



# Consolidated Financial **Statements**

**30 June 2021**

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

## INDEX

1. FINANCIAL PERFORMANCE	2
1.1 RESULTS FOR THE 1 <sup>ST</sup> HALF OF 2021	2
1.2 AVERAGE RAB AND CAPEX	5
1.3 MAIN REN GROUP EVENTS	6
1.4 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 APRIL TO 30 JUNE 2021 AND 2020	7
2. CONSOLIDATED FINANCIAL STATEMENTS	9
3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021	14
1 GENERAL INFORMATION	14
2 BASIS OF PRESENTATION	17
3 MAIN ACCOUNTING POLICIES	18
4 SEGMENT REPORTING	20
5 TANGIBLE AND INTANGIBLE ASSETS	22
6 GOODWILL	25
7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES	26
8 INCOME TAX	28
9 FINANCIAL ASSETS AND LIABILITIES	32
10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	34
11 TRADE AND OTHER RECEIVABLES	36
12 DERIVATIVE FINANCIAL INSTRUMENTS	37
13 CASH AND CASH EQUIVALENTS	43
14 EQUITY INSTRUMENTS	43
15 RESERVES AND RETAINED EARNINGS	44
16 BORROWINGS	44
17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS	46
18 PROVISIONS FOR OTHER RISKS AND CHARGES	47
19 TRADE AND OTHER PAYABLES	48
20 SALES AND SERVICES RENDERED	49
21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES	49
22 OTHER OPERATING INCOME	50
23 EXTERNAL SUPPLIES AND SERVICES	50
24 PERSONNEL COSTS	51
25 OTHER OPERATING COSTS	51
26 FINANCIAL COSTS AND FINANCIAL INCOME	52
27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR	52
28 EARNINGS PER SHARE	53
29 DIVIDENDS PER SHARE	53
30 CONTINGENT ASSETS AND LIABILITIES	53
31 RELATED PARTIES	54
32 SUBSEQUENT EVENTS	57
33 EXPLANATION ADDED FOR TRANSLATION	57

## 1. FINANCIAL PERFORMANCE

### 1.1 RESULTS FOR THE 1<sup>ST</sup> HALF OF 2021

In the first 6 months of 2021, net income reached 39.5 million euros, a 6.5 million euros decrease (-14.2%) over the same period of the previous year. Net income decreased reflecting mainly the following effects: (i) decrease of 9.2 million euros in the Group EBITDA (-9.7 million euros in EBIT); (ii) increase of 1.3 million euros in income taxes (+6,1%); partially offset by (iii) the increase of 3.4 million euros in financial results (+15.8%) and (iv) the reduction of 1.1 million euros in the Extraordinary Levy on the Energy Sector.

Similarly to the previous years, the results for 2021 reflect the continuation of the Extraordinary Levy on the Energy Sector (27.1 million euros in 2021 and 28.2 million euros in 2020<sup>2</sup>).

Investment was 79.3 million euros, a 30.9% y.o.y increase (+18.7 million euros) and transfers to RAB increased 7.3 million euros to 16.9 million euros. Average RAB dropped by 166.1 million euros (-4.5%), to 3,515.2 million euros.

The average cost of debt was 1.6%, a 0.3 p.p. decrease y.o.y., and net debt reached 2,539.9 million euros, a 10.6% decrease (-300.0 million euros) over the same period of the previous year.

MAIN INDICATORS (MILLIONS OF Euros)	June	June	Var. %
	2021	2020	
EBITDA	227.9	237.0	-3.9%
Financial results <sup>1</sup>	-18.0	-21.4	15.8%
Net income <sup>2</sup>	39.5	46.1	-14.2%
Recurrent net income	64.3	69.6	-7.5%
Total Capex	79.3	60.6	30.9%
Transfers to RAB <sup>3</sup> (at historic costs)	16.9	9.6	76.0%
Average RAB (at reference costs)	3 515.2	3 681.4	-4.5%
Net debt	2 539.9	2 839.9	-10.6%
Average cost of debt	1.6%	1.9%	-0.3p.p.

<sup>1</sup> The net cost of 0.1 million euros in June 2021 and net revenue of 0.1 million euros in June 2020 from electricity interconnection capacity auctions between Spain and Portugal – referred to as FTR (Financial Transaction Rights) was reclassified from financial income to Revenue.

<sup>2</sup> The full amount of the levy was recorded in the 1st quarter of 2021 and 2020, according to the Portuguese Securities Market Commission (CMVM) recommendations.

<sup>3</sup> Includes direct acquisitions (RAB related).

## Operational results – EBITDA

### Domestic Power Transmission and Distribution Business

EBITDA for the domestic business reached 221.8 million euros in the first 6 months of 2021, a 3.4% (-7.9 million euros) drop over the same period of the previous year.

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	June 2021	June 2020	VAR. %
1) Revenues from assets	208.8	212.9	-1.9%
RAB remuneration	78.9	84.5	-6.6%
Lease revenues from hydro protection zone	0.3	0.3	-1.2%
Economic efficiency of investments	13.4	12.5	7.5%
Recovery of amortizations (net of investment subsidies)	106.8	106.7	0.2%
Amortização dos subsídios ao Investimento	9.3	8.9	4.4%
2) Revenues from opex	68.4	65.8	4.0%
3) Other revenues	7.2	9.1	-20.6%
4) Own works (capitalised in investment)	10.0	8.7	14.7%
5) Earnings on Construction (excl. own works capitalised in investment) – Concession assets	66.5	45.3	46.9%
6) OPEX	72.5	66.6	8.9%
Personnel costs <sup>1</sup>	28.5	27.8	2.5%
External costs	44.0	38.7	13.5%
7) Construction costs – Concession assets	66.5	45.3	46.9%
8) Provisions	0.0	0.0	n.m.
9) Impairments	0.2	0.2	0.0%
<b>10) EBITDA (1+2+3+4+5-6-7-8-9)</b>	<b>221.8</b>	<b>229.7</b>	<b>-3.4%</b>

The decrease in EBITDA resulted mainly from:

- The decrease of 5.6 million euros in RAB remuneration (-6.6%) arising from:
  - The 3.7 million euros drop in the remuneration of electricity transmission regulated assets reflecting (i) the reduction in the base rate of return (RoR) from 4.6% in June 2020 to 4.5% in June 2021 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills, and (ii) the decrease of 112.7 million euros (-5.5%)<sup>2</sup> in electricity transmission average RAB;
  - Reduction of 1.5 million euros in the remuneration of natural gas transmission regulated assets reflecting (i) the reduction in the rate of return from 4.6% in June 2020 to 4.5% in June 2021 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 42.3 million euros (-4.4%) in natural gas transmission average RAB;
  - Reduction of 0.3 million euros in the remuneration of natural gas distribution regulated assets, reflecting (i) the reduction in the rate of return from 4.8% in June 2020 to 4.7% in June 2021 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; despite (ii) the increase of 1.1 million euros in natural gas distribution average RAB.

<sup>1</sup> Includes training and seminars costs.

<sup>2</sup> Excludes hydroland (-12.3 million euros).

- Increase of 5.9 million euros in Opex (+8.9%), explained by the increase of 5.2 million euros in external costs, of which +1.3 million euros in pass-through costs (costs accepted in the tariff), and +0.7 million euros in personnel costs.

With respect to domestic business it is also important to note that the natural gas distribution business contributed with EBITDA of 21.7

#### International Business - Chile

The EBITDA for international businesses reached 6.0 million euros in the first 6 months of 2021, a 1.3 million euros (-17.3%) decrease over the same period of the previous year, resulting mainly from:

- EBITDA of Transemel – an electrical power transmission company in Chile – was 3.2 million euros, a y.o.y. decrease of 0.2 million euros (-5.6%) reflecting the decrease of 0.4 million euros in revenues (-7.1%), despite the decrease of 0.2 million euros in opex (-10.0%);
- The decrease of 1.1 million euros (-27.1%) in the recognized income from the 42.5% stake held by REN in the Chilean company Electrogas.

EBITDA - INTERNATIONAL (MILLIONS OF EUROS)	June 2021	June 2020	VAR.%
1) Revenues from the Transmission of Electrical Power	4.7	5.1	-7.1%
2) Other revenues	2.9	4.0	-27.1%
3) OPEX	1.6	1.8	-10.3%
Personnel costs <sup>1</sup>	0.2	0.0	n.m.
External costs	1.4	1.7	-18.1%
<b>4) EBITDA (1+2-3)</b>	<b>6.0</b>	<b>7.3</b>	<b>-17.3%</b>

#### Net income

Overall, the Group's net income for the first 6 months of 2021 reached 39.5 million euros, a 6.5 million euros y.o.y. decrease (-14.2%).

This increase reflect mostly the following effects:

- decrease of 9.2 million euros in the Group EBITDA (-9.7 million euros in EBIT), impacted by the decrease of 7.9 million euros in the Domestic Power Transmission and Distribution business (-8.5 million euros in EBIT) and the decrease of 1.3 million euros in the contribution of international businesses (-1.2 million euros in EBIT).
- increase of 1.3 million euros in income taxes (+6,1%), reflecting mainly the decrease in gains with the recovery of previous years taxes (-2.4 million euros);
- partially offset by the (a) increase of 3.4 million euros in financial results (+15.8%) reflecting the decrease in the average cost of debt to 1.6% (-0.3 p.p.), the decrease in net debt to 2,539.9 million euros (-300.0 million euros; -10.6%) and the increase in dividends from associate companies (+1.0 million euros), and (b) the reduction of 1.1 million euros in the Extraordinary Levy on the Energy Sector (-3.9%) reflecting the decrease in the regulated asset base;

<sup>1</sup> Includes training and seminars costs.

Excluding non-recurring items, Net Income for the first 6 months of 2021 dropped 5.2 million euros (-7.5%). Non-recurring items considered in the first 6 months of 2021 and 2020 are as follows:

- i) In 2021: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2021 (27.1 million euros), and ii) recovery of income taxes from previous years (2.3 million euros);
- ii) In 2020: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2020 (28.2 million euros), and ii) recovery of income taxes from previous years (4.7 million euros).

NET INCOME (MILLIONS OF EUROS)	June 2021	June 2020	VAR. %
EBITDA	227.9	237.0	-3.9%
Depreciations and amortizations	120.2	119.7	0.4%
Financial results	-18.0	-21.4	15.8%
Income tax expenses	23.0	21.7	6.1%
Extraordinary levy on the energy sector <sup>1</sup>	27.1	28.2	-3.9%
Net income	39.5	46.1	-14.2%
Non-recurring items	24.8	23.5	5.5%
<b>Recurrent net income</b>	<b>64.3</b>	<b>69.6</b>	<b>-7.5%</b>

## 1.2 AVERAGE RAB AND CAPEX

In the first 6 months of 2021, Capex reached 79.3 million euros, a 30.9% y.o.y. increase (+18.7 million euros), and transfers to RAB increased 7.3 million euros (+76.0%) to 16.9 million euros.

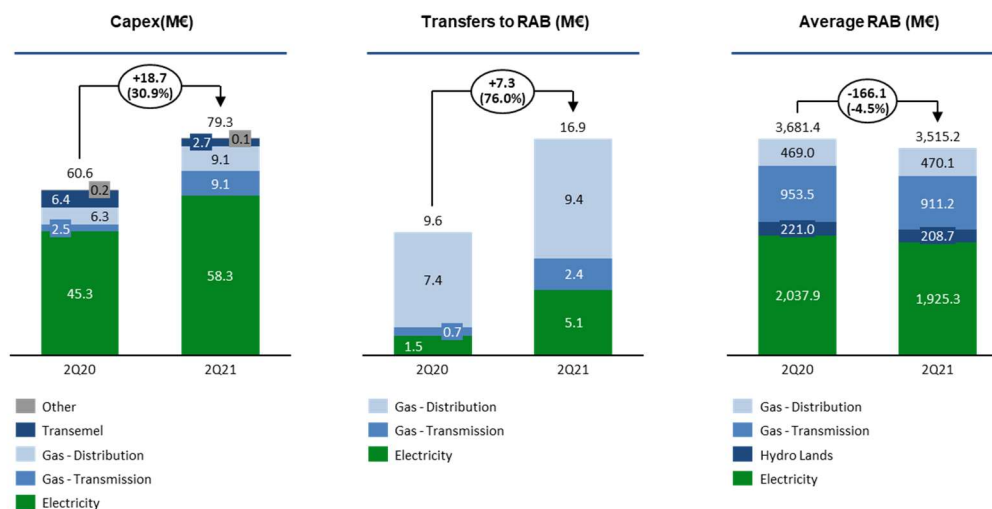
In electricity, investment was 58.3 million euros, a 28.7% increase (+13.0 million euros) over the same period of 2020, of which should be highlighted the projects of passage at 400 kV of the axis Falagueira-Estremoz-Divor-Pegões (12.5 million euros), the connection at 400 kV between Vieira do Minho - Ribeira de Pena - Feira (10.4 million euros) and the connection at 400 kV between Fundão and Falagueira (6.6 million euros). Transfers to RAB were 5.1 million euros, a y.o.y. increase of 3.6 million euros.

In natural gas transmission, investment reached 9.1 million euros, an increase of 6.7 million euros and transfers to RAB were 2.4 million euros, an increase of 1.7 million euros.

In natural gas distribution, investment was 9.1 million euros, 34% for new supply points and 61% with the expansion of the distribution network, and transfers to RAB increased 2.0 million euros (+26.5%) to 9.4 million euros.

Average RAB was 3,515.2 million euros, a 166.1 million euros (-4.5%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 1,925.3 million euros (-112.7 million euros, -5.5%), of which 1,020.2 million euros in assets remunerated at a premium rate of return, while lands reached 208.7 million euros (-12.3 million euros, -5.6%). In natural gas transmission, the average RAB was 911.2 million euros (-42.3 million euros, -4.4%), while in natural gas distribution the average RAB reached 470.1 million euros (+1.1 million euros, +0.2%).

<sup>1</sup> The full amount of the levy was recorded in the 1st quarter of 2021 and 2020, according to the Portuguese securities market commission (CMVM) recommendations.



### 1.3 MAIN REN GROUP EVENTS

- January**
- Electricity and Natural gas consumption achieved successive historical highs. The new highest peak in electricity consumption was reached on 13 January, with 9 887 MW, exceeding the previous peak of 9403 MW, which occurred on 11 January 2010. As for natural gas, the previous peak of 13 539 MW, which was reached on 7 January 2020, was topped by a peak of 14 874MW recorded on 5 January 2021.
- February**
- REN joined Hydrogen Europe, an association that represents the hydrogen and fuel cell industries in Europe and comprises over 150 companies, including the main TSOs.
  - REN obtained the necessary certification to issue "green bonds", having been classified with a B rating ("Prime") by the renowned international certifier ISS - Institutional Shareholder Services, considering that the company makes a significant contribution to the achievement of sustainable development goals.
- March**
- REN obtained European patent for electric charging through the Transmission Grid.
  - Beginning of the Organised Natural Gas Market in Portugal. MIBGAS's entry in Portugal is an important step for the development of the Iberian natural gas market, contributing not only to the increase in the level of competition and trading transparency, but also to the increase in the number of participants and to the liquidity of the gas market.
- April**
- REN makes first green bond issue for 300 million, with a maturity of 8 years and an interest rate equal to 8 years' mid swap rate, accrued of 60 bps. This is REN's inaugural Green Bond and it reflects the alignment of the company's funding and sustainability strategies.
- May**
- REN presented its Strategic Plan for the 2021-2024 period, which reinforces the company's commitment to the transition to green energy and a firm commitment to achieving carbon neutrality by 2040.
  - REN has launched a new app to supply up-to-date financial information in real time to investors, providing users with a more user-friendly experience.
- June**
- Fitch Ratings affirms REN's rating at 'BBB' and revises outlook from negative to stable.
  - Moody's Ratings affirms REN's rating at 'Baa3' and revises outlook from stable to positive.

## 1.4 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 APRIL TO 30 JUNE 2021 AND 2020

### Consolidated statements of profit and loss (unaudited information)

	(Amounts expressed in thousands of euros – tEuros)	
	01.04.2021 to 30.06.2021	01.04.2020 to 30.06.2020
Sales	15	-
Services rendered	136,452	140,672
Revenue from construction of concession assets	46,060	28,733
Gains from associates and joint ventures	1,622	2,091
Other operating income	8,103	6,409
<b>Operating income</b>	<b>192,251</b>	<b>177,905</b>
Cost of goods sold	(278)	(83)
Cost with construction of concession assets	(40,677)	(24,260)
External supplies and services	(17,528)	(16,672)
Employee compensation and benefit expense	(14,942)	(14,271)
Depreciation and amortizations	(60,142)	(59,797)
Impairments	(94)	(94)
Other expenses	(5,296)	(4,448)
<b>Operating costs</b>	<b>(138,958)</b>	<b>(119,626)</b>
<b>Operating results</b>	<b>53,293</b>	<b>58,279</b>
Financial costs	(14,537)	(15,425)
Financial income	363	1,747
Investment income - dividends	6,947	5,932
<b>Financial results</b>	<b>(7,227)</b>	<b>(7,746)</b>
<b>Profit before income taxes and ESEC</b>	<b>46,066</b>	<b>50,534</b>
Income tax expense	(11,042)	(8,768)
Extraordinary contribution on energy sector (ESEC)	25	-
<b>Net profit for the period</b>	<b>35,048</b>	<b>41,766</b>
<b>Attributable to:</b>		
Equity holders of the Company	35,048	41,766
Non-controlled interest	-	-
<b>Consolidated profit for the period</b>	<b>35,048</b>	<b>41,766</b>
Earnings per share (expressed in euro per share)	0.05	0.06



## Consolidated statements of comprehensive income (unaudited information)

(Amounts expressed in thousands of euros - tEuros)

	01.04.2021 to 30.06.2021	01.04.2020 to 30.06.2020
<b>Net Profit for the year</b>	<b>35,048</b>	<b>41,766</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial gains / (losses)	94	1,891
Tax effect on actuarial gains / (losses)	(28)	(567)
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	(6,712)	(2,845)
Increase/(decrease) in hedging reserves - cash flow derivatives	3,811	(4,685)
Tax effect on hedging reserves	(889)	1,171
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	1,447	1,157
Tax effect on items recorded directly in equity	(287)	(257)
Other changes in equity	45	(12)
<b>Comprehensive income for the year</b>	<b>32,529</b>	<b>37,619</b>
<b>Attributable to:</b>		
Equity holders of the Company	32,529	37,619
Non-controlling interests	-	-
	<b>32,529</b>	<b>37,619</b>

## 2. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2021 AND 31 DECEMBER 2020

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of financial position originally issued in Portuguese - Note 33)

	Notes	Jun 2021	Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	128,606	127,119
Intangible assets	5	4,088,419	4,130,562
Goodwill	6	5,181	5,367
Investments in associates and joint ventures	7	161,784	158,845
Investments in equity instruments at fair value through other comprehensive income	9 and 10	143,226	150,850
Derivative financial instruments	9 and 12	17,996	25,685
Other financial assets	9	119	102
Trade and other receivables	9 and 11	69,776	45,507
Deferred tax assets	8	100,847	92,575
		<b>4,715,955</b>	<b>4,736,611</b>
<b>Current assets</b>			
Inventories		2,497	2,450
Trade and other receivables	9 and 11	370,725	448,099
Derivative financial instruments	9 and 12	250	-
Cash and cash equivalents	9 and 13	308,904	61,499
		<b>682,376</b>	<b>512,048</b>
<b>Total assets</b>	4	<b>5,398,331</b>	<b>5,248,658</b>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium		116,809	116,809
Reserves	15	299,016	289,887
Retained earnings		231,202	240,853
Other changes in equity		(5,561)	(5,561)
Net profit for the period		39,539	109,249
<b>Total equity</b>		<b>1,337,469</b>	<b>1,407,700</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	9 and 16	2,515,787	2,260,875
Liability for retirement benefits and others	17	98,275	100,507
Derivative financial instruments	9 and 12	25,168	29,215
Provisions	18	8,508	8,508
Trade and other payables	19	437,762	371,886
Deferred tax liabilities	8	115,651	144,969
		<b>3,201,152</b>	<b>2,915,960</b>
<b>Current liabilities</b>			
Borrowings	9 and 16	345,746	562,557
Trade and other payables	19	446,539	353,800
Income tax payable	8 and 9	67,426	8,641
		<b>859,710</b>	<b>924,999</b>
<b>Total liabilities</b>	4	<b>4,060,862</b>	<b>3,840,958</b>
<b>Total equity and liabilities</b>		<b>5,398,331</b>	<b>5,248,658</b>

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2021.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 2020

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of profit and loss originally issued in Portuguese - Note 33)

	Notes	Jun 2021	Jun 2020
Sales	4 and 20	45	-
Services rendered	4 and 20	273,672	278,751
Revenue from construction of concession assets	4 and 21	76,536	54,021
Gains / (losses) from associates and joint ventures	7	3,095	4,137
Other operating income	22	15,426	13,849
<b>Operating income</b>		<b>368,774</b>	<b>350,759</b>
Cost of goods sold		(473)	(248)
Costs with construction of concession assets	21	(66,522)	(45,292)
External supplies and services	23	(35,097)	(29,884)
Personnel costs	24	(28,606)	(27,764)
Depreciation and amortizations	5	(120,229)	(119,717)
Impairments	6	(189)	(189)
Other expenses	25	(9,880)	(10,418)
<b>Operating costs</b>		<b>(260,996)</b>	<b>(233,510)</b>
<b>Operating results</b>		<b>107,778</b>	<b>117,249</b>
Financial costs	26	(26,690)	(30,378)
Financial income	26	1,556	3,089
Investment income - dividends	10	6,947	5,932
<b>Financial results</b>		<b>(18,186)</b>	<b>(21,357)</b>
<b>Profit before income tax and ESEC</b>		<b>89,592</b>	<b>95,892</b>
Income tax expense	8	(22,982)	(21,659)
Energy sector extraordinary contribution (ESEC)	27	(27,070)	(28,165)
<b>Net profit for the period</b>		<b>39,539</b>	<b>46,068</b>
<b>Attributable to:</b>			
Equity holders of the Company		39,539	46,068
Non-controlled interest		-	-
<b>Consolidated profit for the period</b>		<b>39,539</b>	<b>46,068</b>
Earnings per share (expressed in euro per share)	28	0.06	0.07

The accompanying notes form an integral part of the consolidated statement of profit and loss for the six-month period ended 30 June 2021.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 2020

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of other comprehensive income originally issued in Portuguese - Note 33)

	Notes	Jun 2021	Jun 2020
<b>Consolidated Net Profit for the period</b>		<b>39,539</b>	<b>46,068</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gains / (losses) - gross of tax		161	(444)
Tax effect on actuarial gains / (losses)	8	(48)	133
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		5,055	(4,977)
Increase / (decrease) in hedging reserves - cash flow derivatives	12	5,545	(6,730)
Tax effect on hedging reserves	8 and 12	(1,323)	1,683
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(7,623)	(7,290)
Tax effect on items recorded directly in equity	8 and 10	1,754	1,644
Other changes in equity	7	134	(12)
<b>Comprehensive income for the period</b>		<b>43,195</b>	<b>30,075</b>
<b>Attributable to:</b>			
Equity holders of the company		43,195	30,075
Non-controlled interest		-	-
		<b>43,195</b>	<b>30,075</b>

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the six-month period ended 30 June 2021.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 2020

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of changes in equity originally issued in Portuguese - Note 33)

Changes in the year	Notes	Attributable to shareholders									Total	
		Share capital	Own shares	Share premium	Legal Reserve	Fair Value reserve (Note 10)	Hedging reserve (Note 12)	Other reserves	Other changes in equity	Retained earnings		Profit for the year
<b>At 1 January 2020</b>		<b>667,191</b>	<b>(10,728)</b>	<b>116,809</b>	<b>118,828</b>	<b>51,966</b>	<b>(19,901)</b>	<b>165,787</b>	<b>(5,561)</b>	<b>242,853</b>	<b>118,899</b>	<b>1,446,144</b>
Net profit of the period and other comprehensive income		-	-	-	-	(5,646)	(5,047)	(4,989)	-	(311)	46,068	30,075
Transfer to other reserves		-	-	-	6,247	-	-	-	-	112,652	(118,899)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
<b>At 30 June 2020</b>		<b>667,191</b>	<b>(10,728)</b>	<b>116,809</b>	<b>125,075</b>	<b>46,320</b>	<b>(24,948)</b>	<b>160,798</b>	<b>(5,561)</b>	<b>241,769</b>	<b>46,068</b>	<b>1,362,794</b>
<b>At 1 January 2021</b>		<b>667,191</b>	<b>(10,728)</b>	<b>116,809</b>	<b>125,075</b>	<b>48,905</b>	<b>(25,545)</b>	<b>141,452</b>	<b>(5,561)</b>	<b>240,853</b>	<b>109,249</b>	<b>1,407,700</b>
Net profit of the period and other comprehensive income		-	-	-	-	(5,869)	4,222	5,189	-	113	39,539	43,195
Transfer to other reserves		-	-	-	5,587	-	-	-	-	103,662	(109,249)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
<b>At 30 June 2021</b>		<b>667,191</b>	<b>(10,728)</b>	<b>116,809</b>	<b>130,662</b>	<b>43,036</b>	<b>(21,323)</b>	<b>146,641</b>	<b>(5,561)</b>	<b>231,202</b>	<b>39,539</b>	<b>1,337,469</b>

The accompanying notes form an integral part of the consolidated statement of changes in equity for the six-month period ended 30 June 2021.

The Accountant

The Board of Directors

## CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 2020

(Amounts expressed in thousands of Euros – tEuros)  
(Translation of statements of cash flow originally issued in Portuguese - Note 33)

	Notes	Jun 2021	Jun 2020
<b>Cash flow from operating activities:</b>			
Cash receipts from customers		1,148,765 a)	1,131,120 a)
Cash paid to suppliers		(724,190) a)	(904,298) a)
Cash paid to employees		(38,824)	(35,910)
Income tax received/paid		2,527	725
Other receipts / (payments) relating to operating activities		7,709	3,972
<b>Net cash flows from operating activities (1)</b>		<b>395,987</b>	<b>195,609</b>
<b>Cash flow from investing activities:</b>			
<b>Receipts related to:</b>			
Investment grants		19,100	3,934
Dividends	7 and 10	4,668	4,665
<b>Payments related to:</b>			
Property, plant and equipment		(167)	(7,634)
Intangible assets - Concession assets		(80,757)	(68,934)
<b>Net cash flow used in investing activities (2)</b>		<b>(57,155)</b>	<b>(67,969)</b>
<b>Cash flow from financing activities:</b>			
<b>Receipts related to:</b>			
Borrowings		1,335,000	1,407,500
<b>Payments related to:</b>			
Borrowings		(1,278,051)	(1,386,655)
Interests and other similar expense		(34,686)	(34,479)
Dividends	29	(113,426)	(113,426)
<b>Net cash from / (used in) financing activities (3)</b>		<b>(91,163)</b>	<b>(127,060)</b>
<b>Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)</b>		<b>247,669</b>	<b>580</b>
Effect of exchange rates		13	(623)
Cash and cash equivalents at the beginning of the year	13	61,169	20,521
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b>308,852</b>	<b>20,478</b>
<b>Detail of cash and cash equivalents</b>			
Cash	13	23	24
Bank overdrafts	13	(52)	(2,972)
Bank deposits	13	308,881	23,426
		<b>308,852</b>	<b>20,478</b>

a) These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

The accompanying notes form an integral part of the consolidated statement of cash flow for the six-month period ended 30 June 2021.

The Accountant

The Board of Directors

### 3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(Translation of notes originally issued in Portuguese - Note 33)

#### 1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Company” together with its subsidiaries, referred to as “the Group” or “the REN Group”), with head office in Avenida Estados Unidos da América, 55 – Lisbon, resulted from the spin-off of the EDP Group, in accordance with Decree-Laws 7/91 of 8 January and 131/94 of 19 May, approved by the Shareholders’ General Meeting held on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group’s operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, S.A. On 26 September 2006, as a result of the unbundling transaction of the gas business, the Group went through a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of gas activities, comprising a new business.

In the beginning of 2007, the Company was transformed into a holding company and, after the transfer of the electricity business to a new company incorporated on 26 September 2006, renamed REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A..

The Group presently has two main business segments, Electricity and Gas, and a secondary business of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007 which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function is the management of Power Purchase Agreements (“PPA”) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, to domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was incorporated on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, SGPS, S.A., with the main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves;

d) Empresa de Transmissão Eléctrica Transemel, S.A. (“Transemel”), was incorporated on 1 October 2019, following the expansion of the electricity business in Chile. The company’s activity consists of providing electricity transmission and transformation services and the development, operation and commercialization of transmission systems, allowing free access to the different players in the electricity market in Chile.

The Gas business includes the following companies:

a) REN Gás, S.A. was incorporated on 29 March 2011, with the corporate purpose of promoting, developing and carrying out projects and developments in the gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression);

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated “SGNL – Sociedade Portuguesa de Gás Natural Liquefeito”. The operations of this company comprise the supply, reception, storage and re-gasification of liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures;

e) REN Portgás Distribuição, S.A. ("REN Portgás"), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in e) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

The telecommunications business is managed by RENTELECOM – Comunicações, S.A. whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

On 10 May 2013 REN Finance, B.V., a company based in Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

Additionally, on 24 May 2013, together with China Electric Power Research Institute, a State Grid Group company, Centro de Investigação em Energia REN – State Grid, S.A. ("Centro de Investigação") was incorporated under a Joint Venture Agreement on which REN holds 1,500,000 shares representing 50% of the total share capital.

The purpose of this company is to implement a Research and Development centre in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

On 14 December 2016, Aéreo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations.

In addition, on November 21, 2018, REN PRO, S.A. was incorporated, a company fully owned by REN, headquartered in Lisbon, whose purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and IT consulting.

On 17 July 2019, Apolo Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations of entities essentially related to the electric transmission sector.

As of 30 June 2021, REN also holds:

- a) 42.5% interest in the share capital of Electrogas, S.A., a provider of gas and other fuels transportation. The participation was acquired on 7 February 2017;
- b) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), being its purpose the management of participations in other companies as an indirect way of exercising economic activities;
- c) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;
- d) 1% interest in the share capital of Red Eléctrica Corporación, S.A. ("REE"), entity in charge of the electricity network management in Spain;
- e) 7.9% interest in the share capital of Coreso, S.A. ("Coreso"), entity that assists the European transmission system operators ("TSO"), in coordination and safety activities to ensure the reliability of Europe's electricity supply;
- f) Participations in the share capital of: (i) Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), participation of 7.5%; (ii) MIBGÁS, S.A., participation of 6.67%; and (iii) MIBGÁS Derivatives, S.A., participation of 9.7%.



## 1.1. Consolidation perimeter

The following companies were included in the consolidation perimeter as of 30 June 2021 and 31 December 2020:

Designation / address	Activity	Jun 2021		Dec 2020	
		Group	Individual	Group	Individual
<b>Parent company:</b>					
REN - Redes Energéticas Nacionais, SGPS, S.A.	Holding company	-	-	-	-
<b>Subsidiaries:</b>					
REN - Rede Eléctrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, n.º7 - 12.º Dto, Lisboa	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100%	100%	100%	100%
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Telecommunications network operation	100%	100%	100%	100%
REN - Serviços, S.A. Av. Estados Unidos da América, 55 - Lisboa	Back office and management of participations	100%	100%	100%	100%
REN Finance, B.V. De Cuserstraat, 93, 1081 CN Amsterdam, The Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group	100%	100%	100%	100%
REN PRO, S.A. Av. Estados Unidos da América, 55 - Lisboa	Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects	100%	100%	100%	100%
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Liquefied Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
<b>Owned by REN Serviços, S.A.:</b>					
REN Gás, S.A. Av. Estados Unidos da América, 55 -12.º - Lisboa	Management of projects and ventures in the natural gas sector	100%	-	100%	-
Aério Chile SPA Santiago do Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Apolo Chile SPA Santiago do Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
<b>Owned by REN Gás, S.A.:</b>					
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Underground storage development, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
REN Portgás Distribuição, S.A. Rua Linhas de Torres, 41 - Porto	Distribution of natural gas	100%	-	100%	-
<b>Owned by Apolo Chile SPA (99.99%) and Aerio Chile SPA (&lt;0.001%):</b>					
Empresa de Transmisión Eléctrica Transemel, S.A. Santiago do Chile	Transmission and transformation of electricity, allowing free access to different players in the electricity market in Chile	100%	-	100%	-

## Changes in the consolidation perimeter

### - 2021

There were no changes to the consolidation perimeter in 2021 compared to that reported on 31 December 2020.

### - 2020

There were no changes to the consolidation perimeter in 2020 compared to that reported on 31 December 2019.

## 1.2. Approval of the consolidated financial statements

These interim consolidated financial statements were approved by the Board of Directors at a meeting held on 29 July 2021. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

## 2 BASIS OF PRESENTATION

The consolidated financial statements for the six-month period ended 30 June 2021 were prepared in accordance with IAS 34 - Interim Financial Reporting Standards, therefore do not include all information required for annual financial statements so should be read in conjunction with the annual financial statements issued for the year ended 31 December 2020.

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 30 June 2021, current liabilities in the amount of 859,710 thousand Euros are greater than current assets, which total 682,376 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for the following twelve months, the Group has, as of 30 June 2021, credit lines in the form of commercial paper available for use in the amount of 1,425,000 thousands Euros (Note 16). Additionally, the Group has, as of 30 June 2021, 80,000 thousand Euros in credit lines contracted and not used (Note 16).

In result of this assessment, the Board concludes that the Group has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the financial statements.

The consolidated financial statements are presented in thousands of Euros – tEuros, rounded to the thousand closer.

As a result of the pandemic corona virus (COVID-19), there was a general worsening of the global climate of uncertainty, with negative effects on the prospects for the world economy evolution and financial markets.

The REN Group is actively monitoring this situation, has activated all the necessary plans and, although the situation is unpredictable, REN Group does not have or estimate to have, as of this date, significant effects on its operability and regulatory duties. It should be noted that the REN Group operates, essentially, in two business areas, Electricity and Gas, according to concession contracts attributed to the Group. These concession contracts are regulated, which in a certain way minimizes the possible impacts of the pandemic.

Additionally, it should be noted, and although there are no significant impacts as mentioned, there was some delay in the execution of some investment projects, in the period from March to April 2020, coinciding with the moment of general confinement in the country, but we estimate a recovery of these delays until the end of the year 2021.

There were no significant changes in the long-term expectation of recovery of the Group's investments and financial holdings.

On the present date, and taking into account the above and Note 5 - Main Estimates and Judgments, disclosed in the annex to the 2020 consolidated financial statements, the Group does not foresee any changes in the most relevant estimates, in the case of Provisions, Assumptions Actuarial, Tangible and Intangible Fixed Assets, Impairment, Fair Value of Financial Instruments, Impairment of Goodwill and Tariff deviations.

### 3 MAIN ACCOUNTING POLICIES

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with interim Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2021.

Such Financial Reporting standards include International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective IFRIC and SIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The accounting policies used to prepare these consolidated financial statements are consistent, in all material respects, with the policies used to prepare the consolidated financial statements for the year ended 31 December 2020, as explained in the notes to the consolidated financial statements for 2020, except for the adoption of new effective standards for periods beginning on or after 1 January 2021.

The Group has not previously adopted any standard, interpretation or amendment that is not yet in force.

The estimates and assumptions with impact on REN's consolidated financial statements are continuously evaluated, representing at each reporting date the Board of Directors best estimates, considering historical performance, past accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable. There were no changes in the main estimates and judgments presented in relation to the six-month period ended on 30 June 2021 and compared to the year ended on 31 December 2020.

#### Adoption of new standards, interpretations, amendments and revisions

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in effective for annual periods beginning on or after 1 January 2021:

- **Amendments to IFRS 4 - Insurance Contracts: Deferral of IFRS 9**

These amendments are related to the previous insurance contracts Standard (IFRS 4), so that eligible insurers can still apply IFRS 9 - Financial Instruments alongside IFRS 17. The amendment provides some entities with a temporary exemption from application of IFRS 9 and gives all entities with insurance contracts the option, following full adoption of IFRS 9, to present changes in fair value on qualifying designated financial assets in other comprehensive income (OCI) instead of profit or loss (referred to as the "overlay approach"). The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2**

These amendments finalises the Board's response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks. These amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The adoption of these amendments does not result in significant impacts on REN's consolidated financial statements.

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in future economic exercises:

- **Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 (new standard to be applied for periods beginning on or after 1 January 2022)**

These amendments clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. Amendments to IFRS 3 update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37 specify which costs a company includes when assessing whether a contract will be loss-making. Annual Improvements make minor amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and the illustrative examples accompanying IFRS 16 - Leases. The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

## Standards and interpretations, amended or revised, not endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future years, have not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

Standard	Applicable for financial years beginning	Resume
IFRS 17 - Insurance Contracts	01/jan/23	This standard is intended to replace IFRS 4 and requires that all insurance contracts to be accounted for consistently.  These amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa.
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01/jan/23	These amendments aim to change the requirements in IAS 1 with regard to disclosure of accounting policies. An entity discloses its material accounting policies, instead of its significant accounting policies, so there are examples and explanations to identify a material accounting policy. The materiality concept is demonstrated in IFRS 2 through the "four-step materiality process".  These amendments clarify the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change of this type used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
Amendments to IAS 1 and IFRS 2 - Disclosure of Accounting policies	01/jan/23	These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).
Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	01/jan/23	The main change in these amendments is an exemption from the initial recognition exemption. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IFRS 16 - Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	01/apr/21	
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/jan/23	

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 30 June 2021 consolidated financial statements.

## 4 SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas and one secondary segment. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007, the pilot zone for electricity production from sea wave and the transmission and transportation of electricity in Chile. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal, the distribution of natural gas in low and medium pressure and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to the same users and they are complementary services, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

The results by segment for the six-month period ended 30 June 2021 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Sales and services provided</b>	<b>176,031</b>	<b>98,258</b>	<b>3,480</b>	<b>19,655</b>	<b>(23,706)</b>	<b>273,717</b>
Inter-segments	1,041	3,328	-	19,337	(23,706)	-
Revenues from external customers	174,990	94,931	3,480	317	-	273,717
Revenue from construction of concession assets	58,309	18,227	-	-	-	76,536
Cost with construction of concession assets	(50,868)	(15,654)	-	-	-	(66,522)
Gains / (losses) from associates and joint ventures	-	-	-	3,095	-	3,095
Personnel costs	(32,137)	(21,214)	(1,448)	(7,148)	26,849	(35,097)
Employee compensation and benefit expense	(9,090)	(6,515)	(153)	(12,848)	-	(28,606)
Other expenses and operating income	8,234	(33)	(5)	20	(3,143)	5,073
<b>Operating cash flow</b>	<b>150,479</b>	<b>73,069</b>	<b>1,874</b>	<b>2,774</b>	<b>-</b>	<b>228,196</b>
Investment income - dividends	-	-	-	6,947	-	6,947
<b>Non reimbursable expenses</b>						
Depreciation and amortizations	(78,671)	(41,459)	(3)	(96)	-	(120,229)
Impairments	-	-	-	(189)	-	(189)
<b>Financial results</b>						
Financial income	337	2,316	5	56,637	(57,739)	1,556
Financial costs	(11,663)	(9,234)	(1)	(63,530)	57,739	(26,690)
<b>Profit before income tax and ESEC</b>	<b>60,482</b>	<b>24,692</b>	<b>1,875</b>	<b>2,543</b>	<b>-</b>	<b>89,592</b>
Income tax expense	(16,700)	(6,933)	(451)	1,102	-	(22,982)
Energy sector extraordinary contribution (ESEC)	(16,605)	(10,465)	-	-	-	(27,070)
<b>Profit for the period</b>	<b>27,176</b>	<b>7,294</b>	<b>1,424</b>	<b>3,645</b>	<b>-</b>	<b>39,539</b>

The results by segment for the six-month period ended 30 June 2020 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Sales and services provided</b>	<b>179,494</b>	<b>99,685</b>	<b>3,393</b>	<b>17,247</b>	<b>(21,067)</b>	<b>278,751</b>
Inter-segments	989	2,994	-	17,084	(21,067)	-
Revenues from external customers	178,505	96,691	3,393	163	-	278,751
<b>Revenue from construction of concession assets</b>	<b>45,299</b>	<b>8,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,021</b>
<b>Cost with construction of concession assets</b>	<b>(38,765)</b>	<b>(6,527)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,292)</b>
<b>Gains / (losses) from associates and joint ventures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,137</b>	<b>-</b>	<b>4,137</b>
<b>Personnel costs</b>	<b>(29,445)</b>	<b>(17,459)</b>	<b>(1,376)</b>	<b>(5,603)</b>	<b>24,000</b>	<b>(29,884)</b>
<b>Employee compensation and benefit expense</b>	<b>(9,188)</b>	<b>(6,339)</b>	<b>(148)</b>	<b>(12,088)</b>	<b>-</b>	<b>(27,764)</b>
<b>Other expenses and operating income</b>	<b>5,876</b>	<b>236</b>	<b>(6)</b>	<b>11</b>	<b>(2,932)</b>	<b>3,184</b>
<b>Operating cash flow</b>	<b>153,269</b>	<b>78,318</b>	<b>1,863</b>	<b>3,704</b>	<b>-</b>	<b>237,154</b>
<b>Investment income - dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,932</b>	<b>-</b>	<b>5,932</b>
<b>Non reimbursable expenses</b>						
Depreciation and amortizations	(78,810)	(40,807)	(8)	(92)	-	(119,717)
Impairments	-	-	-	(189)	-	(189)
<b>Financial results</b>						
Financial income	468	2,377	11	74,599	(74,366)	3,089
Financial costs	(20,715)	(9,588)	-	(74,442)	74,366	(30,378)
<b>Profit before income tax and ESEC</b>	<b>54,213</b>	<b>30,300</b>	<b>1,866</b>	<b>9,513</b>	<b>-</b>	<b>95,892</b>
<b>Income tax expense</b>	<b>(15,253)</b>	<b>(8,131)</b>	<b>(448)</b>	<b>2,173</b>	<b>-</b>	<b>(21,659)</b>
<b>Energy sector extraordinary contribution (ESEC)</b>	<b>(17,392)</b>	<b>(10,773)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,165)</b>
<b>Profit for the period</b>	<b>21,568</b>	<b>11,396</b>	<b>1,419</b>	<b>11,685</b>	<b>-</b>	<b>46,068</b>

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Revenue included in the segment "Others" is essentially related to the services provided by the management and back office to Group entities as well as third parties.

Assets and liabilities by segment as well as capital expenditures for the six-month period ended 30 June 2021 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Segment assets</b>						
Group investments held	-	868,785	-	2,154,963	(3,023,748)	-
Property, plant and equipment and intangible assets	2,679,927	1,536,639	2	457	-	4,217,025
Other assets	476,076	370,047	7,602	6,554,581	(6,227,001)	1,181,306
<b>Total assets</b>	<b>3,156,003</b>	<b>2,775,471</b>	<b>7,604</b>	<b>8,710,001</b>	<b>(9,250,749)</b>	<b>5,398,331</b>
<b>Total liabilities</b>	<b>2,294,823</b>	<b>1,267,129</b>	<b>4,084</b>	<b>6,721,826</b>	<b>(6,227,001)</b>	<b>4,060,862</b>
<b>Capital expenditure - total</b>	<b>61,026</b>	<b>18,227</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>79,343</b>
Capital expenditure - property, plant and equipment (Note 5)	2,717	-	-	90	-	2,807
Capital expenditure - intangible assets (Note 5)	58,309	18,227	-	-	-	76,536
<b>Investments in associates (Note 7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,037</b>	<b>-</b>	<b>159,037</b>
<b>Investments in joint ventures (Note 7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,747</b>	<b>-</b>	<b>2,747</b>

Assets and liabilities by segment at 31 December 2020 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
<b>Segment assets</b>						
Group investments held	-	891,981	-	2,220,494	(3,112,474)	-
Property, plant and equipment and intangible assets	2,697,339	1,559,871	5	467	-	4,257,681
Other assets	542,035	386,983	8,621	6,249,669	(6,196,330)	990,977
<b>Total assets</b>	<b>3,239,374</b>	<b>2,838,834</b>	<b>8,625</b>	<b>8,470,629</b>	<b>(9,308,804)</b>	<b>5,248,658</b>
<b>Total liabilities</b>	<b>2,350,210</b>	<b>1,286,030</b>	<b>4,069</b>	<b>6,396,979</b>	<b>(6,196,330)</b>	<b>3,840,958</b>
<b>Capital expenditure - total</b>	<b>138,496</b>	<b>34,452</b>	-	<b>347</b>	-	<b>173,294</b>
Capital expenditure - property, plant and equipment (Note 5)	12,091	-	-	347	-	12,438
Capital expenditure - intangible assets (Note 5)	126,405	34,452	-	-	-	160,856
<b>Investments in associates (Note 7)</b>	-	-	-	156,183	-	156,183
<b>Investments in joint ventures (Note 7)</b>	-	-	-	2,662	-	2,662

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the eliminations of the inter-segment transactions.

## 5 TANGIBLE AND INTANGIBLE ASSETS

During the six-month period ended 30 June 2021, the changes in tangible and intangible assets were as follows:

	Property, plant and equipment					Intangible assets				Total	
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets		
<b>Cost:</b>											
At 1 January 2021	97,396	958	712	1,231	32,260	132,557	8,377,108	176,374	60,587	8,614,069	8,746,626
Additions	-	90	-	-	2,717	2,807	789	75,747	-	76,536	79,343
Disposals, write-offs and impairments	-	(110)	(4)	-	-	(114)	(35,205)	-	-	(35,205)	(35,319)
Transfers	-	-	-	-	-	-	16,359	(16,359)	-	-	-
Exchange rate differences	136	1	130	-	67	334	-	-	166	166	500
At 30 June 2021	97,532	939	838	1,231	35,044	135,584	8,359,051	235,762	60,753	8,655,566	8,791,150
<b>Accumulated depreciation:</b>											
At 1 January 2021	(4,047)	(516)	(582)	(32)	(261)	(5,437)	(4,483,720)	-	212	(4,483,508)	(4,488,946)
Depreciation charge	(1,647)	(101)	(23)	-	-	(1,771)	(118,424)	-	(34)	(118,458)	(120,229)
Depreciation of disposals and write-offs and other reclassifications	-	107	4	-	261	372	35,188	-	-	35,188	35,560
Exchange rate differences	(210)	(1)	70	-	-	(141)	-	-	(369)	(369)	(510)
At 30 June 2021	(5,904)	(511)	(531)	(32)	-	(6,977)	(4,566,956)	-	(191)	(4,567,147)	(4,574,125)
<b>Net book value:</b>											
At 1 January 2021	93,349	442	131	1,199	31,999	127,119	3,893,388	176,374	60,799	4,130,562	4,257,681
At 30 June 2021	91,628	428	308	1,199	35,044	128,606	3,792,095	235,762	60,562	4,088,419	4,217,025

The changes in tangible and intangible assets in the in the year ended 31 December 2020 were as follows:

	Property, plant and equipment					Intangible assets				Total	
	Transmission and electronic equipment	Transport equipment	Office equipment	Property, plant and equipment in progress	Assets in progress	Total	Concession assets	Concession assets in progress	Other intangible assets		Total
<b>Cost:</b>											
At 1 January 2020	103,937	944	685	1,270	20,743	127,579	8,356,669	97,606	66,581	8,520,856	8,648,435
Additions	-	312	35	-	12,091	12,438	4,807	156,049	-	160,856	173,294
Disposals, write-offs and impairments	-	(297)	-	-	-	(297)	(61,649)	-	-	(61,649)	(61,946)
Transfers	-	-	-	-	-	-	77,281	(77,281)	-	-	-
Exchange rate differences	(6,541)	(1)	(8)	(39)	(574)	(7,163)	-	-	(5,994)	(5,994)	(13,157)
At 31 December 2020	97,396	958	712	1,231	32,260	132,557	8,377,108	176,374	60,587	8,614,069	8,746,626
<b>Accumulated depreciation:</b>											
At 1 January 2020	(1,000)	(567)	(333)	(30)	-	(1,929)	(4,305,938)	-	(2)	(4,305,940)	(4,307,869)
Depreciation charge	(3,246)	(213)	(27)	(2)	-	(3,488)	(237,665)	-	(12)	(237,677)	(241,165)
Depreciation of disposals and write-offs and other reclassifications	199	264	(222)	-	(261)	(20)	59,883	-	225	60,108	60,088
At 31 December 2020	(4,047)	(516)	(582)	(32)	(261)	(5,437)	(4,483,720)	-	212	(4,483,508)	(4,488,946)
<b>Net book value:</b>											
At 1 January 2020	102,937	377	353	1,240	20,743	125,649	4,050,731	97,606	66,579	4,214,916	4,340,564
At 31 December 2020	93,349	442	131	1,199	31,999	127,119	3,893,388	176,374	60,799	4,130,562	4,257,681

The main additions verified in the periods ended 30 June 2021 and 31 December 2020 are made up as follows:

	Jun 2021	Dec 2020
<b>Electricity segment:</b>		
Power line construction (220 KV, 150 KV and others)	7,866	16,660
Power line construction (400 KV)	20,765	48,811
Construction of new substations	11,328	20,561
Substation Expansion	10,609	21,249
Other renovations in substations	1,868	3,419
Telecommunications and information system	3,862	8,933
Pilot zone construction - wave energy	89	178
Buildings related to concession	725	1,029
Transmission and transformation of electricity in Chile	2,717	12,091
Other assets	1,197	5,564
<b>Gas segment:</b>		
Expansion and improvements to gas transmission network	6,967	6,442
Construction project of cavity underground storage of natural gas in Pombal	1,589	2,200
Construction project and operating upgrade - LNG facilities	554	3,224
Natural gas distribution projects	9,117	22,586
<b>Others segments:</b>		
Other assets	90	347
<b>Total of additions</b>	<b>79,343</b>	<b>173,294</b>



The main transfers that were concluded and began activity during the periods ended 30 June 2021 and 31 December 2020 are made up as follows:

	Jun 2021	Dec 2020
<b>Electricity segment:</b>		
Power line construction (220 KV, 150 KV and others)	1,520	3,856
Power line construction (400 KV)	-	8,896
Substation Expansion	2,549	12,516
Other renovations in substations	333	5,945
Telecommunications and information system	102	8,367
Buildings related to concession	-	1,973
Other assets under concession	99	1,863
<b>Gas segment:</b>		
Expansion and improvements to natural gas transmission network	1,780	5,484
Construction project of cavity underground storage of natural gas in Pombal	-	1,050
Construction project and operating upgrade - LNG facilities	429	5,323
Natural gas distribution and transmission projects	9,548	22,008
<b>Total of transfers</b>	<b>16,359</b>	<b>77,281</b>

The tangible and intangible assets in progress at 30 June 2021 and 31 December 2020 are as follows:

	Jun 2021	Dec 2020
<b>Electricity segment:</b>		
Power line construction (400 KV, 220 KV, 150 KV and others)	131,158	104,047
Substation Expansion	32,302	22,773
New substations projects	41,220	29,892
Buildings related to concession	2,141	1,416
Transmission and transformation of electricity in Chile	35,044	31,999
Other projects	6,244	1,719
<b>Gas segment:</b>		
Expansion and improvements to natural gas transmission network	12,705	7,700
Construction project of cavity underground storage of natural gas in Pombal	5,464	3,875
Construction project and operating upgrade - LNG facilities	673	548
Natural gas distribution projects	3,855	4,404
<b>Total of assets in progress</b>	<b>270,806</b>	<b>208,373</b>

Borrowing costs capitalized on intangible assets in progress in the six-month period ended 30 June 2021 amounted to 1,495 thousand Euros (2,392 thousand Euros as of 31 December 2020), while overhead, management and other costs capitalized amounted to 8,518 thousand Euros (16,429 thousand Euros as of 31 December 2020) (Note 21).

The net book value of the intangible assets acquired through finance lease contracts at 30 June 2021 and 31 December 2020 was as follows:

	Jun 2021	Dec 2020
Cost	8,079	8,251
Accumulated depreciation and amortization	(3,999)	(3,705)
Net book value	<b>4,080</b>	<b>4,546</b>

## 6 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 30 June 2021 and 31 December 2020 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Jun 2021	Dec 2020
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	1,699	1,887
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2019	155,482	100%	2,248	2,245
				<b>5,181</b>	<b>5,367</b>

The movement in the Goodwill caption for the periods ended 30 June 2021 and 31 December 2020 was:

Subsidiaries	At 1 January 2020	Increases	Decreases	Exchange rate differences	At 31 December 2020	Increases	Decreases	Exchange rate differences	At 30 June 2021
REN Atlântico, Terminal de GNL, S.A.	2,264	-	(377)	-	1,887	-	(189)	-	1,699
REN Portgás Distribuição, S.A.	1,235	-	-	-	1,235	-	-	-	1,235
Empresa de Transmisión Eléctrica Transemel, S.A.	2,470	-	-	(225)	2,245	-	-	3	2,248
	<b>5,969</b>	-	<b>(377)</b>	<b>(225)</b>	<b>5,367</b>	-	<b>(189)</b>	<b>3</b>	<b>5,181</b>

## 7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 30 June 2021 and 31 December 2020, the financial information regarding the financial interest held is as follows:

30 June 2021														
	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
<b>Equity method:</b>														
<b>Associate:</b>														
	OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. (i)	Holding company	Lisbon	2,610	932	28,513	222	-	506	304	29,223	40	11,482	101
	Electrogas, S.A.	Gas Transportation	Chile	17,895	9,504	32,785	7,202	7,297	13,401	6,825	27,789	42.5	147,555	2,901
													<b>159,037</b>	<b>3,002</b>
<b>Joint venture:</b>														
	Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,896	105	1,501	-	212	186	5,500	50	2,747	93
(i) Financial Statements at 31 May 2021.												<b>161,784</b>	<b>3,095</b>	

31 December 2020														
	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
<b>Equity method:</b>														
<b>Associate:</b>														
	OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	902	28,295	277	-	1,091	524	28,919	40	11,381	240
	Electrogas, S.A.	Gas Transportation	Chile	17,330	8,843	33,619	3,652	7,425	31,247	17,016	31,385	42.5	144,802	7,232
													<b>156,183</b>	<b>7,472</b>
<b>Joint venture:</b>														
	Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,486	98	1,251	3	1,549	51	5,329	50	2,662	26
												<b>158,845</b>	<b>7,498</b>	

### Associates

The changes in the caption "Investments in associates" during the periods ended at 30 June 2021 and 31 December 2020 was as follows:

Investments in associates	
<b>At 1 de January de 2020</b>	<b>169,642</b>
Effect of applying the equity method - Net Profit	7,472
Currency Translation Reserves	(13,231)
Dividends of Electrogas	(7,469)
Receipt of Supplementary Obligations of OMIP	(220)
Other changes in equity	(11)
<b>At 31 December 2020</b>	<b>156,183</b>
Effect of applying the equity method - Net Profit	3,002
Currency Translation Reserves	4,825
Dividends of Electrogas	(5,107)
Other changes in equity	134
<b>At 30 June 2021</b>	<b>159,037</b>

The total amount of dividends recognized by associates was 5,107 thousand Euros, during the six-month period ended 30 June 2021, relating to the distribution of 2020 results, of which 3,135 thousand Euros were received and included in included in the cash flow statement.

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application.

## Joint ventures

The movement in the caption "Investments in joint ventures" during the periods ended 30 June 2021 and 31 December 2020 was as follows:

Investments in joint ventures	
At 1 January 2020	2,636
Effect of applying the equity method	26
At 31 December 2020	2,662
Effect of applying the equity method	93
Dividends distribution	(7)
At 30 June 2021	2,747

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), in May 2013 an R&D centre in Portugal dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, S.A. ("Centro de Investigação") was incorporated, being jointly controlled by the above mentioned two entities.

The Research Centre aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

The total amount of dividends recognized by joint ventures was 7 thousand Euros, during the six-month period ended 30 June 2021, relating to the distribution of 2020 results. This amount was received and included in the cash flow statement.

At 30 June 2021 and 31 December 2020, the financial information of the joint venture was as follows:

	30 June 2021					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
<b>Joint venture:</b>						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,783	5	-	(24)	(1)	(1)
	31 December 2020					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
<b>Joint venture:</b>						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,625	5	3	(42)	(2)	(4)

## 8 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all companies located in Portugal that REN detains directly or indirectly at least 75% of the share capital, which should give at more than 50% of the voting rights, and comply with the conditions of the article 69º of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or appeals in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2018 to 2021 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 30 June 2021 and 31 December 2020.

In 2021, the Group is taxed in Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 30 June 2021, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the periods ended 30 June 2021 and 2020 was as follows:

	Jun 2021	Jun 2020
Current income tax	62,411	10,180
Adjustments of income tax from previous years	(2,282)	(5,495)
Deferred income tax	(37,147)	16,974
<b>Income tax</b>	<b>22,982</b>	<b>21,659</b>

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follows:

	Jun 2021	Jun 2020
<b>Consolidated profit before income tax</b>	<b>89,592</b>	<b>95,892</b>
<b>Permanent differences:</b>		
Non deductible/taxable Costs/Income	4,469	4,408
<b>Timing differences:</b>		
Tariff deviations	152,891	(66,342)
Provisions and impairment	(29)	(66)
Revaluations	(1,633)	(1,619)
Pension, helthcare assistance and life insurance plans	(2,033)	(2,060)
Derivative financial instruments	6	-
Others	618	20
<b>Taxable income</b>	<b>243,881</b>	<b>30,234</b>
Income tax	51,348	6,186
State surcharge tax	7,042	2,721
Municipal surcharge	3,644	895
Autonomous taxation	378	378
<b>Current income tax</b>	<b>62,411</b>	<b>10,180</b>
Deferred income tax	(37,147)	16,974
Adjustments of income tax from previous years	(2,282)	(5,495)
<b>Income tax</b>	<b>22,982</b>	<b>21,659</b>
<b>Effective tax rate</b>	<b>25.7%</b>	<b>22.6%</b>

## Income tax

The caption "Income tax" payable and/or receivable at 30 June 2021 and 31 December 2020 is made up as follows:

	Jun 2021	Dec 2020
<b>Income tax:</b>		
Corporate income tax - estimated tax	(62,411)	(41,194)
Corporate income tax - payments on account	2,085	30,759
Income withholding tax by third parties	588	1,576
Income recoverable / (payable)	(7,687)	218
<b>Income tax recoverable</b>	<b>(67,426)</b>	<b>(8,641)</b>

## Deferred taxes

The effect of the changes in the deferred tax captions in the years presented was as follows:

	Jun 2021	Dec 2020
<b>Impact on the statement of profit and loss:</b>		
Deferred tax assets	9,569	(3,648)
Deferred tax liabilities	27,578	(6,458)
	<b>37,147</b>	<b>(10,105)</b>
<b>Impact on equity:</b>		
Deferred tax assets	(1,297)	2,556
Deferred tax liabilities	1,740	3,263
	<b>443</b>	<b>5,818</b>
<b>Net impact of deferred taxes</b>	<b>37,590</b>	<b>(4,287)</b>

The changes in deferred tax by nature were as follows:

### Change in deferred tax assets – June 2021

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2021	2,759	30,117	34,027	6,391	16,898	2,380	92,575
Increase/decrease through reserves	-	(48)	-	(1,323)	-	75	(1,297)
Reversal through profit and loss	-	(634)	-	(90)	(1,063)	-	(1,787)
Increase through profit and loss	-	-	11,356	-	-	-	11,356
Change in the period	-	(682)	11,356	(1,413)	(1,063)	75	8,273
At 30 June 2021	2,759	29,435	45,383	4,978	15,835	2,455	100,847

### Change in deferred tax assets – December 2020

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2020	2,705	30,953	33,967	4,659	19,264	2,116	93,666
Increase/decrease through reserves	-	524	-	1,881	-	150	2,556
Reversal through profit and loss	(102)	(1,360)	-	(161)	(2,366)	-	(3,990)
Increase through profit and loss	156	-	60	12	-	114	342
Change in the period	54	(836)	60	1,732	(2,366)	264	(1,092)
At 31 December 2020	2,759	30,117	34,027	6,391	16,898	2,380	92,575

Deferred tax assets at 30 June 2021 correspond essentially to: (i) to liabilities for benefit plans granted to employees; (ii) tariff deviations liabilities to be settled in subsequent years; and (iii) revalued assets.

### Evolution of deferred tax liabilities – June 2021

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2021	63,909	18,623	50,521	10,030	1,887	144,969
Increase/decrease through equity	-	-	-	(1,754)	-	(1,754)
Reversal through profit and loss	(25,230)	(674)	(926)	-	(748)	(27,578)
Exchange rate differences	-	-	-	-	15	15
Change in the period	(25,230)	(674)	(926)	(1,754)	(733)	(29,318)
At 30 June 2021	38,679	17,950	49,595	8,276	1,153	115,651

### Evolution of deferred tax liabilities – December 2020

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2020	53,526	19,981	52,357	11,795	4,115	141,774
Increase/decrease through equity	-	-	-	(1,765)	(12)	(1,777)
Reversal through profit and loss	-	(1,358)	(1,836)	-	(731)	(3,925)
Increase through profit and loss	10,383	-	-	-	-	10,383
Exchange rate differences	-	-	-	-	(1,486)	(1,486)
Change in the period	10,383	(1,358)	(1,836)	(1,765)	(2,229)	3,195
At 31 December 2020	63,909	18,623	50,521	10,030	1,887	144,969

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non-tax deductibility of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

Legislation (Revaluation)	
Electricity segment	Natural gas segment
Decree-Law n° 430/78	Decree-Law n° 140/2006
Decree-Law n° 399-G/81	Decree-Law n° 66/2016
Decree-Law n° 219/82	
Decree-Law n° 171/85	
Decree-Law n° 118-B/86	
Decree-Law n° 111/88	
Decree-Law n° 7/91	
Decree-Law n° 49/91	
Decree-Law n° 264/92	



## 9 FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

### - June 2021

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
<b>Assets</b>								
Cash and cash equivalents	13	-	-	-	-	308,904	308,904	308,904
Trade and other receivables	11	440,501	-	-	-	-	440,501	440,501
Other financial assets		-	-	-	-	119	119	119
Investments in equity instruments at fair value through other comprehensive income	10	-	143,226	-	-	-	143,226	143,226
Derivative financial instruments	12	-	18,245	-	-	-	18,245	18,245
		<b>440,501</b>	<b>161,472</b>	<b>-</b>	<b>-</b>	<b>309,023</b>	<b>910,995</b>	<b>910,995</b>
<b>Liabilities</b>								
Borrowings	16	-	-	-	2,861,533	-	2,861,533	2,940,727
Trade and other payables	19	-	-	-	606,085	-	606,085	606,085
Income tax payable	8	-	-	-	67,426	-	67,426	67,426
Derivative financial instruments	12	-	22,627	2,541	-	-	25,168	25,168
		<b>-</b>	<b>22,627</b>	<b>2,541</b>	<b>3,535,044</b>	<b>-</b>	<b>3,560,212</b>	<b>3,639,406</b>

### - December 2020

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
<b>Assets</b>								
Cash and cash equivalents	13	-	-	-	-	61,499	61,499	61,499
Trade and other receivables	11	493,606	-	-	-	-	493,606	493,606
Other financial assets		-	-	-	-	102	102	102
Investments in equity instruments at fair value through other comprehensive income	10	-	150,850	-	-	-	150,850	150,850
Derivative financial instruments	12	-	25,685	-	-	-	25,685	25,685
		<b>493,606</b>	<b>176,534</b>	<b>-</b>	<b>-</b>	<b>61,601</b>	<b>731,741</b>	<b>731,741</b>
<b>Liabilities</b>								
Borrowings	16	-	-	-	2,823,432	-	2,823,432	2,932,603
Trade and other payables	19	-	-	-	444,531	-	444,531	444,531
Income tax payable	8	-	-	-	8,641	-	8,641	8,641
Derivative financial instruments	12	-	26,019	3,196	-	-	29,215	29,215
		<b>-</b>	<b>26,019</b>	<b>3,196</b>	<b>3,276,605</b>	<b>-</b>	<b>3,305,819</b>	<b>3,414,990</b>

Loans obtained, as referred to in Note 3.6 to the annual consolidated financial statements for the period ended December 31, 2020, are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 12) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The fair value of borrowings and derivatives are calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between -0.575% and 0.067% (maturities of one week and ten years, respectively).

The fair value of borrowings contracted by the Group at 30 June 2021 is 2,940,727 thousand Euros (at 31 December 2020 was 2,932,603 thousand Euros), of which 609,546 thousand Euros are partially recorded at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2020 was 313,831 thousand Euros).

## Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2021 in accordance with the following hierarchy levels of fair value:

- **Level 1:** the fair value of financial instruments is based on net market prices as of the date of the statement of financial position;
- **Level 2:** the fair value of financial instruments is not determined based on active market quotes but using valuation models. The main inputs of the models are observable in the market, in relation to derivative financial instruments;
- **Level 3:** the fair value of financial instruments is not determined based on active market quotes, but using valuation models, whose main inputs are not observable in the market.

During the six-month period ended 30 June 2021, there was no transfer of financial assets and liabilities between fair value hierarchy levels.

		Jun 2021				Dec 2020			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>									
Investments in equity instruments at fair value through other comprehensive income	Shares	84,769	-	54,876	139,645	90,833	-	56,435	147,268
Financial assets at fair value	Cash flow hedge derivatives	-	6,211	-	6,211	-	9,755	-	9,755
Financial assets at fair value	Fair value hedge derivatives	-	12,035	-	12,035	-	15,930	-	15,930
		<b>84,769</b>	<b>18,245</b>	<b>54,876</b>	<b>157,890</b>	<b>90,833</b>	<b>25,685</b>	<b>56,435</b>	<b>172,953</b>
<b>Liabilities:</b>									
Financial liabilities at fair value	Loans	-	609,546	-	609,546	-	313,831	-	313,831
Financial liabilities at fair value	Cash flow hedge derivatives	-	21,709	-	21,709	-	26,019	-	26,019
Financial liabilities at fair value	Fair value hedge derivatives	-	919	-	919	-	-	-	-
Financial liabilities at fair value through profit and loss	Trading derivatives	-	2,541	-	2,541	-	3,196	-	3,196
		-	<b>634,715</b>	-	<b>634,715</b>	-	<b>343,046</b>	-	<b>343,046</b>

During the six-month period ended 30 June 2021, REN proceeded to a valuation of the financial interests held Hidroeléctrica de Cahora Bassa, S.A., which is classified as Investments in equity instruments at fair value through other comprehensive income (Note 10). The fair value of this asset reflects the price at which the asset would be sold in an orderly transaction.

For this purpose, REN has opted for a revenue approach, which reflects current market expectations regarding future amounts. The fair value of the investment amounted to 54,876 thousand Euros for the six-month period ended on 30 June 2021.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations which amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

## Financial risk management

From the last annual report period until 30 June 2021, there were no significant changes in the financial risk management of the Company compared to the risks disclosed in the consolidated financial statements as of 31 December 2020. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2020.

## 10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The assets recognised in this caption at 30 June 2021 and 31 December 2020 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Jun 2021	Dec 2020
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Eléctrica Corporación, S.A. ("REE")	Madrid	Spain	1.00%	84,769	90,833
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	54,876	56,435
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGÁS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	48	48
				<b>143,226</b>	<b>150,850</b>

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	Total
At 1 January 2020	3,167	55,035	97,060	164	202	48	155,676
Fair value adjustments	-	1,400	(6,227)	-	-	-	(4,826)
At 31 December 2020	3,167	56,435	90,833	164	202	48	150,850
At 1 January 2021	3,167	56,435	90,833	164	202	48	150,850
Fair value adjustments	-	(1,559)	(6,064)	-	-	-	(7,623)
At 30 June 2021	3,167	54,876	84,769	164	202	48	143,226

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid's index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 30 June 2021.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of HCB, a company incorporated under Mozambican law, at the Hidroeléctrica de Cahora Bassa, SA ("HCB"), as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parpública - Participações Públicas, SGPS, SA, CEZA - Companhia Eléctrica do Zambeze, SA and EDM - Electricidade de Moçambique, EP. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value (Note 9).

REN Company holds a financial stake in the Coreso's share capital, a Company which is also hold by other important European TSO's which, as initiative of the Coordination of Regional Security (CRS), assists the TSO's in the safely supply of electricity in Europe. In this context, Coreso develops and executes operational planning activities since several days before until near real time.

On 30 June 2021, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

As part of the process of creating the Single Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Eletricidade – OMI) in 2011 and in accordance with the provisions of the agreement between the Portuguese Republic and the Kingdom of Spain on the establishment of an Iberian electricity market, the Company acquired 10% of the capital stock of OMEL, Operador del Mercado Iberico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand Euros.

On 30 June 2021, REN also holds a 9.7% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

These investments (OMEL, MIBGÁS, MIBGÁS Derivatives and Coreso) are recognised at fair value through other comprehensive income, however, as there are no available market price for these investments and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition deducted of impairment losses, as describe in Note 3.6 - Financial Assets and Liabilities of the consolidated financial statements for the year ended 2020.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS and MIBGÁS Derivatives at 30 June 2021.

REN Portgás holds other financial interests, which are recorded at the acquisition cost in the amount of 29 thousand Euros, deducted of impairment losses, with a net value of zero thousand Euros.

Name
AMPORTO - Área Metropolitana do Porto
AREA ALTO MINHO - Ag. Reg. Energia e Amb. Alto Minho
ADEPORTO - Agência de Energia do Porto

The adjustments to investments in equity instruments at fair value through other comprehensive are recognised in the equity caption "Fair value reserve". This caption at 30 June 2021 and 31 December 2020 is made up as follows:

Fair value reserve (Note 15)	
1 January 2020	51,966
Changes in fair value	(4,826)
Tax effect	1,765
31 December 2020	<u>48,905</u>
1 January 2021	48,905
Changes in fair value	(7,623)
Tax effect	1,754
30 June 2021	<u>43,036</u>

In the six-month period ended 30 June 2021, the total amount of 6,947 thousand Euros recognized in the consolidated statement of profit and loss is relative to associated companies' dividends, of which 49 thousand Euros were received during 2021. Additionally, the amount of 1,477 thousand Euros was received relative to dividends recognized during the year ended 31 December 2020. These amounts were included in the cash flows statement.

In the six-month periods ended 30 June 2021 and 2020, the dividends attributable to the Group are as follows:

	Jun 2021	Jun 2020
Red Electrica Corporación, S.A. ("REE")	3,938	4,219
Hidroeléctrica de Cahora Bassa, S.A ("HCB")	2,960	1,632
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	49	81
	<u>6,947</u>	<u>5,932</u>

## 11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 30 June 2021 and 31 December 2020 are made up as follows:

	Jun 2021			Dec 2020		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	263,500	576	264,076	226,542	576	227,118
Impairment of trade receivables	(2,951)	-	(2,951)	(2,951)	-	(2,951)
<b>Trade receivables net</b>	<b>260,549</b>	<b>576</b>	<b>261,125</b>	<b>223,591</b>	<b>576</b>	<b>224,167</b>
Tariff deviations	102,757	69,200	171,957	208,332	44,931	253,263
State and Other Public Entities	7,419	-	7,419	16,176	-	16,176
<b>Trade and other receivables</b>	<b>370,725</b>	<b>69,776</b>	<b>440,501</b>	<b>448,099</b>	<b>45,507</b>	<b>493,606</b>

The most relevant balances included in the trade and other receivables caption as of 30 June 2021 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 84,473 thousand Euros (94,060 thousand Euros at 31 December 2020) and (ii) the receivable of Galp Gás Natural, S.A., in the amount of 12,647 thousand Euros (12,918 thousand Euros at 31 December 2020).

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 4 thousand Euros (4 thousand Euros at 31 December 2020) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 6,050 thousand Euros (104 thousand Euros at 31 December 2020) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 19).

This transaction is set up as an "Agent" transaction, being off set in the consolidated income statement.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	Jun 2021	Dec 2020
Beginning balance	(2,951)	(2,964)
Increases	-	(17)
Reversing	-	30
<b>Ending balance</b>	<b>(2,951)</b>	<b>(2,951)</b>

## 12 DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2021 and 31 December 2020, the REN Group had the following derivative financial instruments contracted:

		30 June 2021			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
<b>Derivatives designated as cash flow hedges</b>					
Interest rate swaps	900,000 TEUR	-	505	-	21,709
Currency swaps	72,899 TEUR	-	5,456	-	-
Non-Deliverable Forward	9,144 TEUR	250	-	-	-
		<b>250</b>	<b>5,961</b>	-	<b>21,709</b>
<b>Derivatives designated as fair value hedges</b>					
Interest rate swaps	600,000 TEUR	-	12,035	-	919
		-	<b>12,035</b>	-	<b>919</b>
<b>Trading derivatives</b>					
Trading derivatives	60,000 TEUR	-	-	-	2,541
		-	-	-	<b>2,541</b>
<b>Derivative financial instruments</b>					
		<b>250</b>	<b>17,996</b>	-	<b>25,168</b>

		31 December 2020			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
<b>Derivatives designated as cash flow hedges</b>					
Interest rate swaps	600,000 TEUR	-	-	-	26,019
Currency swaps	72,899 TEUR	-	9,755	-	-
		-	<b>9,755</b>	-	<b>26,019</b>
<b>Derivatives designated as fair value hedges</b>					
Interest rate swaps	400,000 TEUR	-	15,930	-	-
		-	<b>15,930</b>	-	-
<b>Trading derivatives</b>					
Trading derivatives	60,000 TEUR	-	-	-	3,196
		-	-	-	<b>3,196</b>
<b>Derivative financial instruments</b>					
		-	<b>25,685</b>	-	<b>29,215</b>

The valuation of the derivative financial instruments portfolio is based on fair value valuations performed by specialized external entities.

The amount recognized in this item refers to:

- eleven interest rate swap contracts negotiated by REN SGPS to hedge the interest rate fluctuation risk;
- a cross currency swap contract negotiated by REN SGPS to hedge the exchange rate fluctuation risk;
- a non deliverable forward contract negotiated by REN Serviços in order to hedge the exchange risk of exposure to the Chilean Peso of sales denominated in the same currency by Transemel.

Counterparties to derivative contracts are international financial institutions with a solid credit rating and first-rate national institutions.

For the purpose of the effectiveness tests of the designated hedging relationships, REN applies the "Dollar offset method" and the linear regression statistical method as methodologies. The effectiveness ratio is given by comparing the changes in fair value of the hedging instrument with the changes in fair value of the hedged item (or hypothetical derivative instrument simulating the conditions of the hedged item).

For the purpose of calculating ineffectiveness, the total change in fair value of the hedging instruments is considered.

The disclosed amount includes receivable or payable accrued interest, at 30 June 2021 related to these financial instruments, in the net amount receivable of 1,405 thousand Euros (at 31 December 2020 it was 1,960 thousand Euros receivable).

The characteristics of the derivative financial instruments negotiated at 30 June 2021 and 31 December 2020 were as follows:

	Notional	REN pays	REN receives	Maturity	Fair value at 30 June 2021	Fair value at 31 December 2020
<b>Cash flow hedge:</b>						
Interest rate swaps	600,000 TEuros	[0.75%;1.266%]	[Euribor 3m; Euribor 6m]	[dec-2024;apr-2029]	(21,204)	(26,019)
Currency swaps	72,899 Teuros	[Euribor 6m; + 1.9%]	[2.71%]	[jun-2024]	5,456	9,755
Non-Deliverable Forward	9,144 TEuros	[854,4 to 893,1 CLP]	[854,4 to 893,1 EUR]	[jul-2021;dec-2023]	250	-
					<b>(15,498)</b>	<b>(16,264)</b>
<b>Fair value hedge:</b>						
Interest rate swaps	300,000 TEuros	[Euribor 6m]	[0.611%; 0.6285%]	[feb-2025]	12,035	15,930
Interest rate swaps	300,000 TEuros	[Euribor 6m]	[-0.095%]	[apr-2029]	(919)	-
					<b>11,116</b>	<b>15,930</b>
<b>Trading:</b>						
Interest rate swaps	60,000 Teuros	[0.99%]	[Euribor 6m]	[jun-2024]	(2,541)	(3,196)
					<b>(2,541)</b>	<b>(3,196)</b>
				<b>Total</b>	<b>(6,923)</b>	<b>(3,530)</b>

The periodicity of the cash flows, paid and received, from the derivative financial instruments portfolio is monthly, quarterly, semiannual and annual for cash flow hedging contracts, semiannual and annual for fair value hedging contracts and semiannual for the trading derivative.

The breakdown of the notional of derivatives at 30 June 2021 and 31 December 2020 is presented in the following table:

	2021	2022	2023	2024	2025	Following years	Total
Interest rate swap (cash flow hedge)	-	-	-	300,000	300,000	300,000	900,000
Currency swap (cash flow hedge)	1,858	3,682	3,605	72,899	-	-	82,043
Interest rate swap (fair value hedge)	-	-	-	-	300,000	300,000	600,000
Interest rate swap (trading)	-	-	-	60,000	-	-	60,000
<b>Total</b>	<b>1,858</b>	<b>3,682</b>	<b>3,605</b>	<b>432,899</b>	<b>600,000</b>	<b>600,000</b>	<b>1,642,043</b>

## Swaps:

### Cash Flow Hedge - Interest Rate Swaps

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on a portion of future debt interest payments through the designation of interest rate swaps, in order to transform floating rate payments into fixed rate payments.

The Group contracted two new cash flow hedge derivatives in a total amount of 300,000 thousand Euros.

At 30 June 2021, the Group has a total of six cash flow hedging interest rate swap contracts for a total amount of 900,000 thousand Euros (as of 31 December 2020 it was 600,000 thousand Euros). The hedged risk is the variable rate index associated to the interest payments of the loans Credit risk is not being hedged.

The fair value of the interest rate swaps, at 30 June 2021, is negative 21,204 thousand Euros (at 31 December 2020 it was negative 26,019 thousand Euros).

Of the derivatives described above, four contracts in a total amount of 600,000 thousand Euros (at 31 December 2020 it was 300,000 thousand Euros) are designated to hedge an aggregated exposure composed by the net effect of floating rate debt and interest rate swaps designated as fair value hedging instruments.

The amount recognised in reserves, relating to the cash flow hedges referred to above, was 21,030 thousand Euros (at 31 December 2020 it was 25,836 thousand Euros).

The hedged instruments of cash flow hedging relationships present the following conditions:

	Maturity	Hedged notional	Interest rate	Hedged Carrying Amount	Note
<b>Cash Flow Hedging Instruments</b>					
European Investment Bank (EIB) Loan	16/12/2024	300,000 TEuros	Euribor 3m	299,899	16
Bond Issue (Euro Medium Term Notes) <sup>1</sup>	12/02/2025	300,000 TEuros	2.5%	297,144	16
Bond Issue (Euro Medium Term Notes) <sup>2</sup>	16/04/2029	300,000 TEuros	0.50%	299,688	16

<sup>1</sup> This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2025 and, as such, eligible for cash flow hedge.

<sup>2</sup> This hedged instrument is designated jointly with derivatives of fair value hedging amounting to 300,000 thousand Euros (see conditions on the table above) in an aggregate exposure hedge to Euribor 6 months in the period from 2023 to 2029 and, as such, eligible for cash flow hedge.

### Cash Flow Hedge – Exchange Rate Swaps

The Group hedged the exchange rate risk of the 10,000 million yen bond issued through a cross currency swap with the main characteristics similar to the bond with regard to exchange rate risk. Credit risk is not hedged.

The fair value of the cross currency swap at 30 June 2021 is positive 5,456 thousand Euros (at 31 December 2020 it was positive 9,755 thousand Euros).

Changes in the fair value of the hedging instrument are also being recognized in equity hedging reserves, with exception of:

- the offsetting of the exchange rate effect of the spot revaluation of the hedged item (bond issue in yen) at each reference date, arising from the hedging of the exchange rate risk<sup>1</sup>;
- the ineffective effect of the hedge arising from the accounting designation made (REN contracted a trading derivative to economically hedge this ineffectiveness - see Trading Derivative)<sup>2</sup>. This inefficiency is caused by the change in the interest profile of the hedging instrument, which pays a variable rate in the period from 2019 to 2024.

### Cash Flow Hedge – Non Deliverable forward

During the second quarter of 2021, the Group hedged the exchange risk of sales denominated in Chilean Pesos by Transemel, in a total amount of 7,950,000 thousand Chilean Pesos (CLP), by contracting a structure of thirty monthly non deliverable forwards on the monthly average of the EUR/CLP exchange with maturity between 2021 and 2023.

As of 30 June 2021, the Group has a total of thirty active non-deliverable forward contracts denominated as cash flow hedge instruments in the global amount of 9,144 thousand Euros. The hedged risk is the foreign exchange exposure of sales made in CLP upon consolidation of the Group's entity, Transemel. Credit risk is not being hedged.

The fair value of the non-deliverable forward at 30 June 2021 is positive 250 thousand Euros.

<sup>1</sup> The currency effect of the underlying (loan), in the period ended 30 June 2021, was favorable in the amount of 2,972 thousand Euros, and was offset, in the same amount, by the unfavourable effect of the hedging instrument in the income statement for the year (as of 30 June 2020 was unfavorable in 870 thousand Euros).

<sup>2</sup> The ineffective cash flow hedge component of the exchange rate risk recognised in the income statement, was negative 1,815 thousand Euros which was offset by the effect of the trading derivative negotiated in positive 652 thousand Euros (as of 30 June 2020 it was positive 1,304 thousand Euros against negative 196 thousand Euros of the effect of the trading derivative). Therefore, the net effect on the income statement for the six-month period ended on 30 June 2021 amounted to negative 1,164 thousand Euros (as of 30 June 2020 was positive 1,108 thousand Euros).



The amount recognised in reserves, relating to the cash flow hedges referred to above, as at 30 June 2021, is 253 thousand Euros. Additionally, an amount of 3 thousand Euros was recorded in the income statement as a cost of hedging, corresponding to the forward points of the hedging instruments that are not designated as part of the hedging relationship.

The instrument covered by the cash flow hedge ratio corresponds to a proportion of total sales denominated in CLP, corresponding to a monthly sales amount of 265,000 thousand Chilean Pesos.

#### Integral Income:

The movements recorded in the statement of comprehensive income through the application of cash flow hedges were as follows:

#### - June 2021

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	4,805	4,805	-	-
Swaps of exchange rate	(4,301)	486	(1,815)	(2,972)
Non-Deliverable Forward	250	253	-	-
	<b>754</b>	<b>5,545</b>	<b>(1,815)</b>	<b>(2,972)</b>

#### - June 2020

Cash Flow Hedging Instruments	Change in the Fair Value of Hedging Instruments	Of which: Effective amount recorded in Hedge Reserves	Hedging inefficiency recorded in Profit for the Year	Coverage Reserve reclassifications to Results for the Year
Swaps of interest rate	(4,729)	(4,729)	-	-
Swaps of exchange rate	173	(2,001)	1,304	870
	<b>(4,555)</b>	<b>(6,730)</b>	<b>1,304</b>	<b>870</b>

#### Hedging Reserve:

The movements recognised in the hedging reserve (Note 15) were as follows:

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
1 January 2020	(26,534)	6,634	(19,901)
Changes in fair value and ineffectiveness	(6,730)	1,683	(5,047)
30 June 2020	<b>(33,264)</b>	<b>8,317</b>	<b>(24,948)</b>
1 January 2021	(34,059)	8,515	(25,545)
Changes in fair value and ineffectiveness	5,545	(1,323)	4,222
30 June 2021	<b>(28,514)</b>	<b>7,192</b>	<b>(21,323)</b>

### Fair Value Hedge

The Group hedges the interest rate risk associated with the fluctuation of the market interest rate index (Euribor) on the fair value of interest payments on fixed-rate debt by negotiating interest rate swaps where it pays a variable rate and receives a fixed rate in order to convert fixed-rate debt payments into variable-rate payments.

The Group contracted two new fair value derivatives in a total amount of 300,000 thousand Euros. At 30 June 2021, the Group has a total of four fair value hedging derivative contracts amounting to 600,000 thousand Euros (as of 31 December 2020 it was 300,000 thousand Euros). The hedged risk corresponds to the change in fair value of debt issues attributable to movements in the market interest rate index (Euribor). Credit risk is not being hedged. At 30 June 2021, the fair value of interest rate swaps designated as fair value hedging instruments was positive 11,116 thousand Euros (as of 31 December 2020 it was positive 15,930 thousand Euros).

Changes in the fair value of hedged items arising from interest rate risk are recognised in the income statement in order to offset changes in the fair value of the hedging instrument, which are also recognised in the income statement.

The hedged items of fair value hedging relationships have the following conditions:

#### - June 2021

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2021	Note
<b>Fair value hedging instruments</b>							
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	286,411	(10,733)	3,099	16
Bond Issue (Euro Medium Term Notes)	16/04/2029	300,000 TEuros	0.50%	298,501	1,186	1,186	16
					<b>(9,546)</b>	<b>4,285</b>	

#### - June 2020

	Maturity	Hedged notional	Interest rate	Carrying amount	Accumulated Fair value adjustment	Variation of the year-end 2020	Note
<b>Fair value hedging instruments</b>							
Bond Issue (Euro Medium Term Notes)	16/10/2020	100,000 TEuros	4.75%	91,620	621	484	16
Bond Issue (Euro Medium Term Notes)	12/02/2025	300,000 TEuros	2.50%	283,159	(13,972)	(2,574)	16
					<b>(13,352)</b>	<b>(2,090)</b>	

At 30 June 2021, the change in fair value of the debt related to interest rate risk recognized in the income statement was positive 4,285 thousand Euros (at 30 June 2020 it was negative 2,090 thousand Euros), resulting in an ineffective component, after considering the effect of the hedged items in the income statement, of approximately positive 41 thousand Euros (at 30 June 2020 it was negative 368 thousand Euros). The ineffectiveness recognized is related to the effect of the fixed leg spread of the hedging instruments that is not reflected in the hedged item.

**Integral Income:**

The movements recorded in the statement of comprehensive income through the application of fair value hedges were as follows:

**- June 2021**

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	41

**- June 2020**

Fair value Hedging instruments	Hedging inefficiency recorded in Profit for the Year
Swaps of interest rate	(368)

**Trading Derivative**

The Group negotiated an interest rate swap, with a starting date in 2019 and maturity in 2024, which pays fixed rate and receives variable rate. This instrument, although not designated as hedge accounting considering IFRS 9 criteria, is currently hedging the effect of the ineffectiveness of the cash flow hedge of the interest and exchange rate risks of the bond issue in Yen, relative to the fluctuation of interest rates for the hedging period (see Cash Flow Hedge – Interest and Exchange Rate Swaps).

The notional amount of this trading derivative is 60,000 thousand Euros as of 30 June 2021 (at 31 December 2020 it was 60,000 thousand Euros). Credit risk is not being hedged. The fair value of the trading derivative, on 30 June 2021, is negative 2,541 thousand Euros (on 31 December 2020 it was negative 3,196 thousand Euros).

Changes in the fair value of the trading derivative are recorded directly in the income statement. The impact in the income statement, as of 30 June 2021, related to the effect of the fair value of the trading derivative was positive 652 thousand Euros (as of 31 December 2020 it was 16 thousand Euros negative).

### 13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the periods ended 30 June 2021 and 31 December 2020 are made up as follows:

	Jun 2021	Dec 2020
Cash	23	-
Bank deposits	308,881	61,499
<b>Cash and cash equivalents in the statement of financial position</b>	<b>308,904</b>	<b>61,499</b>
Bank overdrafts (Note 16)	(52)	(330)
<b>Cash and cash equivalents in cash flow statement</b>	<b>308,852</b>	<b>61,169</b>

In the periods ended 30 June 2021 and 31 December 2020, there are no cash and cash equivalents that are not available for the group to use.

### 14 EQUITY INSTRUMENTS

As of 30 June 2021 and 31 December 2020, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Jun 2021		Dec 2020	
	Number of shares	Share Capital	Number of shares	Share Capital
Share Capital	667,191,262	667,191	667,191,262	667,191

At 30 June 2021 and 31 December 2020, REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.6%	(10,728)

No own shares were acquired or sold in the six-month period ended 30 June 2021.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure that there are sufficient Equity Reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

## 15 RESERVES AND RETAINED EARNINGS

The caption "Reserves" in the amount of 299,016 thousand Euros includes:

- **Legal reserve:** The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. This reserve can only be used to cover losses or to increase capital. At 30 June 2021 this caption amounts to 130,662 thousand Euros;
- **Fair value reserve:** includes changes in the fair value of available for sale financial assets (43,036 thousand Euros positive), as detailed in Note 10;
- **Hedging reserve:** includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 21,323 thousand Euros) as detailed in Note 12; and
- **Other reserves:** This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders; except for the limitation set by the Companies Code in respect of own shares (Note 14), (ii) exchange rate changes associated to the financial investment whose functional currency is Dollar; (iii) exchange variation of assets and liabilities of financial investments in subsidiaries, namely the exchange rate effect of converting Chilean Peso to Euro and (iv) changes in equity of associates recorded under the equity method. On 30 June 2021, this caption amounts to 146,641 thousand Euros.

In accordance with the Portuguese legislation: (i) increases in equity as a result of the incorporation of positive fair value (fair value reserves and hedging reserves) can only be distributed to shareholders when the correspondent assets have been sold, exercised, extinct, settled or used; and (ii) income and other positive equity changes recognized as a result of the equity method can only be distributed to shareholders when paid-up. Portuguese legislation establishes that the difference between the equity method income and the amount of paid or deliberated dividends is equivalent to legal reserve.

## 16 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 30 June 2021 and 31 December 2020 was as follows:

	Jun 2021			Dec 2020		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	-	1,735,632	1,735,632	-	1,442,889	1,442,889
Bank Borrowings	93,681	535,724	629,404	96,567	574,897	671,464
Commercial Paper	250,000	250,000	500,000	450,000	250,000	700,000
Bank overdrafts (Note 13)	52	-	52	330	-	330
Leases	1,523	2,804	4,326	1,576	3,207	4,783
	<b>345,255</b>	<b>2,524,160</b>	<b>2,869,415</b>	<b>548,473</b>	<b>2,270,992</b>	<b>2,819,465</b>
Accrued interest	9,314	-	9,314	22,421	-	22,421
Prepaid interest	(8,823)	(8,372)	(17,195)	(8,337)	(10,117)	(18,454)
<b>Borrowings</b>	<b>345,746</b>	<b>2,515,787</b>	<b>2,861,534</b>	<b>562,557</b>	<b>2,260,875</b>	<b>2,823,433</b>

The borrowings settlement plan was as follows:

	2021	2022	2023	2023	2024	Following years	Total
Debt - Non current	-	68,790	631,562	363,740	569,737	890,330	2,524,160
Debt - Current	306,083	39,173	-	-	-	-	345,255
	<b>306,083</b>	<b>107,963</b>	<b>631,562</b>	<b>363,740</b>	<b>569,737</b>	<b>890,330</b>	<b>2,869,415</b>

Detailed information regarding bond issues as of 30 June 2021 is as follows:

30 June 2021						
Issue date	Maturity	Initial amount	Outstanding amount	Interest rate	Periodicity of interest payment	
<b>'Euro Medium Term Notes' programme emissions</b>						
26/06/2009	26/06/2024	TEUR 72,899 (i) (ii)	TEUR 72,899	Fixed rate	Semi-Annual	
12/02/2015	12/02/2025	TEUR 300,000 (ii)	TEUR 500,000	Fixed rate EUR 2.50%	Annual	
01/06/2016	01/06/2023	TEUR 550,000	TEUR 550,000	Fixed rate EUR 1.75%	Annual	
18/01/2018	18/01/2028	TEUR 300,000	TEUR 300,000	Fixed rate EUR 1.75%	Annual	
16/04/2021	16/04/2029	TEUR 300,000 (ii)	TEUR 300,000	Fixed rate EUR 0.50%	Annual	

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 30 June 2021, the Group has eight commercial paper programs in the amount of 1,925,000 thousand Euros, of which 1,425,000 thousand Euros are available for utilization. Of the total amount 500,000 thousand Euros have a guaranteed placement, of which 250,000 thousand Euros are available for utilization at 30 June 2021.

During April 2021, the Group issued a Green Bond in the amount of 300,000 thousand Euros at a fixed rate.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 30 June 2021 amounted to 465,904 thousand Euros (at 31 December 2020 it was 480,840 thousand Euros).

The Group also has credit lines negotiated and not used in the amount of 80,000 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose).

The balance of the caption Prepaid interest includes the amount of 9,415 thousand Euros (11,836 thousand Euros in 31 December 2020) related with the refinancing of bonds through an exchange offer completed in 2016.

As a result of the fair value hedge related to the debt emission in the amount of 600,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 4,285 thousand Euros (positive) (at 30 June 2020 was 2,090 thousand Euros (negative)) (Note 12).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge and Gearing.

The bank loans with BEI include also covenants related with rating and other financial ratios in which the Group may be called upon to present an acceptable guarantee in the event of rating and financial ratios below the established values.

As of 30 June 2021, the REN Group complies with all covenants to which it is contractually bound.

REN and its subsidiaries are a part of certain financing agreements and debt issues, which include change in control clauses typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case, the practical application of these clauses is limited to considering the legal ownership of shares of REN restrictions.

Following the legal standards and usual market practices, contractual terms and free market competition, establish that neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by hedge derivative in place.

The average interest rates for borrowings including commissions and other expenses were 1.58% in 30 June 2021 and 1.81% in 31 December 2020.

## Leases

Minimal payments regarding lease contacts and the carrying amount of the finance lease liabilities as of 30 June 2021 and 31 December 2020 are made up as follows:

	Jun 2021	Dec 2020
<b>Lease liabilities - minimum lease payments</b>		
No later than 1 year	1,543	1,597
Later than 1 year and no later than 5 years	2,823	3,232
	<b>4,366</b>	<b>4,829</b>
Future finance charges on leases	(40)	(47)
<b>Present value of lease liabilities</b>	<b>4,326</b>	<b>4,783</b>
	<b>Jun 2021</b>	<b>Dec 2020</b>
<b>The present value of lease liabilities is as follows</b>		
No later than 1 year	1,523	1,576
Later than 1 year and no later than 5 years	2,804	3,207
	<b>4,326</b>	<b>4,783</b>

## 17 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as Pension Plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service award, retirement award and a death subsidy (referred to as “Other benefits”). The long service award is applicable to all Group companies.

At 30 June 2021 and 31 December 2020, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Jun 2021	Dec 2020
<b>Liability on statement of financial position</b>		
Pension plan	52,710	54,726
Healthcare plan and other benefits	45,565	45,781
	<b>98,275</b>	<b>100,507</b>

The reconciliation of the remeasurement of the net benefit liability is as follows:

	Jun 2021	Dec 2020
<b>Initial balance</b>	<b>100,507</b>	<b>103,309</b>
Current service costs and Net interest on net defined benefit liability	1,724	3,602
Actuarial gains/(losses)	(161)	1,773
Benefits paid	(3,795)	(8,176)
<b>Final balance</b>	<b>98,275</b>	<b>100,507</b>

During the six-month periods ended 30 June 2021 and 2020, the following operating expenses were recorded regarding benefit plans with employees:

	Jun 2021	Jun 2020
<b>Charges to the statement of profit and loss (Note 24)</b>		
Pension plan	1,311	1,487
Healthcare plan and other benefits	391	519
	<b>1,702</b>	<b>2,006</b>

The amounts reported to 30 June 2021 and 2020 result from the projection of the actuarial valuation as of 31 December 2020 and 2019, for the six-month period ended 30 June 2021 and 2020, considering the estimated increase in salaries for 2021 and 2020, respectively.

The actuarial assumptions used to calculate the post-employment benefits are considered by the REN Group and the entity specialized in the actuarial valuation reports to be those that best meet the commitments established in the Pension plan, and related retirement benefit liabilities, and are as follows:

	Dec 2020	Dec 2019
Annual discount rate	Full Yield Curve	1.00%
Expected percentage of serving employees eligible for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement	20.00%	20.00%
Expected percentage of serving employees eligible for early retirement - by Management act	10.00%	10.00%
Rate of salary increase	2.50%	2.50%
Pension increase	1.50%	1.50%
Future increases of Social Security Pension amount	1.30%	1.30%
Inflation rate	1.50%	1.50%
Medical trend	1.50%	1.50%
Management costs (per employee/year)	€297	€297
Expenses medical trend	1.50%	1.50%
Retirement age (number of years)	66	66
Mortality table	TV 88/90	TV 88/90

## 18 PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the periods ended 30 June 2021 and 31 December 2020 were as follows:

	Jun 2021	Dec 2020
<b>Beginning balance</b>	<b>8,508</b>	<b>8,416</b>
Increases	-	669
Reversing	-	(484)
Utilization	-	(93)
<b>Ending balance</b>	<b>8,508</b>	<b>8,508</b>
Non-current provision	8,508	8,508
	<b>8,508</b>	<b>8,508</b>

At 30 June 2021, the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties.



## 19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 30 June 2021 and 31 December 2020 was made up as follows:

	Jun 2021			Dec 2020		
	Current	Non current	Total	Current	Non current	Total
<b>Trade payables</b>						
Current suppliers (Note 9)	215,128	-	215,128	164,595	-	164,595
<b>Other creditors</b>						
Other creditors (Note 9)	112,946	41,917	154,863	52,976	51,650	104,626
Tariff deviations (Note 9)	38,490	137,382	175,872	45,252	59,035	104,287
Fixed assets suppliers (Note 9)	32,647	-	32,647	45,676	-	45,676
<b>Tax payables (Note 9) (i)</b>	21,489	-	21,489	19,927	-	19,927
<b>Deferred income</b>						
Grants related to assets	19,753	258,464	278,216	19,954	261,201	281,155
<b>Accrued costs</b>						
Holidays and holidays subsidies (Note 9)	6,088	-	6,088	5,420	-	5,420
<b>Trade and other payables</b>	<b>446,539</b>	<b>437,762</b>	<b>884,302</b>	<b>353,800</b>	<b>371,886</b>	<b>725,686</b>

(i) Tax payables refer to VAT, personnel income taxes and other taxes

The caption "Trade and other payables" includes: (i) the amount of 78,467 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (29,441 thousand Euros at 31 December 2020); (ii) the amount of 4,712 thousand Euros of investment projects not yet invoiced (9,994 thousand Euros at 31 December 2020); (iii) the amount of 4 thousand Euros (4 thousand Euros at 31 December 2020) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 6,050 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (104 thousand Euros at 31 December 2020), also reflected in the caption "Trade receivables" (Note 11).

This transaction related to "CMEC" sets a pass-through in the consolidated income statement of REN, fact for which it is compensated in that statement.

The caption "Other creditors" includes: (i) the amount of 9,481 thousand Euros (11,813 thousand Euros at 31 December 2020) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE and (ii) the responsibility for the extraordinary contribution on the energy sector in the amount of 27,095 thousand Euros (Note 27) (at 30 June 2020 was 28,347 thousand Euros).

## 20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the six-month periods ended 30 June 2021 and 2020 is made up as follows:

	Jun 2021	Jun 2020
<b>Goods:</b>		
Domestic market	45	-
	<u>45</u>	<u>-</u>
<b>Services - Domestic market:</b>		
Electricity transmission and overall systems management	169,323	172,539
Natural gas transmission	39,454	40,196
Natural gas distribution	27,344	26,801
Regasification	17,106	21,020
Underground gas storage	11,026	8,673
Telecommunications network	3,434	3,393
Trading	963	880
Others	320	164
<b>Services - External market (Chile):</b>		
Transmission and transformation of electricity	4,701	5,085
	<u>273,672</u>	<u>278,751</u>
<b>Total sales and services rendered</b>	<u>273,717</u>	<u>278,751</u>

## 21 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets for the six-month periods ended 30 June 2021 and 2020 were made up as follows:

	Jun 2021	Jun 2020
<b>Revenue from construction of concession assets</b>		
Acquisitions	66,522	45,292
Own work capitalised :		
Financial expenses (Note 5)	1,495	1,016
Overhead and management costs (Note 5)	8,518	7,714
	<u>76,536</u>	<u>54,021</u>
<b>Cost of construction of concession assets</b>		
Acquisitions	66,522	45,292
	<u>66,522</u>	<u>45,292</u>

## 22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the six-month periods ended 30 June 2021 and 2020 is made up as follows:

	Jun 2021	Jun 2020
Recognition of investment subsidies in profit and loss	9,322	8,927
Underground occupancy tax	3,427	2,891
Supplementary income	946	638
Disposal of unused materials	578	124
Others	1,153	1,269
	<b>15,426</b>	<b>13,849</b>

## 23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the six-month periods ended 30 June 2021 and 2020 is made up as follows:

	Jun 2021	Jun 2020
Maintenance costs	9,650	8,713
Fees relating to external entities i)	6,735	5,334
Cross border interconnection costs ii)	5,584	4,846
Electric energy costs	4,136	3,332
Gas transport subcontracts	2,941	1,972
Insurance costs	2,720	1,906
Security and surveillance	1,003	1,061
Advertising and communication costs	388	429
Travel and transportation costs	194	413
Other	1,746	1,876
<b>External supplies and services</b>	<b>35,097</b>	<b>29,884</b>

i)The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

ii)The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.

## 24 PERSONNEL COSTS

Personnel costs for the six-month periods ended 30 June 2021 and 2020 are made up as follows:

	Jun 2021	Jun 2020
<b>Remuneration:</b>		
Board of directors	1,762	1,445
Personnel	19,916	19,209
	<b>21,678</b>	<b>20,654</b>
<b>Social charges and other expenses:</b>		
Social security costs	4,119	4,000
Post-employment and other benefits cost (Note 17)	1,702	2,006
Social support costs	869	989
Other	238	114
	<b>6,928</b>	<b>7,109</b>
<b>Total personnel costs</b>	<b>28,606</b>	<b>27,764</b>

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors as well as the General Shareholders meeting attendance.

## 25 OTHER OPERATING COSTS

Other operating costs for the six-month periods ended 30 June 2021 and 2020 are made up as follows:

	Jun 2021	Jun 2020
ERSE operating costs i)	4,954	5,738
Underground occupancy tax	3,428	2,891
Donations and quotizations	769	1,247
Others	729	542
	<b>9,880</b>	<b>10,418</b>

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

## 26 FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income for the six-month periods ended 30 June 2021 and 2020 are made up as follows:

	Jun 2021	Jun 2020
<b>Financial costs</b>		
Interest on bonds issued	16,100	21,980
Other borrowing interests	5,436	6,161
Interest on commercial paper issued	2,079	1,088
Derivative financial instruments	1,819	276
Other financing expenditure	1,255	873
	<b>26,690</b>	<b>30,378</b>
<b>Financial income</b>		
Derivative financial instruments	336	1,621
Other financial investments	1,214	1,468
Interest income	6	-
	<b>1,556</b>	<b>3,089</b>

## 27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

Law No. 83-C / 2013 of 31 December introduced a specific contribution of entities operating in the energy sector, called Extraordinary Contribution over the Energy Sector ("ECES"), that was extended by Law 82-B / 2014, of 31 December, Law 7-A / 2016, of 30 March, Law 114/2017, of 29 December, Law 71/2018, 31 December, Law 2/2020, of 31 March and Law 75-B/2020, of 31 December.

The regime introduced is aimed at financing mechanisms that promote systemic sustainability of the sector through the setting up of a fund with the main objective of reducing the tariff deficit. The entities subject to this regime are, among others, entities that are dealers of transport activities or distribution of electricity and natural gas.

The calculation of the ECES is levied on the value of the assets with reference to the first day of the financial year 2021 (1 January 2021) that include cumulatively, the tangible fixed assets, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ECES is levied on the value of regulated assets (i.e. the amount recognized by ERSE in the calculation of the allowed income with reference to 1 January 2021) if it is greater than the value of those assets, over which the rate of 0.85% is applied.

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded liabilities in the amount of 27,095 thousand Euros (Note 19) (for the six-month period ended 30 June 2020 was 28,347 thousand Euros) against a cost in the statement of profit and loss.

The ECES line of the income statement, amounting to 27,070 thousand Euros (28,165 thousand Euros at 30 June 2020) for the six-month period ended 30 June 2021 includes the amount of 25 thousand Euros (negative) (in the six-month period ended 30 June 2020 included the negative amount of 182 thousand Euros), related to the regularization of CESE from previous years.

## 28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Jun 2021	Jun 2020
Consolidated net profit used to calculate earnings per share	(1)	39,539	46,068
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14)		3,881,374	3,881,374
<b>Number of shares in the period</b>	<b>(3)</b>	<b>663,309,888</b>	<b>663,309,888</b>
<b>Basic earnings per share (euro per share)</b>	<b>(1)/(3)</b>	<b>0.06</b>	<b>0.07</b>

The basic earnings per share are the same as the diluted earnings as there are no situations that could origin dilution effects.

## 29 DIVIDENDS PER SHARE

During the Shareholders General Assembly meeting held on 23 April 2021, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2020, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

During the Shareholders General Assembly meeting held on 7 May 2020, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2019, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

## 30 CONTINGENT ASSETS AND LIABILITIES

### 30.1. Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") has announced to REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") its intention to renegotiate the Energy Acquisition Agreement (CAE), in order to reflect in the amounts payable to this producer the costs, which in its opinion would be due, incurred with (i) financing of the social tariff and (ii) with the tax on petroleum products and energy and with the rate of carbon. Turbogás - Produtora Energética S.A. ("Turbogás") also stated its intention to renegotiate the CAE, in order to reflect in the amounts payable the costs incurred with the financing of the social tariff.

According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás. According to the information received, the total costs incurred by these companies until 30 June 2021 amounts to, approximately, 66 million Euros.

REN Trading and REN Eléctrica consider that, with the existing legal framework, this possibility depends on the recognition that the associated charges can be considered as general costs of the national electricity system, the only way to guarantee the economic neutrality of REN Trading's contractual position .

All of these disputes have already been dealt with by the financial panels provided for in the PPAs, which rejected the requests made by the plaintiffs. The two disputes with Tejo Energia were subsequently the subject of arbitration requests submitted by it to the International Chamber of Commerce (ICC).

## 30.2. Guarantees given

At 30 June 2021 and 31 December 2020, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Jun 2021	Dec 2020
European Investment Bank (EIB)	To guarantee loans	266,742	277,693
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	24,482	24,482
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	23,788	23,788
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Municipal Council of Seixal	Guarantee for litigation	3,133	3,133
Portuguese State	Guarantee for litigation	2,232	2,242
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Mibgás	To guarantee the liabilities incurred from the participation in the natural gas organized market	1,000	-
EP - Estradas de Portugal	Guarantee for litigation	494	555
Municipal Council of Porto	Guarantee for litigation	368	368
Municipal Council of Silves	Guarantee for expropriation processes	352	352
NORSCUT - Concessionária de Auto-estradas	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
District Court of Lisbon	Guarantee for suspension of continuation of pending enforcement proceedings	-	140
Others (loss then 100 thousand Euros)	Guarantee for litigation	211	109
		<b>331,235</b>	<b>341,294</b>

## 31 RELATED PARTIES

### Main shareholders and shares held by corporate bodies

At 30 June 2021 and 31 December 2020, the shareholder structure of Group REN was as follows:

	Jun 2021		Dec 2020	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Group State Grid)	166,797,815	25.0%	166,797,815	25.0%
Mazoon B.V. (Group Oman Oil Company S.A.O.C.)	80,100,000	12.0%	80,100,000	12.0%
Lazard Asset Management LLC	46,611,245	7.0%	46,611,245	7.0%
Fidelidade - Companhia de Seguros, S.A.	35,496,424	5.3%	35,496,424	5.3%
Red Eléctrica Internacional, S.A.U.	33,359,563	5.0%	33,359,563	5.0%
Great-West Lifeco, Inc.	24,821,784	3.7%	18,225,165	2.7%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	276,123,057	41.4%	282,719,676	42.4%
	<b>667,191,262</b>	<b>100%</b>	<b>667,191,262</b>	<b>100%</b>

## Management remuneration

The Board of Directors of REN, SGPS was considered, in accordance with IAS 24, to be the only key members in the Management of the Group.

REN has not established any specific retirement benefit system for the Board of Directors.

Remuneration of the Board of Directors of REN, SGPS in the six-month period ended 30 June 2021 amounted to 1,576 thousand Euros (1,196 thousand Euros in 30 June 2020), as shown in the following table:

	Jun 2021	Jun 2020
Remuneration and other short term benefits	809	768
Management bonuses (estimate)	767	428
	<b>1,576</b>	<b>1,196</b>

## Transaction of shares by the members of the Board of Directors

During the six-month period ended 30 June 2021, there were no transactions carried out by members of the corporate bodies.

## Transactions with group or dominated companies

In its activity, REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process, the amounts related to such transactions or open balances are eliminated in the financial statements.

The main transactions held between Group companies were: (i) borrowings and shareholders loans; and (ii) shared services namely, legal services, administrative services and informatics.

## Balances and transactions held with shareholders, associates and other related parties

During the six-month periods ended 30 June 2021 and 2020, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

### Revenue

	Jun 2021	Jun 2020
<b>Sales and services provided</b>		
Invoicing issued - REE	81	335
Invoicing issued - Centro de Investigação em Energia REN - State Grid	265	112
<b>Dividends received</b>		
Electrogás (Note 7)	5,107	7,469
Centro de Investigação em Energia REN - State Grid (Note 7)	7	-
REE (Note 10)	3,938	4,219
	<b>9,398</b>	<b>12,135</b>



## Expenses

	Jun 2021	Jun 2020
<b>External supplies and services</b>		
Invoicing received - REE	59	1,639
Invoicing received - CMS Rui Pena & Arnaut <sup>1</sup>	49	38
	<b>108</b>	<b>1,677</b>

## Balance

The balances at 30 June 2021 and 31 December 2020 resulting from transactions with related parties were as follows:

	Jun 2021	Dec 2020
<b>Trade and other receivables</b>		
REE - Dividends	3,938	1,477
Electrogás - Dividends	1,834	13
Centro de Investigação em Energia REN - State Grid - Other receivables	137	31
REE - Trade receivables	21	-
	<b>5,930</b>	<b>1,521</b>
<b>Trade and other payables</b>		
Centro de Investigação em Energia REN - State Grid - Other payables	-	2
REE - Trade payables	-	7
CMS - Rui Pena & Arnaut - Trade payables <sup>1</sup>	13	27
SPECO - Shandong Power Equipment CO <sup>2</sup>	695	251
	<b>708</b>	<b>287</b>

<sup>1</sup> Entity related to the Administrator José Luís Arnaut. During 2021, the contract for the provision of legal services in the area of law and public procurement, awarded in 2017 to the law firm CMS Rui Pena and Arnaut, an entity related to the Director José Luís Arnaut, remained in force. The contract, under a waiver regime, was signed in 2017, for a period of three years. The procedure for awarding this contract took place through consultation with five entities, on a competitive basis and under the terms of REN's Operational Purchasing Manual, which establishes the general principles and relationships with suppliers that are based, namely, on the respect for the competition, transparency, accountability, equality and impatience.

<sup>2</sup> Subsidiary entity of the shareholder State Grid Europe Limited. The operations with this entity are related to acquisitions of concession assets in progress. Also, this entity presents guarantees amounting to 223 thousand Euros.

## 32 SUBSEQUENT EVENTS

After the date of the statement of financial position, there were no events that give rise to additional adjustments or disclosures in the consolidated financial statements of the Company for the six-month period ended in 30 June 2021.

## 33 EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with IAS 34 – Interim Financial Reporting. In the event of discrepancies, the Portuguese language version prevails.

## The Accountant

Pedro Mateus

## The Board of Directors

Rodrigo Costa

(Chairman of the Board of Directors and Chief Executive Officer)

João Faria Conceição

(Member of the Board of Directors and Chief Operational Officer)

Gonçalo Morais Soares

(Member of the Board of Directors and Chief Financial Officer)

Guangchao Zhu

(Vice-President of the Board of Directors designated by State Grid International Development Limited)

Mengrong Cheng

(Member of the Board of Directors)

Li Lequan

(Member of the Board of Directors)

Ana Pinho

(Member of the Board of Directors)

Omar Al Wahaibi<sup>1</sup>

(Member of the Board of Directors)

Jorge Magalhães Correia

(Member of the Board of Directors)

Manuel Sebastião

(Member of the Board of Directors and Chairman of the Audit Committee)

Gonçalo Gil Mata

(Member of the Board of Directors and of the Audit Committee)

Rosa Freitas Soares

(Member of the Board of Directors and of the Audit Committee)

Maria Estela Barbot

(Member of the Board of Directors)

José Luis Arnaut

(Member of the Board of Directors)

Ana da Cunha Barros

(Member of the Board of Directors)

Note – The remaining pages of this Report & Accounts were initialled by the members of the Executive Committee and by the Certified Accountant, Pedro Mateus.

<sup>1</sup> Temporarily suspended director duties of REN on 7 July 2021.