

**Audit Report on Financial Statements  
issued by an Independent Auditor**

**ENAGÁS, S.A.  
Financial Statements and Management Report  
for the year ended  
December 31, 2020**

## **AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 5)

To the shareholders of Enagás, S.A.:

### **Report on the financial statements**

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#### **Opinion**

We have audited the financial statements of Enagás, S.A. (the Company), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 1.2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

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#### **Basis for opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

### *Recovery of financial assets related to Gasoducto Sur Peruano, S.A.*

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**Description** On January 24, 2017, the Directorate General for Hydrocarbons of the Ministry for Energy and Mines terminated the "Improvements to the National Energy Security and Development of the South Peruvian Pipeline" concession agreement and on December 4, 2017, the National Institute for the Defense of Competition and Intellectual Property requested that Gasoducto del Sur Peruano, S.A. file for bankruptcy, as explained in Note 1.6 to the financial statements.

The Enagás Group holds financial assets amounting to 275.3 million US dollars relating to the investment in Gasoducto Sur Peruano, S.A. and accounts receivable pertaining to executed guarantees totaling 226.8 million US dollars, interest of 1.9 million US dollars, as well as various invoices for professional services rendered amounting to 7.6 million US dollars. These items represent recorded assets at December 31, 2020 of 390,3 million euros (Note 1.5.c to the accompanying financial statements).

Due to the termination of the concession contract, as described in the aforementioned note to the accompanying financial statements, the Enagás Group has a dispute with the Peruvian Government regarding the recovery of the investment in Gasoducto Sur Peruano. On July 2, 2018, a request was filed with the ICSID (International Centre for Settlement of Investment Disputes) to initiate arbitration against the Peruvian State regarding its investment in Gasoducto Sur Peruano, S.A. On January 20, 2020, Enagás filed the claim memorial, to which the Peruvian State replied on July 17, 2020. At that time, other phases of the process were initiated until the ICSID resolves the dispute, which is expected to be at the end of the 2022 financial year.

Given the significance of the amounts involved and the uncertainty regarding the final outcome of the resolution of complex, long-term processes of this type from a legal and economic standpoint, we have determined this to be a key audit matter since, primarily, the Group's legal advisors believe that the estimates made by Enagás' directors may vary in the future.

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**Our response** Our audit procedures in this regard included, among other, the following:

- ▶ Understanding the Enagás, S.A. process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Evaluating compliance with the terms and conditions of the contracts and agreements between shareholders of Gasoducto Sur Peruano, S.A
- ▶ Analyzing recent relevant notifications between Peruvian official bodies and the investee Gasoducto Sur Peruano, S.A., as well as the documents included in the claim filed by Enagás with the ICSID and the Peruvian State's reply brief.
- ▶ Holding meetings with external and independent experts in Peruvian and international law engaged by the Enagás, S.A.

- ▶ Reviewing the analysis reports of this matter prepared by various Peruvian and international law experts (bankruptcy, criminal and administrative law, inter alia) and the Enagás Group's internal legal consultants.
- ▶ Reviewing the Enagás Group's accounting estimate processes used to analyze the recovery of the aforementioned financial assets and the basis for the report prepared by an external accounting expert and the report prepared by an independent expert to determine the net carrying amount of these financial assets that have been included in the dispute filed with the ICSID.
- ▶ Assessing the financial asset recovery analysis prepared by Enagás Group management based on various scenarios (sensitivity analysis).
- ▶ Reviewing the disclosures included in the notes to the accompanying financial statements in conformity with the applicable financial reporting framework.

### ***Impairment analysis of group companies***

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**Description** Enagás, S.A. makes significant estimates when analyzing the impairment of group companies, the balance of which at December 31, 2020 amounts to 5,259,016 thousand euros. The possible loss of value is determined by analyzing the recoverable value of the investment of group companies.

The principal figures and the criteria and hypotheses used in the related valuation of these assets are described in Note 1.5 of the financial statements.

We have determined these estimates and valuations to be a key audit matter since, given the amount of the assets affected, small changes in the hypotheses could have a material impact on the Enagás S.A. financial statements.

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**Our response** Our audit procedures consisted, among other, the following:

- ▶ Understanding the Enagás, S.A. process for assessing the recoverability of these assets and reviewing the design and operating effectiveness and implementation of key controls.
- ▶ Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by management for preparing the discounted cash flow statements of each investment accounted as group companies, focusing particularly on the discount rate and long-term growth rate applied.
- ▶ Analyzing the financial information projected in the business plan of each investee company by analyzing historical financial information, current market conditions, and expectations regarding their future performance.
- ▶ Checking the mathematical accuracy of impairment models and reviewing the sensibility analysis performed by the Management.
- ▶ Reviewing the information disclosed by the Group with respect to these estimates to the accompanying financial statements in accordance with the applicable financial reporting framework.

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### **Other information: management report**

Other information refers exclusively to the 2020 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2020 financial statements and its content and presentation are in conformity with applicable regulations.

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### **Responsibilities of the directors and the audit committee for the financial statements**

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 1.2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Report on other legal and regulatory requirements**

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### **European single electronic format**

We have examined the digital file of the European single electronic format (ESEF) of Enagás, S.A. for the 2020 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Enagás S.A. are responsible for submitting the annual financial report for the 2020 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

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#### **Additional report to the audit committee**

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 22, 2021.

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#### **Term of engagement**

The ordinary general shareholders' meeting held on March 29, 2019 appointed us as auditors for 3 years, commencing on December 31, 2019.

ERNST & YOUNG, S.L.  
(Registered in the Official Register of  
Auditors under No. S0530)



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David Ruiz-Roso Moyano  
(Registered in the Official Register of  
Auditors under No. 18336)

February 22, 2021

# **ANNUAL ACCOUNTS at December 31, 2020**

**“Translation of financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain. In the event of a discrepancy, the Spanish-language version prevails.”**



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## ENAGÁS, S.A.

### BALANCE SHEET AT DECEMBER 31, 2020

(In thousands of euros)

	Notes	12.31.2020	12.31.2019
<b>NON-CURRENT ASSETS</b>		<b>6,115,722</b>	<b>5,566,359</b>
Intangible assets	2.5	14,571	11,937
Research and development		65	93
IT applications		14,506	11,844
Property, plant, and equipment	2.4	21,218	20,605
Land and buildings		15,831	16,161
Technical facilities and other PP&E		4,324	4,286
Prepayments and work in progress		1,063	158
Property investments	4.1.a	19,020	19,610
Land		19,020	19,610
Long-term investments in group and multigroup companies	1.5	5,659,307	5,092,989
Equity instruments		5,259,016	4,692,698
Loans to companies		400,291	400,291
Long-term financial investments		390,983	412,083
Loans to third parties		27	49
Other financial assets (1)	1.5.c	390,956	412,034
Deferred tax assets	4.2.g	10,623	9,135
<b>CURRENT ASSETS</b>		<b>450,948</b>	<b>933,910</b>
Inventories		1	6
Raw materials and other procurements		1	6
Trade and other receivables	2.2	35,413	21,107
Customers, Group companies and associates		11,921	13,712
Other receivables		43	128
Personnel		123	74
Current tax assets		23,323	6,760
Other credits with the Public Administrations		3	433
Short-term investments in group and multigroup companies	1.5	162,287	219,551
Loans to companies		135,187	147,551
Other financial assets		27,100	72,000
Short-term accruals		864	1,655
Cash and cash equivalents	3.5.a	252,383	691,591
Treasury		252,383	691,591
<b>TOTAL</b>		<b>6,566,670</b>	<b>6,500,269</b>

(1) Pursuant to the Resolution of March 5, 2019 of the Spanish Accounting and Audit Institute (Instituto de Contabilidad y Auditoría de Cuentas), which came into force on January 1, 2020, certain balances previously included under "Long-term investments in Group and multigroup companies" have been reclassified to this heading both for 2020 and for comparative purposes in 2019 (Note 1.2)

The accompanying Notes 1 to 5 constitute an integral part of the Balance Sheet at December 31, 2020.

## ENAGÁS, S.A.

### BALANCE SHEET AT DECEMBER 31, 2020

(In thousands of euros)

LIABILITIES	Notes	12.31.2020	12.31.2019
<b>EQUITY</b>		<b>2,673,229</b>	<b>2,656,554</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>2,672,598</b>	<b>2,656,554</b>
Share capital	3.1.a	392,985	392,985
Subscribed capital		392,985	392,985
Share premium	3.1.b	465,116	465,116
Share premium		465,116	465,116
Reserves	3.1.d	1,557,649	1,557,981
Legal and statutory		78,597	71,620
Other reserves		1,479,052	1,486,361
Treasury shares	3.1.c	(12,464)	(12,464)
Profit /(loss) for the year		440,630	403,199
Interim dividend	1.6.a	(175,720)	(152,469)
Other equity instruments		4,402	2,206
<b>GRANTS, DONATIONS AND BEQUESTS RECEIVED</b>	3.1.e	<b>631</b>	<b>-</b>
Grants, donations and bequests received		631	-
<b>NON-CURRENT LIABILITIES</b>		<b>3,651,829</b>	<b>3,612,152</b>
Long-term provisions	2.8.a	2,761	1,601
Obligations for long-term employee benefits		2,295	1,135
Other provisions		466	466
Long-term debts	3.2.a	183,249	201,243
Debts with credit institutions		183,155	201,136
Other financial liabilities		94	107
Long-term debts with group companies and associates	3.2.c	3,461,394	3,406,607
Deferred tax liabilities	4.2.g	3,629	2,701
Long-term accruals		796	-
<b>CURRENT LIABILITIES</b>		<b>241,612</b>	<b>231,563</b>
Current financial liabilities	3.2.b	4,425	9,549
Debts with credit institutions		54	5,409
Other financial liabilities		4,371	4,140
Short-term debts with group companies and associates	3.2.c	178,800	174,942
Trade and other payables	2.3	58,351	47,072
Suppliers		10,312	9,931
Payables to group companies and associates		6,895	336
Other payables		2,854	-
Personnel		6,365	6,814
Other debts with the Public Administrations		31,925	29,991
Short-term accruals		36	-
<b>TOTAL</b>		<b>6,566,670</b>	<b>6,500,269</b>

The accompanying Notes 1 to 5 constitute an integral part of the Balance Sheet at December 31, 2020.

## ENAGÁS, S.A.

### INCOME STATEMENT AT DECEMBER 31, 2020

(In thousands of euros)

	Notes	12.31.2020	12.31.2019
<b>CONTINUING OPERATIONS</b>		<b>480,605</b>	<b>457,017</b>
Revenue	2.1.a	583,588	550,787
Services rendered		80,146	78,787
Dividend income from group and multigroup companies		503,442	472,000
Work done by the company for its assets	2.4	249	201
Procurements		3	-
Other operating income		911	1,013
Accessory income and other current management income		911	1,013
Personnel expenses	2.1.b	(47,482)	(47,387)
Wages, salaries and similar		(35,655)	(35,519)
Social contributions		(11,827)	(11,868)
Other operating expenses	2.1.c	(43,071)	(39,854)
External services		(42,171)	(39,021)
Taxes		(376)	(833)
Other management expenses		(524)	-
Amortisation of fixed assets	2.4 and 2.5	(6,766)	(7,647)
Impairment and gains /(losses) on disposal of assets	2.4, 2.5 and 4.1.a	(607)	(96)
Impairment and gains /(losses) on disposals of financial instruments	2.1.d	(6,220)	-
<b>OPERATING PROFIT</b>		<b>480,605</b>	<b>457,017</b>
Financial income	3.3	12,975	1,020
From marketable securities and other financial instruments		12,975	1,020
- For debts with third parties		12,975	1,020
Financial expenses	3.3	(74,020)	(78,515)
For debts with group companies and associates		(68,046)	(68,657)
For debts with third parties		(5,974)	(9,858)
Exchange differences	3.3 and 4.1.b	1,455	278
Impairment and gains /(losses) on disposals of financial instruments		-	(80)
Results for disposals and others		(80)	
<b>FINANCIAL RESULT</b>		<b>(59,590)</b>	<b>(77,297)</b>
<b>PROFIT /(LOSS) BEFORE TAX</b>		<b>421,015</b>	<b>379,720</b>
Income tax	4.2.e	19,615	23,479
<b>PROFIT /(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>440,630</b>	<b>403,199</b>
<b>DISCONTINUED OPERATIONS</b>		-	-
<b>PROFIT /(LOSS) FOR THE YEAR</b>		<b>440,630</b>	<b>403,199</b>

The accompanying Notes 1 to 5 constitute an integral part of the Income Statement at December 31, 2020.

**ENAGÁS, S.A.**  
**STATEMENT OF RECOGNISED INCOME AND EXPENSES AT**  
**DECEMBER 31, 2020**  
(In thousands of euros)

	Notes	12.31.2020	12.31.2019
<b>RESULTS TO THE INCOME STATEMENT</b>		<b>440,630</b>	<b>403,199</b>
<b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</b>		<b>631</b>	-
For grants, donations and bequests received	3.1.e	841	-
Tax effect		(210)	-
<b>AMOUNTS TRANSFERRED TO THE INCOME STATEMENT</b>		-	-
For grants, donations and bequests received	3.1.e	-	-
Tax effect		-	-
<b>TOTAL RECOGNISED INCOME AND EXPENSES</b>		<b>441,261</b>	<b>403,199</b>

The accompanying Notes 1 to 5 constitute an integral part of the Statement of Recognised Income and Expenses at December 31, 2020

## ENAGÁS, S.A.

### STATEMENT OF TOTAL CHANGES IN EQUITY AT DECEMBER 31, 2020

(In thousands of euros)

	Note	Share capital	Share premium and reserves	Treasury shares	Profit / (loss) for the year	Interim dividend	Other equity instruments	Grants, donations and bequests	Total Equity
<b>BALANCE ADJUSTED AT THE BEGINNING OF 2019</b>		<b>358,101</b>	<b>1,552,278</b>	<b>(8,219)</b>	<b>371,222</b>	<b>(145,917)</b>	<b>6,101</b>	-	<b>2,133,566</b>
<b>Total recognised income and expenses</b>		-	-	-	<b>403,199</b>	-	-	-	<b>403,199</b>
<b>Transactions with shareholders</b>		<b>34,884</b>	<b>465,116</b>	-	<b>(218,697)</b>	<b>(152,469)</b>	-	-	<b>128,834</b>
- Capital increases	3.1.a and b	34,884	465,116	-	-	-	-	-	500,000
- Distribution of dividends	1.6	-	-	-	(218,697)	(152,469)	-	-	(371,166)
<b>Transactions with treasury shares</b>	3.1.c	-	-	<b>(9,876)</b>	-	-	-	-	<b>(9,876)</b>
<b>Other changes in equity</b>		-	<b>5,703</b>	<b>5,631</b>	<b>(152,525)</b>	<b>145,917</b>	<b>(3,895)</b>	-	<b>831</b>
- Payments based on equity instruments	3.1.c	-	470	5,631	-	-	(3,895)	-	2,206
- Cost of capital increase	3.1.d	-	(1,331)	-	-	-	-	-	(1,331)
- Other changes		-	6,564	-	(152,525)	145,917	-	-	(44)
<b>BALANCE AT DECEMBER 31, 2019</b>		<b>392,985</b>	<b>2,023,097</b>	<b>(12,464)</b>	<b>403,199</b>	<b>(152,469)</b>	<b>2,206</b>	-	<b>2,656,554</b>
<b>BALANCE ADJUSTED AT THE BEGINNING OF 2020</b>		<b>392,985</b>	<b>2,023,097</b>	<b>(12,464)</b>	<b>403,199</b>	<b>(152,469)</b>	<b>2,206</b>	-	<b>2,656,554</b>
<b>Total recognised income and expenses</b>		-	-	-	<b>440,630</b>	-	-	<b>631</b>	<b>441,261</b>
<b>Transactions with shareholders</b>		-	<b>(7,742)</b>	-	<b>(243,287)</b>	<b>(175,720)</b>	-	-	<b>(426,749)</b>
- Capital increases	3.1.a and b	-	-	-	-	-	-	-	-
- Distribution of dividends	1.6	-	(7,742)	-	(243,287)	(175,720)	-	-	(426,749)
<b>Transactions with treasury shares</b>	3.1.c	-	-	-	-	-	-	-	-
<b>Other changes in equity</b>		-	<b>7,410</b>	-	<b>(159,912)</b>	<b>152,469</b>	<b>2,196</b>	-	<b>2,163</b>
- Payments based on equity instruments	3.1.c	-	-	-	-	-	2,196	-	2,196
- Cost of capital increase	3.1.d	-	-	-	-	-	-	-	-
- Other changes		-	7,410	-	(159,912)	152,469	-	-	(33)
<b>BALANCE AT DECEMBER 31, 2020</b>		<b>392,985</b>	<b>2,022,765</b>	<b>(12,464)</b>	<b>440,630</b>	<b>(175,720)</b>	<b>4,402</b>	<b>631</b>	<b>2,673,229</b>

The accompanying Notes 1 to 5 constitute an integral part of the Statement of Total Changes in Equity at December 31, 2020

## ENAGÁS, S.A.

### CASH FLOW STATEMENT AT DECEMBER 31, 2020

(In thousands of euros)

	Notes	12.31.2020	12.31.2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I)</b>		<b>498,699</b>	<b>464,851</b>
<b>Profit / (loss) for the year before taxes</b>		<b>421,015</b>	<b>379,720</b>
<b>Adjustments to profit</b>		<b>(439,719)</b>	<b>(395,834)</b>
- Amortisation of fixed assets	2.4 and 2.5	6,766	7,647
- Variation of provisions		1,159	1,136
- Attribution of grants		(30)	(18)
- Gains/losses due to decreases and disposals of assets		17	92
- Financial income and dividends		(526,891)	(483,007)
- Financial expenses	3.3	73,905	78,594
- Impairment		6,810	-
- Other income and expenses		(1,455)	(278)
<b>Changes in working capital</b>		<b>15,093</b>	<b>(9,026)</b>
- Inventories		5	1
- Trade and other receivables		2,212	215
- Other current assets		1,014	(572)
- Trade and other payables		11,548	(4,801)
- Other current liabilities		307	(3,868)
- Other non-current assets and liabilities		7	(1)
<b>Other cash flows from operating activities</b>		<b>502,310</b>	<b>489,991</b>
- Interest paid		(66,944)	(69,112)
- Dividends received		548,342	527,600
- Interest received		10,458	10,007
- Income tax paid (received)		10,453	21,369
- Other proceeds		1	127
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>		<b>(582,062)</b>	<b>(238,639)</b>
<b>Payments for investments</b>		<b>(1,055,944)</b>	<b>(388,345)</b>
- Group companies and associates		(1,045,719)	(381,696)
- Intangible assets and property, plant and equipment	2.4 and 2.5	(10,254)	(6,654)
- Other financial assets		29	5
<b>Proceeds from disposals</b>		<b>473,882</b>	<b>149,706</b>
- Group companies and associates		473,882	149,706
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>		<b>(356,779)</b>	<b>7,916</b>
<b>Proceeds from and payments on equity instruments</b>		<b>1,673</b>	<b>492,206</b>
- Issue of equity instruments	3.1	-	500,000
- Acquisition of equity instruments		-	(9,876)
- Disposal of equity instruments		-	2,082
- Grants, donations and bequests received		1,673	-
<b>Proceeds from and payments on financial liabilities</b>		<b>68,297</b>	<b>(113,124)</b>
- Issue of debts with credit entities		2,483,959	1,656,643
- Issue of debts with group companies and associates		430,979	48,000
- Repayment and amortisation of debts with credit entities		(2,487,388)	(1,653,100)
- Repayment and amortisation of debts with group companies and associates		(359,253)	(164,667)
<b>Dividends paid and remuneration on other equity instruments</b>		<b>(426,749)</b>	<b>(371,166)</b>
- Dividends	1.6	(426,749)	(371,166)
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)</b>		<b>934</b>	<b>303</b>
<b>NET INCREASE/DECREASE IN CASH AND EQUIVALENTS (I + II + III + IV)</b>		<b>(439,208)</b>	<b>234,431</b>
Cash and cash equivalents at beginning of the year		691,591	457,160
Cash and cash equivalents at year-end		252,383	691,591

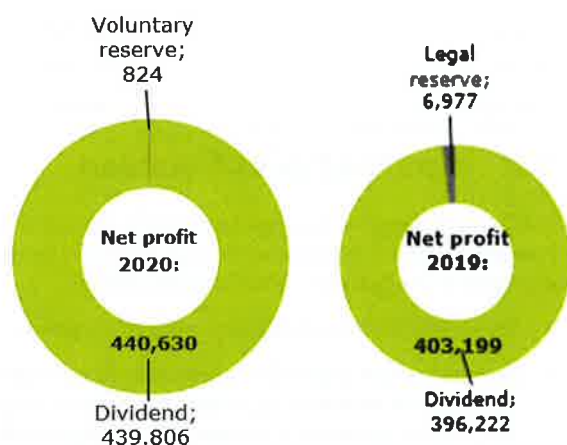
The accompanying Notes 1 to 5 constitute an integral part of the Cash Flow Statement at December 31, 2020.

# 1. Company activities and presentation bases

## Relevant aspects

### Results

- Net profit attributed to the Company increased by 9.3% with respect to 2019, amounting to 440.6 million euros.
- Net profit per share amounted to 1.682 euros per share as compared to 1.688 euros per share in 2019.
- The proposed dividend payment per share for 2020 amounts to 1.68 euros per share (1.60 euros per share in 2019) (Note 1.6).
- The Board of Directors proposed the following distribution of net profit corresponding to 2019 for the Parent, Enagás, S.A. (Note 1.6):



■ Dividend ■ Voluntary reserves ■ Legal reserve

### Positive working capital

At December 31, 2020, the Balance Sheet records a positive working capital of 209 million euros.

### Covid-19

- During 2020, both Enagás and its affiliates implemented contingency plans following the start of the Covid-19 pandemic to ensure normal operation and continuity of natural gas supply both in Spain and in the countries where these companies operate.
- The main activity of the affiliates of Enagás S.A. is conducted within a stable regulatory framework and no effects have been identified as a result of Covid-19 that could result in equity losses for the Group in the annual accounts 2020.
- Similarly, as a result of this situation at international level and the global evolution of the Oil & Gas market indices, the income of the international companies in which Enagás S.A. has a stake has not been significantly affected.

### Investments in group and multigroup companies and other financial investments

At December 31, 2020, Enagás S.A. held financial instruments through which it develops some of its activities, both in current and non-current assets on the attached Balance Sheet, in the total amount of 6,212 million euros. The breakdown of these investments is as follows:

- Equity instruments in the amount of 5,259 million euros (Note 1.5.a).
- Loans to companies in the amount of 535 million euros (Note 1.5).
- Other financial assets in the amount of 418 million euros (Note 1.5).

### Gasoducto Sur Peruano, S.A. ("GSP")

- In relation to the situation of the investment in GSP, as a result of the termination of the concession contract on January 24, 2017, the dispute between the Peruvian State and Enagás regarding the application of the investment recovery mechanism established in the GSP Concession contract continues. In this regard, an international arbitration was initiated in 2018 under the Agreement for the Promotion and Reciprocal Protection of Investments (hereinafter, APPRI) Spain-Peru, as detailed in Note 1.5.c submitted to the International Centre for Settlement of Investment Disputes (hereinafter ICSID). On January 20, 2020, Enagás presented its claim to the ICSID, while the Peruvian State presented its response to the claim on July 19, 2020, after which a phase of reply and rejoinder has begun according to the established schedule.
- At December 31, 2020, the total amount registered in the balance sheet amounted to 390 million euros, relating to both the recovery of the financial investment in this company and the credit rights associated with the recovery of the guarantees against the Company as a result of the termination of the concession contract in GSP (Note 1.5.c).

### Guarantees

At December 31, 2020 Enagás S.A. had granted guarantees amounting to 5,415 million euros (Note 1.7).



## 1.1 Company activity

Enagás, S.A, a company incorporated in Spain on July 13, 1972 in accordance with the Corporate Enterprises Act, is the parent company of a group of entities including interests in subsidiaries, associated companies, joint operations and joint ventures, which are engaged in various activities and, together with Enagás, S.A., the Enagás Group (hereinafter the Group). Its corporate purpose is the transmission, storage and regasification of natural gas, as well as all related functions with the technical management of the gas system.

### a. Corporate purpose

- a. Regasification, basic and secondary transmission as well as storage of natural gas, via the corresponding gas infrastructure or facilities, of its own or of third parties, and also the performance of auxiliary activities or others related to the aforementioned activities.
- b. Design, construction, start up, exploitation, operation, and maintenance of all types of complementary gas infrastructure and facilities, including telecommunications networks, remote control and control of any nature, and electricity networks, whether its own or of third parties.
- c. Development of all functions relating to technical management of the gas system.
- d. Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, start up, exploitation, operation, and maintenance of all types of complementary infrastructure and installations necessary for said activities.
- e. Activities for making use of heat, cold, and energies associated with its main activities or arising from them.
- f. Rendering of services of a diverse nature, among them, engineering, construction, advisory, and consultancy services in connection with the activities relating to its corporate purpose as well as participation in natural gas markets management activities to the extent they are compatible with the activities permitted for the Company by law.

The above activities can be carried out by Enagás, S.A. itself or through companies with an identical or analogous corporate purpose in which it holds interest, provided they remain within the scope and limitations established by legislation applicable to the hydrocarbons sector. In accordance with said legislation, the activities related to transmission and technical management of the system which are of a regulated nature must be carried out by two subsidiaries entirely owned by Enagás, S.A. (Enagás Transporte, S.A.U. and Enagás GTS, S.A.U., respectively). Consequently, the corporate purpose includes:

- g. Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.
- h. Rendering of assistance or support services to affiliates, including the provision of appropriate guarantees and reinforcement for them.

### b. Other information

Its registered address is located at Paseo de los Olmos, 19, 28005, Madrid. The Articles of Association and other public information about the Company and its Group may be consulted on its web page, [www.enagas.es](http://www.enagas.es), and at its registered office.

In addition to the operations carried out directly, Enagás, S.A., as the parent company of the Enagás Group and in accordance with current legislation, is obliged to separately prepare consolidated accounts of the Group, which also include interests in subsidiaries, associates, joint operations and joint ventures.

The main figures of the consolidated Annual Accounts of the Enagás Group for 2020 and 2019 are the following:

	12.31.2020	12.31.2019
Total assets	9,008,923	8,844,224
Equity	3,006,984	3,168,849
Revenue	1,053,604	1,153,103
Net profit /(loss)	444,002	422,618

## 1.2 Basis of presentation

These Annual Accounts have been prepared by the Directors in accordance with the financial information regulatory framework applicable to the Company, which is established in:

- i. Commercial Code and remaining mercantile legislation.
- ii. Spanish National Charts of Accounts enacted by Royal Decree 1514/2007 of November 16, modified in 2016 by Royal Decree 602/2016 of December 2, and prevailing mercantile law.
- iii. Compulsory regulations approved by the Accounting and Audit Institute, in development of the National Charts of Accounts and its complementary standards.
- iv. The other Spanish accounting regulations to be applied.

With regard to the Resolution of March 5, 2019 of the Accounting and Audit Institute, which implements the criteria for the presentation of financial instruments and other accounting aspects related to the commercial regulation of corporate enterprises, this resolution has been applicable for the financial years beginning on or after January 1, 2020, as its implementation has not been anticipated in 2019.

In application thereof, and specifically the criterion developed for the presentation of financial instruments, certain items relating to the investment in Gasoducto Sur Peruano (**Note 1.5.c**) which were presented as "Long-term financial investments in related entities" are now classified as "Long-term financial investments". For comparative purposes, the 2019 balances also reflect this presentation criterion. This presentation only affects the balance sheet and has no effect on the income statement, statement of changes in equity and cash flow statement.

On January 12, 2021, Royal Decree 1/2021 was approved, amending the Spanish National Chart of Accounts to bring it into line with the international accounting standards adopted by the European Union in relation to the accounting for financial instruments and revenue recognition. The company intends to adopt it as from January 1, 2021, the date on which it comes into force, and to this end it is working on adapting its accounting policies to these standards.

In addition, no non-compulsory accounting principles have been applied.

Also, the Directors authorised these Annual Accounts for issue in due consideration of all compulsory accounting principles and standards with a significant effect on the Annual Accounts.

The Annual Accounts of Enagás, S.A. and its Consolidated Group for financial year 2020 were prepared by its Directors at the Board of Directors meeting held on February 22, 2021. The 2019 Annual Accounts of Enagás S.A. and its consolidated Group were approved at the Enagás, S.A. General Shareholders' Meeting held on June 30, 2020 and duly filed at the Madrid Mercantile Registry.

These Annual Accounts are presented in thousands of euros (unless otherwise stated).

#### a) Going concern principle

The Annual Accounts of the Company have been prepared on a going concern basis.

#### b) Materiality criteria

The accompanying Annual Accounts do not include the information or disclosures which, not requiring detail due to their qualitative importance, the Group did not consider of material significance or important relative to the concept of materiality as defined in the conceptual framework of the National Charts of Accounts, taking into account the Annual Accounts as a whole.

#### c) True and fair view

The accompanying Annual Accounts, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and criteria set out therein and, accordingly, provide a true and fair view of the Company's equity, financial position, results of operations, the statement of changes in equity and cash flows during the year. These Annual Accounts have been prepared by the Directors of the Company and will be submitted for approval by the General Shareholders' Meeting. It is expected that they will be approved without modification.

#### d) Comparison of information

The information included in these Notes relating to 2019 is presented solely and exclusively for purposes of comparison with the information relating to 2020.

#### e) Grouping of items

Certain items on the Balance Sheet, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement are grouped together to make them easier to understand, although when individual data is significant, specific information has been included in the respective Notes to these Annual Accounts.

### Changes in accounting policies

In 2020 there were no significant changes in accounting policies with respect to those applied in 2019.

#### f) Covid-19

Following the recommendations of supervisory bodies in relation to the economic situation arising due to the COVID-19 pandemic, this situation has not led to any change in the accounting policies of Enagás S.A. with respect to those applied in previous years.

In order to comply with these recommendations, [Note 1.3](#) below summarises the main aspects of this situation considered by the Company in relation to the financial statements of December 31, 2020.

### 1.3 Aspects relating to Covid-19

During the overall adverse economic situation caused by the Covid-19 pandemic, both Enagás S.A. and its affiliates implemented contingency plans to ensure normal operation and continuity of natural gas supply both in Spain and in all the countries where these companies operate. Thus, the going concern principle has continued to be fully applied in the formulation of the financial statements.

With regard to the main activity of the Group of which Enagás S.A. is the parent company relating to the operation and maintenance of the Spanish gas system, it should be noted that this takes place within a stable regulatory framework and no effects or changes have been identified as a result of the situation caused by Covid-19 that could lead to capital losses. Nor has the performance of gas demand during 2020 had a significant negative effect on the revenue and sales recorded by Enagás S.A. and its affiliates.

Likewise, the effects derived from this situation at international level as well as the global evolution of the Oil & Gas market indices have not significantly affected the income of the international companies in which it has investments. With regard to liquidity, as indicated in [Note 3.5](#), Enagás S.A. has solid liquidity and availability amounting to 1,753,836 thousands of euros at December 31, 2020. In relation to the above, on February 9, 2021 the credit rating agency Standard & Poor's placed the Group's rating at BBB+ with a negative outlook. On December 30, 2020, the credit rating agency Fitch Ratings placed the Group's credit rating at BBB+ with a stable outlook.

Thus, the Company's liquidity risk management strategy reported in [Note 3.4](#) was not affected by the general economic situation caused by Covid-19. Similarly, the credit or exchange rate risk policies ([Note 3.4](#)) have not changed from those applied in previous years.

Since this general economic situation is deemed an adverse circumstance likely to be considered as an indication of impairment, the Company's analyses for both financial and non-financial assets were updated ([Notes 2.4, 2.5 and 1.5](#)), respectively, considering the evolution of the discount rates made in 2020.

Enagás has thus performed the asset impairment tests, from which no significant negative impacts have arisen.

Finally, there were no significant extraordinary expenses relating to this situation or provisions or contingent liabilities included in the Company's financial statements at December 31, 2020. Based on the Company's analysis, no impact was evidenced by the Covid-19 situation that needed to be recorded in the financial statements at December 31, 2020.

## 1.4 Estimates and accounting judgements used

The results and determination of assets and liabilities disclosed in the Annual Accounts are sensitive to the accounting principles and policies, measurement bases and estimates used by the Company's Directors.

In the 2020 Annual Accounts, the Company's Senior Management have occasionally used estimates, subsequently ratified by the Directors, in order to quantify certain assets, liabilities, income, expenses and commitments recognised therein. These estimates basically relate to the following:

- a. The useful life of intangible assets and PP&E (Notes 2.4 and 2.5).

- b. The measurement of assets to determine the possible existence of impairment losses (Notes 1.5.a, 2.6 and 4.1.a).
- c. Provisions of invoices pending formalisation (Notes 2.2 and 2.3).
- d. The calculation of provisions and contingencies (Note 2.8).
- e. The calculation of income tax and deferred tax assets (Note 4.2).
- f. Impairment loss on financial assets measured at amortised cost (Note 1.5.c)
- g. The fair value of equity instruments granted under the Long-Term Incentive Plan ("ILP") (Note 4.4).

Although these estimates were made on the basis of the best information available at December 31, 2020 regarding the facts analysed, it is possible that future events may require these to be modified (upwards or downwards) in the years ahead. This would be carried out prospectively, recognising the effects of the changes to accounting estimates in the Annual Accounts.

During the twelve-month period ended December 31, 2020, there were no significant changes to the estimates made at 2019 year-end, and thus future periods are also not expected to be affected.

## 1.5 Investments in group and multigroup companies and other financial investments

### Accounting policies

#### Equity instruments

- Investments in equity of group and multigroup companies are measured at cost, less, where applicable, any accumulated impairment losses. Said impairment losses are calculated as the difference between an asset's carrying amount and its recoverable amount, understood as being either fair value less cost of sale or the present value of future cash flows arising from the investment, whichever is greater. Unless there is better evidence of the recoverable amount, the equity of the affiliate is taken into consideration, adjusted by the unrealised gains existing at the valuation

#### Credits and receivables

- Financial assets arising from the sale of goods or the rendering of services in the course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives with fixed or determinable payments and are not traded in an active market.

### Significant estimates and judgements

- At the closure of each financial year, or when there are indications of loss of value, the Company analyses the recoverability of the equity investments in group and multigroup companies, in order to verify that the recoverable amount of these investments is greater than the value recognised in the Company's accounting records.
- In order to calculate the recoverable amount of the Group companies, an analysis of the updated cash flows is prepared, based on detailed future projections for these investments.
- With regard to the impairment test relating to group and multigroup companies, the discount rate applied to Spanish companies in 2020 was between 5% and 9% in according to business that it is allocated to. Investments in international companies ranges from 6% to 9%, depending on the business and the country in which they operate. Both intervals correspond to both the 2020 and 2019 rates. The sensitivity analysis of the discount rate of 0.5% and -0.5% carried out at 2020 year-end indicates that the Company shows no sign of significant risks associated with potential reasonable variations. Thus, the Company's Management considers that, within the specified ranges, there would be no changes in the impairment calculation.

The breakdown of accounts under the heading "Investments in group and multigroup companies", both short- and long-term at year-end 2020 and 2019 is as follows:

	2020	2019
<b>Long-term investments in group and multigroup companies</b>	<b>5,659,307</b>	<b>5,092,989</b>
Equity instruments (Note 1.5.a)	5,259,016	4,692,698
Loans to companies (Note 1.5.b)	400,291	400,291
<b>Long-term financial investments</b>	<b>390,983</b>	<b>412,083</b>
Loans to third parties	27	49
Other financial assets (Note 1.5.c)	390,956	412,034
<b>Short-term investments in group and multigroup companies</b>	<b>162,287</b>	<b>219,551</b>
Credits and receivables (Note 1.5.b)	7,266	7,246
Credits to group companies for tax effect (1)	127,921	140,305
Dividends receivable (2)	27,100	72,000

(1) As mentioned in Note 4.2.b, Enagás S.A. is the parent company of Tax Consolidation Group 493/12 for corporate income tax, and this amount matches the accounts receivable from the different companies belonging to the group in respect of their contribution to the group's taxable income.

(2) This amount relates to the dividends receivable at December 31, 2020 which were distributed by Enagás Transporte, S.A.U. in 2020 (Note 2.1.a).

## a) Equity instruments

Name / Address / Activity	% Stake		Thousands of euros								
	Direct	Indirect	Share capital	Result			Remaining Equity	Total Equity	Carrying amount		
				Operating income	Net	Dividends Received			Cost	Accumulated impairment	Total
<b>2020</b>									<b>5,265,315</b>	<b>(6,299)</b>	<b>5,259,016</b>
Enagás Transporte, S.A.U.	100	-	532,089	483,867	407,120	2,985,864	3,925,073	431,580	3,425,723	-	3,425,723
Enagás GTS, S.A.U.	100	-	5,914	3,645	3,126	2,056	11,096	-	34,083	-	34,083
Enagás Financiaciones, S.A.U.	100	-	890	72,383	10,012	501	11,403	34,362	8,249	-	8,249
Enagás Internacional, S.L.U.	100	-	149,369	59,048	60,284	1,936,478	2,146,131	37,500	1,722,472	-	1,722,472
Estación de Compresión Soto La Marina, S.A.P.I. de C.V.	49	1	8,161	4,661	1,424	3,456	13,041	-	6,538	-	6,538
Enagás Perú SAC	-	100	3,894	(1,048)	(421)	(2,579)	894	-	1	-	(1)
Enagás México SA de CV	1	99	2,890	(364)	(298)	(2,214)	378	-	98	(79)	19
Enagás Emprende, S.L.U.	100	-	13,835	(2,426)	(5,359)	29,802	38,278	-	46,118	(1,460)	44,658
Enagás Services Solutions, S.L.U.	100	-	5,294	(4,085)	(3,076)	10,787	13,005	-	17,706	(4,759)	12,947
Mibgas Derivatives, S.A.	19	9	500	(77)	(77)	(196)	227	-	97	-	97
Enagás Renovable, S.L.	100	-	1,296	(876)	(983)	2,934	3,247	-	4,230	-	4,230
<b>2019</b>									<b>4,692,778</b>	<b>(80)</b>	<b>4,692,698</b>
Enagás Transporte, S.A.U.	100	-	532,089	506,986	441,013	3,232,780	4,205,882	432,000	3,670,527	-	3,670,527
Enagás GTS, S.A.U.	100	-	5,914	2,628	1,941	(37)	7,818	-	33,932	-	33,932
Enagás Financiaciones, S.A.U.	100	-	15,189	79,768	15,189	5,292	35,670	-	8,227	-	8,227
Enagás Internacional, S.L.U.	100	-	136,308	53,454	34,645	909,251	1,080,204	40,000	945,710	-	945,710
Estación de Compresión Soto La Marina, S.A.P.I. de C.V.	50	1	12,081	4,555	2,564	3,465	18,110	-	8,222	-	8,222
Enagás Perú SAC	1	99	3,894	(367)	(2,012)	(363)	1,519	-	1	(1)	-
Enagás México SA de C.V.	1	99	2,890	(443)	(458)	(1,852)	580	-	79	(79)	-
Enagás Emprende, S.L.U.	100	-	4,882	(1,927)	(1,676)	10,406	13,612	-	16,274	-	16,274
Enagás Services Solutions, S.L.U.	100	-	2,894	(738)	(555)	5,639	7,978	-	9,673	-	9,673
Mibgas Derivatives, S.A.	19	9	757	-	-	(757)	-	-	97	-	97
Enagás Renovable, S.L.U.	100	-	36	-	-	(1)	35	-	36	-	36

These Group companies are not listed on the Securities Markets.

In 2020 the following changes were made to the Company's equity instruments:

- As a result of the approval of a second cycle of the Long-Term Incentive Plan ("ILP") on March 29, 2019 at the General Shareholders' Meeting of Enagás, S.A. and of the regularisation of the previous Plan (Note 4.4), in accordance with BOICAC No. 75/2008, query No. 7, the Company increased the value of the equity instruments of each of the subsidiaries with beneficiaries assigned to the Plan, i.e. Enagás Transporte, S.A.U., Enagás GTS, S.A.U., Enagás Financiaciones, S.A.U., Enagás Internacional, S.L.U., Enagás México, S.A. de C.V. and Enagás Services Solutions, S.L.U., by a total of 503 thousands of euros in 2020 (428 thousands of euros in 2019 relating to the aforementioned Long-Term Incentive Plan). The counterparty of this contribution is included under the heading "Other equity instruments" of the net equity of the balance sheet at December 31, 2020, as a

result of the cost assumed by the Company in each of the aforementioned subsidiaries.

- On February 18, 2020, the Company carried out a capital increase in Enagás Internacional, S.L.U. amounting to 9,300 thousands of euros with a share premium of 83,700 thousands of euros through the offsetting of receivables. This capital increase represented the issue of 9,300,000 shares.

In February 2020, further contributions were made by shareholders amounting to 646,181 thousands of euros.

Likewise, on November 24, 2020, Enagás Internacional, S.L.U. carried out a further capital increase of 3,750 thousands of euros with a share premium of 33,750 thousands of euros through a monetary contribution. This capital increase represented the issue of 3,750 new shares.

The fund allocations made in 2020 in Enagás Internacional, S.L.U. have been carried out mainly to finance the "take private" process of the company Tallgrass Energy, L.P. which was completed on April 17, 2020. Through this process, Enagás Internacional, S.L.U. has become the owner of 30.2% of the share capital of this company.

- On March 7, 2020, the Company Enagás Services Solutions carried out a capital increase by issuing 2,400,000 new shares with a nominal value of one euro each, with a total share premium of 5,600 thousands of euros, through a fully disbursed monetary contribution.
- On January 8, 2020, Enagás Emprende, S.L.U. performed a capital increase by issuing 861,000 new shares with a nominal value of one euro each, with a total share premium of 2,009 thousands of euros, through a fully disbursed monetary contribution.

On March 9, 2020, Enagás Emprende, S.L.U. carried out a capital increase by issuing 1,102,200 new shares with a nominal value of one euro each, with a total share premium of 2,572 thousands of euros, through a fully disbursed monetary contribution.

On April 28, 2020, Enagás Emprende, S.L.U. carried out a capital increase by issuing 1,230,000 new shares with a nominal value of one euro each, with a total share premium of 2,870 thousands of euros, through a fully disbursed monetary contribution.

On July 6, 2020, Enagás Emprende, S.L.U. carried out a capital increase by issuing 810,000 new shares with a nominal value of one euro each, with a total share premium of 1,890 thousands of euros, through a fully disbursed monetary contribution.

On October 19, 2020, Enagás Emprende, S.L.U. carried out a capital increase by issuing 4,200,000 new shares with a nominal value of one euro each, with a total share premium of 9,800 thousands of euros, through a fully disbursed monetary contribution.

On October 29, Enagás Emprende, S.L.U. carried out a capital increase by issuing 750,000 new shares with a nominal value of one euro each, with a total share premium of 1,750 thousands of euros, through a fully disbursed monetary contribution.

- On June 30, 2020 and October 14, 2020, Enagás Transporte, S.A.U. returned "other contributions from partners" amounting to 245,000 thousands of euros.
- On March 9, 2020, Enagás Renovable, S.L.U. increased its share capital by 1,900 thousands of euros through the creation of 570,000 fully paid-up shares with a nominal value of one euro each, with a total share premium of 1,330 thousands of euros.

On December 18, 2020, Enagás Renovable, S.L.U. increased its share capital by 2,294 thousands of euros through the creation of 688,000 fully paid-up shares each with a nominal value of one euro each, with a total share premium of 1,605 thousands of euros.

- On September 28, 2020, Estación de Compresión Soto La Marina, S.A.P.I de C.V. carried out a capital reduction by returning contributions to the partners. Consequently, the Company reduced its ownership interest in Estación de Compresión Soto la Marina S.A.P.I de C.V. by 1,893 thousands of euros.

At December 31, 2020, the Company made a valuation adjustment for impairment of its investments in Enagás Services Solutions, S.L.U. and Enagás Emprende S.L.U. amounting to 4,759 thousands of euros and 1,460 thousands of euros, respectively, in accordance with the criteria detailed in [Note 2.6](#).

## b) Loans to companies

	Long-term balances		Short-term balances	
	2020	2019	2020	2019
Enagás Internacional, S.L.U.	400,291	400,291	7,266	7,246
<b>Total</b>	<b>400,291</b>	<b>400,291</b>	<b>7,266</b>	<b>7,246</b>

The balances at December 31, 2020 and December 31, 2019 with loans to group companies relate in full to a loan granted to Enagás Internacional, S.L.U. amounting to 400,291 thousands of euros and the interest associated with this loan, which was accrued but not paid, amounting to 7,266 thousands of euros (7,246 thousands of euros at December 31, 2019).

Loans to group companies are subject to the market interest rate, with the average rate for 2020 and 2019 being 2.4% and 2.5% respectively.

The breakdown per maturity of these loans at year-end 2020 and 2019 is as follows:

2020	2021	2022	2023	2024	2025 and later years	Total
Loans and receivables	7,266	400,291	-	-	-	407,557
<b>Total</b>	<b>7,266</b>	<b>400,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407,557</b>

2020	2020	2021	2022	2023	2024 and later years	Total
Loans and receivables	7,246	-	400,291	-	-	407,537
<b>Total</b>	<b>7,246</b>	<b>-</b>	<b>400,291</b>	<b>-</b>	<b>-</b>	<b>407,537</b>

### c) Other financial assets

The "Other financial assets" heading includes, mainly, the different accounts receivable from the investment in Gasoducto Sur Peruano (hereinafter "GSP"), a company directly owned by Enagás Internacional, S.L.U. In relation to this investment, on January 24, 2017, the Directorate General of Hydrocarbons of the Peruvian Government's Ministry of Energy and Mines (hereinafter the "State of Peru") sent an official letter to GSP stating "the termination of the concession agreement owing to causes attributable to the concession holder", in accordance with the terms of Clause 6.7 of the "Improvements to the Energy Security of the Country and the Development of the Gasoducto Sur Peruano" (hereinafter "the Project") concession agreement, because the financial close had not been evidenced within the period established in the agreement (January 23, 2017), and proceeded to the immediate enforcement of the totality of the guarantee for full compliance given by GSP (262,5 million dollars), to ensure fulfilment of the obligations relating to the concession, which in the case of Enagás generated a payment of 65.6 million dollars. Also in January 2017, they paid GSP bank financing sureties to Enagás amounting to 162 million dollars, including both principal and interest pending payment. In December 2017, the process for delivering the Concession Assets held by GSP was substantially completed with the Peruvian State assuming control over them.

As a result of the termination of the concession contract, the Peruvian State had the obligation to apply Clause 20 of the Concession Contract, calculating the Net Carrying Amount (hereinafter NCA) of the Concession Assets, calling a maximum of three auctions to award the Concession, with the auction result being to pay GSP the NCA. With the amount that GSP would have received for the NCA of the Concession Assets, it would have proceeded to settle its obligations to third parties and, if appropriate, reimburse the capital contributions made by its shareholders, as explained in the Consolidated Annual Accounts of the Enagás Group since 2016.

As a result of inaction by the State of Peru in relation to the aforementioned procedure, on December 19, 2017, Enagás notified the Peruvian State about the existence of a dispute relating to the investment in GSP with a view to reaching an amicable agreement on the terms of Article 9.1 of the Agreement for the Reciprocal Promotion and Protection of APPRI in Spanish signed by the Republic of Peru and the Kingdom of Spain. This notification represented the beginning of the six-month period for direct contact prior to initiating international arbitration in which the APPRI acts as the mechanism for recovering the investment in GSP. Once the required six months of direct contact between Enagás and the Peruvian State had elapsed without it being possible to reach an amicable settlement of this dispute, on July 2, 2018, Enagás filed an application for the initiation of arbitration against the Peruvian State regarding the investment in GSP with the ICSID.

Through this arbitration procedure, it is expected that the Peruvian State will reimburse Enagás for its investment in GSP, this being the mechanism by which the financial assets recorded in the balance sheet would be recovered. Thus, it is expected that the Arbitration Court that hears the arbitration procedure in the ICSID will uphold the arguments of Enagás, issuing an award recognising that the Peruvian State has not protected Enagás' investment under the APPRI and, therefore, it must compensate it by paying it the value of that investment.

With respect to this ICSID arbitration procedure, the Arbitration Tribunal was constituted on July 18, 2019, and Resolution No. 1 was issued on September 24, 2019, establishing the procedural rules that govern the arbitration procedure until the award is handed down.

In accordance with this Resolution, Enagás filed its claim on January 20, 2020, and the Peruvian State replied on July 17, 2020. Subsequently, the documentary evidence phase took place in which the parties requested each other to provide documents that each party considers relevant. Enagás is currently preparing its reply, which will be followed by the Peruvian State's rejoinder, all of which is expected to take place in 2021.

Also with regard to the ICSID, on January 21, 2020, Odebrecht filed a request to initiate arbitration against the Republic of Peru to recover its investment in GSP.

Regarding the Enagás' statement of claim, the main argument maintained by Enagás is that, if the Peruvian State had complied with its obligation under the Concession Contract, it would have calculated the NCA and organised the three auctions, which it was obliged to do, to award the Concession, and the proceeds of the auction would have been delivered to GSP, which would have applied the amount delivered to pay its creditors and return the capital to its shareholders. Enagás' claim is based on the fact that the Peruvian State must pay 100% of the NCA to GSP, since on January 24, 2018, one year has passed since the end of the concession contract and in that time there have been no calls for auctions. The absence of an auction means that the legal advisors of Enagás believe that it should be considered that GSP would have received 100% of the NCA because it was deprived of the possibility of receiving it when not even the first auction was convened. Therefore, starting from the NCA considered, a certain payments waterfall would have been applied.

Enagás considers that, taking into account the NCA of the Concession Assets determined by an independent expert, and also taking into account the payment waterfall as per the terms of the insolvency legislation, as well as the contracts between Enagás and the members and creditors of GSP relating to subordination and credit agreements, if the State had satisfied its obligations, and thus paid GSP the amount obtained in the auction, Enagás would have recovered its investment.

There have been no changes in the amount of the NCA and the valuation made at December 31, 2020 by a firm of independent experts hired by Enagás has an updated NCA totalling 1,963 million dollars.

Taking into account this updated NCA, if the payment waterfall were to be applied to it as per the terms of the insolvency laws, the subordination and the assignment of credit agreements entered into by Enagás and its partners in GSP, Enagás would recover the total value of its investment claim with the ICSID in the amount of 511 million dollars.

In relation to the aforementioned contracts of subordination of rights and assignment of claims, their effectiveness and form of application have been successively questioned by Enagás' partners in GSP through different arbitration proceedings. The arbitration proceedings filed by Graña y Montero questioning the legitimacy of Enagás to claim its claims against GSP are still pending.

In relation to this arbitration procedure, the company's Peruvian legal advisors consider that the possibility that such arbitration procedure will conclude with a negative result for Enagás is remote, considering such agreements to be fully valid and applicable. Likewise, the INDECOPI authority has recognised the full effectiveness of the aforementioned agreements in GSP's bankruptcy process.

As regards the arbitration proceedings against the State of Peru, based on the conclusions determined by Enagás' external and internal legal advisors, the recoverability of the totality of the Enagás investment in GSP, consisting of receivables in relation to the aforementioned enforced guarantees to the total of 226.8 million dollars, interests of 1.8 million dollars, various invoices for professional services rendered to the amount of 7.6 million dollars and the share capital contributed to GSP for the amount of 275.3 million dollars, is considered likely.

With regard to the recovery periods, assessing the time taken to resolve a dispute of this complexity in an international arbitration as well as the periods considered in the aforementioned ICSID Resolution No. 1, December 31, 2022 is maintained as the estimated date for obtaining an award favourable to Enagás' interests.

Based on this, the amounts outlined in the preceding paragraph are recorded at their updated value in the attached Balance Sheet dated December 31, 2020 for a total amount of 390,266 thousands of euros (411,338 thousands of euros at December 31, 2019).

#### Other related matters

On March 12, 2018, Law No. 30737 was published "guaranteeing immediate payment to the Peruvian State to repair civil damage caused by corruption and related crimes". On May 9, 2018, Supreme Decree 096-2018-EF was published, enacting the regulations of the aforementioned law.

In accordance with Article 9 of Law No. 30737, legal persons and legal entities in the form of partnerships, consortiums and joint ventures who may have benefited from the awarding of contracts, or subsequent to it, jointly with persons who have been convicted or who may have acknowledged having committed crimes against the public administration, asset laundering or related crimes, or their equivalents against the State of Peru, in Peru or abroad are classified as Category 2, and therefore fall within its scope of application.

In June 2019, the Peruvian Judiciary approved the Effective Partnership Agreement reached between the Odebrecht Group and the Peruvian Public Prosecutor's Office, and the GSP project was not included as one of the projects affected by corruption-related events. Subsequently, on October 15, 2019, Enagás Internacional received notification from the Peruvian Public Prosecutor's Office informing it of the existence of an extension of this effective partnership agreement with Odebrecht, in which it would be acknowledging that it had made illegal payments - according to the Public Prosecutor's Office - with respect to the GSP project, although there are still no facts known or consistent or proven links between GSP and corruption in the awarding of the project.

In this sense, the Peruvian State's response to the ICSID claim also failed to provide new evidence that links GSP with corruption in a proven and irrefutable manner.

Notwithstanding the above comments on the extension of the initial Effective Collaboration Agreement signed by Odebrecht and the Public Prosecutor of Peru, regarding the actions of the Public Prosecutor of Peru on the investigation of Odebrecht's activities in Peru and other investigations carried out by the Special Team of the Peruvian Prosecutor's Office for alleged crimes that could somehow be related to the awarding of the project "Improvements to the country's energy security and development of the Gasoducto Sur Peruano", there have been no significant developments. In this regard, two investigations are known to be in progress:

- The first one signed with Folder 321-2014, related to aggravated collusion between a former Odebrecht employee and a public official, whose control and clean-up phase has been resumed on June 28, 2019, after the Supreme Court rejected the request of the Ad Hoc Attorney's Office of Peru to include one of Odebrecht's subsidiaries as a civil third party. At this stage it is expected that a decision on the opening of the oral proceedings will be taken.

Based on the opinions of Enagás external legal advisors for the Peruvian criminal code, the possibility of sentencing Odebrecht's former employee is considered to be remote. In this same case, the preparatory investigative court has declared the incorporation of GSP as a liable third party as wrongful.

- In relation to the second investigation opened, sealed with Folder 12-2017, those under investigation including an employee of Enagás and Enagás Internacional, S.L.U., on February 27, 2020, it was decided to move to the preliminary investigation stage. Based on the opinion of our external legal advisors in Peruvian criminal law, it is maintained that to date there is no indication that the investigations could be detrimental to Enagás.

In relation to this second folder, on December 30, 2020, the Attorney's Office of Peru requested the inclusion of Enagás Internacional as a civilly liable third party, together with the possible defendants, for civil compensation in the aforementioned proceedings once a final judgement has been handed down. The sum requested amounts to 1,107 million dollars. The inclusion of Enagás Internacional as one of the civilly liable third parties, if applicable, is therefore pending. The amount will be determined in detail by the criminal judge in charge once the sentence has been handed down. According to both external and internal lawyers, the amount requested has not been duly supported nor does it comply with the possible civil liability that could be claimed on the basis of the offences referred to in the indictment. An objective reference for the calculation is the one established by Law No. 30737, which assures payment of civil compensation to the Peruvian State. Considering the very preliminary stage of the process, taking into account the elements of knowledge available to date and based on the conclusions of the specialist local lawyers, it is considered that the probability of the imposition of this compensation in any case does not exceed 50% (possible), and therefore it is not appropriate to register any provision, as it is considered a contingent liability. Likewise, in the event that it could eventually be declared well-founded, and the amount of the compensation could not be reliably estimated, the reference amount to be considered would be between 0 and 242 million dollars.



Moreover, with regard to civil compensation, even without evidence of a criminal conviction or a confession of the commission of crimes, as required under Article 9 of Law No. 30737, on June 28, 2018, the State of Peru classified Enagás Internacional on the "List of Contracts and Subjects of Category 2 indicating the legal person or legal entity included under Section II of Law No. 30737" in relation to the concession contract awarded to GSP. The application of the mentioned standard involves different measures to contribute to the payment of potential civil liability, such as setting up an escrow account, reporting information, limiting transfers to other countries or preparing a compliance programme.

The total amount of the escrow account that would correspond to Enagás, estimated at 50% of the total average net equity, corresponding to its stake in GSP, confirmed with the Ministry of Justice, amounts to 65.5 million dollars. It is currently being determined, if applicable, how this amount would be provided, potentially through the granting of a bank bond letter.

The Peruvian State has also affirmed that the measure prohibiting companies included in Category 2 from making transfers outside of Peru, pursuant to Law No. 30737, is applicable. Based on the conclusions of Enagás' external and internal legal advisors, it is maintained that this measure would be applicable to the investment in GSP and should not restrict the dividends received, and to be received, from TGP (company in which Enagás holds a stake through Enagás Internacional and which amount to 186 million dollars), also considering that the investment in the latter is protected by the Legal Stability Agreement in Peru, a regulation whose prevalence and application has been formally requested.

In view of the above, it is still maintained that these regulations do not have a negative effect on the recovery of accounts receivable through the international arbitration process indicated above recorded on the balance sheet at December 31, 2020.

Based on all of the above, the directors of Enagás, in line with the opinion of their external and internal legal advisors, and of an independent expert and independent expert accountant, consider these facts to have no bearing on the estimation for recovery of the investment in the stake in GSP and the previously mentioned receivables to the amount of 390,266 thousands of euros (411,338 thousands of euros at December 31, 2019).

## 1.6 Dividends distributed and proposed

### a) Proposed distribution of profit attributable to the company

The appropriation of 2020 profit corresponding to the Company proposed by the Board of Directors and which will be submitted for approval by the General Shareholders' Meeting is as follows:

	12.31.2020
Dividend	439,806
Voluntary reserves	824
<b>TOTAL</b>	<b>440,630</b>

At a meeting held on November 23, 2020, the Board of Directors of Enagás, S.A. agreed to distribute an interim dividend charged against 2020 profit, based on the necessary liquidity statement, expressed in thousands of euros, amounting to 175,720 thousands of euros (0.672 euros gross per share), in accordance with Article 277 of the Spanish Corporate Enterprises Act.

The provisional accounting records prepared by the Company, in accordance with legal requirements and which presented balances sufficient for the distribution of the interim dividend in 2020, and were as follows:

Provisional accounting statement at October 31, 2020	
Net accounting result	15,750
10% legal reserve	0
Interim dividend received from Group companies	440,253
<b>Profit "available" for distribution</b>	<b>456,003</b>
<b>Forecast payment on account</b>	<b>(175,720)</b>
Forecast cash balance for the period from October 31 to December 31:	
Cash balance	52,679
Projected collection for the period considered	458,748
Credit lines and loans available from financial institutions	1,500,000
Payments projected for the period under consideration (including the payment on account)	(290,117)
<b>Estimated available financing before dividend distribution</b>	<b>1,721,311</b>

The aforementioned interim dividend was paid on December 23, 2020.

The gross complementary dividend proposed (1.008 euros per share) is subject to approval by the ordinary General Shareholders' Meeting and is not included as a liability in these Annual Accounts. Thus, this gross complementary dividend will total up to a maximum amount of 264,086 thousands of euros.

### b) Total dividends paid

In addition to the interim dividend for 2020 indicated above, in 2020 Enagás, S.A. distributed a gross final dividend for financial year 2019 and a dividend charged to reserves.

These dividends amounted to 251,029 thousands of euros (0.96 euros per share) and were paid on July 9, 2020.

## 1.7 Commitments and guarantees

### Accounting policies

- A financial guarantee contract is a contract which requires that the issuer makes specific payments to repay the holder for losses incurred when a specific debtor does not fulfil payment obligations at maturity, in accordance with the original or modified conditions of a debt instrument. The rights and obligations associated with a financial guarantee will be considered as financial assets and financial liabilities. For subsequent valuation, a contract will be recognised as the greater amount of a) the amount resulting from standards relating to provisions or b) accumulated amortisation of the initial measurement and possible accrued income.
- An investment commitment corresponds to that obligation contracted with a related party which can give rise to outflows of funds or other resources in the future. The following is included among these: commitments not recognised in connection with contributing funds or resources as a consequence of incorporation agreements, capital intensive projects carried out by a business combination, commitments not recognised in connection with providing loans or other financial support to the joint venture, or commitments not recognised in connection with acquiring a stake, regardless of whether a specific future event occurs or not.

At December 31, 2020 and 2019, the detail of the Company's commitments and guarantees is as follows:

Commitments and guarantees	Group Personnel, Companies or Entities (Note 4.3)	Other related parties (Note 4.3)	Third parties	Total
<b>2020</b>				
Guarantees for related parties debt	5,288,568	-	-	<b>5,288,568</b>
Guarantees and sureties granted -	66,358	14,699	45,593	<b>126,650</b>
<b>Total</b>	<b>5,354,926</b>	<b>14,699</b>	<b>45,593</b>	<b>5,415,218</b>
<b>2019</b>				
Guarantees for related parties debt	4,857,681	-	-	<b>4,857,681</b>
Guarantees and sureties granted -	143,411	23,333	39,370	<b>206,114</b>
<b>Total</b>	<b>5,001,092</b>	<b>23,333</b>	<b>39,370</b>	<b>5,063,795</b>

### a) Guarantees for related parties debt

	Thousands of euros	
	2020	2019
E. Financiaciones debt guarantee	4,200,530	3,822,273
Enagás Internacional debt guarantee on the credit lines	88,494	102,453
Guarantee on the TAP debt	622,920	522,952
Guarantee on the Enagás USA debt	376,432	409,811
Enagás Services debt guarantee	192	192
<b>Total</b>	<b>5,288,568</b>	<b>4,857,681</b>

The guarantees outlined above mainly correspond to:

- The guarantees provided by Enagás, S.A. for all the debt of Enagás Financiaciones for both the bond issues and the loans granted by the European Investment Bank and the Instituto de Crédito Oficial, amounting to 4,200,530 thousands of euros (3,822,273 thousands of euros at December 31, 2019).
- The guarantees provided by the Company for Enagás Internacional's debt on the credit lines it maintains with Banco Santander and La Caixa, amounting to 88,494 thousands of euros (102,453 thousands of euros with Banco Santander at December 31, 2019).

- The “Guarantees on related party debts” caption includes the corporate guarantee granted by Enagás, S.A. on behalf of the financial entities of Trans Adriatic Pipeline, AG (TAP), in accordance with the Financing Agreement signed by this company on November 30, 2018. This guarantee basically covers the following items:
  - Principal and interests of the Financing Contract drawn by TAP;
  - Market value of the hedging instrument over the interest rate.

At December 31, 2020, the amount guaranteed by Enagás in favour of TAP’s creditor financial institutions amounted to 622,920 thousands of euros (522,952 thousands of euros at December 31, 2019). The increase was due to the higher degree of disposal of the TAP loan as well as the purchase of interest rate hedges contracted in the previous year.

The corporate guarantee was granted by Enagás S.A. jointly with TAP’s other partners, so Enagás will only be liable, hypothetically, for the amount corresponding to its holding the share capital of TAP.

This guarantee will be released subject to the fulfilment of certain conditions agreed with TAP’s creditors, mainly related to the start-up of the project.

After the release of the guarantee and until the maturity of the loan, there will also be a shareholders’ support mechanism, which in the case of the Enagás Group is Enagás Internacional S.L.U., for the repayment of the TAP loan through capital contributions or direct payments to the creditors (Debt Payment Undertaking), to be activated under certain extraordinary circumstances.

This support mechanism during the operating period is contractually limited by a cap in force throughout the life of the financing arrangement, so that the amounts claimed from Enagás may never exceed a total amount of 903,322 thousands of euros, regardless of the market value of the derivative or any other contingency.

- The guarantees provided by Enagás, S.A. for the debt that Enagás USA, S.L.U. holds with La Caixa to finance the purchase of Tallgrass, which at December 31, 2020 amounts to 376,432 thousands of euros (409,811 thousands of euros at December 31, 2019).
- Furthermore, Enagás, S.A. guarantees the amount drawn down by Enagás Financiaciones, S.A.U. in the Euro Commercial Paper Programme (ECP). At December 31, 2020, Enagás Financiaciones, S.A.U. had not drawn down any amounts.

Additionally, on May 11, 2020, Enagás Financiaciones, S.A.U. renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of 4,000 million euros, registered in the Luxembourg Stock Exchange in 2012, with Enagás, S.A. as guarantor.

Finally, on May 13, 2020, Enagás Financiaciones, S.A.U. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 1,000 million euros, registered in the Irish Stock Exchange on May 4, 2017, with Enagás, S.A. as guarantor.

## a) Guarantees and sureties granted - Other

### *Group employees, companies or entities*

This heading includes the following guarantees and sureties granted to group companies at December 31, 2020:

- The technical sureties granted to third parties by Enagás Transporte, S.A.U. amounting to 3,712 thousands of euros (3,712 thousands of euros at December 31, 2019), by Gas to Move Transport Solutions, S.L., amounting to 630 thousands of euros (877 thousands of euros at December 31, 2019) and Enagás Renovable S.L.U., amounting to 18,000 thousands of euros (24,000 thousands of euros at December 31, 2019), all of which are counter-guaranteed by Enagás, S.A.
- The Company counter-guarantees Enagás Internacional, S.L.U. the bid bond for the port concession in Colombia for the Buenaventura project in the amount of 1,259 thousands of euros (1,336 thousands of euros at December 31, 2019).
- Enagás, S.A. also guarantees the hedging operations contracted by Enagás Internacional, S.L.U., which had a fair value, not including credit risk, at December 31, 2020 of 42,757 thousands of euros (85,209 thousands of euros at December 31, 2019 for the hedging operations contracted by Enagás Internacional and Enagás Financiaciones, the latter’s expiring in 2020).
- At December 31, 2019, this heading included a guarantee amounting to 28,277 thousands of euros provided by Enagás, S.A. through its subsidiaries in relation to the execution of the investment commitment in Tallgrass. These investment commitments materialised during 2020 so the guarantee was cancelled.

### *Other related parties and third parties*

Guarantees and sureties granted with other related parties and third parties at December 31, 2020 include:

- Guarantees granted by the related party Banco Santander before the Federal Electricity Commission (“FEC”) in connection with the service contracts relating to the Gasoducto de Morelos and Estación de Compresión Soto La Marina projects in the amount of 8,183 thousands of euros and 105 thousands of euros, respectively (8,909 thousands of euros and 8,013 thousands of euros respectively at December 31, 2019).
- Technical guarantees granted to third parties to cover certain liabilities that may arise from the execution of the contracts that constitute their activity, in the amount of 52,004 thousands of euros at December 31, 2020 (45,781 thousands of euros in financial year 2019), of which 6,411 thousands of euros correspond to guarantees formalised with Banco Santander (6,411 thousands of euros at December 31, 2019), an entity that, as defined in (Note 4.3) meets the definition of a related party.

## 2. Operational performance of the company

### Relevant aspects

#### Operating profit

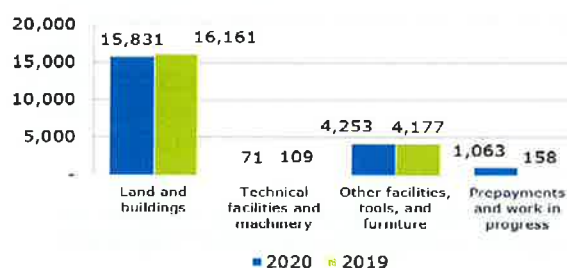
- Operating profit increased by 5.2% with respect to 2019, amounting to 480,605 thousands of euros (Note 2.1).
- The main income that makes up the Revenue is the income for dividends received from Group Companies that has increased with respect to the income received in 2019 under the same item at 6.7%, amounting to 503,442 thousands of euros (Note 2.1).

#### Trade receivables

- "Trade debtors and other current accounts receivable" mainly includes accounts receivable from the different Group companies to which the Company provides holding services. (Note 2.2).

#### Property, plant, and equipment

The net carrying amount of the tangible fixed assets at December 31, 2020, is as follows (Note 2.4):



### 2.1 Operating profit

#### Accounting policies

##### Recognition of income

- In applying the criteria of the Spanish Accounting and Audit Institute through BOICAC 79, on the classification for accounting purposes in separate financial statements of the income and expenses of holding companies that apply the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, and on the calculation of the Company's revenue, the dividends and interest on loans received from its affiliates are included as an integral part of the Company's revenue.
- Income and expenses are also recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Income is measured at the fair value of the consideration received, net of discounts and tax.
- Ordinary revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the result of the transaction can be estimated reliably.

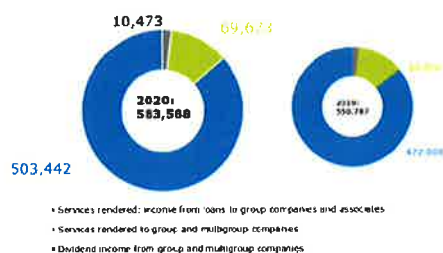
- Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment is established. Interest and dividends from financial assets accrued after the date of acquisition are in any case recognised as income in the income statement.

##### Recognition of expenses

- Expenses are recognised in the income statement when there is a decrease in the future economic benefit related to a reduction in an asset or an increase in a liability that can be measured reliably. This means that an expense is recognised simultaneously with the recognition of the increase in the liability or the reduction of the asset.
- An expense is recognised immediately when a payment does not generate future economic benefits or when the prerequisites for capitalisation as an asset are not met.

## a) Income

The breakdown of revenue by activity is the following:



The amount of dividends received in financial year 2020 amounting to 503,442 thousands of euros corresponds to the following distribution of dividends in the year 2020:

- Enagás Transporte, S.A.U. has distributed during the financial year 2020:
  - A final dividend amounting to 48,000 thousands of euros.
  - An interim dividend of 356,480 thousands of euros charged to 2020 results
  - An extraordinary dividend charged to reserves in the amount of 27,100 thousands of euros.

In 2019, it distributed a final dividend of 40,000 thousands of euros and an interim dividend of 392,000 thousands of euros against profits for 2019.

- In 2020, Enagás Internacional, S.L.U. distributed an extraordinary dividend charged to reserves in the amount of 37,500 thousands of euros (in 2019 it distributed a final dividend of 40,000 thousands of euros).
- In 2020, Enagás Financiaciones, S.L.U. distributed a dividend charged to profits for the 2019 financial year of 15,189 thousands of euros, an extraordinary dividend charged to reserves of 12,136 thousands of euros and an interim dividend against profits for the 2020 financial year of 7,037 thousands of euros.

The breakdown of revenue in 2020 and 2019 by geographical markets is provided below:

	12.31.2020	12.31.2019
Spain	582,930	550,059
Latin America	658	728
<b>Total</b>	<b>583,588</b>	<b>550,787</b>

## b) Personnel expenses and social contributions

	12.31.2020	12.31.2019
Wages and salaries	34,533	34,445
Termination benefits	1,122	1,074
Social Security	5,300	5,307
Other personnel expenses	5,677	5,729
Contributions to external pension funds (defined contribution plan)	850	832
<b>Total</b>	<b>47,482</b>	<b>47,387</b>

In 2020, a staff restructuring plan was implemented culminating in the voluntary terminations of four professionals that will leave during 2021, the necessary requirements for them to be recorded as expenses for the year having been fulfilled.

	12.31.2020	12.31.2019
Social contributions:		
-Social Security	5,300	5,307
-Contributions to pension schemes	2,234	2,354
-Other social contributions	4,293	4,207
<b>Total</b>	<b>11,827</b>	<b>11,868</b>

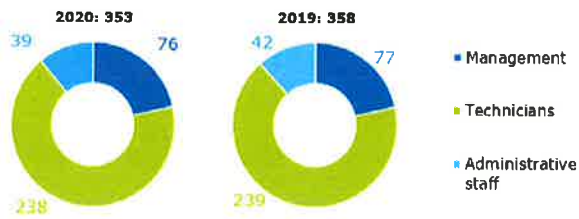
Company contributions to the pension plan amounted to 850 thousands of euros in financial year 2020 (832 thousands of euros in 2019) and are recorded under the heading "Social contributions", included under the heading "Personnel Expenses" of the attached Income Statement. Furthermore, it includes the Senior Managers' Savings Plan in the amount of 1,384 thousands of euros (1,522 thousands of euros in 2019).

The Company makes contributions, in accordance with the approved pension plan adapted to the provisions of the Spanish Pension Plans and Funds Act, to a defined contribution plan called "Enagás Fondo de Pensiones", whose fund manager is Gestión de Previsión y Pensiones, S.A. and its custodian Banco Bilbao Vizcaya Argentaria, S.A., and which covers the Company's obligations with respect to serving employees. The aforesaid plan recognises certain vested rights for past service and undertakes to make monthly contributions averaging 4.00% of eligible salary (4.02% in 2019). It is a mixed plan covering retirement benefits, disability and death. The total number of people adhered to the plan at December 31, 2020 totalled 322 participants (317 participants at December 31, 2019).

The contributions made by the Company each year in this connection are recognised under "Personnel Expenses" in the Income Statement. At year-end 2020 and 2019, there were no contributions payable in this connection.

In addition, the Company has outsourced its pension commitments with its senior managers by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and employment disability.

The average number of employees at Enagás S.A. by professional category is as follows:



At December 31, 2020, the Company's workforce consisted of 361 employees (351 employees in 2019).

The distribution of the professional categories by gender is as follows:

Categories	2020		2019	
	Men	Women	Men	Women
Management	52	30	49	26
Technicians	110	131	107	129
Administrative staff	4	34	5	35
<b>Total</b>	<b>166</b>	<b>195</b>	<b>161</b>	<b>190</b>

"Management" includes Senior Management of Enagás S.A., comprising nine persons (seven men and two women). (Note 4.4). During 2020 and 2019, the average number of staff with disabilities greater than or equal to 33% employed by the Company, broken down by categories, is as follows:

	2020	2019
Technicians	2	2
Administrative staff	2	2
<b>Total</b>	<b>4</b>	<b>4</b>

### c) Other operating expenses

	12.31.2020	12.31.2019
External services	42,171	39,021
Taxes	376	833
Others	524	-
<b>Total</b>	<b>43,071</b>	<b>39,854</b>

The most significant expenses under the heading "External services" correspond to repair and maintenance services necessary for the provision of services amounting to 13,083 thousands of euros at December 31, 2020 (13,308 thousands of euros at December 31, 2019) as well as for the services of independent professionals for the amount of 9,420 thousands of euros at December 31, 2020 (7,329 thousands of euros at December 31, 2019).

### d) Impairment of investments

In 2020, the impairment expense recognised corresponds to the impairment of the investments in Enagás Services amounting to 4,759 thousands of euros and in Enagás Emprénde amounting to 1,461 thousands of euros (Note 1.5.a).

## 2.2 Trade and other receivables

### Accounting policies

- Financial assets are recognised in the Balance Sheet at the transaction date when the Company becomes party to the contractual terms of the instrument.

### Loans and receivables

- This heading comprises financial assets arising from the sale of goods or the rendering of services in the course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives with fixed or determinable payments and are not traded in an active market.
- The said financial assets are initially recognised at fair value of the consideration paid, plus transaction costs directly attributable to the acquisition. Subsequently, they are measured at amortised cost.
- The Company derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or are transferred and when the risks and rewards of ownership of the financial asset have been substantially transferred.

- This is the case in firm asset sales, trade receivable factoring transactions in which the Group retains neither credit risk nor interest rate risk, sales of financial assets with an agreement to repurchase them at their fair value, and securitisations of financial assets in which the granting company neither retains subordinated financing, grants any form of guarantee nor assumes any other type of risk.
- However, the Company does not derecognise those financial assets and instead recognises a financial liability equal to the consideration received, in the transfer of financial assets in which it retains substantially all the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sales price plus interest, and securitisations of financial assets in which the company retains subordinated financing or grants other types of guarantees which would substantially absorb all possible losses.

### Significant estimates and judgements

- At least at each year-end, the Company performs an impairment test on financial assets not measured at fair value. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.
- Specifically, the criterion employed by the Company to calculate any adjustments is to recognise impairment provisions at the difference between the recoverable amount of the receivables and their carrying amount. The recoverable amount of receivables is calculated by discounting estimated future cash flows using the effective interest rate at the outset of the transaction.
- If, in subsequent periods, the value of the financial asset measured at amortised cost recovers, then the impairment loss is reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds the carrying amount had the impairment not been recognised. The reversal is recognised in the Income Statement of the year.

The balance recorded under "Customers, Group companies and associates" at December 31, 2020 and 2019 has the following breakdown (Note 4.3):

	12.31.2020	12.31.2019
Enagás Internacional, S.L.U.	388	595
Gasoducto Morelos S.A.P.I. de CV	-	255
Enagás GTS, S.A.U.	1,533	1,205
Enagás Transporte, S.A.U.	9,036	8,311
Enagás Services Solutions, S.L.U.	374	752
Enagás Emprende, S.L.U.	148	294
Enagás Holding USA, S.L.U.	-	1,470
Others	442	830
<b>Total</b>	<b>11,921</b>	<b>13,712</b>

These balances relate primarily to the rendering of corporate services by Enagás S.A. with due dates after December 31, 2020, so they have not been charged at the date of authorising these Annual Accounts.



## 2.3 Trade and other payables

### Accounting policies

- Trade and other payables are financial liabilities that do not accrue explicit interest and are recognised at their face value provided the effect of financial discounting is not significant.
- These payables are initially recognised at the fair value of the consideration received, adjusted by directly attributable transaction costs. These liabilities are subsequently measured at their amortised cost.
- In accordance with the ICAC Resolution of January 29, 2016, the calculation of the average payment period to suppliers takes into consideration the commercial transactions corresponding to the delivery of goods or rendering of services accrued since the date of the entry into force of Law 31/2014, of December 3.
- Suppliers, for the exclusive purposes of providing the information set forth in this Resolution, are considered to be trade payables owed to suppliers of goods and services included in the items "Payable to suppliers", "Payable to suppliers - Group companies and associates" and "Other payables" under current liabilities in the balance sheet.
- "Average payment period to suppliers" is understood to be the time that passes between the delivery of the goods or rendering of the services by the supplier and the material payment for the transaction.
- The maximum payment term applicable to the Company in 2020 under Law 3/2004, of December 29, establishing measures to combat late payments in commercial transactions, is 60 days. In order to obtain the foregoing information, payment obligations that have been the object of withholdings as a result of embargoes, enforcement orders, administrative compensation proceedings, or other similar acts handed down by legal or administrative bodies were excluded.

### Trade and other payables

Trade and other payables	12.31.2020	12.31.2019
Suppliers	10,312	9,931
Suppliers, group companies and associates	457	336
Sundry creditors, group companies	6,438	-
Other payables	2,854	-
Personnel	6,365	6,814
Other debts with the Public Administrations (Note 4.2)	31,925	29,991
<b>Total</b>	<b>58,351</b>	<b>47,072</b>

The balance of the "Suppliers" heading is mainly the purchases of materials and services provided to Enagás, S.A. whose counterpart is recorded in "external services" and "fixed assets" captions of the income statement and the balance sheet, respectively.

The "Personnel" heading includes the accrual of the variable remuneration corresponding to the current year, which is paid during the first quarter of 2021.

"Sundry creditors" and "Sundry creditors, Group companies" include accounts payable to companies in which Enagás has direct or indirect holdings, as well as other third-party agents, in respect of advances on grants collected centrally by Enagás S.A. in connection with new energy projects to be carried out by these companies.

### Information on the average payment period

The disclosures required in the second additional provision of Law 31/2014, of December 3, prepared in accordance with the ICAC Resolution of January 29, 2016, are as follows:

Days	2020	2019
Average payment period to suppliers	42	45
Ratio of paid operations	42	45
Ratio of operations pending payment	51	48

Amount	2020	2019
Total payments made	47,037	57,265
Total pending payments	1,398	1,618

## 2.4 Property, plant, and equipment

### Accounting policies

- The cost model is applied, that is, the corresponding assets are measured at acquisition or production cost less the corresponding accumulated amortisation and any impairment losses.
- Acquisition or production cost includes:
  - Finance expenses relating to the financing of infrastructure projects accrued only during the construction period, when the building work lasts for more than one year.
  - Personnel expenses directly related to work in progress, lowering personnel expenses (Note 2.1).
  - The costs of renovation, extension or improvement are incorporated into the asset as the greatest value of the asset exclusively when they imply an increase in its capacity, productivity or prolongation of its useful life, with deduction of the net carrying amount of the substituted goods, if any. Conversely, the periodic expenses of maintenance, conservation and repair are charged to income for the year in which they are incurred.

Amortisation entered on a linear basis once the assets are ready for use, in accordance with the following useful lives:

	Annual rate	Useful life (years)
Buildings	3%-2%	33.33-50
Other technical facilities and machinery	12%-5%	8.33-20
Equipment and tools	30%	3.33
Furniture and fixtures	10%	10
Information technology equipment	25%	4
Transport equipment	16%	6.25

### Significant estimates and judgements

- The amortisation of assets recorded as property, plant and equipment follows the straight-line method, applying annual amortisation percentages calculated based on the years of estimated useful life of the respective goods.
- The Directors consider that the carrying amounts of the assets do not exceed the recoverable amounts which result from calculating discounted future cash flows generated by said assets based on foreseen remuneration under current regulations.

2020	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Land and buildings	34,627	688	-	(119)	35,196
Technical facilities and machinery	4,746	8	-	-	4,754
Other facilities, tools, and furniture	32,112	1,569	-	-	33,681
Prepayments and work in progress	158	905	-	-	1,063
<b>Total cost</b>	<b>71,643</b>	<b>3,170</b>	<b>-</b>	<b>(119)</b>	<b>74,694</b>
Land and buildings	(18,466)	(1,001)	-	102	(19,365)
Technical facilities and machinery	(4,637)	(46)	-	-	(4,683)
Other facilities, tools, and furniture	(27,935)	(1,493)	-	-	(29,428)
Prepayments and work in progress	-	-	-	-	-
<b>Total amortisation</b>	<b>(51,038)</b>	<b>(2,540)</b>	<b>-</b>	<b>102</b>	<b>(53,476)</b>
Land and buildings	16,161	(313)	-	(17)	15,831
Technical facilities and machinery	109	(38)	-	-	71
Other facilities, tools, and furniture	4,177	76	-	-	4,253
Prepayments and work in progress	158	905	-	-	1,063
<b>Net Carrying Amount of Property, plant, and equipment</b>	<b>20,605</b>	<b>630</b>	<b>-</b>	<b>(17)</b>	<b>21,218</b>

2019	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Land and buildings	34,613	13	1	-	34,627
Technical facilities and machinery	4,744	2	-	-	4,746
Other facilities, tools, and furniture	37,742	922	142	(6.694)	32,112
Prepayments and work in progress	205	165	(143)	(69)	158
<b>Total cost</b>	<b>77,304</b>	<b>1,102</b>	<b>-</b>	<b>(6.763)</b>	<b>71,643</b>
Land and buildings	(17.376)	(1,090)	-	-	(18,466)
Technical facilities and machinery	(4,468)	(169)	-	-	(4,637)
Other facilities, tools, and furniture	(33,183)	(1,419)	-	-	(27,935)
Prepayments and work in progress	-	-	-	-	-
<b>Total amortisation</b>	<b>(55,027)</b>	<b>(2,678)</b>	<b>-</b>	<b>6,667</b>	<b>(51,038)</b>
Land and buildings	17,237	(1,077)	1	-	16,161
Technical facilities and machinery	276	(167)	-	-	109
Other facilities, tools, and furniture	4,559	(497)	142	(27)	4,177
Prepayments and work in progress	205	165	(143)	(69)	158
<b>Net Carrying Amount of Property, plant, and equipment</b>	<b>22,277</b>	<b>(1,576)</b>	<b>-</b>	<b>(96)</b>	<b>20,605</b>

The additions recognised under "Other facilities, tools and furniture" at December 31, 2020 concern the acquisition of computer equipment required to carry out certain corporate projects, for a total amount of 1,338 thousands of euros, while the additions recognised under "Prepayments and work in progress" are for the Power to Green Mallorca project for the construction of a hydrogen generation plant for 343 thousands of euros and other projects.

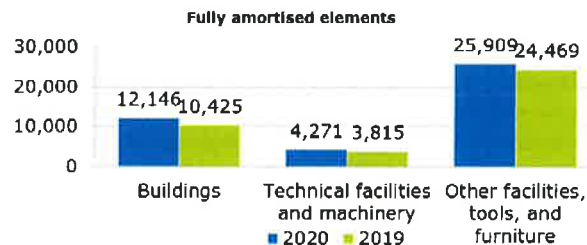
Likewise, the impact of "Work by the company for fixed assets" involved an increase in the investment of 249 thousands of euros in financial year 2020 (201 thousands of euros in financial year 2019).

There are no mortgages or encumbrances of any type on assets recorded as property, plant, and equipment.

It is the Company policy to insure its assets to ensure that there is no significant loss of equity, based on best market practices, given the nature and characteristics of the items of Property, Plant and Equipment.

In addition, the Company has contracted the corresponding insurance policies to cover third party civil liabilities.

Fully depreciated PP&E items recognised by Enagás and still in use at 2020 and 2019 year-end are broken down as follows:



## 2.5 Intangible assets

### Accounting policies

- As a general rule, intangible assets are initially measured at acquisition or production cost. They are subsequently measured at cost less accumulated amortisation and impairment losses, if any.

### Research and development expenses

- Research costs are activated, with 95% of the cost amortised in the first year and the rest in the following year, provided that they are specifically identified by project, their amount can be clearly established and there are well-founded reasons for trusting in the technical success and in economic-commercial profitability of the project.
- Development costs are capitalised by amortising on a straight-line basis over the corresponding useful life, provided they are specifically related to projects, their amounts can be clearly established, and technical success and economic feasibility of the project are reasonably assured.

### IT applications

- Acquisition and development costs incurred with respect to basic IT systems used for management are recognised with a charge to "Intangible assets" in the balance sheet. Maintenance costs of IT systems are recognised in the income statement for the year in which they are incurred. They are measured at the amount disbursed for ownership or right-of-use of the IT programmes, as well as their production cost if they are developed by the Company. They are amortised over a period of four years.
- Intangible fixed assets amortised based on their defined service life, if any, which is equivalent to the following amortisation percentages:

	Annual rate	Useful life
Development costs	5%-50%	20-2
Other intangible assets	20%	5
IT applications	25%	4

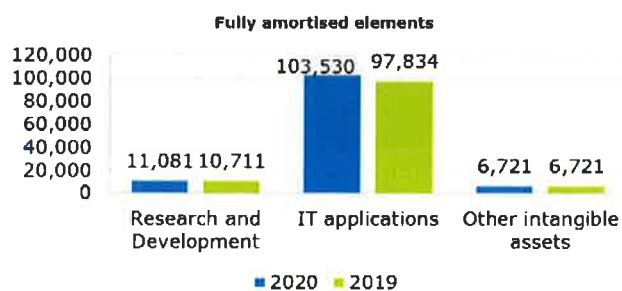
2020	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Research and Development	11,181	230	-	-	11,411
IT applications	118,119	6,630	-	-	124,749
Other intangible assets	6,724	-	-	-	6,724
<b>Total cost</b>	<b>136,024</b>	<b>6,860</b>	-	-	<b>142,884</b>
Research and Development	(11,088)	(257)	-	-	(11,345)
IT applications	(106,275)	(3,969)	-	-	(110,244)
Other intangible assets	(6,724)	-	-	-	(6,724)
<b>Total amortisation</b>	<b>(124,087)</b>	<b>(4,226)</b>	-	-	<b>(128,313)</b>
Research and Development	93	(28)	-	-	65
IT applications	11,844	2,662	-	-	14,506
Other intangible assets	-	-	-	-	-
<b>Net Carrying Amount Intangible Assets</b>	<b>11,937</b>	<b>2,634</b>	-	-	<b>14,571</b>

2019	Opening balance	Inputs or provisions	Increases or decreases due to transfers	Decreases, disposals or reductions	Balance at year-end
Research and Development	10,886	295	-	-	11,181
IT applications	113,515	4,612	-	(8)	118,119
Other intangible assets	6,724	-	-	-	6,724
<b>Total cost</b>	<b>131,125</b>	<b>4,907</b>	<b>-</b>	<b>(8)</b>	<b>136,024</b>
Research and Development	(10,733)	(355)	-	-	(11,088)
IT applications	(101,661)	(4,614)	-	-	(106,275)
Other intangible assets	(6,724)	-	-	-	(6,724)
<b>Total amortisation</b>	<b>(119,118)</b>	<b>(4,969)</b>	<b>-</b>	<b>-</b>	<b>(124,087)</b>
Research and Development	153	(60)	-	-	93
IT applications	11,854	(2)	-	(8)	11,844
Other intangible assets	-	-	-	-	-
<b>Net Carrying Amount Intangible Assets</b>	<b>12,007</b>	<b>(62)</b>	<b>-</b>	<b>(8)</b>	<b>11,937</b>

The additions to "IT applications" in 2020 refer mainly to the following projects:

- Implementation of ERP software amounting to 3,044 thousands of euros.
- Unified communications software amounting to 549 thousands of euros.
- Active Directory Migration software amounting to 298 thousands of euros.

At December 31, 2020 and 2019, the Company had recorded fully amortised intangible assets that remained in use, based on the following detail:



## 2.6 Impairment of non-financial assets

### Accounting policies

- At each year-end, or when there are indications of impairment, the Group analyses the recoverable amounts to determine the possibility of impairment. This recoverable amount is the greater of the market value minus the cost necessary for its sale and the value in use, understood as the current value of the estimated future cash flows. For the calculation of the recovery value of property, plant, and equipment, the value in use is the criterion used by the Company in most cases.
- In the event that the recoverable amount is lower than the net carrying amount of the asset, the corresponding impairment provision is recorded by the difference, charged to "Impairment and gains / (losses) on disposal of assets" in the attached income statement.

### Significant estimates and judgements

- Determination of impairment losses on non-current assets other than financial assets is based on fulfilment of a series of hypotheses which are described below in this note and are revised annually.
  - To estimate value in use, the Company estimates projections regarding future cash flows before taxes based on the most recent budget forecasts approved by the Directors. These budgets use the best available income and costs estimates for each element, using sector forecasts, past experience and future expectations.
- These forecasts cover flows for future years, applying reasonable growth rates that, in any case, from the last year are increasing.
- To calculate the current value, these flows are discounted at a rate, before taxes, which includes the cost of business capital. For its calculation, the current value of money is taken into consideration together with the risk premiums generally used by analysts of the business in question.

During the twelve months of financial year 2020, there were no movements with respect to the provisions for impairment losses of assets held by the Company in addition to those mentioned in each note of these Annual Accounts.

## 2.7 Leases

### Accounting policies

- Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

#### Finance leases

- At December 31, 2020 and 2019 the Company had no finance leases.

### Operating leases

- In operating leases in which the Company acts as the lessee, expenses resulting therefrom are charged to income statement for the year in which they are incurred.
- Any proceeds or payments in connection with an operating lease are treated as advance proceeds or payments and recognised in the income statement over the term of the lease as the benefits of the leased asset are received or conceded.

At year-end 2020 and 2019, the Company was committed to the following minimum lease payments, pursuant to ongoing contracts, with no consideration taken of the effects of shared service charges, future CPI increases or future adjustments of contractually agreed rents:

Operating leases	Face value	
	2020	2019
Minimum fees to pay		
Less than a year	3,504	3,557
Between one and five years	9,622	10,195
More than five years	26	1,307
<b>Total</b>	<b>13,152</b>	<b>15,059</b>

The amount of operating lease payments recognised as an expense in 2020 was 3,372 million thousands of euros (3,446 thousand thousands of euros in 2019).

In its position as a lessee, the Company's most significant operating lease agreements at year-end 2020 and 2019 were the leases for the office buildings where the Company maintains its registered office located in Madrid. The lease for the registered office expires in 2025, and amounts to 1,976 thousand thousands of euros a year. The others expire in 2022, and have a total annual amount of 945 thousand thousands of euros. In relation to contingent rents, these contracts are referenced to annual increases based on CPI.

## 2.8 Provisions and contingent liabilities

### Significant estimates and judgements

- While drawing up the Company's Annual Accounts, the Directors made a distinction between the following:
  - a. **Provisions:** credit balances covering present obligations arising from past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or time of cancellation.
  - b. **Contingent liabilities:** possible obligations that arise from past events, the future emergence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events even if all are beyond the control of the Company.
- The Annual Accounts include all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognised in the Annual Accounts, but are disclosed in the Notes to the Annual Accounts, unless they are considered to be remote.
- Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences and any adjustments arising from the restatement of these provisions are recognised as finance cost as they are accrued.
- The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless there is a legal relationship whereby a portion of risk has been externalised as a result of which the Company is not liable, in which case, reimbursement will be taken into consideration in estimating the amount of any provisions. The policy followed with respect to the recognition of provisions for risks and expenses is to recognise the estimated amount required to settle probable or certain liabilities arising from litigation underway, pending indemnities or liabilities, sureties and similar guarantees. They are recognised upon emergence of the liability or obligation determining the indemnity or payment.
- At year-end 2020, there were various ongoing legal proceedings and claims against the Company that originated in the normal course of its activities. Both the legal advisors of the Company and its Directors judge that the conclusion of these procedures and claims will not have a significant effect on the Annual Accounts of the financial years in which they are finalised that have not been recorded or indicated in these Annual Accounts.

## a) Provisions

The movements under the heading "Non-current provisions" during 2020 and 2019, are as follows:

Non-current provisions	Opening balance	Provisions	Reversals	Short-term reclassifications	Balance at year-end
<b>2020</b>					
Personnel remuneration	1,135	1,160	-	-	2,295
Other responsibilities	466	-	-	-	466
<b>Total non-current provisions</b>	<b>1,601</b>	<b>1,160</b>	-	-	<b>2,761</b>
<b>2019</b>					
Personnel remuneration	-	1,135	-	-	1,135
Other responsibilities	466	-	-	-	466
<b>Total non-current provisions</b>	<b>466</b>	<b>1,135</b>	-	-	<b>1,601</b>

The heading "Personnel remuneration" includes the cash portion of the Long-Term Incentive Plan to be settled (Note 4.4), as well as the three-year bonus plan for contribution to results aimed at the remaining personnel of the Company, which will be paid in 2022 and 2023.

The Directors of the Company consider that the provisions recognised in the accompanying Balance Sheet for litigation and arbitration risk as well as other risks described in this note are adequate and, in this respect, they do not expect any additional liabilities to arise other than those already recorded. Given the nature of the risks covered by these provisions, it is not possible to determine a reasonably reliable schedule of payment dates, if any.

## b) Contingent liabilities

At December 31, 2020, there are no significant contingencies that need to be disclosed in the Company's Annual Accounts.



### 3. Capital structure, financing and financial result

#### Relevant aspects

#### Credit rating of the Company

- On February 9, 2021, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB+ with a negative outlook. Also, on December 30, 2020, the credit rating agency Fitch Ratings placed Enagás' credit rating at BBB+ with a negative outlook.

#### Equity

At December 31, 2020, net equity has increased by 16.7 million euros compared to the previous year-end, to a total of 2,673 million euros.

With respect to the Company's share capital, the following should be mentioned:

- The price of the Enagás, S.A. shares amounted to 17.965 euros per share at December 31, 2020.
- A maximum value of 26.26 euros per share for 2020 was reached on February 21.
- No individual or legal entity can invest directly or indirectly in a proportion in excess of 5% of the share capital of Enagás, S.A., nor exercise political rights in this company above 3% (1% for those subjects who, directly or indirectly, perform activities in the gas sector). These restrictions are not applicable to direct or indirect holdings corresponding to the public business sector (Note 3.1).

### 3.1 Equity

#### a) Share capital

At year-end 2020 and 2019, the share capital of Enagás S.A. amounted to 392,985 thousands of euros, represented by 261,990,074 shares, each with a nominal value of 1.5 euros, all of the same class, fully subscribed and paid up, following the capital increase carried out on December 19, 2019 for a total amount of 500,000 thousands of euros (34,884 thousands of euros as share capital and 465,116 thousands of euros as share premium).

All shares of the parent company Enagás, S.A. are listed on the four official Spanish Stock Exchanges and are traded on the continuous market.

It is worth noting that, subsequent to publication of Additional Provision 31 of Hydrocarbon Sector Law 34/1998, in force since enactment of Law 12/2011, of May 27, "no natural or legal person can participate directly or indirectly in the shareholder structure of Enagás, S.A with a stake exceeding 5% of share capital, nor exercise political rights in said parent company exceeding 3%. These shares cannot be syndicated under any circumstances." Furthermore, "any party operating within the gas sector, including natural persons or legal entities that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%". These restrictions shall not apply to direct or indirect interests held by public-sector enterprises.

At December 31, 2020 and 2019, the most significant stake held in the share capital of Enagás, S.A. was broken down as follows

#### Grants

In 2020 the European Union awarded the Company a grant under the "Power to Green Hydrogen Mallorca" project for the construction of a hydrogen generating plant (see Note 3.1.e).

#### Financial debt

The average annual interest rate during 2020 for the Company's gross financial debt (considering both debt with credit institutions and Group companies) amounted to 1.8% (2.2% in 2019).

The main operations for the year were:

- Cancellation of the 10 million-dollar facility, which matured on July 30, 2020. (Note 3.2.a).
- Extension of the maturity of the multi-currency financing facility for an amount of 1,500 million euros until December 2025 (Note 3.2.a).

#### Available funds

- The Company has available funds in the amount of 1,753.8 million euros (2,197.8 million euros in 2019) (Note 3.5).

(data obtained from the National Securities Market Commission (CNMV) (1) at December 31, 2020):

Company	Investment in share capital (%)	
	12.31.2020	12.31.2019
Sociedad Estatal de Participaciones Industriales	5.000	5.000
Partler 2006 S.L.	5.000	5.000
Bank of America Corporation	3.614	3.614
BlackRock Inc.	3.383	3.383
Mubadala Investment Company PJSC	3.103	-
Credit Agricole, S.A.	3.042	-
State Street Corporation	3.008	3.008

(1) The information obtained from the CNMV was based on the last notification that each entity thus obliged must send to said body, in connection with the stipulations of Royal Decree 1362/2007, of October 19 and Circular 2/2007, of December 19.

#### b) Share premium

At December 31, 2020 and 2019 the Company's share premium amounted to 465,116 thousands of euros.

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

### c) Treasury shares

During financial year 2020, there were no variations in this heading.

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946 shares, representing 0.21% of the Group's total shares at that date (0.19% at December 31, 2020), for a total of 9,876 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2019–2021 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 29, 2019. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 29, 2019. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process (Note 4.4).

### d) Reserves

The Corporate Enterprises Act stipulates that 10% of profit for the year must be transferred to the legal reserve until it represents at least 20% of share capital. In 2020, a legal reserve of 6,977 thousands of euros was recognised and at December 31, 2020 it was fully funded with a total amount of 78,597 thousands of euros (Note 1.6).

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase. Except for this purpose, until the legal reserve exceeds the limit of 20% of capital, it can only be used to compensate losses provided there are no other reserves available.

Also, on June 30, 2020, in addition to the distribution of profit for the 2019 year, the Group approved the distribution of a dividend charged to voluntary reserves in the amount of 7,742 thousands of euros.

### e) Grants, donations and bequests received

#### Grants

In 2020, the European Union awarded the Company a grant under the "Power to Green Hydrogen Mallorca" project for the construction of a hydrogen generation plant. The amount of this grant associated with the investment in the plant, net of the tax effect, amounts to 631 thousands of euros (841 thousands of euros (gross for tax purposes)).

No amount relating to this capital grant was recognised in profit or loss in 2020 as the asset is in progress. The breakdown by timing criteria of the gross balance pending application at December 31, 2020 is:

Body	Years		
	<1	2 to 5	>5
European Union	-	126	715
<b>Total</b>	-	<b>126</b>	<b>715</b>

## 3.2 Financial debts

### Accounting policies

- Financial liabilities include the Company's debts and payables that have arisen from the purchase of goods and services in the normal course of its business, or non-trade payables that cannot be considered to be derivative financial instruments.
- Financial liabilities are initially measured at the fair value of the consideration received less directly attributable transaction costs.
- Financial liabilities are recorded after initial recognition at amortised cost, except for derivatives.
- Financial liabilities are derecognised when the related contractual obligations are cancelled or expired.

Categories	Class	Financial debts					
		Debts to credit entities and financial leases		Derivatives and others		Total	
		2020	2019	2020	2019	2020	2019
<b>Long-term debts</b>							
Payables		186,763	204,905	94	107	186,857	205,012
Formalisation costs		(3,608)	(3,769)	-	-	(3,608)	(3,769)
<b>Total long-term debts</b>		<b>183,155</b>	<b>201,136</b>	<b>94</b>	<b>107</b>	<b>183,249</b>	<b>201,243</b>
<b>Short-term debts</b>							
Payables		-	2,686	4,371	4,140	4,371	6,826
Formalisation costs and interest pending payment		54	2,723	-	-	54	2,723
<b>Total short-term debts</b>		<b>54</b>	<b>5,409</b>	<b>4,371</b>	<b>4,140</b>	<b>4,425</b>	<b>9,549</b>

The detail by maturity of the debts and items to be paid under non-current "Debts to credit entities and financial leases" is as follows:

2020	2022	2023	2024	2025 and later years	Total
Debts with credit institutions	-	-	186,763	-	186,763
Others	26	20	20	28	94
<b>Total</b>	<b>26</b>	<b>20</b>	<b>186,783</b>	<b>28</b>	<b>186,857</b>

2019	2021	2022	2023	2024 and later years	Total
Debts with credit institutions	-	-	-	204,905	204,905
Others	20	20	20	47	107
<b>Total</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>204,952</b>	<b>205,012</b>

### a) Long-term financial liabilities

At December 31, 2020, the Company had credit lines granted up to a limit of 1,688,216 thousands of euros, partially arranged in the amount of 186,763 thousands of euros (in 2019 there were credit lines granted up to a limit of 1,713,814 thousands of euros, partially provided in the amount of 207,596 thousands of euros) (Note 3.5).

In the opinion of the Directors, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.

The average rate of gross debt (considering debt with credit institutions and group companies) in 2020 was 1.8% (2.2% in 2019).

The Directors of the Company estimate that the fair value of the bank debts contracted at December 31, 2020 and December 31, 2019 does not differ significantly from their carrying amounts.

The most significant events of the 2020 financial year include:

- Cancellation of the 10 million-dollar facility, which matured on July 30, 2020.
- Extension of the maturity of the multi-currency financing line for an amount of 1,500,000 thousands of euros until December 2025. At December 31, 2020, no drawdowns had been made.

### b) Short-term financial liabilities

The change in 2020 in the current heading "Debts with credit institutions" amounting to 2,686 thousands of euros is mainly due to the maturity of one of the contracts between Enagás S.A. and Banco Santander for the credit line in dollars, which matured in July 2020 (Note 3.2.a).

### c) Debts with group companies

	Long-term		Short-term	
	2020	2019	2020	2019
Enagás Financiaciones, S.A.U.	3,250,232	3,184,043	172,089	162,717
Enagás Internacional, S.L.U.	211,162	222,564	5,216	11,035
Enagás Emprende, S.L.U.	-	-	623	474
Enagás Services Solutions, S.L.U.	-	-	119	156
Scale Gas Solutions, S.L.	-	-	35	222
Other	-	-	718	338
<b>Total</b>	<b>3,461,394</b>	<b>3,406,607</b>	<b>178,800</b>	<b>174,942</b>

The average rate for 2020 for loans with group companies was 1.8% (2% for 2019).

The main changes in Debts with Group Companies included the following:

- Credit granted by Enagás Financiaciones, S.A.U. during financial year 2020, amounting to 219,000 thousands of euros.
- Repayment of a credit granted by Enagás Financiaciones, S.A.U. amounting to 146,416 thousands of euros.
- A loan granted by Enagás Internacional, S.L.U. in 2020 amounting to 231,397 thousands of dollars, which was repaid in full in 2020.
- With respect to the account payable to Enagás Internacional for the recovery of the value of the share capital invested by it in GSP, since Enagás, S.A. is the holder of the loans assigned by the Odebrecht Group that will enable the recovery of the investment in the share capital of GSP, it represents a liability of 211,162 thousands of euros (222,564 thousands of euros at December 31, 2019) in the balance sheet at December 31, 2020, considering the effect of the financial restatement corresponding to a recovery period estimated at December 31, 2022 (Note 1.5.c).
- The heading "Debts with group companies and short-term multigroup entities" at year-end 2020 and 2019 mainly includes:
  - ↳ The balance of interest and short-term loans granted by Enagás Financiaciones, S.A.U. to Enagás, S.A. for a total of 153,316 thousands of euros.
  - ↳ As the parent company of Tax Consolidation Group 493/12 for corporate income tax, Enagás S.A. has amounts pending payment to some group companies amounting to 25,460 thousands of euros (29,626 thousands of euros in 2019), mainly related to the amounts pending payment to Enagás Financiaciones, S.A.U., Enagás Internacional, S.L.U. and Enagás Emprende, S.L.U. in the amounts of 18,750, 5,216 and 623 thousands of euros, respectively (17,420, 11,035 and 474 thousands of euros, respectively, at December 31, 2019). Once the definitive declaration of the 2019 Corporate Tax has been presented in 2020, Enagás, S.A. paid the Corporate Tax account payable to the corresponding group companies belonging to the Tax Consolidation Group, in the amount of 29,860 thousands of euros (32,043 thousands of euros in 2019 for the 2018 Corporate Tax) (Note 4.2.a).

The breakdown by maturity is as follows:

2020	2021	2022	2023	2024	2025 and later years	Valuation adjustments and/or other transaction	Total
Loans and payables	178,800	1,076,425	1,625,752	99,742	666,837	(7,362)	3,640,194
<b>Total</b>	<b>178,800</b>	<b>1,076,425</b>	<b>1,625,752</b>	<b>99,742</b>	<b>666,837</b>	<b>(7,362)</b>	<b>3,640,194</b>

2019	2020	2021	2022	2023	2024 and later years	Valuation adjustments and/or other transaction	Total
Loans and payables	174,942	354,307	889,936	1,625,752	547,580	(10,968)	3,581,549
<b>Total</b>	<b>174,942</b>	<b>354,307</b>	<b>889,936</b>	<b>1,625,752</b>	<b>547,580</b>	<b>(10,968)</b>	<b>3,581,549</b>

### 3.3 Net financial result

	2020	2019
Financial income	12,975	1,020
<b>Financial income</b>	<b>12,975</b>	<b>1,020</b>
Financial expenses and similar	(294)	(236)
Loan interest	(73,726)	(78,279)
<b>Financial expenses</b>	<b>(74,020)</b>	<b>(78,515)</b>
<b>Exchange differences</b>	<b>1,455</b>	<b>278</b>
<b>Impairment and gains / (losses) on disposals of financial instruments</b>	<b>-</b>	<b>(80)</b>
<b>Net financial gain (loss)</b>	<b>(59,590)</b>	<b>(77,297)</b>

It should be noted that expenses for interest on loans were calculated by using the effective interest rate method.

The change in the heading "Interest on loans" during 2020 compared to the previous year mainly relates to:

- Decrease in interest on debts with group companies amounting to 7,279 thousands of euros due to the improvement in interest rates on loans.
- Decrease in interest with credit institutions amounting to 3,984 thousands of euros due to the improvement in interest rates in dollars.

Likewise, the financial income includes the financial update of the loan for the two-year recovery of the guarantees provided by the Company for GSP and the investment itself and the account payable to Enagás Internacional, S.L.U., the net effect being an income amounting to 5,952 thousands of euros. The breakdown of this effect is as follows:

- The financial update of the loan for the execution of the guarantees provided and the update of the investment involved a total income of 12,969 thousands of euros (893 thousands of euros in 2019).
- The financial update of the account payable to Enagás Internacional, S.L.U. for the assignment of the accounts receivable with GSP involved an expense in the amount of 7,017 thousands of euros (483 thousands of euros in 2019).

## 3.4 Financial and capital risk management

### a) Qualitative information

The Company Enagás S.A. is exposed to certain risks which it manages with a risk control and management model, established at group level, which is directed towards guaranteeing achievement of the Company's objectives in a predictable manner with a medium-low risk profile.

This model allows it to adapt to the complexity of its business activity in a globalised competitive environment, in a complex economic context, where the materialisation of a risk is more rapid and with an evident contagion effect.

The model is based on the following:

- The consideration of some standard types of risk to which the Company is exposed.
- The separation and independence of risk control and management functions articulated by the Company in three lines of "defence";
- Governing bodies with responsibilities regarding supervision of the Company's risk level.
- Establishing a risk appetite framework which defines the risk levels considered acceptable and that is in line with established business objectives and the market environment in which the company's activities are carried out.
- The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The integral analysis of all risks allows the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. The Company has established a regulatory framework through its "Risk control and management policy" and "General risk control and management regulations", which define the basic principles to be applied and identify the responsibilities of the different departments of the Company.

The risk control and management function is articulated around three lines of defence, each presenting different responsibilities:

- First line of defence: made up from the organisational units which assume the risks in the ordinary course of their activities. They are the owners of the risks and are responsible for identifying and measuring their respective risk exposure.
- Second line of defence: the Risk Department, in charge mainly of ensuring that the risk control and management system works correctly, defining the regulatory framework and approach, and performing periodic monitoring and overall control of the company's risks.
- Third line of defence: the Internal Audit Department, in charge of supervising the efficiency of the risk controls in place.

The Governing Bodies responsible for risk control and management are the following:

- Board of Directors: responsible for approving the risk control and management policy. Other responsibilities with respect to risks are delegated in the Audit and Compliance Committee.

- Audit and Compliance Committee: the main function is to supervise the efficacy of the risk control and management systems as well as evaluating the Group's risk exposure (identification, measurement, and establishment of management measures).
- Risk Committee: the main functions include establishment of global risk strategies, establishing the global risk limits, revising the level of risk exposure, and acting to correct any instances of non-compliance.

The main risks of a financial and tax nature to which the Company is exposed are as follows.

#### Credit risk

Credit risk relates to the possible losses arising from the non-payment of monetary or quantifiable obligations of a counterparty to which the Company has granted net credit which is pending settlement or collection.

The credit risk associated with receivables from its business activity is historically very limited since the Company operates mainly with Group companies (Note 3.2.c).

The Company is also exposed to the risk of its counterparties not complying with obligations in connection with placement of surplus cash balances. To mitigate this risk, these operations are carried out in a diversified way over highly solvent entities.

#### Interest rate risk

Interest rate fluctuations affect the fair value of those assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities that accrue interest at floating rates.

The objective of interest rate risk management is to create a balanced debt structure that minimises finance costs over a multi-year period while also reducing volatility in the income statement.

Based on the Enagás S.A. estimates and debt structure targets, hedges are put in place using derivatives that reduce these risks. The Company has not currently contracted any hedging instruments.

#### Exchange rate risk

Changes in exchange rates may affect credit positions denominated in foreign currency. The Company manages exchange rate risk through natural hedges, which consist of contracting financial instruments in the same currency in which the investment is made. (Note 4.1.b).

#### Liquidity risk

Liquidity risk arises as a consequence of differences in the amounts or payment and collection dates relating to the different assets and liabilities of the Company.

The liquidity policy followed by the Company is oriented towards ensuring that all short-term payment commitments acquired are fully met without having to secure funds under burdensome terms. For this purpose, different management measures are taken such as maintenance of credit facilities ensuring flexibility, sufficient amounts and sufficient maturities, diversified sourcing for financing needs via access to different markets and geographical areas, as well as the diversification of maturities in debt issued.

#### Tax risk

The Company is exposed to possible modifications in tax regulatory frameworks and uncertainty relating to different possible interpretations of prevailing tax legislation, potentially leading to negative effects on results.

The Company has a Board-approved tax strategy, which includes the action policies governing compliance with its tax obligations, attempting to avoid risks and tax inefficiencies.

#### Other risks

Given the dynamic nature of the business and its risks, and despite having a risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk is not identified in the risk inventory of the Company.

## b) Quantitative information

#### Interest rate risk

	12.31.2020	12.31.2019
Percentage of financial debt tracking protected rates	40%	62%

Taking into account these percentages of net financial debt at fixed rates, and after performing a sensitivity analysis using a range of +0.25/-0.10% percentage points changes in market interest rates, the Company considers that, according to its estimates, the impact on results of such variations on finance costs relating to variable rate debt could change as follows:

	Interest rate change			
	2020		2019	
	25 bps	-10 bps	25 bps	-10 bps
Change in finance costs	5,220	(2,088)	4,481	(1,792)

## c) Capital management

The Company carries out capital management at corporate level and its objectives are to ensure financial stability and obtain sufficient financing for investments, optimising the cost of capital in order to maximise the value created for the shareholder while maintaining its commitment to solvency.

The Company uses the level of consolidated leverage as an indicator for monitoring its financial position and managing capital, which is defined as the quotient resulting from dividing net consolidated assets (understood to be the sum of net financial debt and consolidated equity) by net consolidated financial debt.

Financial net debt and leverage of the Enagás Group at December 31, 2020 and 2019 was as follows (consolidated figures):

	2020	2019
Debts with credit institutions	1,338,246	1,534,100
Debentures and other marketable securities	3,473,931	2,961,126
Loans from the General Secretariat of Industry, General Secretariat of Energy and Oman Oil	2859	3379
Finance leases (IFRS 16)	336,442	355,349
<b>Gross financial debt</b>	<b>5,151,478</b>	<b>4,853,954</b>
Cash and cash equivalents	(863,655)	(1,098,985)
<b>Net financial debt</b>	<b>4,287,823</b>	<b>3,754,969</b>

	2020	2019
Net financial debt	4,287,823	3,754,969
Shareholders' equity	3,192,745	3,170,142
<b>Financial leverage</b>	<b>57.3%</b>	<b>54.2%</b>

In this way, Enagás, S.A. has shown its financial robustness as confirmed by different rating agencies.

On February 9, 2021, the credit rating agency Standard & Poor's placed Enagás' credit rating at BBB+ with a negative outlook. In addition, on December 30, 2020, the credit rating agency Fitch Ratings placed Enagás' credit rating at BBB+ with a negative outlook.

### 3.5 Cash flows

#### Accounting policies

- Liquid financial assets, deposits and liquid financial investments that may be transformed into a determinable amount of cash within less than three months, and whose risk of changes in value is immaterial, are considered cash equivalents.

#### a) Cash and cash equivalents

	2020	2019
Treasury	252,383	691,591
<b>Total</b>	<b>252,383</b>	<b>691,591</b>

Generally, the banked cash accrues interest at rates similar to daily market rates. The deposits maturing in the short-term are easily convertible into cash, and accrue interest at the going market rates. There are no significant restrictions on the availability of cash.

#### b) Available funds

In order to guarantee liquidity, Enagás has arranged loans and credit lines which it has not drawn down. Thus, liquidity available to the Company is broken down as follows:

	2020	2019
Cash and cash equivalents	252,383	691,591
Other funds available	1,501,453	1,506,218
<b>Total</b>	<b>1,753,836</b>	<b>2,197,809</b>

In the opinion of the Directors of the Company, this situation allows for sufficient funding to meet possible liquidity requirements in the short-term considering its current obligations.



## 4. Other information

### Relevant aspects

#### Property investments

- Enagás, S.A. has a plot of land located at km. 18 of the A-6 motorway in Las Rozas (Madrid) classified as investment property since it is maintained to obtain a surplus value in its sale.
- The market valuation of this land at December 31, 2020 was 19 million euros. This valuation was made by an independent expert in accordance with the Regulations of the Royal Institution of Chartered Surveyors (**Note 4.1.a**).

#### Remuneration for Board of Directors and Senior Management

- Remuneration for the Board of Directors, without taking into account insurance premiums, amounted to 4,855 thousands of euros (**Note 4.4**).
- Remuneration for Senior Management, without taking into account the pension plans and insurance premiums, amounted to 3,615 thousands of euros. (**Note 4.4**).

### 4.1 Information on other items on the balance sheet

#### Accounting policies

##### Property investments

- The cost model is applied for measuring investment property, that is, the corresponding assets are measured at acquisition cost less the corresponding accumulated depreciation and any impairment losses. However, as one plot of land is not currently in use, it was measured at its recoverable amount, calculated as the fair value less the necessary costs for its sale.

##### Items in foreign currency

- The Company's functional currency is the euro. Consequently, transactions in currencies other than the euro are considered to be foreign currency transactions and are recognised by applying the prevailing exchange rates at the dates of the operations.
- At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the prevailing rates. Any gains or losses arising are taken directly to the income statement for the year in which they arise.

#### Significant estimates

- The market appraisal was performed by the independent expert in accordance with the Governing Rules of the Royal Institution of Chartered Surveyors (RICS), set out in the so-called "Red Book" - RICS Valuation - Professional Standards, January 2014. Said market valuations defined by RICS are internationally recognised by advisors and accountants providing services for investors and corporations that own investment properties, as well as by The European Group of Valuers (TEGoVA) and The International Valuation Standards Committee (IVSC).

#### a) Property investments

	Balance at December 31, 2018	Impairment allowances 2018	Balance at December 31, 2019	Impairment allowances 2020	Balance at December 31, 2020
Cost	47,211	-	47,211	-	47,211
Impairment	(27,601)	-	(27,601)	(590)	(28,191)
<b>Carrying amount</b>	<b>19,610</b>	<b>-</b>	<b>19,610</b>	<b>(590)</b>	<b>19,020</b>

- Corresponds entirely to a plot of land located at km 18 of the A-6 motorway in Las Rozas (Madrid), held to obtain a surplus value in its sale as a result of future increases in the market price. At December 31, 2020, Jones Lang LaSalle España, S.A. issued a valuation report, which concluded that the recoverable amount of the plot at that date amounted to 19,020 thousands of euros (19,610 thousands of euros at December 31, 2019).
- It is worth noting that the independent expert's report did not include any scope limitations with respect to the conclusions reached.
- There are no mortgages or encumbrances of any type on real estate investments.
- It is Company policy to insure its assets to ensure that there is no significant loss of equity, based on best market practices, given the nature and characteristics of the investment properties. In addition, the Company has contracted the corresponding insurance policies to cover third party Civil Liabilities.

## b) Items in foreign currency

The detail of the most significant foreign currency balances valued at the year-end exchange rate is as follows:

	2020	2019
Long-term credits (Note 1.5.c)	390,266	411,338
Debts with Group Companies (Note 3.2.c)	211,162	222,564
Debts with credit institutions (Note 3.2.a)	186,451	209,774
Other short-term financial liabilities	3,767	3,971

The amount of exchange gains (losses) recognised in profit /(loss) for the year by financial instrument classes is as follows:

	For Transactions Settled in the Year		For Balances Pending Settlement		Total	
	2020	2019	2020	2019	2020	2019
Debts with group companies	-	-	16,769	(4,226)	16,769	(4,226)
Debts with credit institutions	(1,704)	2,175	19,874	(6,317)	18,170	(4,142)
Other exchange gains (losses)	230	911	(33,713)	7,735	(33,483)	8,646
<b>Total</b>	<b>(1,474)</b>	<b>3,086</b>	<b>2,930</b>	<b>(2,808)</b>	<b>1,456</b>	<b>278</b>

As indicated in Note 3.4, the Company has liabilities and assets items in dollars whose variations are netted by a natural hedge, which do not cause a significant difference in the Income statement.

## 4.2 Tax situation

### Accounting policies

- The income tax payable or receivable comprises the current tax payable or receivable and the deferred tax income or expense.
- Current tax is the amount paid by the Company in settlement of income tax during a particular year. Tax credits and other tax benefits applied to the taxable profit, excluding withholdings, prepayments and tax loss carryforwards effectively offset during the year, are deducted from the current tax.
- Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences measured as the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax value, as well as tax loss carryforwards pending payment and credits for tax deductions not applied fiscally. These amounts are measured by applying the tax rate to the corresponding temporary differences or tax credits at which they are expected to be recovered or settled.
- Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of those arising from initial recognition of goodwill or from other assets and liabilities in a transaction that does not affect taxable profit or accounting profit and is not a business combination.
- Deferred tax assets are only recognised to the extent that it is considered likely the Company will have sufficient taxable profit in the future against which the deferred tax assets can be offset.
- Deferred tax assets and liabilities arising from items directly charged or credited to equity accounts are also recognised with a charge or credit, respectively, to equity.
- The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Deferred tax assets not recognised on the balance sheet are also reassessed at the end of each reporting period and are recognised where it has become highly probable that they will be recovered through future taxable profits.

### Significant estimates and judgements

- In accordance with prevailing legislation in Spain, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed.
- The Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying Annual Accounts.
- The deferred tax assets were recognised in the balance sheet as the Directors believe, based on the best estimate of future profits and reversals of deductible temporary differences that it is probable that these assets will be recovered.

## a) Balances with the Public Administrations

	2020	2019
<b>Debit balances</b>		
<b>Deferred tax assets</b>	<b>10,623</b>	<b>9,135</b>
<b>Current balances with the Public Administrations</b>	<b>23,326</b>	<b>7,193</b>
Tax Authorities debtor for tax refund	23,323	6,760
Accounts payable by the Tax Authorities for VAT	3	433
<b>Credit balances</b>		
<b>Deferred tax liabilities</b>	<b>3,629</b>	<b>2,701</b>
<b>Current balances with the Public Administrations</b>	<b>31,925</b>	<b>29,991</b>
Accounts payable to the Tax Authorities for withholdings	30,720	29,681
Accounts payable to the Tax Authorities for VAT	834	-
Social Security agencies creditors	371	310

During 2020, Enagás, S.A. paid 96,248 thousands of euros for settling 2020 corporate income tax (92,807 thousands of euros in 2019), corresponding to the Tax Group of which Enagás, S.A acts as the Parent Company.

At December 31, 2020, the balance of the heading Current tax assets corresponds to the account receivable relating to the Corporate Income Tax Group for the financial year 2020 in the amount of 12,579 thousands of euros as well as the account receivable relating to the Corporate Income Tax Group for the financial year 2019 and which is final in the amount of 10,743 thousands of euros, which was collected on 21 January 2021 (at 31 December 2019, the balance of the Current tax assets heading corresponded in full to the account receivable relating to the provisional Corporate Income Tax Group for 2019 in the amount of 6,670 thousands of euros).

Additionally, Enagás, S.A. acts as the Parent Company of the Tax Group as indicated in [Note 4.2.b](#). For these purposes, the Company has debit and credit balances for Corporate Income Tax with the different subsidiaries of the Tax Group. Accordingly, as indicated in [Note 3.2.c](#) during 2020 the Company settled the respective balances with the rest of the Tax Group companies for Corporate Tax 2019.

Specifically, it has collected the amount of 136,611 thousands of euros, an amount that was mainly part of the balance recorded at year-end 2019 under group companies and multi-group short-term loans ([Note 1.5](#)) and paid the amount of 29,860 thousands of euros, an amount that was mainly part of the balances recorded at year-end 2019 under short-term debt to group companies and multi-group ([Note 3.2.c](#)).

## b) Tax returns

Enagás S.A. has been the parent company of the Tax Consolidation Group 493/12 for Corporate Income tax from January 1, 2013, comprising the following subsidiaries at December 31, 2020:

- Enagás Transporte, S.A.U.
- Enagás GTS, S.A.U.
- Enagás Internacional, S.L.U.
- Enagás Financiaciones, S.A.U.
- Enagás Empresa S.L.U.
- Scale Gas Solutions, S.L.
- Efficiency for LNG Applications, S.L.
- Infraestructuras del gas, S.A.
- Enagás Services Solutions, S.L.
- Enagás Holding USA, S.L.U.
- Sercomgas Solutions, S.L.
- Bioenagás Renovables, S.L.
- Enagás Renovable, S.L.U.
- Roblasun 1, S.L.U.
- Roblasun 2, S.L.U.
- Roblasun 3, S.L.U.
- Roblasun 4, S.L.U.
- Roblasun 5, S.L.U.
- Roblasun 6, S.L.U.
- Windmusel 1, S.L.U.
- Windmusel 2, S.L.U.
- Windmusel 3, S.L.U.
- Cierzosun 1, S.L.U.
- Cierzosun 2, S.L.U.
- Cierzosun 3, S.L.U.
- Cierzosun 4, S.L.U.
- H2Green Global Solutions, S.L.

This involves the joint calculation of the Group's tax result, as well as the deductions and bonuses from the payment. Furthermore, the corporate income tax is calculated on the basis of the Group's accounting profit/loss determined by application of generally accepted accounting principles, which does not necessarily coincide with the Group's taxable profit/tax loss.

### c) Reconciliation of accounting result and taxable income

	Income statement					
	2020			2019		
	Increases	Decreases	Total	Increases	Decreases	Total
<b>Accounting profit before tax</b>	<b>421,015</b>	-	<b>421,015</b>	<b>379,720</b>		<b>379,720</b>
<b>Permanent differences:</b>	<b>9,288</b>	<b>(503,566)</b>	<b>(494,278)</b>	<b>1,540</b>	<b>(473,507)</b>	<b>(471,967)</b>
Donations	2,568	-	2,568	546	(176)	370
Dividend exemption	-	(503,442)	(503,442)	-	(472,000)	(472,000)
Impairment of investments	6,220	-	6,220	-	-	-
Others	500	(124)	376	994	(1,331)	(337)
<b>Temporary differences:</b>	<b>12,448</b>	<b>(9,177)</b>	<b>3,271</b>	<b>6,085</b>	<b>(11,043)</b>	<b>(4,958)</b>
With origin in the financial year:						
Provision for personnel remuneration	4,663	-	4,663	5,302	-	5,302
Provision of fixed assets	-	-	-	7	-	7
Others	590	(38)	531	-	(29)	(29)
With origin in previous financial years:						
Amortisation deduction limit R.D.L. 16/2012	-	(981)	(981)	-	(981)	(981)
Accelerated amortisation Law 4/2008, 13/2010	49	-	49	170	-	170
Provision for personnel remuneration	-	(1,120)	(1,120)	-	(9,378)	(9,378)
Others (1)	7,146	(7,038)	129	606	(655)	(49)
<b>Taxable income</b>	<b>442,751</b>	<b>(512,743)</b>	<b>(69,992)</b>	<b>387,345</b>	<b>(484,550)</b>	<b>(97,205)</b>

(1) This heading mainly includes the financial restatement of accounts receivable from GSP and the financial restatement of accounts payable to Enagás International (Note 3.3)

### d) Tax recognised in equity

	2020			2019		
	Increases	Decreases	Total	Increases	Decreases	Total
<b>For deferred tax:</b>						
Originating in the financial year (Note 3.1.e):						
Grants, donations and bequests received	210	-	210	-	-	-
<b>Total deferred tax</b>	<b>210</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total corporate income tax recognised directly in equity</b>	<b>210</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>

### e) Reconciliation between the accounting result and the corporate income tax

	2020	2019
<b>Accounting profit before tax</b>	<b>421,015</b>	<b>379,720</b>
Rate at 25%	105,254	94,930
<b>Impact of permanent differences</b>	<b>(123,570)</b>	<b>(117,992)</b>
<b>Deductions:</b>	<b>(1,291)</b>	<b>(319)</b>
For amortisation deduction limit	(49)	(49)
For double taxation	(108)	-
For investment in R&D&i expenses	(235)	(79)
For donations	(899)	(191)
<b>Adjustments to income tax rate</b>	<b>(8)</b>	<b>(98)</b>
<b>Total expense for tax recognised in the income statement</b>	<b>(19,615)</b>	<b>(23,479)</b>

## f) Years to be audited

In conformity with current legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed.

Enagás S.A. has the claims filed in relation to the corporate income tax settlement agreements for 2012 to 2015 pending resolution by the Central Economic-Administrative Tribunal. However, it is not expected that any liabilities will arise that will significantly affect the Company's equity situation.

Likewise, at 2020 year-end, the years 2017 to 2020 are pending audit for the taxes applicable to the company, with the exemption of corporate income tax, which is pending audit for the years 2016 to 2020.

## g) Deferred tax assets and liabilities

	2020	2019
<b>Deferred tax assets:</b>		
<b>Temporary differences (prepaid taxes):</b>	<b>10,427</b>	<b>8,890</b>
Provision for remuneration (1)	5,542	4,660
Litigation provisions	138	138
Amortisation deduction limit R.D.L. 16/2012 (2)	981	1,227
Others (3)	3,766	2,865
<b>Deductions pending and others (4)</b>	<b>196</b>	<b>245</b>
<b>Total deferred tax assets</b>	<b>10,623</b>	<b>9,135</b>
<b>Deferred tax liabilities:</b>		
Grants	(210)	-
Accelerated amortisation (5)	(196)	(208)
Engineering services margin	(980)	(1,009)
Others (3)	(2,243)	(1,484)
<b>Total deferred tax liabilities</b>	<b>(3,629)</b>	<b>(2,701)</b>

(1) These temporary differences include, inter alia, personnel expenses resulting from the Long-Term Incentive Plan, recorded in these financial years which, pursuant to Article 14 of the Corporation Tax Law, will be deductible at the time of their delivery or payment, so in 2020 they gave rise to a deferred tax asset.

(2) Arises from the limitation to tax deductible amortisation with respect to the Corporate Income Tax for the years 2013 and 2014. This amortisation is deductible from financial year 2015 following the straight method over a period of 10 years or optionally during the useful life of the asset. To this end, the Company decided to apply the deferred tax asset using the straight line method over a period of 10 years.

(3) Other items include timing differences arising from the recognition of the impairment of investment property which generates a deferred tax asset and the effect of the discounting to present value of accounts receivable and payable associated with GSP (Note 4.1) which generates a deferred tax asset and a deferred tax liability, respectively.

(4) In addition, it includes the deduction to be applied from 2015 in accordance with the thirty-seventh transitory provision of Law 27/2014, by virtue of which those contributors for whom limited amortisation was applicable in 2013 and 2014 will have the right to a 5% deduction of the tax base with respect to the amounts included in the taxable income for the corresponding period.

(5) Arising from application of accelerated amortisation of certain assets for tax purposes during the period 2009-2012.

The Company does not hold any deferred tax assets that are not recognised in the accompanying Balance Sheet.

### 4.3 Related party transactions and balances

#### Accounting policies

- In addition to subsidiaries, associates, and multigroup companies, the Company's "related parties" are considered to be its "key management personnel" (members of the Board of Directors and senior managers, along with their close relatives), and the entities over which key management personnel may exercise significant influence or control as established by Order EHA/3050/2004, of September 15, and Circular 1/2008 of January 30 of the CNMV.
- The Company carries out all its transactions with related parties at market values and the corresponding remuneration in kind has been assigned. In addition, transfer prices are adequately supported and consequently the Company's Directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future.

Income and expenses	Significant shareholders	Directors and Senior Managers Note 4.4	Group Personnel, Companies or Entities	Other related parties	Total
<b>2020</b>					
<b>Expenses:</b>					
Financial expenses	-	-	68,046	2,736	70,782
Services received	-	-	2,432	201	2,633
Other expenses	146	8,638	-	7	8,791
<b>Total Expenses</b>	<b>146</b>	<b>8,638</b>	<b>70,478</b>	<b>2,944</b>	<b>82,206</b>
<b>Income:</b>					
Financial income	-	-	10,473	-	10,473
Dividends received	-	-	503,442	-	503,442
Services rendered	-	-	69,559	-	69,559
Other income	-	-	504	-	504
<b>Total income</b>	<b>-</b>	<b>-</b>	<b>583,978</b>	<b>-</b>	<b>583,978</b>
<b>2019</b>					
<b>Expenses:</b>					
Financial expenses	-	-	68,657	6,449	75,106
Services received	17	-	2,389	157	2,563
Other expenses	146	8,074	-	15	8,235
<b>Total Expenses</b>	<b>163</b>	<b>8,074</b>	<b>71,046</b>	<b>6,621</b>	<b>85,904</b>
<b>Income:</b>					
Financial income	-	-	9,987	-	9,987
Dividends received	-	-	472,000	-	472,000
Services rendered	-	-	68,800	-	68,800
Other income	-	-	506	-	506
<b>Total income</b>	<b>-</b>	<b>-</b>	<b>551,293</b>	<b>-</b>	<b>551,293</b>

Other transactions	Significant shareholders	Group Personnel, Companies or Entities Note 1.6	Other related parties Note 1.6	Total
<b>2020</b>				
Guarantees for related parties debt	-	5,288,568	-	<b>5,288,568</b>
Guarantees and sureties granted - Other	-	66,326	14,700	<b>81,026</b>
Dividends and other earnings distributed	96,353	-	-	<b>96,353</b>
<b>2019</b>				
Guarantees for related parties debt	-	4,857,681	-	<b>4,857,681</b>
Guarantees and sureties granted - Other	-	143,411	23,333	<b>166,744</b>
Dividends and other earnings distributed	55,813	-	-	<b>55,813</b>

The Banco Santander Group qualified as a related party for the years 2020 and 2019.

In this regard, of the transactions disclosed in the table above, 2,736 thousands of euros of financial expenses during the financial year 2020 (6,449 thousands of euros during the financial year 2019) and 14,700 thousands of euros of guarantees and sureties granted at December 31, 2020 (23,333 thousands of euros at December 31, 2019) correspond to this related entity ([Note 1.7.b](#)).

Additionally, the Company maintains a multi-currency club deal as financing, under which nothing was made available at December 31, 2020. In this operation, the related party represents 9.63% of the total of the banks that have underwritten this source of financing.

The Company also has a financing line in dollars with a maximum limit of 230,000 thousands of dollars, whose maturity is July 31, 2024. At December 31, 2020, the amount drawn down in these lines was 228,230 thousands of dollars (186,763 thousands of euros at December 31, 2020) ([Note 3.2](#)).

The balances with related-parties on the balance sheet is as follows:

Balance	2020			2019		
	Group Personnel, Companies or Entities	Other related parties	Total	Group Personnel, Companies or Entities	Other related parties	Total
Long-term equity instruments	5,259,016	-	<b>5,259,016</b>	4,692,698	-	<b>4,692,698</b>
Financing agreements: loans and capital contributions (lender)						
Long-term loans to companies	400,291	-	<b>400,291</b>	400,291	-	<b>400,291</b>
Short-term loans to companies	7,266	-	<b>7,266</b>	7,246	-	<b>7,246</b>
Credit for corporate income tax Short-term Tax Consolidation Group	127,921	-	<b>127,921</b>	140,305	-	<b>140,305</b>
Dividends and other short-term earnings	27,100	-	<b>27,100</b>	72,000	-	<b>72,000</b>
Trade receivables	11,924	-	<b>11,924</b>	13,712	-	<b>13,712</b>
Cash <a href="#">(1)</a>	-	166,532	<b>166,532</b>	-	374,569	<b>374,569</b>
Financing agreements: loans and capital contributions (borrower)						
Long-term debts	3,461,394	186,763	<b>3,648,157</b>	3,406,607	204,905	<b>3,611,512</b>
Short-term debts	153,340	-	<b>153,340</b>	145,315	5,342	<b>150,657</b>
Debt for corporate income tax Short-term Tax Consolidation Group	25,460	-	<b>25,460</b>	29,626	-	<b>29,626</b>
Trade payables	6,895	-	<b>6,895</b>	336	-	<b>336</b>

[\(1\)](#) This heading includes the Company's balances in current accounts held with Banco Santander, which meets the definition of "related party"



## 4.4 Remuneration to the members of the Board of Directors and Senior Management

### Accounting policies

#### Share-based payments

- The Company classifies its share-based settlement plan for executive directors and senior management according to the manner of settling the transaction:
  - With Company shares: Personnel expense is determined based on the fair value of the shares to be delivered at the grant date, taking into account the degree to which the objectives relating to said plan have been fulfilled. This expense is recognised over the stipulated period during which employee services are rendered with a credit to "Other equity instruments" in the accompanying balance sheet.
  - In cash: Personnel expense is determined based on the fair value of the liability at the date recognition requirements are met. Personnel expenses are registered as the services rendered in the period stipulated and are entered in "Long-term provisions", until it is estimated that they will be settled within less than one year, at which time the associated provision is reclassified to the Personnel heading under "Trade and other payables"

on the liability side of the attached Balance Sheet. The liability is subsequently measured at fair value at each balance sheet date, up to and including the settlement date, with changes in fair value recognised in the income statement.

For the valuation of this programme, Enagás, S.A. used the Monte-Carlo model, widely used in financial practice for the valuation of options, in order to include the effect of market conditions in the valuation of the equity instruments granted. The fair value of the equity instruments at the granting date is adjusted to include the market conditions relating to this plan. Likewise, the Company takes into account the fact that the dividends accrued during the plan period are not paid to the beneficiaries as they do not become shareholders of the Company until the effective delivery of the Company's shares.

### Significant estimates and judgements

- The Regulation establishes a period of time required for the consolidation of the remuneration, which has been considered a condition of service, and therefore taken into account together with the target measurement period (January 1, 2019 to December 31, 2021) when estimating the fair value of the equity instruments granted. In this regard, the aforementioned service condition is based on the obligation for the beneficiaries to continue providing their services to the Company until the first payment date (set at four months from the end of the target measurement period to receive 50% of the incentive), and an additional period of one year from that last date to receive the remaining 50%).

In the case of the share-based payment plan component, the Company accrues the estimated fair value of the cash-settled amount over the term of the plan (January 1, 2019 to December 31, 2021) and the service conditions established for the period of time required for the consolidation of the remuneration.

At December 31, 2020, the estimate is made assuming that all the objectives relating to the plan have been 95-100% achieved, subject to the approval of delivering the shares assigned to said plan.

Remuneration received	Salaries	Per diems	Other items	Pension plans	Insurance premiums
<b>2020</b>					
Board of Directors	2,400	2,272	183	-	67
Senior Management	3,467	-	148	56	45
<b>Total</b>	<b>5,867</b>	<b>2,272</b>	<b>331</b>	<b>56</b>	<b>112</b>
<b>2019</b>					
Board of Directors	2,346	2,064	178	-	58
Senior Management	3,191	-	142	58	37
<b>Total</b>	<b>5,537</b>	<b>2,064</b>	<b>320</b>	<b>58</b>	<b>95</b>

The remuneration of the members of the Board of Directors for their membership of the Board and those corresponding to the Chairman and the Chief Executive Officer for the exercise of their executive functions during the year 2020 have been approved in detail by the General Shareholders' Meeting held on March 29, 2019 as part of the 'Directors' Remuneration Policy for 2019, 2020 and 2021 financial years', approved as Item 7 of the Agenda.

The Company has outsourced its pension commitments with its Senior Managers by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and employment disability. The Executive Chairman and the Chief Executive Officer are part of the group covered by this policy and of the total premium paid for this during the year, 372 thousands of euros corresponded to them.

The members of the Senior Management also form part of the group insured under the mixed group insurance policy for pension commitments. The total premium paid for the same during the financial year amounts to 509 thousands of euros.

The two executive directors are beneficiaries of the 2019-2021 Long-Term Incentive Plan approved by the General Shareholders' Meeting on March 29, 2019 under Item 8 of the Agenda. In said meeting, a total of 118,635 rights relating to shares were assigned. Said rights do not constitute acquisition of shares until the programme finalises, the final bonus depending on the degree to which the programme objectives have been met.

Members of Senior Management (members of the Management Committee) are equally beneficiaries of the 2019-2021 long-term incentive plan. As approved at the General Shareholders' Meeting, the Board has assigned them a total of 124,506 rights relating to shares as well as an incentive in cash amounting to 739 thousands of euros. Said rights do not constitute acquisition of shares or collection of any amounts until the programme has finalised, the final bonus depending on the degree to which the programme objectives have been met.

The remuneration, broken down for each member of the Board of Directors, without taking into account insurance premiums, is as follows:

Board members	2020	2019
Mr Antonio Llardén Carratalá, (Executive Director) (1)	1,886	1,847
Mr Marcelino Oreja Arburúa (Chief Executive Officer) (2)	957	937
Sociedad Estatal de Participaciones Industriales (Proprietary Director) (4)	160	160
Mr Luis García del Río (Independent Director) (4)	160	160
Mr Martí Parellada Sabata (External Director) (4)	160	160
Mr Luis Javier Navarro Vigil (External Director) (4)	-	44
Mr José Blanco López (Independent Director) (3) (4)	69	-
Ms Rosa Rodríguez Díaz (Independent Director) (4)	160	160
Ms Ana Palacio Vallelersundi (Independent Leading Director) (4)	190	190
Ms Isabel Tocino Biscarolasaga (Independent Director) (4)	175	175
Mr Antonio Hernández Mancha (Independent Director) (4)	160	160
Mr José Montilla Aguilera (Independent Director) (3) (4)	69	-
Mr Gonzalo Solana González (Independent Director) (4)	160	160
Mr Cristóbal José Gallego Castillo (Independent Director) (3) (4)	69	-
Mr Ignacio Grangel Vicente (Independent Director) (3)	160	160
Ms Patricia Úrbez Sanz (Independent Director) (3)	160	160
Mr Santiago Ferrer i Costa (Independent Director) (3)	160	115
<b>Total</b>	<b>4,855</b>	<b>4,588</b>

(1) The remuneration for the Executive Chairman in 2020 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for 2019, 2020 and 2021 financial years". During 2020, the Executive Chairman received fixed remuneration in the amount of 1,000 thousands of euros and variable remuneration in the amount of 600 thousands of euros; he also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 156 thousands of euros (the changes in remuneration in kind with respect to previous years is exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 1,886 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 66 thousands of euros for the year. The Group has outsourced its pension commitments with respect to its Senior Managers through a mixed group insurance policy for pension commitments, including benefits in the event of survival, death, and employment disability. The Executive Chairman is one of the beneficiaries covered by this policy, and of the total premium paid during the year, 246 thousands of euros correspond to the Executive Chairman. The Executive Chairman is a beneficiary of the 2019-2021 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 29, 2019. Item 8 of its Agenda states that the meeting assigned him a total of 79,090 performance shares. These shares do not entail an acquisition of the shares until the end and settlement of the programme and the final remuneration depends on the level of achievement of the goals of the programme.

- (2) *The remuneration for the Chief Executive Officer in 2020 was approved in detail by the General Shareholders' Meeting on March 29, 2019 as part of the "Directors' Remuneration Policy for 2019, 2020 and 2021 financial years". During 2020, the CEO received fixed remuneration in the amount of 500 thousands of euros and variable remuneration in the amount of 300 thousands of euros; he also received 130 thousands of euros for Board membership and other remuneration in kind amounting to 27 thousands of euros (the changes in remuneration in kind with respect to previous years are exclusively a result of measurement differences without there having been any additional items included in the remuneration). Thus, the combined amounts totalled 957 thousands of euros. In addition, he was also the beneficiary of a life insurance policy with a premium of 0.9 thousands of euros for the year. The Chief Executive Officer is also beneficiary of the mixed group insurance policy for pension commitments, and the share of the premium corresponding to the Chief Executive Officer for this policy amounted to 159 thousands of euros for the year. The Chief Executive Officer is a beneficiary of the 2019-2021 Long-Term Incentive Plan approved at the General Shareholders' Meeting held on March 29, 2019. Item 8 of its Agenda states that the meeting assigned him a total of 39,545 performance shares. Said rights do not constitute acquisition of shares until the programme finalises, the final bonus depending on the degree to which the programme objectives have been met.*
- (3) *On June 30, 2020, Mr José Blanco López was appointed Director. On June 30, 2020, Mr José Montilla Aguilera was appointed Director. On June 30, 2020, Mr Cristóbal José Gallego Castillo was appointed Director. On March 29, 2019 Mr Luis Javier Navarro Vigil resigned as Director and Ms Patricia Urbez Sanz occupied his position.*
- (4) *The remuneration for these Directors relating to Board and Committee membership was approved in detail at the General Shareholders' Meeting held on March 29, 2019 as part of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years".*

## Share-based payments

On March 29, 2019, the Enagás, S.A. General Shareholders' Meeting approved the second cycle of the Long-Term Incentive Plan (ILP) aimed at executive directors and senior management of the Company and its Group. The objective of the Plan is to (i) encourage the sustainable achievement of the objectives of the Enagás Group's Strategic Plan, (ii) give the opportunity to share the creation of value with participants, (iii) foster a sense of belonging to the Company and shared destiny, (iv) be competitive, and (v) align with the requirements of institutional investors, proxy advisors, and best Good Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's new Good Governance Code.

The plan consists of an extraordinary mixed multi-year incentive which will permit the beneficiaries to receive, after a certain period of time, a bonus payable in (i) Enagás, S.A. shares and (ii) cash; provided that certain strategic objectives of the Enagás Group are met.

With respect to the portion payable in shares, a maximum of 501,946 shares are deliverable, all of which will come from the Enagás S.A.'s treasury shares. Furthermore, the beneficiaries of the plan are not guaranteed any minimum value for the assigned shares. The cash part of the plan is limited to an estimated payment of approximately 3.5 million euros should all the objectives be fully met.

This plan is aimed at persons who, due to their level of responsibility on their position in the Enagás Group, contribute decisively to achieving the Company's objectives. The Plan initially designated 48 beneficiaries, notwithstanding the possibility that new recruitments due to mobility or professional level changes may include new beneficiaries during the measurement period.

The objectives set for the evaluation of the achievement of the Plan consist of:

- Accumulated results corresponding to the Funds for Operations ("FFO") of the Enagás Group. This metric shows the financial soundness and net profit growth, which are the cornerstones of the Enagás Group Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the subsidiaries that are not controlled by Enagás. It is a benchmark indicator for investors. Fulfilling this objective will satisfy the Company forecasts for the distribution of Group, investment and debt amortisation dividends. It accounts for 25% of the total objectives.
- Accumulated cash flows received from affiliates ("Dividend"). This shows the focus on international growth and a realistic and profitable investment plan as the cornerstones of the Strategic Plan. It measures the profitability of the international business compared with the annual remuneration objective which measures the year's international investment volume. It accounts for 35% of the total objectives.
- Total shareholder return ("TSR"). To ensure appropriate, competitive shareholder remuneration. It takes into account share performance and the dividend policy. This objective comprises two components, each with a relative importance of 15% of the total objectives:
  - a) The absolute TSR is measured as the acquisition of a target share price at the end of 2021. The target price has been established by investing estimated share dividends and is based on profitability and market parameters.
  - b) Relative TSR: relative TSR shall be understood as the difference (expressed as a percentage) between the final value of an investment in ordinary shares and the initial value of that investment, bearing in mind that the calculation of said final value will consider dividends or other similar items (i.e. script dividends) received by the shareholder for said investment during the corresponding period. This metric shall be calculated against the Comparison Group formed by fifteen companies.
- Compliance with the Sustainability Plan. It reflects the company's commitment to creating long-term value responsibly in the social and environmental backdrop. Its weight in the objectives total will be 10%, and it will consist of three indicators:
  - c) Average reduction in CO<sub>2</sub> emissions in the 2019-2021 period vs. 2018;
  - d) Increase in the percentage of women on the Board, in the management team and in the staff; and
  - e) Investment associated with the increased presence of renewable gases in the energy mix.

Regarding the measurement period, although it will occur during the period from January 1, 2019 to December 31, 2021, its settlement will take place on the following dates:

- The beneficiary will receive 50% of the incentive within thirty (30) days following approval of the 2021 annual accounts by the General Shareholders' Meeting. This 50% will apply to the assets part of the incentive as well as the cash part of the incentive;
- The beneficiary will receive the remaining 50% of the incentive once a period of one year has elapsed from the first payment date.

As established in BOICAC No. 75/2008, query No. 7, the part settled through shares of Enagás, S.A. is considered a share-based payment transaction that can be settled in equity instruments, and, accordingly, the fair value of the services received, as consideration for the equity instruments granted, is included in the Income Statement at December 31, 2020, under the heading "Personnel Expenses", in the amount of 1,712 thousands of euros, with a credit to "Other Equity Instruments" of the Balance Sheet net equity at December 31, 2020.

The breakdown and fair value of the shares at the granting date of the ILP of the Enagás Group are as follows:

	ILP 2019-2021
Total shares at the concession date (1)	501,946
Fair value of the equity instruments at the granting date (EUR)	25.94
Dividend yield	4.77%
Expected volatility	16.86%
Discount rate	0.62%

(1) This number of shares reflects the maximum number of shares to be delivered under the plan, and includes both the possibility of achieving the maximum degree of fulfilment of objectives established in the plan (125%), as well as the possibility that new hiring, staff mobility within the Group, or changes in professional levels, lead to the inclusion of new beneficiaries during the measurement period.

With respect to that part of the bonus payable in cash, the Company recognised the rendering of services corresponding to this plan as personnel expenses amounting to 447 thousands of euros with a credit to "Provisions" under non-current liabilities in the accompanying Balance Sheet at December 31, 2020. As is the case for the equity-settled plan component.

## 4.5 Other information concerning the Board of Directors

In order to comply with the provisions of Article 229 ff. of the Corporate Enterprises Act, this report includes information on the shareholdings and performance of the roles of the members of the Board of Directors of Enagás, S.A. in other companies with activity of a similar or complementary type to that which it constitutes the corporate purpose. This information was prepared considering that they are companies with similar or complementary activities to those carried out by Enagás S.A., that is, natural gas transmission, regasification, distribution, and marketing activities regulated by Law 34/1998 of the Hydrocarbons Sector.

At December 31, 2020 and December 31, 2019, there were no holdings in the share capital of companies with the same, similar or complementary type of activity reported to the Company by the Directors.

The positions or functions of the Company's Board members in other companies with the same, similar or complementary activities, as communicated to Enagás, S.A. at December 31, 2020 and 2019, are the following:

Director	Company	Positions
<b>2020</b>		
Marcelino Oreja Arburúa	Mibgas Derivatives, S.A.	Director
Marcelino Oreja Arburúa	Enagás Emprende, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Services Solutions, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Transporte del Norte, S.L.	Chairman
Marcelino Oreja Arburúa	Enagás Renovable, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Tallgrass Energy G.P.	Director
Antonio Llardén Carratalá	Enagás GTS, S.A.U	Representative of the Sole Administrator Enagás, S.A
Antonio Llardén Carratalá	Enagás Transporte, S.A.U	Representative of the Sole Administrator Enagás, S.A

Director	Company	Positions
<b>2019</b>		
Marcelino Oreja Arburúa	Mibgas Derivatives, S.A.	Director
Marcelino Oreja Arburúa	Enagás Emprende, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Services Solutions, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Enagás Transporte del Norte, S.L.	Chairman
Marcelino Oreja Arburúa	Enagás Renovable, S.L.U.	Joint Director
Marcelino Oreja Arburúa	Tallgrass Energy G.P.	Director
Antonio Llardén Carratalá	Enagás GTS, S.A.U	Representative of the Sole Administrator Enagás, S.A
Antonio Llardén Carratalá	Enagás Transporte, S.A.U	Representative of the Sole Administrator Enagás, S.A

There are no activities of the same, similar or complementary nature to those carried out by Enagás which are performed by its Board members, on their own behalf or on behalf of third parties, not included in the above section.

At 2020 year-end, neither the members of the Board of Directors of the Company nor any parties related to them, as defined in Article 229 of the Corporate Enterprises Act, had notified the remaining Board members of any conflicts of interest, direct or indirect, with those of the Company.

## 4.6 Other information

### a) Environmental information

The Company Enagás S.A., as head of the Enagás Group, carries out the activities for protection of the environment and biodiversity, energy efficiency, reduction in emissions, and the responsible consumption of resources as part of its environmental management in order to mitigate the impact of its activities.

The Company has integrated protection of the environment into its policy and strategic programmes by implementing an Environmental Management System developed and certified by LLOYD'S, in accordance with the requisites of standard UNE EN ISO 14001, which guarantees compliance with applicable environmental legislation and continuous improvement of its environmental behaviour.

In 2020, the certifying company LLOYD'S issued the corresponding audit report on the environmental management system with favourable results, concluding that the system's maturity and degree of development ensure continuous improvement for the company in this field.

The Company Enagás S.A. makes ongoing efforts to identify, characterise, and minimise the environmental impact of its activities and facilities, evaluating the related risks and strengthening eco-efficiency, responsible management of waste and discharges, minimising the impact in terms of emissions and climate change.

In addition, the Company incorporates environmental criteria in its relationship with suppliers and contractors, as well as in connection with decision-making with respect to the awarding of contracts for the provision of services and products.

During 2020, Enagás S.A. carried out environmental actions in the amount of 23 thousands of euros, recognised as investments under assets in the balance sheet. During financial year 2019, this amount was 626 thousands of euros. The Company also assumed environmental expenses amounting to 262 thousands of euros in 2020, recognised under "Other operating expenses" (226 thousands of euros in 2019).

he company has arranged sufficient civil liability insurance to meet any possible contingencies, compensation and other risks of an environmental nature which it might incur.

Enagás S.A. did not receive any grants or income in 2020 or 2019 as a result of its activities relating to the environment.

### b) Audit fees

"Other operating expenses" include the fees for audit and non-audit services provided by the auditor of the Company, Ernst & Young, S.L., or by a company belonging to the same group or related to the auditor, broken down as follows:

Categories	2020	2019
	Services rendered by the accounts auditor and related companies	Services rendered by the accounts auditor and related companies
Audit services (1)	811	770
Other assurance services (2)	144	144
<b>Total audit and related services</b>	<b>955</b>	<b>914</b>
<b>Total professional services</b>	<b>955</b>	<b>914</b>

- (1) *Audit services: This heading includes services rendered for the performance of statutory audits of the Enagás, S.A. Annual Accounts and the limited review work performed with respect to the Interim and Quarterly Financial Statements as well as the Certification of the Internal Control over Financial Reporting (ICFR) System.*
- (2) *Other audit-related assurance services: This heading includes the engagements relating to the Annual Corporate Governance Report, and the review of non-financial information included in the Management Report, and also the report on agreed ICFR procedures.*

## 4.7 Subsequent events

On January 19, 2021, the Company entered into a loan agreement with Intesa San Paolo maturing on December 28, 2021 for 225,000 thousands of dollars (184,124 thousands of euros at year-end closing rate).

No events have occurred that significantly affect the results of Enagás S.A. or its equity statement.

## 5. Explanation added for translation to English

These Financial Statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 1.2). Certain accounting practices applied by the Company that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

These Annual Accounts are a translation of financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain. In the event of a discrepancy, the Spanish-language version prevails.

## MANAGEMENT REPORT OF ENAGÁS, S.A.

The wording provided by Law 11/2018, of December 28, to Article 262.5 of the consolidated text of the Corporate Enterprises Act, relating to the management report, indicates that a company dependent on a group will be exempt from the obligation established in this section if the company and its dependents, if any, are included in the consolidated management report of another company, prepared in accordance with the content established in this article.

Based on the above, Enagás, S.A. makes use of this exemption, including non-financial information in the consolidated management report of Enagás, S.A. and Dependent Companies prepared in accordance with said regulations and which will be filed with the Commercial Registry of Madrid.

### I.-Enagás S.A. situation

#### Business model

Enagás, S.A., a midstream company with almost 50 years of experience and independent European TSO (Transmission System Operator) through Enagás GTS, S.A.U., is an international reference in the development and maintenance of gas infrastructure and in the operation and management of gas networks.

The company has built the main infrastructure for the Spanish Gas System, turning it into a model of security and diversification of supply.

Through our activities we strengthen and guarantee the security of energy supply, promoting the use of natural gas in preference to other more polluting alternative fuels such as oil or coal. In addition, natural gas is of great importance for improving competitiveness, as it allows for the introduction of efficient industrial technologies which improve the intensity of energy usage and competitiveness in the industry, generating direct and indirect employment.

#### Government Structure

##### General Shareholders' Meeting

The General Shareholders' Meeting is the highest body representing shareholders.

Enagás S.A. has a free float of 90%, one of the highest on the Spanish continuous market. More than 60% of our share ownership is international, including the USA-Canada and Continental Europe (25% and 21% respectively).

Enagás S.A. applies a proprietary separation model, which establishes the maximum limit of ownership by any shareholder at 5%, with a limitation on the voting rights of 1% for agents in the gas sector and 3% for the rest of shareholders. These limitations do not apply to direct or indirect interest held by the public corporate sector.

#### Board of Directors

Enagás, S.A. has a percentage of Independent Directors (69%) higher than the average of the Spanish market and it has a Board of Directors of 16 members.

What is more, Enagás S.A. commitment to promote gender diversity on the Board is reflected in the significant increase in the ratio of female members, rising from 6% in 2007 to 25% in 2020. This commitment is also reflected in the target of 30% of women on the Board included in the 2019-2021 Long-Term Incentive Plan, which will be updated in the next 2022-2024 Long-Term Incentive Plan in line with the new CNMV recommendations to reach 40%. By this means, Enagás will make further progress in line with the focus on continuous improvement set out in its corporate policies.

#### Operation and probable evolution

Enagás, S.A., as head of the Enagás Group, will guarantee the proper functioning of the Spanish Gas System, and will ensure security of supply by facilitating competition in a transparent and non-discriminatory manner. Likewise, it will optimise the operation of the Spanish Gas System by coordinating the different agents and proposing measures to improve its operation. It will continue to develop the transmission network and manage its infrastructures in a safe, efficient, profitable way with a commitment to protecting the environment. All this will be achieved in collaboration with the regulators, thus providing service quality to its customers, creating value for its shareholders and contributing to the sustainable development of the Company.

Natural gas is key to achieving a sustainable, safe and efficient energy in a low-carbon economy. It is the most efficient technical-economic solution compared to other conventional fuels, with the lowest cost for citizens and companies. Natural gas helps to make the industry more competitive and reduces the environmental impact. It is an essential energy source for many sectors because of its versatility and high calorific value. In addition, Enagás, S.A. is promoting the development of renewable gases, such as hydrogen and biomethane, as new key solutions for the energy transition. These non-electric renewable energies can be transported via the existing gas infrastructure, maximising their use and contributing to a fair energy transition.

In 2020, the last pieces of regulation required to establish the new regulatory framework that applies to the Spanish Gas System have been published (2021-2026), a stable and predictable framework developed by an Independent Regulator (National Commission on Markets and Competition (CNMC)) that supports the objectives of the energy transition. Moreover, in the field of renewable gases, the European Commission has adopted a strategy for the large-scale development of renewable hydrogen, and Spain has approved the "Hydrogen Roadmap", a commitment to renewable hydrogen.

In 2020, despite the significant impact of COVID-19 and a relatively warm year, gas demand (359.9 TWh) proved resilient, with national demand more than 5% above the target scenario forecast by the Integrated National Energy and Climate Plan (PNIEC) and without resulting in higher emissions.

## II. Evolution and results

### Economic dimension

#### Good Governance

Enagás, S.A. has a Sustainability and Good Governance policy which reflects the importance of good governance for the generation of value by the company. In 2019, the 2019-2021 Executive Compensation Plan was approved following good governance recommendations and based on targets aligned with the company's strategic priorities.

In 2020, the Sustainability, Appointments and Remuneration Committee, considering the special situation of the COVID-19 scenario, approved the introduction of an additional company objective relating to the management of COVID-19 in the annual programme of objectives.

#### Financial and operational excellence

##### Principal Economic Results

The Company's net profit amounted to 440.6 million euros, 9.3% higher than 2019. In 2020, investments worth 1,055.9 million euros were made.

The dividend per share in 2020 increased by 5% over the previous year, reaching 1.68 euros per share. Enagás, S.A. closed 2020 at 17.965 euros per share.

The share capital of Enagás, S.A. at December 31, 2020 was 392.9 million euros, with 261.9 million shares.

Also, on March 24, 2020, the credit rating agency Standard & Poor's reaffirmed Enagás' credit rating (BBB+) with a stable outlook. In addition, on December 30, 2020, the credit rating agency Fitch Ratings placed Enagás' credit rating at BBB+ with a negative outlook.

Enagás S.A. has been listed on the Dow Jones Sustainability Index since 2008, and is a leading company in the Gas Utilities sector, with a rating of 87 points.

### Social dimension

#### People

Enagás, S.A., as a certified Top Employer company, offers stable and quality employment with high percentages of permanent and full-time labour contracts, totalling 98.06% and 96.68%, respectively. In addition, the commitments acquired by Enagás, S.A. in its Management of Human Resources policy, together with the measures and actions implemented, translate into high levels of employee satisfaction and motivation, as reflected in low staff turnover (2.26% voluntary turnover) and the results obtained in the workplace climate survey.

Enagás S.A. has an integrated talent management model to promote the achievement of the Company's strategic objectives and plans through four principles: To attract the best talent to Enagás, to know our internal talent, to continuously train our professionals and to develop and retain internal talent.

Enagás S.A. commits itself, every day, to applying the principle of equal opportunities and non-discrimination. It is a staunch believer of diversity among its professionals through the Comprehensive Diversity Plan. In 2020, Enagás, S.A. renewed its Equality at Work accolade and defined its Diversity and Inclusion Strategy based on the following lines: gender, functional, generational, cultural, thought and LGTB+.

In 2020 Enagás, S.A. signed its third collective bargaining agreement and launched the latest workplace climate survey, maintaining overall employee satisfaction at 82%.

#### Health and safety

The global security approach of Enagás S.A. is based on the integration of the safety and health culture into the environment, people, facilities and information, through the involvement of leaders and the development of a model of health and security behaviours.

The Enagás Occupational Risk Prevention Management System, certified according to ISO 45001 (100% of activities), has procedures and standards for the identification and evaluation of risks, as well as for the notification of accidents.

In addition, Enagás S.A. is certified as a Healthy Company.

During the crisis arising from COVID-19, Enagás implemented an action protocol aimed at ensuring the health and safety of its employees, the integrity of its infrastructures and supply continuity. Of particular note is AENOR's COVID-19 Action Protocol certification, which recognises the efforts made by the company to protect the health and safety of its employees in light of the pandemic.

#### Ethical compliance and Human Rights

Enagás S.A. has a framework of policies, procedures and regulations that consists of: the Code of Ethics, corporate policies and guidelines, and the management and regulatory procedures necessary to ensure due diligence in related matters.

The Enagás S.A. Ethics Channel is a platform for consulting doubts and notifying irregularities or breaches of the Code of Ethics and is managed by the company's Ethical Compliance Committee. In 2020, five communications were received via the Ethics Channel:

- Four internal notifications: two concerning harassment in the workplace, one concerning misconduct and one concerning equality. All of them were dismissed after analysis.
- An external notification regarding workplace harassment, which was dismissed as being outside the scope of the Code of Ethics, and transferred to the affiliate to which it referred, which has handled it appropriately.

The Enagás, S.A. compliance model is the main tool for ensuring ethics and integrity in the performance of the company's activities. This Model is being coordinated around the Compliance Policy and its associated standard. Furthermore, under the Compliance Model, Enagás, S.A. has a Crime Prevention Model that is the essential core of the company's criminal compliance. It also has a Corruption Prevention Model.



## Community outreach

The objective of Enagás S.A.'s social investment is to contribute to the socio-economic development of local communities, giving priority to those areas in which the company operates, through sustainable social action models. Through dialogue and collaboration with stakeholders, the positive social impact of the Company's initiatives is maximised, whether through volunteering, sponsorships, patronage or donations. In 2020, this social investment amounted to a total of 3.9 million euros, mainly in specific solidarity initiatives to help alleviate the negative effects of the health crisis on society. It should be noted that the company donated 2 million euros to the State through the account opened at the Bank of Spain to contribute directly to addressing the public health emergency caused by COVID-19.

## Supply chain

Supply chain management is an increasingly critical point in the company's management. Adequate management of the supply chain allows us to identify and manage regulatory, operational, and reputational risks, as well as take advantage of opportunities for collaboration and the creation of shared value.

In order to work with Enagás S.A., the suppliers must go through a rigorous approval process. They must meet, among others, the following approval requirements:

- Have the capacity and resources to meet technical, quality, environmental and safety requirements, and upholding thereof over an extended period of time.
- Respect the principles of the United Nations Global Compact and the Universal Declaration of Human Rights.
- Acceptance of the Enagás Code of Ethics.
- Hold certifications relating to quality, environmental matters, and occupational risk prevention for suppliers of certain product or service families.

The Company's average payment period for its suppliers is 42 days.

## Environmental aspects

Activities for protection of the environment and biodiversity, energy efficiency, reduction in emissions, and the responsible consumption of resources are essential elements in the Enagás S.A. environmental management to mitigate the impact of its activities.

## Natural capital and biodiversity management

Managing natural capital and biodiversity is a key aspect for Enagás. The control and minimisation of our impacts on the environment also produce direct internal benefits by improving the use of resources, ensuring the sustainability of our business and generating confidence in our stakeholders.

Enagás S.A. undertakes its environmental commitments (as reflected in the Health & Safety, Environment and Quality Policy) through the Environmental Management System and 100% of its activity is certified in accordance with ISO 14001 standard.

## Climate action and energy efficiency

Improved energy efficiency and lower GHG emissions are major factors in reinforcing the vital role that natural gas will play in a low-carbon economy as a key element for achieving sustainable, safe and efficient energy.

Enagás, S.A. is increasing its commitment to the fight against climate change every year through its management and continuous improvement model, based on public commitment and target setting, emission reduction and compensation measures as well as the reporting of our performance and results, following TCFD recommendations (*Task Force on Climate-related Financial Disclosures*).

Enagás S.A. is also committed to the use of gas as the least polluting fossil fuel and, therefore, key to the power generation mix for meeting emission reduction targets and allowing the development of more efficient renewable energies; as well as replacing other fossil fuels as we move towards more sustainable mobility in sea, rail and road transport.

In 2020, the company's decarbonisation strategy has been updated, increasing the level of ambition of emission reduction targets and bringing forward the carbon neutrality target to 2040. To this end, the company has defined an ambitious reduction pathway by setting reduction targets (annual, medium and long term) and an emissions offsetting strategy. In order to achieve said objectives, the Company implemented an Energy Efficiency and Emissions Reduction Plan, through which different energy saving measures are identified, developed, and quantified.

## III. Liquidity and capital resources

Enagás S.A. has adapted to the new circumstances arising out of the crisis, reducing its external financing through banks and resorting to other types of financing, such as bond issues, which has permitted the Company to achieve a more diversified structure. The Group's net debt at December 31, 2020 amounted to 4,287,823 thousands of euros.

## IV. Risk management

The Company Enagás, S.A. is exposed to various risks intrinsic to the sector, markets in which it operates and the activities it performs, which, should they materialise, could prevent it from achieving its objectives and executing its strategies successfully.

The Company Enagás S.A. has established a risk control and management system model aimed at ensuring the continuity of the business and the achievement of the objectives of the company in a predictable manner and with a medium-low profile for all of its risks. This model allows it to adapt to the complexity of its business activity in a globalised competitive environment, in a complex economic context, where the materialisation of a risk is more rapid and with an evident contagion effect.

This model is based on the following aspects:

- The consideration of some standard types of risk to which the Company is exposed.

- The segregation and independence of the functions of risk control and management at the company, in three lines of "defence".
- Governing bodies with responsibilities regarding supervision of the Company's risk level.
- Establishing a risk appetite framework which defines the risk levels considered acceptable and that is in line with established business objectives and the market environment in which the company's activities are carried out.
- The transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The integral analysis of all risks allows the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. This is accomplished by taking into account the differences of each type of risk in terms of its nature, handling capacity, risk measurement tools, etc.

The main risks associated with the business activities of Enagás S.A. are classified as follows:

## 1. Strategic and Business Risks

These are risks which are inherent to the gas sector and are linked to potential losses of value or results derived from external factors, strategic uncertainties, economic cycles, changes to the environment, changes to patterns of demand, competition and market structure or changes to the regulatory framework, as well as those derived from taking the incorrect decisions in relation to business plans and company strategies.

The activities carried out by the Company are notably affected by current regulations (local, regional, national and supranational). Any change in that legislation could negatively affect profits and the value of the company. Within this type of risk, regulatory risk is of special relevance, and is associated with the remuneration framework and, therefore, the regulated income from business activities.

Similarly, the new developments of infrastructures are subject to obtaining licences, permits and authorisation from governments, as well as legislation of various types, notably environmental regulations. These long-term and complex processes may give rise to delays or modifications to the designs initially projected due to: obtaining authorisation, the processes relating to environmental impact studies, public opposition in the affected communities, and changes in the political environment. All of these risks may increase costs or delay projected income.

The growth in demand may also bring negative effects that will have a different impact in the short-, medium- and long-term. Growth may also depend on meteorological conditions or the competitiveness of natural gas compared to other energy sources, performance of the economy, etc.

In the short-term, the degree to which regasification plants are used may have a negative impact on the forecast operating costs, through greater internal consumption and greenhouse gas emissions.

In the medium- to long-term, the increase in the demand is a factor that creates opportunities for building new projects in transport, regasification and underground storage infrastructure for natural gas and its development may alter or delay decisions taken in dealing with these projects.

The results of the Company may also be affected by the legal risk arising from the uncertainties related with the different interpretation of contracts, laws or regulations which the company and third parties may have, as well as the results of any law suits undertaken.

The Company Enagás S.A. has implemented measures to control and manage its strategic and business risk within acceptable risk levels, consisting in the continuous supervision of risks in connection with regulatory changes, market conditions, competition, business plans, strategic decision-making, etc. as well as management measures to contain risk at acceptable levels.

## 2. Operational and Technological Risks

Operation of the Enagás S.A. infrastructures may give rise to losses of value or earnings resulting from inadequate processes, failures of physical equipment and computer systems, human error or other external factors. This type of risk can in turn be classified as an industrial infrastructure risk (related to the nature of the fluids under management), risks associated with infrastructure maintenance, logistical and commercial processes, as well as other risks associated with corporate processes.

The main operational and technological risks to which the Company is exposed are:

- Industrial risk, relating to incidents during operation of transmission infrastructure, regasification plants, and underground storage facilities, which potentially involve great damage. They are very often conditioned by the nature of the fluid under management.
- Internal and/or external fraud.
- Cybersecurity, in the different guises it may present itself (economic fraud, espionage, activism and terrorism).

The Company Enagás S.A. identifies the activities relating to management and control which can provide an adequate and appropriate response to these risks. Among the control activities thus defined there are emergency plans, maintenance plans, control and alerting systems, training and skill upgrading for staff, application of certain internal policies and procedures, defining quality indicators, establishing limits, and quality certifications and audits, prevention and environment, etc. which allow the Group to minimise the probability of these risks occurring. To mitigate the negative economic impact that the materialisation of any of these risks may have on Enagás S.A., a series of insurance policies have been arranged.

Some of these risks could affect the reliability of the financial information prepared and reported by Enagás, S.A. An Internal Control over Financial Reporting (ICFR) system was implemented to control these types of risk, the details of which can be consulted in the Corporate Governance Report.

### 3. Credit and Counterparty Risks

Credit and counterparty risk relates to the possible losses arising from the non-compliance of monetary or quantifiable obligations of a counterparty to which the Company has granted net credit which is pending settlement or collection.

The counterparty risk includes the potential breach of obligations acquired by a counterparty in commercial agreements that are generally established in the long-term.

Enagás, S.A. monitors in detail this type of risk, which is particularly relevant in the current economic context. The activities carried out include analysing the risk level and monitoring the credit quality of counterparties, regulatory proposals to compensate Enagás S.A. for any possible failure to comply with payment obligations on the part of shippers (an activity that takes place in a regulated environment), request for guarantees, etc.

However, regulations have been developed establishing standards for managing guarantees in the Spanish gas system and which oblige shippers to provide guarantees for: (i) contracting capacity in infrastructure with regulated third-party access and international connections, (ii) settlement of imbalances; and (iii) participation in the organised gas market.

The measures for managing credit risk involving financial assets include the placement of cash at highly solvent entities, based on the credit ratings provided by the agencies with the highest international prestige. Likewise, interest rate and exchange rate derivatives are contracted with financial entities with the same credit profile.

The regulated nature of Enagás S.A. business activity does not allow an active customer concentration risk management policy to be established.

Information concerning counterparty risk management is disclosed in [Note 3.4](#) of the Annual Accounts.

### 4. Financial and Fiscal Risks

Enagás S.A. is subject to the risks deriving from the volatility of interest and exchange rates, as well as movements in other financial variables that could affect the Company's liquidity.

Interest rate fluctuations affect the fair value of assets and liabilities that accrue interest at fixed rates, and the future cash flows from assets and liabilities that accrue interest at floating rates. The objective of interest rate risk management is to achieve a balanced debt structure that minimises the cost of debt over a multi-year horizon with low volatility in the income statement. The Enagás Group, of which the Company is the parent company, maintains a fixed or protected debt structure of more than 70% to limit this risk. Changes in exchange rates may affect debt positions denominated in foreign currency. Enagás, S.A.'s exchange rate risk management is designed to balance the cash flows of assets and liabilities denominated in foreign currency in each of its subsidiaries.

Enagás S.A. maintains a liquidity policy that is consistent in terms of contracting credit facilities that are unconditionally available and temporary financial investments in an amount sufficient to cover the projected needs over a given period of time.

With respect to tax risk, the Company is exposed to possible modifications in tax regulatory frameworks and uncertainty relating to different possible interpretations of prevailing tax legislation, potentially leading to negative effects on results.

The financial risk management policy is described in [Note 3.4](#) of the Annual Accounts.

### 5. Reputational Risks

Reputational risk refers to any action, event or circumstance that could have a harmful effect on the Company's reputation among its stakeholders.

Enagás, S.A. has implemented a self-assessment reputational risk procedure which uses qualitative measurement techniques. This process considers the potential reputational impact of any of the risks listed in the current inventory, as well as those strictly reputational events arising from the action, interest or judgement of a third party.

### 6. Compliance Risk and Model

The Company is exposed to compliance risks, which includes the cost associated with potential penalties for breaches of laws and legislation, or penalties resulting from the materialisation of operational events, the use of improper business practices or the breach of internal company policies and procedures.

Also, the Company may be affected by risks associated with the improper use of assessment models and/or risk measurement, and hypotheses that are outdated or do not have the necessary precisions to be able to correctly evaluate their results.

### 7. Criminal Liability Risks

The amendments made to Article 31 bis of the Criminal Code in 2010 and 2015 establish criminal liability on the part of legal entities. In this context, Enagás S.A., could be held liable in Spain for certain crimes committed by its directors, senior managers and employees in the course of their work and in the interest of the Company.

To prevent this risk from materialising, Enagás, S.A. has approved a Crime Prevention Model and has implemented the measures needed to prevent corporate crime and to avoid liability for the Company.

### 8. Other Risks

Given the dynamic nature of the business and its risks, and despite having a risk control and management system that responds to the best international recommendations and practices, it is not possible to guarantee that some risk is not identified in the risk inventory of the Company.

## V. Subsequent events

On January 19, 2021, the Company entered into a loan agreement with Intesa San Paolo maturing on December 28, 2021 for 225,000 thousands of dollars (184,124 thousands of euros at year-end closing rate).

No events have occurred that significantly affect the results of Enagás S.A. or its equity statement.

## VI. Research and Development activities

In the field of technological innovation developed by Enagás, S.A. during 2020, the main actions have been to continue improving its present activity and to continue with the process initiated in 2019 of analysing and deepening the knowledge of other possible technologies that in the short and medium-term could add value to the Company's own infrastructures and/or know-how.

Among the first highlighted is efficiency in a broad sense; gas measurement and analysis of its components; operational safety; the materials and equipment necessary for their activity. The latter include the production, analysis, certification and transport of synthetic natural gas, biogas, biomethane and hydrogen.

The company's internal innovation activities and the development of new energies have been developed mainly by the Innovation and New Energies Department:

### 1. Efficiency

This section includes two distinct sections: energy efficiency and technical efficiency.

#### Energy efficiency

During 2020 Enagás, S.A. has continued its efforts, on the one hand, to reduce the energy consumption of its facilities and, on the other hand, to raise the level of energy it produces for self-consumption or export.

The consumption reduction in its facilities is mainly focused on the optimisation of its processes, to minimise the energy needs of these processes, and in the modification or replacement of their equipment, to improve their unit performance.

The production of energy is based on the use of the residual energies of its processes to, in turn, produce electrical energy. The residual energy used is the heat that is lost through the exhaust gases of the gas turbines, the cold that is wasted during the vaporisation process of the liquefied natural gas (LNG) and the pressure that dissipates in the points regulated by needs of the gas transmission system or for the delivery of gas to other carriers or distributors. Currently, Enagás, S.A. has facilities for each of these three types.

During 2020, projects have been started up or developed, such as Measurement of fugitive methane emissions, Odour Neutralisation Pilot, Water with Methanol in USF, for the detection of corrosion and mechanical defects in piping or Electrical Phases Monitoring for the detection of mechanical failures in cryogenic pumps.

### Technical efficiency

As a result of the experience acquired in previous years, during 2020, analysis of the possible technical and economic convenience of self-producing certain inputs necessary for the operation of the facilities was continued. In this regard, the most noteworthy production is the expansion of the autonomous generation of nitrogen at the Huelva Plant, a chlorine dioxide reactor at the Barcelona Plant and, in part, the experience acquired in previous years.

### 2. Measurement and analysis of natural gas

Enagás, S.A. continues to equip itself with the best available techniques to reduce the level of uncertainty in the measurement of the energy contained in natural gas, both in the liquid state (LNG) and in the gaseous state (NG), at the points at which it is received or delivered to third parties. During 2020, this innovative effort has been translated in various noteworthy studies and actions, including the GASPROP II Project for the development of a computer tool for the calculation of natural gas properties.

### 3. Operational safety

Throughout 2020, the Company continued with the research line on pipeline safety and other Enagás S.A. facilities. The work has focused on improving the mathematical models used. To this end, participation in different international joint projects has been maintained, which has also confirmed that the level of security of the Enagás S.A. facilities is adequate and is in line with that of other foreign companies with similar characteristics.

It has also continued to update the tools developed to meet the needs of different areas of the Company both in the design of new facilities and in the operation of existing ones. Work began on the creation of a unique and more complete simulation Hub for the creation of a collaborative environment, in the field of simulations, which includes the development of ad hoc simulation tools to support decision-making.

All of the above has been carried out in accordance with the legislation in force in the matter.

### 4. Materials and equipment

During 2020, Enagás, S.A. has continued its activities to keep up to date a set of specifications and technical requirements, applicable to the materials and equipment with which it designs, builds and operates its facilities, which collects the state of the art at all times and ensures that the best alternatives are adopted in order to optimise the total cost (CAPEX + OPEX) of these facilities for the Company, without undermining security levels. For this purpose, the Company works actively with different national and international organisations and technological entities. It is worth noting the participation in normative organisations (ISO, AENOR, and BEQUINOR) and in research and development groups and associations (GERG, EPRG).

Adaptations of plant jetties facilities are also being carried out for the small-scale, multi truck-to-ship (MTTS) project.

## 5. Evolution of gas infrastructure

Enagás S.A. is aware of the wide diversity of scenarios and solutions that the energy sector could develop in the future in a broad sense. As a consequence and independently of other actions that are carried out in various areas of the company to anticipate events and adapt to the profound changes that will arrive, the area of R&D remains in contact with technologies complementary and/or alternative to natural gas and which can also use part or all of the gas infrastructure in its hypothetical future development and implementation. In this sense, the following are considered as more plausible technologies: mixtures of hydrogen with natural gas in certain percentages; pure hydrogen; biogas and biomethane.

Enagás is committed to developing non-electric renewable energies, such as green hydrogen and biogas/biomethane, as new key energy solutions for the decarbonisation process, and in order to bring about a circular economy.

Renewable gases play a key role in the decarbonisation process, and accordingly it is necessary to provide new alternatives that allow a sustainable mobility, with the options of synthetic natural gas and hydrogen of renewable origin.

These are some of the biogas, biomethane and hydrogen projects on which the company worked during 2020, proving its ability to anticipate and adapt:

- P2GH2: Mallorca Project (Enagás-Acciona): Obtaining H2 in an electrolyser from renewable electrical energy and subsequent storage, distribution and use in a fleet of H2 buses of the EMT Mallorca
- SUN2HY: Luxhor Project (Repsol-Enagás): Development of a Photoelectrolyser for H2 production.
- La Robla Project: (Enagás-Naturgy-Ignis). Production of up to 400 MWp in several PV parks near La Robla (León) for the production of green H2 and storage and transmission through the El Musel plant (Gijón).
- Initial analysis of green H2 production projects with electrolysers from renewables (solar and wind) and subsequent injection into Enagás' gas pipeline network or alternative supply for other uses such as mobility or industry. Collaboration with several technological partners (Ignis, Falck, Ibereólica, Naturgy, Elawan, FRV, Q Energy, OPDE, Forestalia, Acciona, etc).
- Biogas-Biomethane Upgrade Feasibility Studies: Design, construction and operation of biomethane upgrading plants for injection into the Enagás network or for vehicular use. Sixteen of the more than 29 planned were launched throughout Spain in collaboration with various waste-producing partners (Biogastur, SACYR, Ferrovial, ENCE, Emgrisa, etc.).
- EMPIR SRT3 Project (Legal Metrology of H2): Carrying out of precision, durability and intercomparison tests of gas meters for the measurement of non-conventional gases (biogas, biomethane, hydrogen, synthesis gas and mixtures with natural gas).
- Zaragoza Laboratory (Biomethane+H2) To adapt the Enagás Analysis Laboratory in Zaragoza, providing it with the necessary analytical means and procedures for measuring the components of the biomethane and hydrogen, to guarantee its quality both for injection into the network and for use as a fuel.
- MCHP Micro-Cogeneration Pilot Tests with H2 (Ajusa & Viessmann): Installation, commissioning and operation of microgeneration system with fuel cell technology.
- H2Port Project (Valencia): Change of port crane engine to fuel cell, HRS, logistic study.

## VII. Acquisition and sale of treasury shares

On June 26, 2019, Enagás, S.A. finalised the process for acquiring treasury shares, which amounted to 501,946 shares, representing 0.21% of the Group's total shares at that date (0.19% at December 31, 2020), for a total of 9,876 thousands of euros (including associated expenses of 10 thousands of euros). This acquisition took place within the framework of the "Temporary Treasury Shares Buy-Back Scheme", whose exclusive aim was to meet the obligations of delivering shares to the Executive Directors and members of the Enagás Group management team under the current remuneration scheme according to the terms and conditions of the 2019-2021 Long-Term Incentive Plan (ILP) and Remuneration Policy approved at the General Shareholders' Meeting on March 29, 2019. The shares were purchased in compliance with the conditions set out in Article 5 of Regulation EC/2273/2003 and subject to the terms authorised at the General Shareholders' Meeting held on March 29, 2019. Management of the Temporary Treasury Share Buy-Back Scheme was entrusted to Banco Bilbao Vizcaya Argentaria (BBVA), which carried out the transaction on behalf of Enagás, S.A. independently and without exercising influence on the process ([Note 4.4](#)).

No treasury shares were acquired or disposed of in 2020.

## VIII. Annual Corporate Governance Report

The Consolidated Management Report includes the Company's Annual Corporate Governance Report in accordance with the provisions of article 49.4 of the Code of Commerce. This report will also be available from the publication of these accounts both on the corporate website [www.enagas.es](http://www.enagas.es) and on the CNMV website [www.cnmv.es](http://www.cnmv.es).

On February 22, 2021, the Board of Directors of Enagás, S.A. authorised the Annual Accounts and the Management Report for the year ended December 31, 2020, consisting of the accompanying documents, signed and sealed by the Secretary with the Company's stamp, for issue, in accordance with Article 253 of the Corporate Enterprises Act and Article 37 of the Code of Commerce, and remaining applicable standards.

In accordance with the provisions of Article 262.5 of the Consolidated Text of the Corporate Enterprises Act and the reference contained in the Management Report of the individual company Enagás, S.A. corresponding to the year ended December 31, 2020, Enagás, S.A., as a subsidiary of the Enagás Consolidated Group of companies, includes the Non-Financial Information Statement in the Consolidated

Management Report of Enagás, pursuant to the provisions of Law 11/2018 governing non-financial and diversity reporting.

DECLARATION OF RESPONSIBILITY. For the purposes of Article 8.1.b) of Royal Decree 1362/2007, of October 19, the undersigned directors state that, to the best of their knowledge the Annual Accounts, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of the Company and that the Management Report includes a fair analysis of the performance and results of the businesses and the situation of the Company, together with the description of the main risks and uncertainties faced. They additionally state that, to the best of their knowledge, the directors not signing below did not express dissent with respect to the Annual Accounts or the Management Report.

## Chairman

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Mr Antonio Llardén Carratalá  
(Signed the original in Spanish)

## Board members

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Sociedad Estatal de Participaciones Industriales-SEPI  
(Represented by Mr Bartolomé Lora Toro)  
(Signed the original in Spanish)

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Ms Patricia Urbez Sanz  
(Signed the original in Spanish)

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Mr Martí Parellada Sabata  
(Signed the original in Spanish)

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Mr Luis García del Río  
(Signed the original in Spanish)

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Mr Gonzalo Solana González  
(Signed the original in Spanish)

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Mr Ignacio Grangel Vicente  
(Signed the original in Spanish)

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Mr Cristóbal José Gallego Castillo  
(Signed the original in Spanish)

## Chief Executive Officer

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Mr Marcelino Oreja Arburúa  
(Signed the original in Spanish)

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Mr Antonio Hernández Mancha  
(Signed the original in Spanish)

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Ms Ana Palacio Vallelersundi  
(Signed the original in Spanish)

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Mr Santiago Ferrer Costa  
(Signed the original in Spanish)

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Ms Rosa Rodríguez Díaz  
(Signed the original in Spanish)

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Ms Isabel Tocino Biscarolasaga  
(Signed the original in Spanish)

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Mr José Blanco Lopez  
(Signed the original in Spanish)

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Mr José Montilla Aguilera  
(Signed the original in Spanish)

DILIGENCE to record, in accordance with the provisions of Article 253.2 of the Corporate Enterprises Act and Article 366.1.2 of the Companies Registry Regulations, that the Annual Accounts and Management Report of Enagás S.A. corresponding to the financial year 2020 have been prepared with the agreement of all the members of the Board of Directors, but have not been signed by any of them, either by handwritten or electronic signature, in any case, due to material impossibility, given that the Board meeting at which the Annual Accounts and the Management Report of the individual company Enagás, S.A. were prepared was held in virtual format, due to the restrictions arising from the declaration of a state of emergency in Spain by Royal Decree 956/2020 of November 3 and subsequent implementing regulations.

## Electronic signature of the Secretary to the Board

### Secretary to the Board of Directors

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Mr Rafael Piqueras Bautista  
(Signed the original in Spanish)