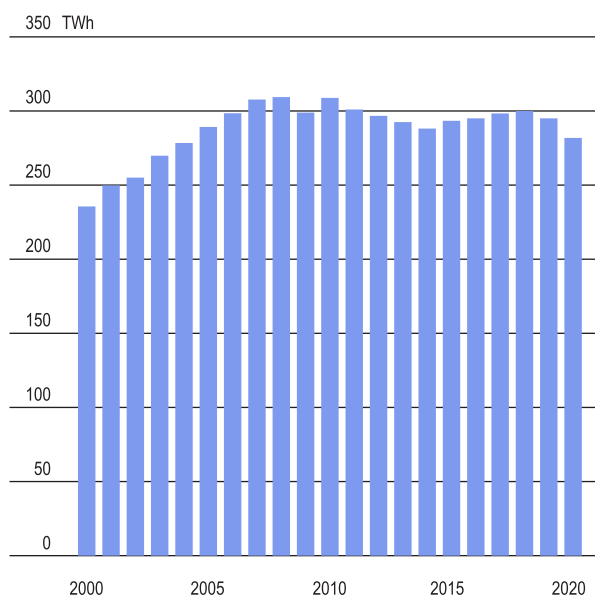
## DEVELOPMENT OF THE MIBEL DERIVATIVES MARKET

**V**olumes traded in the MIBEL Derivatives market increased by 4%, driven by the increased continuous trading volume. Volumes traded on continuous markets increased 17%, which happened for the second year running.

A number of factors contributed to this situation, for example, greater regulatory stability, but mainly the tendency for agents to seek solutions for hedging price risk for longer-term horizons, at a time when renewable energy is increasingly penetrating under market conditions.

In 2020, 8.63 TWh were traded on a continuous trading basis, compared to 7.40 TWh in 2019. Due to the COVID-19 pandemic and its negative effects on the economic activity, energy consumption in the Iberian Peninsula dropped by 5.1% in Spain and 3.1% in Portugal compared to the previous year, totalling a 4.7% decrease in all the Iberian Peninsula.

**FIGURE 03**  
ELECTRICITY CONSUMPTION IN  
THE IBERIAN PENINSULA (TWH)



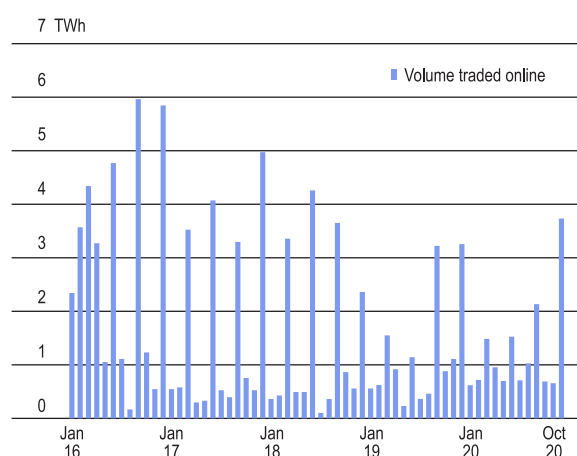
**TABLE 01** MAIN ACTIVITY INDICATORS

	2020	2019
Traded volume (TWh)	15.1	14.5
Notional traded volume (M€)	645.4	764.1
Participants	70	70

The number of participants at the end of 2020 was the same as in the previous year. One entity ceased its activity and one new entity was admitted as trading member, resulting in a zero balance.

Volumes traded in September and December were clearly greater than in the rest of the months. Note also that, on average, about 1.26 TWh were traded each month, compared to 1.21 TWh in 2019.

**FIGURE 04**  
ENERGY VOLUME TRADED ONLINE (TWH)



The analysis of volumes traded every year shows that they dropped in 2020. A volume of 15.1 TWh was traded online (Continuous and Auctions), reflecting an increase of 4.3% compared to the previous year.

**FIGURE 05**  
**ANNUAL ENERGY VOLUME TRADED ONLINE (TWh)**

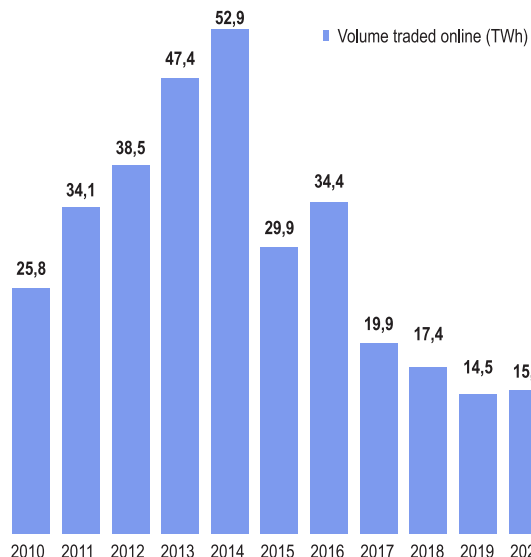


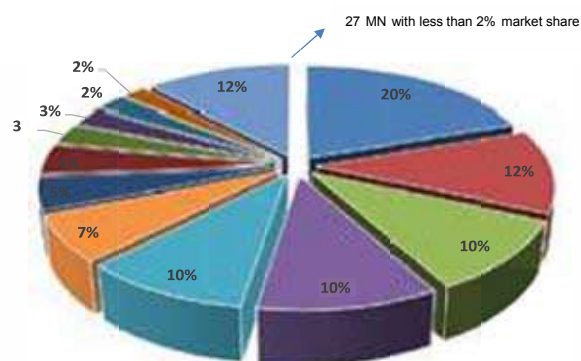
Figure 6 shows that 65% of the total volume was traded by companies domiciled in the Iberian Peninsula, a percentage higher than that in 2019 (60%), showing the increasing weight of Iberian entities in the MIBEL forward market.

**FIGURE 06**  
**MARKET SHARE ACCORDING TO THE LOCATION OF THE TRADING MEMBER**



The distribution of market share among all trading members in 2020 (see Figure 7), is similar to that of the previous year, where the volume continued to be distributed among the different market members. In 2020, the three most active agents represented about 42% of the total traded volume (46% em 2019). This indicator of traded volume distribution should be highlighted, since it confirms that the electricity market in the Iberian Peninsula is still competitive, even though the weight of the main players decreased compared to the previous year.

**FIGURE 07**  
**MARKET SHARE BY TRADING MEMBER**



As regards contracts listed for trading, and in terms of equivalent energy, annual contracts were traded the most, with about 55,6% of the total portfolio available at OMIP, as shown in Figure 8, followed by quarterly and monthly contracts. Short-term maturity instruments are still clearly the ones with the least market share. Weekly contracts represent 0.6% of traded volume, while weekend and daily contracts represent only 0.1% each.

**FIGURE 08** **WEIGHT OF TRADED VOLUME BY TYPE OF CONTRACT IN 2020**

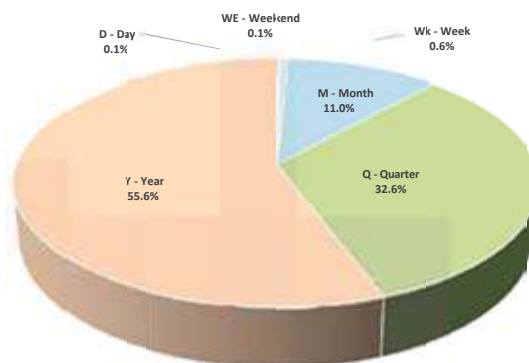


Table 2 lists all the OMIP members, as at 31 December 2020, indicating the Trading Member Dealers, Trading Member Brokers and OTC Brokers.

TABLE 02 MIBEL DERIVATIVES MARKET MEMBERS

Company	Trading Member Dealer	Trading Member Broker	OTC Broker
Acciona Green Energy Developments, S.L.			
Alpiq AG			
Antuko Energia S.L.			
Arraco Global Markets			
AXPO Iberia, S.L.			
Banco Santander, S.A.			
BP Gas Marketing Limited			
Céltica Energía, S.L.			
Cepsa Gas y Electricidad			
CIMD – Corretaje e Información Monetaria y de Divisas			
Citadel Energy Investments (Ireland) DAC			
Comercializadora Regulada, Gas & Power, S.A.			
Danske Commodities, A/S			
Dreue Electric S.L.			
Ecochoice, S.A.			
EDF Trading Limited			
EDP - Serviço Universal, S.A.			
EDP Energias de Portugal, S.A.			
EDP España: S.A.U.			
Endesa Energía S.A.			
Endesa Energía XXI, S.L.			
Endesa Generación, S.A.			
Enérgya VM Gestión de Energía, S.L.U.			
Enforresco S.A.			
Engie Global Markets (GDF Suez)			
Eni Trading & Shipping			
Evergreen Electrica S.L.			
Factor Energía, S.A.			
Fenie Energía			
Foener Energía, S.L.			
Fortia Energía Servicios			
Fortia Energía, S.L.			
Freemont Commodities Europe LLP			
Galp Gás Natural, S.A.			
Galp Power, S.A.			
Gas Natural Comercializadora S.A.			
GeoAtlanter S.L.			
Gesternova, S.A.			
GFI Brokers			
Gnera Energía y Tecnología			
Goldman Sachs Bank Europe SE			
Goldman Sachs International			
Griffin Markets			
HEN - Serviços Energéticos, Lda.			
Holaluz-Clidom			
Iberdrola Comercialización de Último Recurso, S.A.U.			
Iberdrola Generación España, S.A.U.			
ICAP Energy, AS			
ICAP Energy, Ltd			
Ignis Energía			
Ingeniería y Comercialización del Gas (Incogas)			
Jafplus Energía Lda			
Kyonysys Century S.L.U.			
Ledesma Comercialización Eléctrica, S.L.			
Macquarie Bank Limited			
Marex Spectron International			
Mercuria Energy Trading, S.A.			
Naturgy Commodities Trading			
Naturgy Energy Group, S.A.			
Nexus Energía, S.A.			
PH Energía, Lda			
Régisiti Comercializadora Regulada S.L.U.			
Repsol Generación Eléctrica, S.L.U.			

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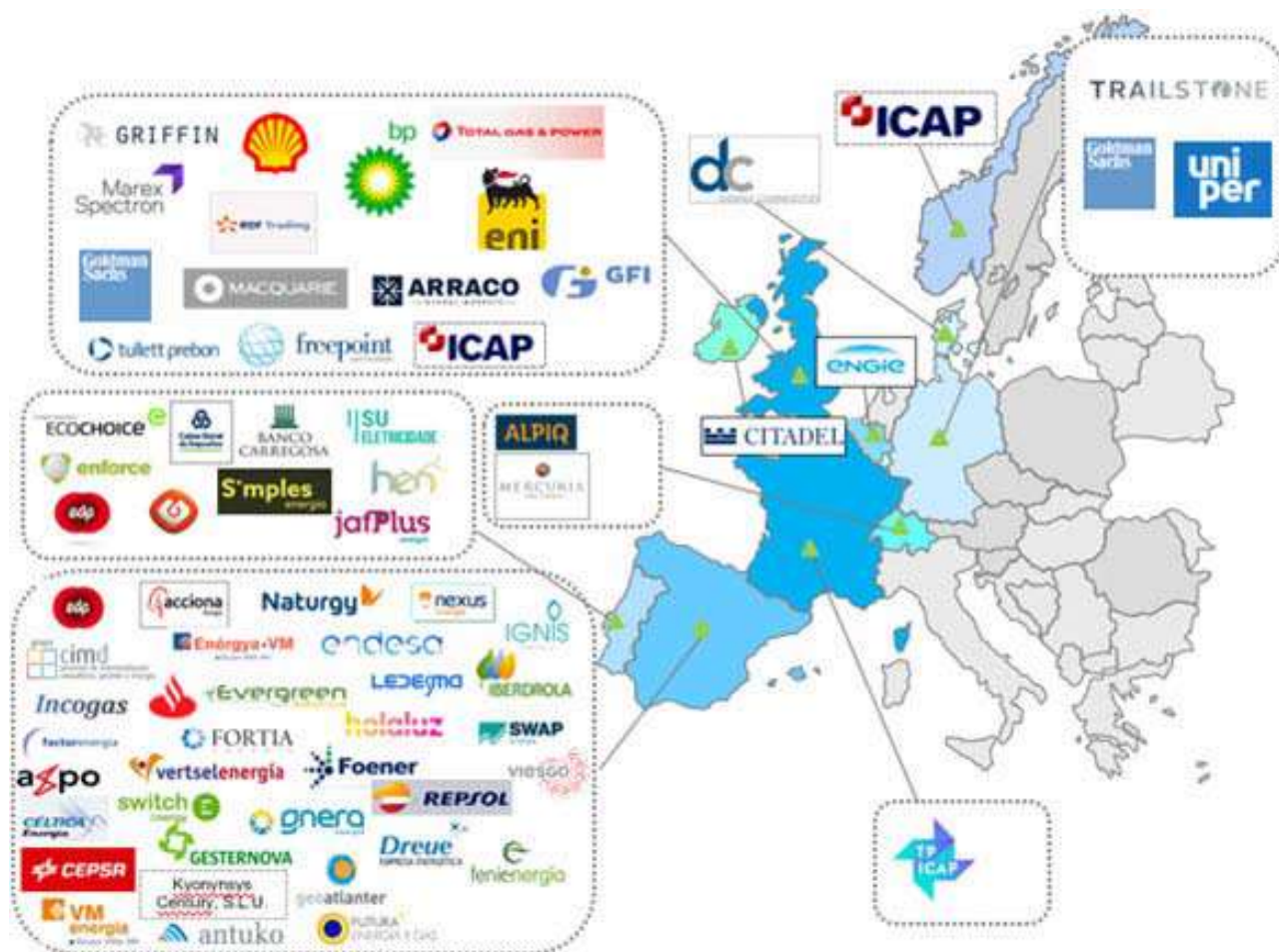
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Company	Trading Member Dealer	Trading Member Broker	OTC Broker
Repsol Trading, S.A.			
Shell Energy Europe Ltd.			
Sociedad Bilbao Gas Hub			
SWAP Energía, S.A.			
Switch Energy, S.L.			
Total Gas & Power Ltd.			
TP ICAP (Europe)			
Tullett Prebon (Europe) Limited			
Tullett Prebon (Securities) Limited			
TrailStone GmbH			
Uniper Global Commodities SE			
Vertsel Energía S.L.U.			
Viesgo Renovables			
Villar Mir Energía			

The geographical distribution of members, in Figure 9, shows two highly representative divisions. One is in the Iberian Peninsula (Spain, in particular), where companies with assets and stakes in

the production and sale of electricity stand out, and another in the United Kingdom, mostly consisting of financial companies, banks and investment funds.

FIGURE 08 ORIGIN OF MEMBERS (DEC.2020)



As at 3 December 2020, the MIBEL Derivatives market comprised 66 Trading member Dealers, 7 Trading Member Brokers, and 9 OTC Brokers, as shown in Table 3.

As regards Trading Member Dealers, the Iberian members prevail, whereas the majority of Trading Member Brokers and OTC Brokers continue to be from outside of the Iberian Peninsula.

In 2020 agent Repsol Trading was admitted as trading member and agent Citigroup Global Markets Limited ceased its activity as Trading Member.

**TABLE 03**  
**OMIP MEMBERS (AS AT 31 DECEMBER 2020)**

Origin	Trading Member (Dealer)	Trading Member (Broker)	OTC Broker
Spain	41	2	1
Portugal	9		
United Kingdom	8	2	6
Germany	3	1	
Norway		1	1
Belgium	1		
Denmark	1		
Ireland	1		
Switzerland	2		
France		1	1
<b>Total</b>	<b>66</b>	<b>7</b>	<b>9</b>
Iberian	50	2	1
Non-Iberian	16	5	8

In terms of price rates relating to the first quarterly contracts of the two MIBEL zones and the French zone listed for trading, as shown in figure 10, it is clear that these markets are seasonal, all the more so in the French market, much more sensitive to consumption and technologies in production facilities. At the end of the first quarter, the effect of the COVID-19 was clear in the drop in prices, in the three markets, with recovery picking up from the end of March until the end of the year in the two MIBEL zones.

Prices in the French zone from the second half of the year were higher and showed greater volatility mainly due to the disclosure of longer-than-expected maintenance shutdown plans at nuclear power

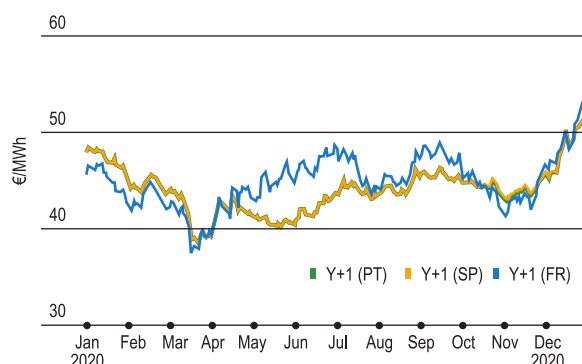
plants, and the consequent replacement of this power generation at a time when the price of CO2 emission licenses was on an upward trajectory. The price of the quarterly contract in the French zone was 20 €/MWh higher than the MIBEL price, and this difference reduced in the last quarter of the year, but still maintaining an average difference of about 6 €/MWh compared to the Portuguese and Spanish zones.

**FIGURE 10 PRICE DEVELOPMENT OF THE FIRST QUARTERLY CONTRACT TRADED (€/MWH)**



Annual contracts (cfr. Figure 11) show a similar trend, albeit at a lesser scale, that is, prices showed a downward trend at the beginning of the year, boosted from March on by the effects of the COVID-19 pandemic, and from May onwards a gradual recovery was observed until the end of the year. Spanish and Portuguese prices stood between 38.40 and 51.25 €/MWh throughout the year (a difference of 12.85 €/MWh), while French prices ranged between 37.40 and 53.22 €/MWh (a difference of 15.82 €/MWh).

**FIGURE 11 PRICE DEVELOPMENT OF THE FIRST ANNUAL CONTRACT TRADED (EUR/MWH)**



The table below summarises some of the most relevant events in 2020.

**TABLE 04 SUMMARY OF 2020**

EVENT
Axpo Iberia and Endesa were selected through tender as market makers for the whole of 2020.
Launch, in June, of the trading and registration of futures contracts maturing in 8 years (Year+8), 9 years (Year+9) and 10 years (Year +10), extendable to all Iberian electricity contracts listed at OMIP (Futures, Forwards and Swaps).
The first electricity futures contracts maturing in 8, 9, and 10 years were registered at OMIP on 2 July.
Quarterly Special Regime Production Placement Auctions for delivery in the MIBEL Portuguese zone. Traded volumes amounted to 5.17 TWh.
Quarterly Portuguese Supplier of Last Resort purchase auctions. Traded volumes amounted to 1.34 TWh.
OMIP organised 3 online training sessions, on the MIBEL Energy Derivatives Market.
Online training session, jointly organised with APREN, on the operation of the Iberian Electricity Market.

# 05

## REGULATION

## REGULATION

**A**he development and level of sophistication of financial instruments markets have called for the need to strengthen the regulatory framework, including OTC (over-the-counter trading), so as to increase transparency, better protect the investors, increase trust, address the non-regulated areas, and ensure that the supervisory authorities have the necessary powers to perform their tasks.

To this end, the legal package of the Directive on Financial Instruments Market (DMIF II), established a comprehensive regulatory regime to regulate transactions in financial instruments, regardless of trading methods used to execute them, seeking to ensure high quality investor transactions and support the integrity and overall efficiency of the financial system.

The entry into effect of this new legal framework implied that OMIP had to undertake extensive and demanding actions to adapt and implement the directive, focused mainly on issues concerning reporting of transactions and position thresholds and transparency.

In late 2019, and following discussions between industry members and regulators, OMIP adapted the

rules and processes to the pre-trading transparency obligations as laid down in articles 8 and 9 of Regulation (EU) No 600/2014.

The application of the DMIF II/RMIF process is currently in a phase of stability, so its results and being assessed and issues where improvements need to be made are being identified. To this end, the European Commission launched a public consultation in 2020 on the review of the DMIF II/RMIF regulatory package, the results of which should be available in the near future.

In parallel with this review process, the Commission has identified the need for an ad hoc (Quick-Fix) intervention to mitigate the effects of the COVID-19 pandemic on the functioning of the financial instruments markets. After a period of consultation, Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 was published, amending Directive 2014/65/UE as regards information requirements, product governance and position limits, and Directives 2013/36/UE and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis.

# 06

## INFORMATION SYSTEMS

## INFORMATION SYSTEMS

Following on from the work carried out in previous years, in 2020 worked one in OMIP's information systems focused on the following essential aspects:

— **Management of the relationship with external suppliers**

- Support to communication between technology suppliers and operational departments;
- Maintenance of the infrastructure to support technical services;
- Service level and quality management.

— **Support and maintenance of applications and internal and external services:**

- Specification and testing of new technical functionalities or changes in existing ones;
- Coordination in the implementation of changes in productive or non-productive environments;
- Support and communication with agents for notifying changes or problem solving;
- First line support to solving technical problems (helpdesk service);
- Carry out daily procedures to check the normal operation of systems;

- Analysis and adjustment to regulatory requirements

— **Design, specification and testing of new solutions and functionalities, and improvement of applications used.**

— **Participation in the maintenance of business continuity systems and information security management:**

- Checking and updating of documents;
- Periodical tests to systems and infrastructure.

In 2020, the execution of the aforementioned activities focused primarily on developing new solutions and implementing new functionalities in existing technological platforms, namely:

— **Adaptação da solução dos DUCg (Gas Capacity Rights of Use) solution provided to REN, to accommodate the operation of the secondary market;**

— **Conclusion of the specification, development and testing of the new platform for managing the process of switching of Natural Gas and Electricity supplier, of which the Electricity side was completed and entered into production in November;**

- Development of a solution for aggregating responses to the REMIT regulatory reporting, specific for GALP (development not yet finalised).
- Specification and implementation of new functionalities in the OMIPlus-A auction platform to accommodate the operation of CEP auctions planned for 2021 (still underway at the end of the year);
- beginning of a specification of a new bid platform (auctions) to replace the service currently provided on the OMIPlus-A platform;

At internal level, we highlight the support for the creation of new technological solutions to assist the operations in the company's most important logical areas:

- Development of a solution that aggregates information from external markets for to be processed by the marketing department;
- Specification and support to the development of the OMIPrices platform for the production of prices and end-of-day outputs by the Trading department (still underway at the end of the year).

As part of the activities defined at OMI Group level, the following activities of the department should be worthy of note:

- Complete and put OMIP's new corporate website into service in January, in line with the design and technology used by all OMI group companies;
- Entry into operation of the SIEM/SOC system active and continuous monitoring of security threats in the company's cyberspace.

Finally, within the scope of information security and business continuity, in 2020 the following work was carried out by or assisted directly by the Information Systems Department:

- Analysis and mitigation of events identified by the SIEM/SOC;
- Updating the disaster recovery solution in the Datacentre, and prepare and conduct disaster recovery tests therein;
- Support to the awarding of services and use license of a platform for online phishing tests, to carry out vulnerability tests of OMIP's employees in this area in 2021.

## 07

## OTHER ACTIVITIES

## OTHER ACTIVITIES

### 7.1

#### Special regime production placement auctions

The terms and conditions governing the special regime production placement auctions, published in an annex to Directive 5/2011 of ERSE (the Energy Services Regulatory Authority), of 24 November, define OMIP as the entity responsible for organising auctions. This is a regulated mechanism for the sale of electricity production by EDP - Serviço Universal, S.A., within its function as Last Resort Supplier, which involves the auctioning of futures contracts with delivery in the Portuguese zone of the Iberian Electricity Market (MIBEL). The above Directive establishes that auctions follow the clock auction model. For the purpose, OMIP decided to include these auctions as part of the MIBEL Derivatives Market, running them during the course of a special trading session. Four auctions were held in 2020, with all the contracts offered for sale by the last resort supplier being sold.

### 7.2

#### Supplier of Last Resort purchase auctions

The Regulation on Trade Relations (RRC – *Regulamento de Relações Comerciais*) and the Tariff Regulation (RT – *Regulamento Tarifário*) enshrine the separation of functions between the purchase and supply of electricity to clients and the purchase and supply of electricity from special regime production, both carried out by the supplier of last resort (SLR). In the specific case of purchase and supply of electricity to clients, the RRC, in its articles 168 and 169, establishes that the SLR must purchase electricity through regulated mechanisms expressly provided for this purpose. In addition, the SLR must also purchase electricity to supply its clients

in organised markets, namely in organised forward markets. The regulated mechanism for electricity forward contracts to supply the SLR takes the form of acquisition of futures contracts of products listed on the market managed by OMIP, through auction trading. Four actions took place in 2020, with all contracts offered being placed.

### 7.3

#### Capacity rights of use (gas)

Natural gas requires complex network infrastructures and terminals where energy flows occur associated with its transport, as well as the centralised management of systems. As such, for the markets to work properly, the calculation of the allocation and the technical and economic management of the rights of those capacities (DUCg) are of utmost importance.

In this sense, OMIP was contacted by REN – Gasodutos, S.A. in 2013 to work towards the operationalisation of the new capacity allocation mechanisms in the various infrastructures of the National LNG Transport, Storage and Infrastructure and Terminal Network (RNTIAT), exploring the concept of ex-ante contracting of Capacity Rights of Use (CRU) in the natural gas infrastructures, in primary issuance and on a secondary market. In accordance with Article 33 of the Regulation on Access to Networks, Infrastructures and Interconnections of the natural gas sector (RARI) – version 2013 – objective, transparent and non-discriminatory mechanisms based on market criteria should be used to give adequate economic signs to market agents involved and to comply with other principles laid down in regulation (EU) 714/2009, of 13 July.

The Regulation also provides for the use of products and rules for capacity allocation consistent and in harmony with the practices advocated by the Commission at European level, in particular the European

Grid Code for allocating infrastructure capacity. Since September 2013, OMIP has provided the following services to REN in this area (CRUG): active participation in the initial solution design and installation, in close cooperation with REN, ensuring thereafter all activities and functions concerned, in particular the training of agents, setup and availability of technological platforms, as well as the operation of the primary and secondary markets.

In 2018, primary allocation auctions were extended to intraday products (24 closed-envelope auctions per day on the Trayport platform, every day of the year).

In 2020, OMIP continued to ensure the above functions. It is also important to note the operationalisation of the Secondary market on OMIP's Trayport platform, now offering two trading models: OTC, where the parties outside the platform agree on the transaction, which is then formalised before the GTM (Global Technical Manager) on the platform; and continuous trading, where trading takes place anonymously on the platform.

Also during this year, the OMIP Plus auction platform was used to solve congestions in the allocation of Monthly, Quarterly and Annual products, and the migration of market agents' codes used on the auction platforms to the CRIA code, in accordance with ERSE Directive 16/2019.

## 7.4 Clearing transactions by the GTM

Regulation (EU) 312/2014, of 26 March, establishing the network code for the clearing of gas transmission networks (Network Code on Gas Balancing

of Transmission Networks) requires new rules that must be adopted for the transmission network operator to clear the Natural Gas Transmission Network (RNTGN) through clearing actions by purchasing or selling standardised short-term products on a trading platform and/or the use of clearing services.

In this sense, OMIP was appointed by ERSE, through Directive 18/2006, of 27 October 2016, as the entity in charge of operating the clearing platform on which the products that will allow the Global Technical Manager (GTM) to carry out the clearing operations necessary for the proper running of the RNTGN are traded, when the short-term bulk gas market presents, or is expected to present insufficient liquidity, or when it is not reasonably possible to purchase, on that market, the temporary and localised products required by the transmission network operator.

The first natural gas auction (purchase of gas by the GTM) took place on 19 April 2017 on the OMIP platform for the implementation of GTM netting of operations, with all volumes offered for auction being sold at a break-even price lower than the reserve price. Since then, OMIP continues to provide the GTM with this service, in the same manner.

## 7.5 Development of the GPMC/OLMC project

OMIP continued to ensure the operation and management of its e\_Switch IT platform to support in a quick, transparent and secure manner the requests for supplier change in the Portuguese gas market, following the agreement with REN – Gasodutos, S.A., the entity designated by ERSE to take charge of the

facilitation procedure of changing supplier in the natural gas sector.

The publication of Law 42/2016, of 16 December, approving the state budget for 2017, pursuant to Article 172, provided for the establishment of the OLMC in the scope of the Portuguese electricity system and the Portuguese natural gas system, which, in practical terms and as regards the NG sector, implies the handover of the GPMC NG duties of REN Gasodutos to Adene.

Decree-law 38/2017, of 31 March, establishes the legal regime applicable to the OLMC activity and commits the Energy Agency (ADENE) to carry out those duties, pursuant to Article 2, postponing, under Article 11, the transfer to the OLMC, in particular the information system supporting the GPMC's duties.

In this context, REN Gasodutos assigned its contractual position to ADENE in early 2018, and OMIP thus continued to ensure the same functions it had while under the authority of REN Gasodutos, as part of the GPMC/OLMC project. The e\_Switch and the FTP were also transferred from the GPMC to Adene's infrastructure. Under the authority of Adene, we note also the start of development works to integrate the Regulated Market into the e\_Switch platform.

In April 2018, OMIP was invited by Adene to put forward a proposal, under a private treaty procedure, for the specification, development, operation and maintenance of the electronic logistics platform to support the various procedures related to the switching of supplier in the natural gas and electricity sector (e\_Switch II platform). OMIP's proposal was accepted and awarded by Adene (OLMC Portal), with works beginning in May. During that year, the Platform's Specification and Evolution Phases were developed and completed, and the Natural Gas Implementation work began.

The new OLMC Portal – Natural Gas component – was launched in July 2019, with the transfer of operations from the previous e\_Switch portal, the latter operating only in reading/consultation mode. Also during this year work began on the implementation of Electricity, including the development of a solution to support the management of the allocation/removal of social tariff in the national electricity market, thus completing the transfer of the operation of that process from GPMC EL (EDP Distribuição) to Adene.

Although initially scheduled for the end of January 2020, the OLCM Portal integrated in the SEN (EL – electrical energy) and SNGN (GN – natural gas) only came into operation SEN (EL) and SNGN (GN) November 2020 by ERSE decision, due to integrations with the EDP Distribuição systems and delays arising from the COVID- 19 pandemic. This postponement resulted in a proposed amendment to the ADENE-OMIP contract, to ensure the post-production monitoring of the final version of the Platform (electrical energy + natural gas) over a 1 year period.

Activities were also carried out to make the new quarterly reporting model available, as defined by the regulator.

## 08

OUTLOOK FOR 2021

## OUTLOOK FOR 2021

**2020** is, once again, a year of many challenges for OMIP. Challenges at institutional level, because their integration in OMI contexts needs to be furthered urgently, bringing in a number of advantages vis-à-vis competitors. Regarding business development, OMIP expects to:

- Recover traded volumes and market share;
- Increase the number of market members;
- Continue organising special regime production placement auctions for the MIBEL Portuguese zone;
- Continue organising Supplier of Last Resort purchase auctions;
- Continue organising Gas Capacity Rights of Use auctions (DUCg) concerning transport and storage at RNTIAT.
- Continue providing services in the change of supplier process in the electricity and natural gas markets.
- Launch natural gas futures contracts with financial settlement;
- In coordination with market members, develop the portfolio of products available, adapting it if where necessary.
- Ensure the high level of service that has been provided to market members, including the development of new solutions and functionalities specifically requested by these members;
- Preserve the recognition and reputation of OMIP as a reference exchange.
- Develop new business areas and supplementary and ancillary services to the company's main activity.

OMIP will therefore continue to work according to the highest standards of efficiency and innovation, to meet the increasing needs of its members and the requirements of the business sector in which the company operates.

In terms of international cooperation, OMIP will continue to participate actively in the activities carried out by the various international bodies of which it is a member.

## 09

**PROPOSED APPROPRIATION  
OF PROFITS**

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, agreed to propose that the net results for 2020, in the amount of €505,876.61 (five hundred and five thousand, eight hundred and seventy-six euros and sixty-one cents), be appropriated as follows:

To legal reserves .....€50,587.66

To distribution of dividends.....€455,288.95

Lisbon, 23 March 2021

## The Board of Directors

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**Carmen Becerril Martinez**

**Abengoa, S.A.**  
(vacant)

**Carlos Martin de los Santos Bernardos**

**EDP – Energias de Portugal, S.A.**  
Pedro Neves Ferreira

**Endesa Generación Portugal, S.A.**  
Adolfo Javier de Rueda Villén

**Naturgy Energy Group**  
Alberto de Frutos Gonzalez

**Iberdrola Generación España, S.A.U**  
Jose Luis Rapun Jimenez

**Parcaixa, SGPS, S.A.**  
(vacant)

**REN – Redes Energéticas Nacionais, SGPS, S.A.**  
Maria José Menéres Duarte Pacheco Clara

**REN Serviços, S.A.**  
Pedro Henriques Gomes Cabral

**Viesgo Infraestructuras Energéticas, S.L.**  
(vacant)

# 10

**SHAREHOLDERS, GOVERNING BODIES  
AND SUBSIDIARY**

## 10.1 Shareholders

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (50%)

OMEL – Operador del Mercado Ibérico de Energía, Polo Español, S.A. (50%)

## 10.2 Governing bodies

### Board of the General Meeting (3-year period 2018-2020)

Manuela Lopes dos Santos.....Chairman

### Board of Directors (3-year period 2018-2020)

(vacant)<sup>1</sup>.....Chairman

Carmen Becerril Martinez ..... Vice-Chairman

Abengoa, S.A. (vacante)<sup>2</sup> ..... Voting member

Carlos Martin de los Santos Bernardos ..... Voting member

EDP – Energias de Portugal, S.A. (Pedro Neves Ferreira)<sup>3</sup>..... Voting member

Endesa Generación Portugal, S.A. (Adolfo Javier de Rueda Villén) ..... Voting member

Naturgy Energy Group<sup>4</sup> (Alberto de Frutos Gonzalez<sup>5</sup>)..... Voting member

Iberdrola Generación España, S.A.U (Jose Luis Rapun Jimenez)..... Voting member

Parcaixa, SGPS, S.A. (vacant) ..... Voting member

REN – Redes Energéticas Nacionais, SGPS, S.A.

(Maria José Menéres Duarte Pacheco Clara) ..... Voting member

REN Serviços, S.A. (Pedro Henriques Gomes Cabral) ..... Voting member

Viesgo Infraestructuras Energéticas, S.L. (vacant)<sup>6</sup> ..... Voting member

### Supervisory Board/Statutory Auditor (3-year period 2018-2020)

Ernest & Young Audit & Associados – SROC, S.A. (SROC) ..... Executive

Pedro Miguel Borges Marques (ROC)..... Alternate

## 10.3 Subsidiary

OMIClear, C.C., S.A. - 50% in the equity capital of €7,500,000.00.

1. Artur Álvaro Laureano Homem da Trindade resigned on 17 December 2020.

2. German Bejarano García resigned on 6 October 2020.

3. Appointed on 22 January 2020. Authorised by CMVM on 15 May 2020.

4. Antonio Canoyra Trabado resigned on 24 April 2020.

5. Appointed on 24 April 2020. Authorised by CMVM on 28 August 2020.

6. Francisco Rodríguez López resigned on 22 January 2021.

# 11

## FINANCIAL STATEMENTS AND ANNEXES

AS AT 31 DECEMBER 2020 AND 2019

## Balance sheet

		Currency: Euros	
	Note	31-12-2020	31-12-2019
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	7	26 035	51 998
Investments – Equity method	8	5 436 098	5 333 811
Other financial investments	9	10 934	8 119
		<b>5 473 067</b>	<b>5 393 928</b>
<b>Current</b>			
Clients	10	466 438	430 001
Other accounts receivable	11	371 248	882 869
Deferrals	12	24 389	35 912
Cash and bank deposits	5	1 148 714	430 209
		<b>2 010 789</b>	<b>1 778 991</b>
<b>Total assets</b>		<b>7 483 856</b>	<b>7 172 919</b>
<b>Equity capital</b>			
Paid-up capital	13	2 500 000	2 500 000
Issue premium	14	1 193 711	1 193 711
Legal reserves	15	299 935	275 849
Adjustments/ Other changes in equity	16	1 114 928	1 114 928
Retained earnings		1 025 810	1 025 810
		<b>6 134 384</b>	<b>6 110 298</b>
Net result for the period		505 879	240 856
<b>Total equity</b>		<b>6 640 263</b>	<b>6 351 154</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Loans obtained		-	15 421
		-	<b>15 421</b>
<b>Current</b>			
Suppliers	17	242 431	257 097
State and other public entities	18	194 064	109 071
Loans obtained	19	15 421	19 540
Other accounts payable	20	339 049	418 542
Deferrals	12	52 628	2 094
		<b>843 593</b>	<b>806 344</b>
<b>Total liabilities</b>		<b>843 593</b>	<b>821 765</b>
<b>Total equity capital and liabilities</b>		<b>7 483 856</b>	<b>7 172 919</b>

Notes on pages 38 to 60 form an integral part of the above financial statements.

## Statement of profit and loss by nature as at 31 December 2020 and 2019

	Note	31-12-2020	31-12-2019
Sales and services rendered	21	2 737 014	2 788 245
Gains/(losses) charged to subsidiaries	8	102 287	27 749
Supplies and external services	22	(1 048 501)	(1 340 080)
Staff costs	23	(1 376 989)	(1 265 903)
Other income	24	374 970	275 314
Other expenses	25	(118 162)	(130 752)
<b>Results before depreciation, financial expenses and taxes</b>		<b>670 619</b>	<b>354 573</b>
(Expenses) / reversal depreciation and amortisation	7	(31 180)	(31 202)
<b>Operational result (before financial expenses and taxes)</b>		<b>639 439</b>	<b>323 371</b>
Interest and similar costs incurred	26	(467)	(802)
<b>Pre-tax results</b>		<b>638 972</b>	<b>322 569</b>
Income tax for the period	27	(133 093)	(81 713)
<b>Net result for the period</b>		<b>505 879</b>	<b>240 856</b>
<b>Basic earnings per share</b>		<b>2,02</b>	<b>0,96</b>

Notes on pages 38 to 60 form an integral part of the above financial statements.

## Statement of changes in equity

	Note	Paid-up capital	Issue premiums	Legal reserves	Adjustments in financial assets	Retained earnings	Net result for the period	Total
On 1 January 2019		2 500 000	1 193 711	270 666	1 114 928	1 025 810	51 828	6 156 942
<b>Changes in the period</b>								
Other changes recognised in equity capital		-	-	5 183	-	46 644	(51 828)	-
		-	-	5 183	-	46 644	(51 828)	-
Net results for the period		-	-	-	-	-	240 856	240 856
<b>Integral results</b>		-	-	-	-	-	240 856	240 856
<b>Operations with equity holders in the period</b>								
Distribution	28	-	-	-	-	(46 644)	-	(46 644)
		-	-	-	-	(46 644)	-	(46 644)
On 31 December 2019		2 500 000	1 193 711	275 849	1 114 928	1 025 810	240 856	6 351 154
<b>Changes in the period</b>								
Other changes recognised in equity capital		-	-	24 086	-	216 770	(240 856)	-
		-	-	24 086	-	216 770	(240 856)	-
Net results for the period		-	-	-	-	-	505 879	505 879
<b>Integral results</b>		-	-	-	-	-	505 879	505 879
<b>Operations with equity holders in the period</b>								
Distribution	28	-	-	-	-	(216 770)	-	(216 770)
		-	-	-	-	(216 770)	-	(216 770)
On 31 December 2020		2 500 000	1 193 711	299 935	1 114 928	1 025 810	505 879	6 640 263

Notes on pages 38 to 60 form an integral part of the above financial statements.

## Statement of cash flow as at 31 December 2020 and 2019

	Note	Currency: Euros	
		31-12-2020	31-12-2019
<b>Cash flow of operating activities</b>			
Receivables from clients		3 911 651	3 126 761
Payments to suppliers		(1 322 031)	(1 482 192)
Payments to staff		(1 324 163)	(1 262 506)
<b>Cash flow generated by the operations</b>		<b>1 265 457</b>	<b>382 062</b>
(Payment) / refund of income tax		(92 690)	(27 198)
Other (payments) / receipts		(447 952)	(273 106)
<b>Cash flow of operating activities</b>		<b>724 815</b>	<b>81 759</b>
<b>Cash flow of investment activities</b>			
Payments regarding:			
Property, plant and equipment		(6 310)	(4 574)
<b>Cash flow of investment activities</b>		<b>(6 310)</b>	<b>(4 574)</b>
<b>Cash flow of financial activities</b>			
Payments regarding:			
Interest and similar expenses		-	(3 015)
<b>Cash flow of financial activities</b>		<b>-</b>	<b>(3 015)</b>
<b>Changes in cash flow and its equivalents</b>		<b>718 505</b>	<b>74 170</b>
<b>Cash and cash equivalents at the start of the period</b>	5	<b>430 209</b>	<b>356 038</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>1 148 714</b>	<b>430 209</b>

Notes on pages 38 to 60 form an integral part of the above financial statements.

## ANNEX TO THE FINANCIAL STATEMENTS

### 1 Description of the company and reporting period

OMIP – Pólo Português, S.G.M.R., S.A., whose previous name was OMIP – Operador do Mercado Ibérico de Energia (Pólo Português), S.G.M.R., S.A. was incorporated under Order 360/ME/2003 of the Ministry of Economic Affairs, of 6 June, and had its public deed signed on 16 June 2003.

The company began its activity on 10 December 2003, its purpose being the organisation and management of a support system for conducting transactions and settlements in the Iberian Energy Market, thus being responsible for:

- a) the management of organised energy forward contracts;
- b) the mediation of agents with the purpose of establishing commercial relationships in the Iberian Electricity Market;
- c) the management of other energy-based product markets;
- d) the provision of settlement services within organised electricity markets;
- e) the provision of settlement services for standard transactions in non-organised energy markets;
- f) the organisation of market services within the operation of the electricity system.

Since 18 October 2011, 50 % of OMIP's share capital is owned by OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS), and 50 % by OMEL – Operador del Mercado Iberico de Energía, Polo Español, S.A. (OMEL).

Until 12 September 2013, OMIP held the entire share capital of OMIClear, C.C., S.A. (OMIClear), whose corporate purpose is the management of a clearing house as central counterpart, and of the settlement system. It currently holds 50% of the shares.

These financial statements were approved by the Board of Directors at its meeting held on 23 March 2021, and are subject to the approval of the shareholders. In the opinion of the Board, these financial statements reflect a true and fair view of the operations carried out by OMIP, as well as its financial position and performance, and cash flows.

### 2 Accounting standards for financial reporting

#### 2.1. Basis of preparation

These financial statements were prepared in agreement with the Portuguese Accounting and Financial Reporting Standards (NCRF – *Norma Contabilística de Relato Financeiro*), issued and in force or issued and adopted as at 31 December 2020.

The preparation of financial statements in agreement with the SNC (Accounting Standardisation System) calls for the use of estimates, assumptions and critical judgments when determining the accounting policies to be adopted by OMIP, with a significant impact on the accounting value of assets and liabilities, and on income and expenses for the reporting period.

Although these estimates are based on the Board's best knowledge and expectations of current and future events and activities, the current and future results may differ from these estimates. Note 4.18 presents the areas involving greater judgement calls and complexity, or the areas in which the assumptions and estimates are relevant to the financial statements.

## 2.2. Derogation to the SNS provisions

During the period covered by these financial statements there were no exceptional cases directly requiring the derogation to any SNC provision.

## 2.3. Comparability of financial statements

All the information in these financial statements is comparable to that of the previous year.

# 4 Significant accounting policies

The main accounting policies used to prepare the financial statements, based on the assumption of business continuity, are described below. Unless otherwise stated, these policies have consistently been applied to all periods reported.

## 4.1. Shareholdings – Subsidiaries

Subsidiaries are all entities (including those created for special purposes) in which OMIP has the power to decide on financial or operating policies. This is usually associated with the direct or indirect control of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether OMIP is in control of an entity.

Shareholdings in subsidiaries are recorded as the value resulting from applying the equity method. According to this method, the portion of results achieved in subsidiaries and associates, in proportion to the shareholding, are included in the statement of profit and loss, and the portion of their net worth, considering any implicit added values resulting from fair value adjustments and goodwill, is reflected in the balance sheet. These values are calculated from the approved financial statements of the subsidiaries and associates, or in the absence thereof, on the basis of the best possible estimates, having the financial year of the Company as a reference date.

## 4.2. Currency translation

### 4.2.1 FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise stated, the financial statements of OMIP and the notes to this annex are presented in EUR.

### 4.2.2 TRANSACTIONS AND BALANCES

Transactions made in a currency other than EUR are translated into the functional currency at the exchange rates on the dates of the transactions. Exchange gains or losses arising from the payment/receipt of transactions and of the translation by the currency rate at the balance sheet date of the cash assets and liabilities denominated in a foreign currency are recorded in the statement of profit and loss, under Interest and similar income obtained and Interest and similar expenses incurred, if related to loans or Other income and gains or other expenses and losses, for all other balances/transactions.

#### 4.2.3 EXCHANGE RATES USED

Foreign currency exchange rates used in the translation of balances denominated in foreign currency are the following:

Currency	2020	2019
USD	1.2271	1.1234
GBP	0.8990	0.8508

#### 4.3. Property, plant and equipment

Property, plant and equipment are valued at cost minus accumulated depreciation and accumulated impairment losses. This cost includes the estimated cost at the date of transition to the Portuguese Accounting and Financial Reporting Standards (NCRF), and the acquisition costs for assets acquired thereafter.

The acquisition cost includes the purchase price of the asset, costs directly attributable to its acquisition, and those incurred in preparing the asset for its commissioning.

Subsequent expenses incurred with renovations and major repairs that may extend the lifespan of the assets are accounted for in the asset cost.

Current costs of repairs and maintenance services are recorded as expenses in the period in which they occurred.

Property, plant and equipment are depreciated systematically for the duration of their estimated lifespan according to the straight line method.

	Years
Vehicles	Between 3 and 5 years
Office equipment	Between 3 and 10 years

The lifespan of each asset is reviewed at the end of every year so as to ensure that the depreciation is in agreement with its consumption patterns. Changes in lifespan are treated as changes to the accounting estimate and are applied prospectively.

Gains or losses resulting from the disposal of assets are calculated as the difference between the net realizable value and the book value of the asset and are recorded in the statement of profit and loss.

#### 4.4. Impairment of assets

Assets with a finite lifespan are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the determined recoverable amount is less than the book value of assets, the company will assess whether the loss situation is permanent or definite, and if so it will record the impairment loss. Where the loss is not considered permanent and definite, the grounds for this decision must be disclosed.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine whether or not there is impairment, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash generating units).

Non-financial assets, other than goodwill, for which impairment losses were recorded, are calculated at each reporting date over the possible reversal of impairment losses.

When impairment is recorded or reversed, asset amortisation and depreciation is recalculated prospectively based on the recoverable amount.

#### 4.5. Financial assets

The Board of Directors determines the classification of financial assets on the date of initial record, according to the purpose of their purchase, and reviews this classification at each reporting date.

Financial assets can be classified as:

- a) Financial assets at fair value through profit or loss – including non-derivative financial assets held for trading regarding short-term investments and assets at fair value through profit or loss on the date on which they were first recognised;
- b) Loans granted and accounts receivable – including non-derivative financial assets with fixed or determinable payments not quoted in an active market;
- c) Investments held to maturity – including non-derivative financial assets with fixed or determinable payments and fixed maturities for which the entity has the intention and capacity to hold until maturity;
- d) Financial assets available for sale – they include available-for-sale non-derivative financial assets that are designated as available for sale on initial recognition or that do not fit the above categories. They are recorded as non-current assets except if there is intention to sell them within 12 months after the balance sheet date.

Purchases and sales of investments in financial assets are recorded on the date of the transaction, that is, on the date on which OMIP undertakes to purchase or sell the asset.

Financial assets at fair value through profit or loss are initially recorded at fair value, with transaction costs recorded in profit and loss. These assets are subsequently measured at fair value, and the gains and losses resulting from the change in fair value are posted in profit or loss for the period in which they arise under the heading “Net financial costs”, which also includes interest and dividends received.

Available-for-sale financial assets are initially recorded at fair value plus transaction costs. In the subsequent periods, they are measured at fair value and the fair value variation is posted in fair value reserve in equity. Interest and dividends from available-for-sale financial assets are recorded in profit or loss in the period in which they arise under the heading “Other operating gains”, where the right to receive it is established.

The fair value of listed investments is based on market prices (“bid”). If there is no active market, OMIP establishes the fair value through valuation techniques. These techniques include using recent arm’s length transactions, as long as market conditions allow for the comparison with instruments that are substantially similar, and the calculation of discounted “cash flows” when information is available, favouring market information at the expense of the target entity’s internal information.

Accounts receivable are classified on the balance sheet as “Other receivables”. A provision for the impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to them.

#### 4.6. Clients and Other accounts receivable

The items “Clients” and “Other accounts receivable” constitute rights receivable for the sale of assets or services in the normal course of OMIP’s business and are initially recorded at fair value and subsequently measured at amortised cost, less impairment adjustments (where applicable). If there is a formal agreement for the deferral of amounts receivable, the fair value is determined in line with the effective interest rate method, which is the rate that exactly discounts estimated future cash payments for the expected repayment date.

Impairment losses on “Clients” and “Other accounts receivable” are recorded when there is objective evidence that they will not be recovered under the initial terms of the transaction. The identified impairment losses are recorded in the statement of profit and loss, under Impairment in accounts receivable, and are subsequently reversed through profit or loss if the impairment indicator ceases to exist.

#### **4.7. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank deposits, other short-term high liquidity financial investments with original maturities of up to three months, and overdrafts. The latter are presented in the Balance Sheet in the current liabilities under the heading “Loans granted” and are taken into consideration in the preparation of the statements of cash flow, as cash or cash equivalents.

#### **4.8. Share capital**

Ordinary shares are registered under equity capital.

Costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, to the amount issued.

#### **4.9. Suppliers and Other accounts payable**

The items “Suppliers” and “Other accounts payable” constitute obligation to pay for the acquisition of assets or services and are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method.

#### **4.10. Financial liabilities**

The Board of Directors determines the classification of financial liabilities on the date when they are first recorded, in accordance with NCRF 27 – Financial instruments.

Financial liabilities may be recorded / measured:

- a) At cost or at amortized cost less any impairment loss;
- b) At fair value with changes in fair value being recorded in the statement of profit and loss.

OMIP records and measures at cost or at amortized cost, financial liabilities: (i) that are short-term or have a defined maturity; (ii) whose interest yield may be flat-rated, fixed-rated or variable-rated as indexed to market indices; and (iii) where there is no contractual clause which could alter the liability of refunding the nominal value and the accrued interest payable.

For liabilities recorded at amortized cost, the interest earned in each period, is determined according to the effective interest rate method, which is the rate that deducts exactly the estimated future cash payments throughout the expected lifespan of the financial instrument.

Financial liabilities which result from loans obtained, accounts payable (suppliers, other creditors, etc.) and equity capital instruments, as well as any associated derivative contracts not traded on an active market or whose fair value cannot be accurately determined are recorded at cost or amortised cost.

An entity must derecognise a financial liability (or part of a financial liability) only when it is extinguished, that is, when the obligation set up under contract is paid, is cancelled or expires.

#### **4.11. Income tax**

The company is subject to corporate income tax (IRC) at a rate of 17 % over the taxable amount up to €15,000, with the 21 % rate applying to the remaining taxable amount. To the corporate income tax thus

obtained is added a surcharge applicable to the taxable income, whose rate can vary up to 1.5 %, as well as the autonomous tax on charges, in agreement with the rates stated in Article 88 of the Corporate Income Tax Code. To determine the taxable amount, to which the mentioned tax rate is applied, the amounts not accepted fiscally are added to and subtracted from the accounting result. The difference between the accounting and tax result may be temporary or permanent.

Income tax for the period comprises current taxes and deferred taxes. Taxes on income are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. The amount of current income tax payable is determined based on total income before tax, adjusted as per tax regulations.

#### **4.12. Provisions, contingent liabilities and contingent assets**

Provisions are recorded when OMIP has: (i) a present legal or constructive liability resulting from past events; (ii) for which it is more likely that an outflow of internal funds will not be required to pay that liability; and (iii) the amount can be reasonably estimated. Whenever one of the criteria is not met or the liability is conditional on the occurrence (or non-occurrence) of a future event OMIP discloses it as a contingent liability, unless the evaluation of the enforceability of the outflow of funds for the payment thereof is unlikely to occur.

Provisions are measured at the current value of estimated expenses needed to pay the liability using a pre-tax rate that reflects market evaluation for the discount period and for the risk of provisions in question.

Contingent liabilities are not recorded in the financial statements, but are always disclosed when an outflow of funds embodying economic benefits is likely to occur.

Contingent assets are not recorded in the financial statements, but are disclosed when a future inflow of funds is likely to occur.

#### **4.13. Leases**

Leases of property, plant and equipment in relation to which OMIP substantially holds all the risks and benefits inherent to asset ownership are classified as financial leases. Agreements where the analysis of one or more specific situations of the contract point to that nature are also classified as financial leases. All other leases are recorded as operating leases.

Financial leases are capitalised at the beginning of the lease for the lower between the fair value of the leased asset and the current value of minimum lease payments, each determined at the start of the contract. The resulting debt of a financial lease contract is recorded net of financial charges under the heading "Loans". Financial charges included in the rent and the depreciation of leased assets are recorded in the statement of profit and loss in the period to which they relate.

Property, plant and equipment acquired through financial leases are depreciated over the shorter of the lifespan of the asset and the leasing period when OMIP has no purchase option at the end of the contract, or for the estimated lifespan of the asset when the company has the intention to acquire the assets at the end of the contract.

In operating leases, rents owed are recorded as a cost in the statement of profit and loss on a straight-line basis over the lease term.

#### **4.14. Expenses and income**

Expenses and income are recorded in the period to which they relate, regardless of having been paid - or received, in agreement with the principles of accrual accounting periods. The differences between the amounts received and paid and the corresponding income and expenses are recorded as assets or liabilities if they qualify as such.

#### 4.15. Revenue

Revenue is the fair value of the amount received or receivable for the sale of goods and/or services in the normal course of OMIP's activity. Revenue is presented net of any real or estimated amounts, or both, for sales returns, commercial discounts, quantity discounts, and pre or cash payments. These amounts are estimated based on historical information, specific contractual terms, or future expectations regarding the evolution of revenue, which are deducted when the revenue is recorded, by recording the appropriate liabilities. Where there is a formal agreement for the deferral of amounts receivable, the fair value of the revenue is determined based on the effective interest rate method, which is the rate that exactly discounts estimated future cash payments or receipts for the expected reimbursement period.

Revenue from the sale of products is recorded when: (i) the revenue amount can be reliably estimated; (ii) the economic benefits are likely to flow to OMIP; and (iii) a significant part of risks and benefits have been transferred to the buyer.

Revenue from services provided is recorded according to the percentage of completion or based on the contract period, when the service provision is not associated with the performance of specific activities, but rather to the continuing provision of service.

#### 4.16. Distribution of dividends

The distribution of dividends to OMIP shareholders is recorded as a liability in the financial statements in the period in which the dividends are approved by its shareholders.

#### 4.17. Netting of balances and transactions

Assets, liabilities, income and expenses are not netted unless required or permitted by the NCRF (*Accounting and Financial Reporting Standards*).

#### 4.18. Significant estimates and assumptions presented

Estimates and assumptions with impact on OMIP's financial statements are continually evaluated, representing at each reporting date the Board's best estimate, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of the estimates may cause the actual reflection of the estimated situations, for financial reporting purposes, to differ from the estimated amounts. The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amount of assets and liabilities during the subsequent period are as follows:

#### RELEVANT ACCOUNTING ESTIMATES

##### 4.18.1. Provisions

OMIP periodically analyses any liabilities arising from past events that should be recorded or disclosed.

The subjectivity inherent to the determination of probability and of the internal resources required to pay the liabilities may lead to significant adjustments, because of the varying assumptions used or due to the future recording of provisions previously disclosed as contingent liabilities.

##### 4.18.2. Property, plant and equipment

The determination of the lifespan of assets and the depreciation/amortisation method to use is essential to determine the amount of depreciation/amortisation recorded in the statement of profit and loss for each period.

These two parameters are defined according to the Board's best discretion for assets and businesses in question, taking into account, where possible, the practices adopted by sector companies at international level.

#### **4.18.3. Impairment**

The determination of an eventual impairment loss may be triggered by various events, many of which outside OMIP's sphere of influence, such as: (i) future availability of funding; and (ii) the cost of capital or any other changes internal or external to OMIP.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets imply a high degree of judgement by the Board as regards the identification and evaluation of the different impairment indicators, expected cash flows, applicable discount rates, lifespans and residual values.

#### **4.19. Events after the balance sheet date**

The events occurring after the reporting dates that provide additional information about the existing conditions at the time of the financial statements are shown in the company's financial statements. Material events after the reporting date that provide information about the conditions occurring after the financial statements are disclosed in the notes to the financial statements.

## 5 Cash flow

### 5.1. Cash and cash equivalents not available for use

OMIP has no cash balance or cash equivalent with restrictions on their use for the periods under review.

### 5.2. Breakdown of values posted in “Cash and bank deposits”

As at 31 December 2020 and 31 December 2019, the breakdown of cash and bank deposits is as follows:

	31-12-2020	31-12-2019
Cash	887	2 021
Bank deposits	1 147 827	428 188
	<b>1 148 714</b>	<b>430 209</b>

The breakdown of the amount considered as final balance under “Cash and cash equivalents” for the purpose of preparing the statement of cash flow for the years ended 31 December 2020 and 31 December 2019 is as follows:

	31-12-2020	31-12-2019
<b>Cash resources</b>		
- Cash	887	2 021
	<b>887</b>	<b>2 021</b>
<b>Bank deposits</b>		
- Checking accounts	1 147 827	428 188
	<b>1 147 827</b>	<b>428 188</b>
	<b>1 148 714</b>	<b>430 208</b>

## 6 Accounting policies, changes in accounting estimates, and errors

### 6.1. Changes in standards

During the period in question, no new standards, changes or interpretations of existing rules were published that should be considered by OMIP.

### 6.2. Changes in accounting policies

During the period in question, there were no changes in the accounting policies considered in the preparation of these financial statements.

### 6.3. Changes in accounting estimates

During the period in question, there were no changes in the accounting policies considered in the preparation of these financial statements.

### 6.4. Prior period errors

During the period in question, no errors were identified that concerned prior periods.

## 7 Property, plant and equipment

As at 31 December 2019, the changes recorded under the heading “Property, plant and equipment” were as follows:

	Vehicles	Office equipment	Total
<b>1 January 2019</b>			
Acquisition cost	87 406	1 749 508	1 836 914
Accumulated depreciation	(28 186)	(1 734 585)	(1 762 771)
<b>Net book value</b>	<b>59 220</b>	<b>14 923</b>	<b>74 143</b>
Additions	-	9 057	9 057
Depreciation for the period	(21 851)	(9 350)	(31 202)
<b>Net book value</b>	<b>37 368</b>	<b>14 630</b>	<b>51 999</b>
<b>31 December 2019</b>			
Acquisition cost	87 406	1 758 565	1 845 971
Accumulated depreciation	(50 038)	(1 743 935)	(1 793 973)
<b>Net book value</b>	<b>37 368</b>	<b>14 630</b>	<b>51 998</b>

As at 31 December 2020, the changes recorded under “Property, plant and equipment” were as follows:

	Vehicles	Office equipment	Total
<b>1 January 2020</b>			
Acquisition cost	87 406	1 758 565	1 845 971
Accumulated depreciation	(50 038)	(1 743 935)	(1 793 973)
<b>Net book value</b>	<b>37 368</b>	<b>14 630</b>	<b>51 998</b>
Additions	-	5 217	5 217
Depreciation for the period	(21 851)	(9 329)	(31 180)
<b>Net book value</b>	<b>15 517</b>	<b>10 518</b>	<b>26 035</b>
<b>31 December 2020</b>			
Acquisition cost	87 406	1 763 782	1 851 188
Accumulated depreciation	(71 889)	(1 753 264)	(1 825 153)
<b>Net book value</b>	<b>15 517</b>	<b>10 518</b>	<b>26 035</b>

Depreciation of property, plant and equipment are fully recorded under the heading Expenses/ reversals of depreciation and amortisation in the statement of profit and loss.

Additions to property, plant and equipment made in the period ended 31 December 2020 consist mainly of office equipment.

As at 31 December 2020 and 2019, OMIP used the following assets acquired under financial lease:

Financial leases	31-12-2020	31-12-2019
Gross value	87 406	87 406
Accumulated depreciation	(71 889)	(50 038)
	<b>15 517</b>	<b>37 368</b>

## 8 Investments

### – Equity method

As at 31 December 2020 and 31 December 2019, the investment in subsidiaries corresponds to 50% of the share capital of OMIClear – C.C., S.A.

The breakdown of the subsidiary is as follows:

	31-12-2020	31-12-2019
	OMIClear	OMIClear
Assets		
Non-current	284 958	287 210
Current	221 726 894	217 176 469
	<b>222 011 852</b>	<b>217 463 679</b>
Liabilities		
Non-current	-	-
Current	211 139 657	206 796 056
	<b>211 139 657</b>	<b>206 796 056</b>
Equity capital	<b>10 872 195</b>	<b>10 667 623</b>
<b>Activity in the year</b>		
Revenue	3 526 237	2 594 357
Expenses	(3 321 664)	(2 538 859)
Net result	<b>204 573</b>	<b>55 498</b>
% shareholding	50%	50%
	<b>102 287</b>	<b>27 749</b>

Investments in the period are detailed below:

	OMIClear
1 January 2019	5 306 062
Gains/ (Losses)	27 749
Other changes in equity	-
<b>31 December 2019</b>	<b>5 333 811</b>
Gains / (Losses)	102 287
<b>31 December 2020</b>	<b>5 436 098</b>

No dividends were received from OMIClear in 2020 and 2019.

## 9 Other financial investments

The amounts shown under this heading refer to the monthly contributions made by the company to the Labour Compensation Fund (FCT – *Fundo de Compensação do Trabalho*), under Law 70/2013.

## 10 Clients

The breakdown of the heading “Clients” for the periods ended 31 December 2020 and December 2019 is as follows:

	31-12-2020			31-12-2019		
	Current	Non-current	Total	Current	Non-current	Total
Clients – Related parties (Note 32)	52 241	-	52 241	410 491	-	410 491
Clients – Third parties	414 197	-	414 197	19 510	-	19 510
	<b>466 438</b>	<b>-</b>	<b>466 438</b>	<b>430 001</b>	<b>-</b>	<b>430 001</b>
Impairment	-	-	-	-	-	-
	<b>466 438</b>	<b>-</b>	<b>466 438</b>	<b>430 001</b>	<b>-</b>	<b>430 001</b>

The increase in clients’ or third party debts is mainly due to the invoice issued to *Adene – Agência para a Energia*, in the amount of €380,071.96 on 28 December, which is therefore due as at the closing of the financial year.

This invoice was settled in early January 2021.

During these periods, there were no differences between the book values and their fair value.

## 11 Other receivables

As at 31 December 2020 and 2019, the heading “Other receivables” is broken down as follows:

	31-12-2020			31-12-2019		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	66	-	66	-	-	-
Other debtors						
OMIClear (Note 32)	211 223	-	211 223	573 957	-	573 957
OMIP SGPS (Note 32)	6 019	-	6 019	18 620	-	18 620
OMIP SA (Note 32)	8 113	-	8 113	-	-	-
REN - Gasodutos (Note 32)	45 482	-	45 482	46 582	-	46 582
Adene	47 225	-	47 225	47 225	-	47 225
Other	-	-	-	110	-	110
Accrued income						
Other	53 120	-	53 120	196 375	-	196 375
	<b>371 248</b>	<b>-</b>	<b>371 248</b>	<b>882 869</b>	<b>-</b>	<b>882 869</b>
Impairment	-	-	-	-	-	-
	<b>371 248</b>	<b>-</b>	<b>371 248</b>	<b>882 869</b>	<b>-</b>	<b>882 869</b>

Breakdown of “Other income accruals”:

	31-12-2020	31-12-2019
GPMC accruals	11 140	22 280
REMIT – Phase II - Q4	-	64 710
EEX - Q4 accruals	30 245	44 361
Auctions	-	50 000
Sundry	11 735	15 024

There are no differences between the book values and their fair value for the periods in question.

## 12 Deferrals

As at 31 December 2020 and 31 December 2019, OMIP recorded the following balances under “Deferrals”:

### Assets

	31-12-2020	31-12-2019
Insurance	5 708	5 468
Fees	4 167	741
Bloomberg	3 711	3 868
Other	10 803	25 835
	<b>24 389</b>	<b>35 912</b>

### Liabilities

	31-12-2020	31-12-2019
Other	52 628	2 094
	<b>52 628</b>	<b>2 094</b>

### 13 Share capital

As at 31 December 2020 and 31 December 2019, OMIP's share capital in the amount of €2,500,000 was fully subscribed and paid up, represented by 250,000 shares each with a par value of €10 each.

The breakdown of share capital as at 31 December 2020 and 31 December 2019 is as follows:

	% share	Capital
OMIP SGPS	50.00%	1,250,000
OMEL	50.00%	1,250,000
	<b>100.00%</b>	<b>2,500,000</b>

### 14 Issue premium

Issue premiums in the amount of €1,193.711 resulted from a share capital increase in 2004 with OMEL's entry into the capital of the Company, and a capital increase from the previous shareholder REN. Later, part of this amount was used to cover a capital increase.

### 15 Legal reserves

In agreement with the corporate law in force, the company is required to transfer to legal reserves at least 5 % of the net annual income until it represents 20 % of capital. This reserve cannot be distributed unless the company is liquidated, but can be used to absorb losses after other reserves are used, or to be added to capital.

As at 31 December 2020, this reserve amounted to €299,935 (2019: €275 849), therefore short of the 20% of share capital.

### 16 Adjustments to equity

The amount of €1,114,928 under this heading corresponds to the re-evaluation of OMIClear following the sale of 50 % made by OMIP to OMIE in September 2013.

### 17 Suppliers

As at 31 December 2020 and 31 December 2019, the breakdown of the heading including all current "Suppliers" was as follows:

	31-12-2020	31-12-2019
Suppliers	242 431	257 097
	<b>242 431</b>	<b>257 097</b>

## 18 State and other public entities

The balances for this heading as at 31 December 2020 and 31 December 2019 were as follows:

	31-12-2020		31-12-2019	
	Debtor	Creditor	Debtor	Creditor
Corporate tax - IRC	-	73 135	-	32 732
Income tax - IRS	-	50 791	-	20 622
Value added tax - IVA	-	45 226	-	34 315
Contributions to social security	-	24 912	-	21 402
	-	<b>194 064</b>	-	<b>109 071</b>

Corporate tax income (IRC) for the reported periods is broken down as follows:

	31-12-2020	31-12-2019
Payments on account	59 958	48 981
Corporate tax estimate	(133 093)	(81 713)
	<b>(73 135)</b>	<b>(32 732)</b>

## 19 Loans obtained

As at 31 December 2020 and 2019, the heading “Loans obtained” is broken down as follows:

	31-12-2020			31-12-2019		
	Current	Non-current	Total	Current	Non-current	Total
Financial leases	15 421	-	15 421	19 540	15 421	34 961
	<b>15 421</b>	<b>-</b>	<b>15 421</b>	<b>19 540</b>	<b>15 421</b>	<b>34 961</b>

## 20 Other accounts payable

As at 31 December 2020 and 31 December 2019, the breakdown of the heading “Other accounts payable” is as follows:

	31-12-2020			31-12-2019		
	Current	Non-current	Total	Current	Non-current	Total
Other creditors						
Other	37 141	-	37 141	86 613	-	86 613
	<b>37 141</b>	<b>-</b>	<b>37 141</b>	<b>86 613</b>	<b>-</b>	<b>86 613</b>
Creditors due to accrued expenses						
Staff costs	279 149	-	279 149	281 331	-	281 331
Other	22 759	-	22 759	50 598	-	50 598
	<b>301 908</b>	<b>-</b>	<b>301 908</b>	<b>331 929</b>	<b>-</b>	<b>331 929</b>
	<b>339 049</b>	<b>-</b>	<b>339 049</b>	<b>418 542</b>	<b>-</b>	<b>418 542</b>

## 21 Services provided

Services provided and recognised in the statement of profit and loss are broken down as follows:

	31-12-2020	31-12-2019
Services provided - Natural Gas	816 197	826 826
Variable fees	419 301	469 442
Licenses	428 342	426 558
Admission and maintenance fees	397 772	404 849
Remit	213 280	243 060
Services rendered – Electricity	150 000	150 000
Market Monitoring	120 000	120 000
EEX	166 372	134 260
Training	25 750	12 750
Other	-	500
	<b>2 737 014</b>	<b>2 788 245</b>

The maintenance of management services was recorded under “Other operating income”. Note the increase of EEX fees and training. Services rendered to ADENE dropped, as the company expected, as we are approaching the end of the contract and most of the developments have already been carried out.

In general, income from the market decreased, largely due to the pandemic. Remit decreased because this service has been provided by another group company, OMIClear Sucursal in Spain since October 2019.

## 22 Supplies and external services

The breakdown of costs incurred with “Supplies and external services” is as follows:

	31-12-2020	31-12-2019
Specialised works	875 842	1 127 843
Travel and accommodation	23 939	53 580
Rentals (includes condominium)	43 687	44 244
Materials	33 387	32 542
Entertainment fees	13 951	22 361
Insurance	17 550	17 533
Water and electricity	6 358	10 126
Communications	16 493	9 650
Fees	4 327	6 538
Other (each under €5,000)	12 967	15 663
	<b>1 048 501</b>	<b>1 340 080</b>

The most relevant item under “Supplies and external services” are specialised tasks that essentially include (i) the maintenance of systems and access to IT platforms, and (ii) the management fees that offset the work of other Group collaborators for OMIP.

The decrease in costs of specialised works is due to the GPMC project with Adene, which began in July 2018. The project no longer requires the purchase of additional services as it did in its start-up.

## 23 Staff costs

Staff costs incurred during the periods ended 31 December 2020 and 2019 were as follows:

	31-12-2020	31-12-2019
Remunerations		
Governing bodies	283 309	277 804
Staff	820 231	746 501
	<b>1 103 540</b>	<b>1 024 305</b>
Social charges	246 895	227 221
Other	26 554	14 377
	<b>273 449</b>	<b>241 598</b>
	<b>1 376 989</b>	<b>1 265 903</b>

The increase in staff costs is mainly due to the increase in salaries.

The increase in costs with corporate bodies is due to the fact that the premiums paid in 2020 were higher than those paid in 2019. For this reason, unpaid premiums were not corrected in 2020.

In 2020 the average number of OMIP staff was 15 (2019: 13).

## 24 Other income and gains

“Other income and gains” is broken down as follows:

	31-12-2020	31-12-2019
Management fees (Note 32)	350 697	267 741
Corrections of prior periods	2 581	5 086
Other	21 692	2 487
	<b>374 970</b>	<b>275 314</b>

The heading “Management fees” includes the debit amounts charged by OMIP to other Group companies for providing them with human resources to carry out the work resulting from the activities of those companies.

The amounts debited to each company are €95,000 for OMIClear, €5,437 for OMIP SGPS, and €100,260 for OMIP, SA.

## 25 Other expenses and losses

“Other expenses and losses” is broken down as follows:

	31-12-2020	31-12-2019
Costs with market operations	74 420	82 224
Contributions/levies	24 811	23 639
Taxes	6 951	8 547
Corrections of previous years' balances	-	7 823
Donation	1 503	-
Other	10 477	8 519
	<b>118 162</b>	<b>130 752</b>

Costs recognised as market operations include fixed monthly fees/commissions charged by market makers. These members ensure adequate levels of liquidity and depth of market offers. The variations recorded result from the fact that in 2020 the traded volumes were fewer than those in 2019. These costs also include a fee which CMVM began to charge in 2018, which varies according to traded volumes.

“Contributions / Levies” includes the costs borne by the Company in 2020 as a result of being a member of representative entities in the sector, namely the Associação Portuguesa de Energia (*Portuguese Energy Association*), APEX (Association of Power Exchanges) and EUROPEX, among others.

## 26 Financial expenditure and income

The breakdown of “Financial expenditure” for the years 2020 and 2019 is as follows:

	31-12-2020	31-12-2019
<b>Financial expenditure</b>		
Other financial expenditure	467	802
	<b>467</b>	<b>802</b>

## 27 Income tax

As at 31 December 2020 and 31 December 2019, the heading “Income tax” is as follows:

	31-12-2020	31-12-2019
Current income tax	133 093	81 713
	<b>133 093</b>	<b>81 713</b>

The tax rate used for the valuation of taxable differences at the balance sheet date for the year ended 31 December 2020 was 17% for taxable values up to €5,000, and 21% for values in excess of this amount, in addition to a surcharge of 1.5% (2019: 17% up to €5,000, and 21% for values in excess of this amount, in addition to a surcharge of 1.5%).

### 27.1. Deferred taxes

As at 31 December 2020 and 31 December 2019, no situations generated deferred tax assets or liabilities.

### 27.2. Reconciliation of tax rate

The reconciliation of the effective tax rate for the periods ended 31 December 2020 and 2019 is shown below:

	31-12-2020		31-12-2019	
Pre-tax results	15 000	623 972	15 000	307 569
Tax rate	17.0%	21.0%	17.0%	21.0%
	<b>2 550</b>	<b>131 034</b>	<b>2 550</b>	<b>64 589</b>
	<b>133 584</b>		<b>67 139</b>	
Non-deductible expenses	3 149		5 351	
Non-taxable income	(24 627)		(9 377)	
Surcharge	8 050		4 551	
Autonomous taxation	12 937		14 049	
	<b>133 093</b>		<b>81 713</b>	
Current income tax	133 093		81 713	
Income tax	<b>133 093</b>		<b>81 713</b>	
Effective tax rate	<b>20,8%</b>		<b>25,3%</b>	

The tax rate used for determining the amount of tax in the financial statements is as follows:

	2020	2019
Tax rate up to €15,000	17.00%	17.00%
Tax rate for remaining value	21.00%	21.00%
Surcharge	1.50%	1.50%
	<b>20.50%</b>	<b>20.50%</b>

## 28 Dividends

As at 31 December 2020, OMIP paid dividends in the amount of €216,770,40 to the OMIP SGPS and OMEL shareholders, in proportion to their stake in the company's capital (2019: €46,644 in dividends were paid).

Dividends paid were subject to a 25% withholding tax rate. In 2020, the sum paid after the withholding totalled €189,674.10.

## 29 Commitments

As at 31 December 2020 and 31 December 2019, there were no other commitments undertaken by the company and not reflected in the financial statements.

## 30 Contingencies

### CONTINGENT LIABILITIES

As at 31 December 2020 and 31 December 2019, OMIP did not record any contingent liabilities.

### CONTINGENTS ASSETS

As at 31 December 2020 and 31 December 2019, OMIP did not record any contingent assets.

## 31 Information required by law

Under Article 21(1) of Decree-law 411/91, of 17 October, OMIP confirms that it does not owe any contributions to Social Security or to Treasury.

## 32 Related parties

As at 31 December 2020, OMIP was 50% owned by OMIP – Operador do Mercado Ibérico (Portugal), SGPS, SA and 50% by OMEL – Operador del Mercado Ibérico de Energía, Pólo Español, SA:

### NATURE OF THE RELATIONSHIP WITH THE RELATED PARTIES

#### Shareholders:

- OMIP, SGPS
- OMEL

#### Subsidiaries:

- OMIClear – C.C., SA

#### Other related parties:

- OMI – Polo Español, SA
- REN – Rede Electrica Nacional, S.A.
- REN – Gasodutos, S.A.
- REN – Serviços, S.A.
- Caixa Geral de Depósitos, S.A.
- Banco Comercial Português, S.A.
- EDP – Energias de Portugal, S.A.
- Naturgy Energy Group, S.A.
- Iberdrola Generacion Espanã, S.A.U.

### 32.1. Transactions with shareholders:

In the periods concerned, OMIP made the following transactions with its shareholders:

	31-12-2020	31-12-2019
<b>Services acquired</b>		
OMIP SGPS	25 350	25 350
	<b>25 350</b>	<b>25 350</b>
<b>Services provided</b>		
OMIP SGPS	55 437	55 437
	<b>55 437</b>	<b>55 437</b>

### 32.2. Debit and credit balances with shareholders

As at 31 December 2020 and 31 December 2019, the balances resulting from transactions made with shareholders were the following:

	31-12-2020	31-12-2019
<b>Other accounts receivable</b>		
OMIP SGPS (Note 11)	6 019	18 620
	<b>6 019</b>	<b>18 620</b>
<b>Other accounts payable</b>		
OMIP SGPS (Note 20)	-	7 795
	<b>-</b>	<b>7 795</b>

### 32.3. Transactions with subsidiaries:

During the periods concerned, OMIP made the following transactions with the subsidiary OMIClear:

	31-12-2020	31-12-2019
<b>Services acquired</b>		
OMIClear	85 344	85 344
	<b>85 344</b>	<b>85 344</b>
<b>Services provided</b>		
OMIClear	195 000	212 304
	<b>195 000</b>	<b>212 304</b>

### 32.4. Debit and credit balances with subsidiaries:

As at 31 December 2020 and 31 December 2019, the balances resulting from transactions made with subsidiaries were the following:

	31-12-2020	31-12-2019
<b>Other accounts receivable</b>		
OMIClear (Note 11)	211 223	573 957
	<b>211 223</b>	<b>573 957</b>
<b>Other accounts payable</b>		
OMIClear (Note 20)	-	39 527
	<b>-</b>	<b>39 527</b>

### 32.5. Transactions with other related parties:

During the periods concerned, OMIP made the following transactions with the entities below:

	31-12-2020	31-12-2019
<b>Services provided</b>		
REN - Gasodutos	237 000	298 750
OMIE	120 000	120 000
OMIP SA	100 260	-
	<b>457 260</b>	<b>418 750</b>

**32.6. Debit and credit balances with other related parties:**

As at 31 December 2020 and 31 December 2019, the balances resulting from transactions made with other related parties are as follows:

	<u>31-12-2020</u>	<u>31-12-2019</u>
<b>Clients</b>		
REN - Gasodutos (nota 10)	22 140	360 390
OMIE (nota 10)	30 101	50 101
	<u><b>52 241</b></u>	<u><b>410 491</b></u>
<b>Other accounts receivable</b>		
REN - Gasodutos (Note 11)	45 482	46 582
OMIP SA (Note 11)	8 113	-
	<u><b>53 595</b></u>	<u><b>46 582</b></u>

**32.7. Management remunerations**

As at 31 December 2020 and 2019, the remunerations earned by the members of OMIP's Board of Directors were as follows:

	<u>31-12-2020</u>	<u>31-12-2019</u>
Salaries and other short-term remunerations	283 309	277 804
	<u><b>283 309</b></u>	<u><b>277 804</b></u>

**33 Subsequent events**

Up to the date on which these financial statements were approved, the Board of Directors had no knowledge of any subsequent events that should be recorded or disclosed herein.

**34 Proposed appropriation of profits**

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net result for 2020, in the amount of €505,876,61 (five hundred and five thousand, eight hundred and seventy-six euros and sixty-one cents), be appropriated as follows:

To legal reserve .....	€50,587.66
To distribution of dividends .....	€455,288.95

Lisbon, 23 March 2021

## The Board of Directors

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**Carmen Becerril Martinez**

**Abengoa, S.A.**  
(vacant)

**Carlos Martin de los Santos Bernardos**

**EDP – Energias de Portugal, S.A.**  
Pedro Neves Ferreira

**Endesa Generación Portugal, S.A.**  
Adolfo Javier de Rueda Villén

**Naturgy Energy Group**  
Alberto de Frutos Gonzalez

**Iberdrola Generación España, S.A.U**  
Jose Luis Rapun Jimenez

**Parcaixa, SGPS, S.A.**  
(vacant)

**REN – Redes Energéticas Nacionais, SGPS, S.A.**  
Maria José Menéres Duarte Pacheco Clara

**REN Serviços, S.A.**  
Pedro Henriques Gomes Cabral

**Viesgo Infraestructuras Energéticas, S.L.**  
(vacant)

## The Certified Accountant

**Manuela Lopes dos Santos**  
Certified Accountant, Licence no. 85946

# 12

## ANNEXES

## STATUTORY AUDITOR'S REPORT

01/02



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*(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)*

### Statutory Auditor's Report

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the accompanying financial statements of OMIP - Polo Português, S.G.M.R., S.A. (the Entity), which comprise the Balance Sheet as at 31 December 2020 (showing a total of 7.483.856 euros and a total equity of 6.640.263 euros, including a net profit for the year of 505.879 euros), the Income Statement by Nature, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the Annex, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the OMIP - Polo Português, S.G.M.R., S.A. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

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

##### Responsibilities of Management for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of 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 Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.

##### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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.

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários  
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa  
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02/02



OMIP - Polo Português, S.G.M.R., S.A.  
Statutory Auditor's Report  
31 December 2020

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

- ▶ identify and assess the risks of material misstatement of the 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;
- ▶ 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 Entity'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 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ 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.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Management Report

In our opinion, the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and we have not identified any material misstatement.

Lisbon, 16 April 2021

Ernst & Young Audit & Associados - SROC, S.A.

Sociedade de Revisores Oficiais de Contas

Represented by:

(Signed)

Rui Abel Serra Martins - ROC nr. 1119

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